GROWTH WITH STABILITY

Adamjee aspires to grow without compromising on outstanding performance to its customers. The journey to success is riddled with risks and dangers, that only the strongest and most experienced of the entities can make through. Adamjee's strength is represented by a tree, the roots of which nourish the tree with values learned from experience. The branches of this tree spread out to explore every possible avenue that leads to Adamjee's success.

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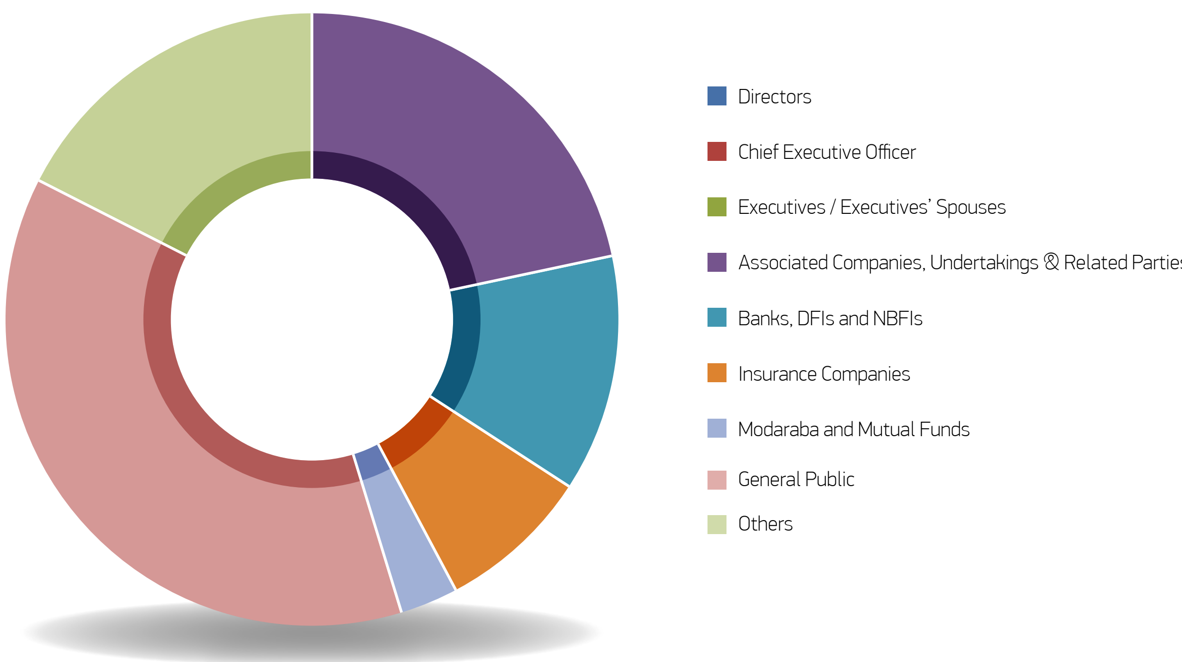
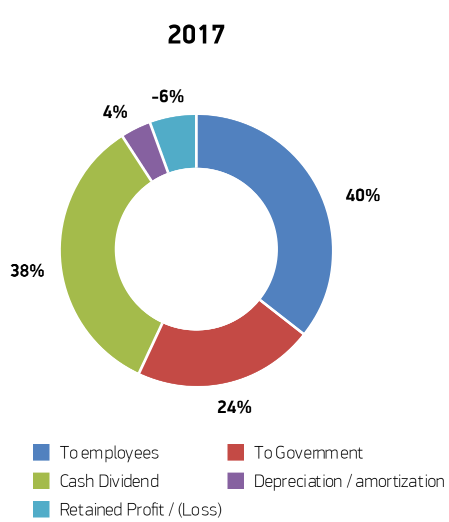
CATEGORIES OF SHAREHOLDERS

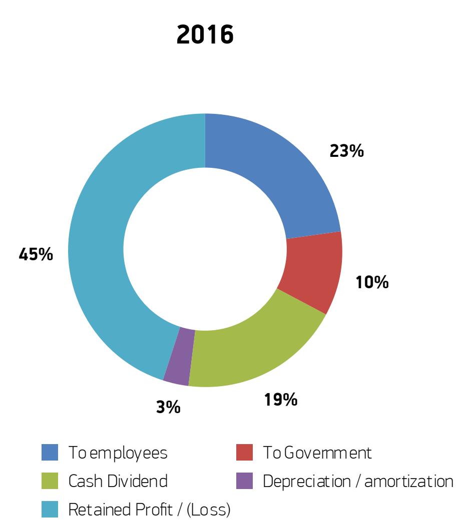


CATEGORIES OF SHAREHOLDERS	Number of Shares	Stake %
Directors	156,851	0.045
Chief Executive Officer	7,073	0.002
Executives / Executives' Spouses	52,024	0.015
Associated Companies, Undertakings & Related Parties	76,125,474	21.750
Banks, DFIs and NBFIs	44,150,115	12.614
Insurance Companies	27,513,851	7.861
Modaraba and Mutual Funds	10,814,112	3.090
General Public	130,673,977	37.335
Others	60,506,523	17.288
	350,000,000	100.000

STATEMENT OF VALUE ADDITION AND ITS DISTRIBUTION

	2017		2016	
WEALTH GENERATED	(Rupees in '000')	%	(Rupees in '000')	%
Gross premium earned	17,146,020		14,850,570	
Investment and other income	1,665,641		3,690,441	
	18,811,661		18,541,011	
Management and other expenses	(15,128,621)		(13,063,291)	
	3,683,040	100.00	5,477,720	100.00
WEALTH DISTRIBUTED				
To employees	1,473,500	40.01	1,277,346	23.32
To government	899,678	24.43	560,692	10.24
	2,373,178	64.44	1,838,038	33.55
To shareholders				
Cash dividend	1,400,000	38.01	1,050,000	19.17
Retained in business				
Depreciation and amortization	139,667	3.79	148,602	2.71
Retained profit / (Loss)	(229,805)	(6.24)	2,441,080	44.56
	(90,138)	(2.45)	2,589,682	47.28
	3,683,040	100.00	5,477,720	100.00

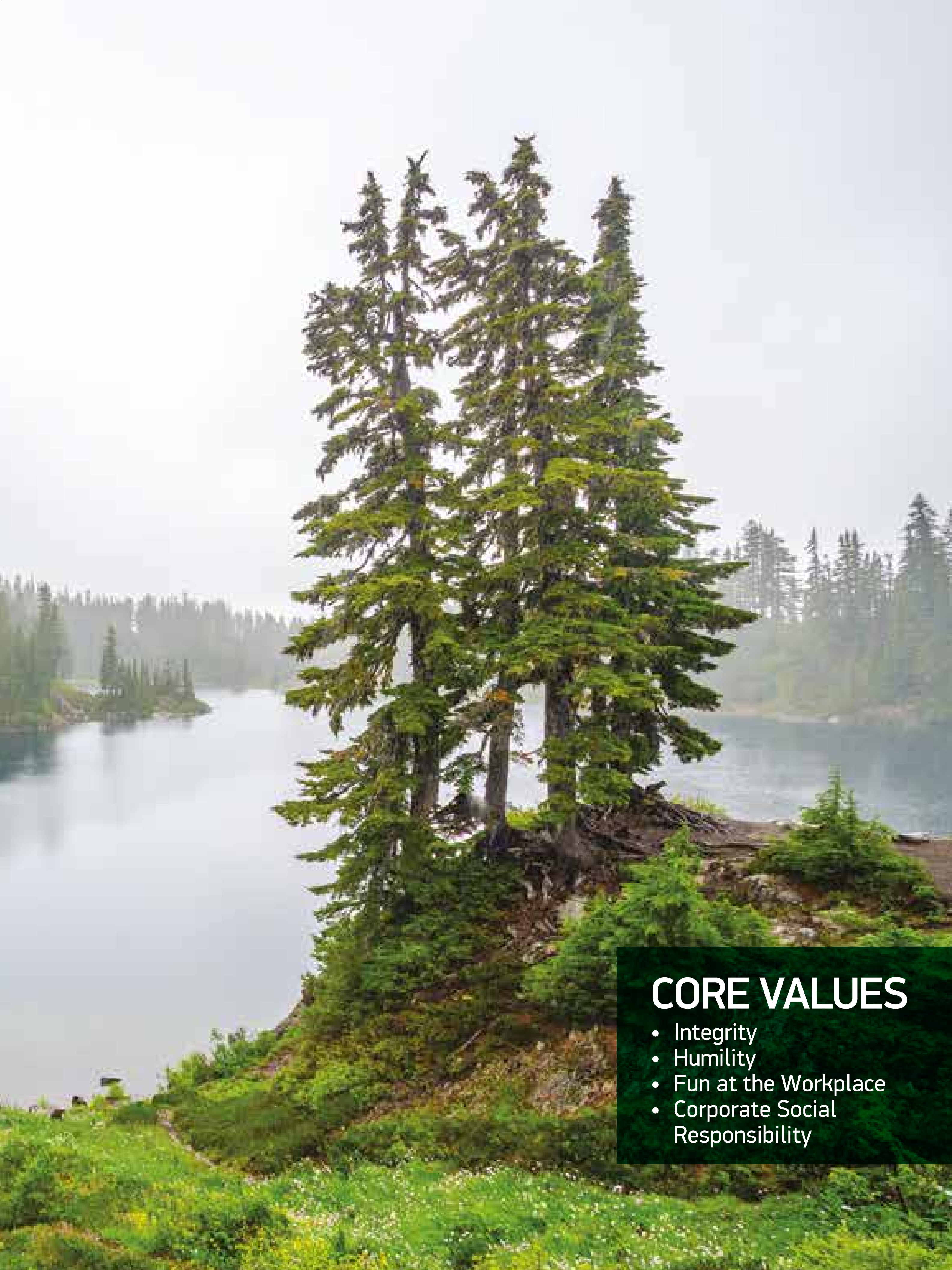




VISION

Our will is to explore, innovate and differentiate.

Our passion is to provide leadership to insurance industry.



CORE VALUES

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

COMPANY INFORMATION

BOARD OF DIRECTORS

Umer Mansha	Chairman
Fredrik Coenrard de Beer	Director (Resigned Feb. 23, 2018)
Ibrahim Shamsi	Director
Imran Maqbool	Director
Muhammad Anees	Director
Muhammad Umar Virk	Director
Shaikh Muhammad Jawed	Director
Muhammad Ali Zeb	Managing Director & CEO

ADVISOR

Mian Muhammad Mansha

AUDIT COMMITTEE

Shaikh Muhammad Jawed	Chairman
Ibrahim Shamsi	Member
Muhammad Umar Virk	Member
Umer Mansha	Member

ETHICS, HUMAN RESOURCE AND REMUNERATION COMMITTEE

Umer Mansha	Chairman
Ibrahim Shamsi	Member
Muhammad Anees	Member
Muhammad Ali Zeb	Member

INVESTMENT COMMITTEE

Umer Mansha	Chairman
Imran Maqbool	Member
Muhammad Ali Zeb	Member
Muhammad Asim Nagi	Member

COMPANY SECRETARY

Tameez ul Haque
F.C.A

CHIEF FINANCIAL OFFICER

Muhammad Asim Nagi
A.C.A

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

AUDITORS
M/S KPMG Taseer Hadi & Company
Chartered Accountants
351, Shadman - 1,
Main Jail Road,
Lahore-54000, Pakistan

SHARIAH ADVISOR
Mufti Muhammad Hassan Kaleem

SHARES REGISTRAR
Central Depository Company Pakistan Limited
CDC House, 99-B, Block B, S.M.C.H.S.,
Main Shahrah-e-Faisal, Karachi – 74400.
Ph: (92-21) 111-111-500
Fax: (92-21) 34326031

BANKERS
Abu Dhabi Commercial Bank
Askari Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Dubai Islamic Bank Pakistan Limited
Emirates Islamic Bank
FINCA Microfinance Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Khushali Bank Limited
MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
Mobilink Microfinance Bank Limited
National Bank of Pakistan
Samba Bank Limited
Soneri Bank Limited
The Punjab Provincial Cooperative Bank Limited
United Bank Limited
Zarai Taraqiati Bank Limited

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

NOTICE OF 57TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 57th Annual General Meeting (AGM) of Adamjee Insurance Company Limited (the "Company") will be held at The Nishat Hotel, Trade and Finance Centre Block, Near Expo Centre, Abdul Haq Road, Johar Town, Lahore on Monday, 23 April, 2018 at 11:00 a.m. to transact the following ordinary business:

1. To receive, consider and adopt the Audited, Unconsolidated Financial Statements, Consolidated Financial Statements and Window Takaful Operations Financial Statements of the Company for the year ended December 31, 2017 and the Chairman's review, Directors' and Auditors' reports thereon.
2. To declare and approve, as recommended by the directors, the payment of final cash dividend of Re. 1/- per share i.e. @ 10% in addition to 15% interim cash dividend already declared and paid i.e., total 25% for the year ended December 31, 2017.
3. To appoint auditors and fix their remuneration. The Audit Committee and the Board of Directors have recommended the name of retiring auditors M/s KPMG Taseer Hadi & Co. Chartered Accountants as auditors of the Company.

By Order of the Board
Tameez-ul-Haque
Secretary

02 April, 2018

NOTES:

1. The financial statements and reports have been placed on the website of the Company www.adamjeeinsurance.com.
2. The share transfer books of the Company will remain closed from 13 April, 2018 to 23 April, 2018 (both days inclusive). Transfers received in order at the office of the Company's Independent Share Registrar, M/s Central Depository Company of Pakistan Ltd., CDC House, 99- B, S.M.C.H.S, Main Shahrah e Faisal, Karachi by the close of business (5:00 PM) on 12 April, 2018 will be treated in time for the purposes of entitlement of members to the final cash dividend and for attending and voting at the Annual General Meeting.
3. A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend and vote. The Instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarial attested copy of the power of attorney must be deposited at the registered office of the Company at least 48 hours before the time of the meeting. A proxy must be a member of the company. A Company or a Corporation being a member of the Company may appoint a representative through a resolution of board of directors for attending and voting at the meeting.
4. Members, who have deposited their shares into Central Depositary Company of Pakistan Limited, are being advised to bring their original National Identity Cards along with CDC Participant ID and account number at the meeting venue.
5. Members who have deposited their shares into Central Depository Company of Pakistan Limited ("CDC") will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan in Circular No 1 of 2000.

A. For Attending the Meeting

a. In case of Individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or, original Passport at the time of attending the Meeting.

b. In case of corporate entity, the Board's resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. For Appointing Proxies

a. In case of individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.

b. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.

c. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.

d. The proxy shall produce his original CNIC or original passport at the time of the Meeting.

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

6. Members are requested to timely notify any change in their addresses.

7. Notice to Shareholders who have not provided CNIC:

CNIC number of the shareholders is, mandatory for the issuance of dividend warrants in terms of S.R.O. 831(I)/ 2012 dated July 05 2012 read with SRO NO. 19 (I)/2014 dated January 10 2014 and in the absence of this information, payment of dividend shall be withheld. SECP vide its letter No. ID/PRDD/002-Approvals/2016/6262 dated August 5, 2016 has allowed Adamjee Insurance Company Limited to withhold all future dividends of those shareholders who had not yet provided copies of their valid CNICs. Therefore, the shareholders who have not yet provided their CNICs are once again advised to provide the attested copies of their CNICs (if not already provided) directly to our Independent Share Registrar at the address given hereinafter without any further delay.

8. Payment of Cash Dividend Electronically:

Under the provision of Section 242 of Companies Act, 2017 and Companies (Distribution of Dividends) Regulations, 2017, it is mandatory for a listed company to pay cash dividend to their shareholders only through electronic mode directly into the bank account designated by the entitled shareholders instead of issuing physical dividend warrant.

In order to receive cash dividend directly into the designated bank account shareholders are requested to fill and sign the "Mandate Form for e-dividend" available on the Company's website link: http://www.adamjeeinsurance.com/pak/investors/downloads/share-holder_useful_documents/Mandate_for_e_dividend.pdf, and send to the relevant Broker/Participants/Investor Account Services of the CDC/Share Registrar of the Company (as the case may be) before April 13, 2018 along with a copy of their valid CNICs. The aforesaid form is also available at the end Annual Report of the Company.

In case of non-receipt or incorrect International Bank Account Number (IBAN) with other related details or non-availability of CNICs, the Company will withhold cash dividend of such members in terms of Section 242 of the Companies Act, 2017.

9. Circulation of Annual Financials through E-mail:

Section 223 of the Companies Act, 2017 allows the companies to send the audited financial statements together with the reports electronically. The Securities and Exchange Commission of Pakistan vide SRO 787(1)/2014 dated September 08 2014 has allowed companies to circulate annual balance sheet, profit & loss account, auditors report and directors report along with notice of Annual General Meeting to its members through email.

The Company has also placed the Audited Financial Statements for the year ended December 31, 2017 along with Chairman, Directors and Auditors Reports thereon on its website: http://www.adamjeeinsurance.com/

10. Deduction of Withholding Tax on the amount of Dividend:

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

The Government of Pakistan through Finance Act, 2017 has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

a. For filers of income tax returns	15%
b. For non-filers of income tax returns	20%

To enable the company to make tax deduction on the amount of cash dividend @ 15% instead of 20%, all the shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of Federal Board of Revenue, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date for payment of the cash dividend otherwise tax on their cash dividend will be deducted @ 20% instead @ 15%.

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

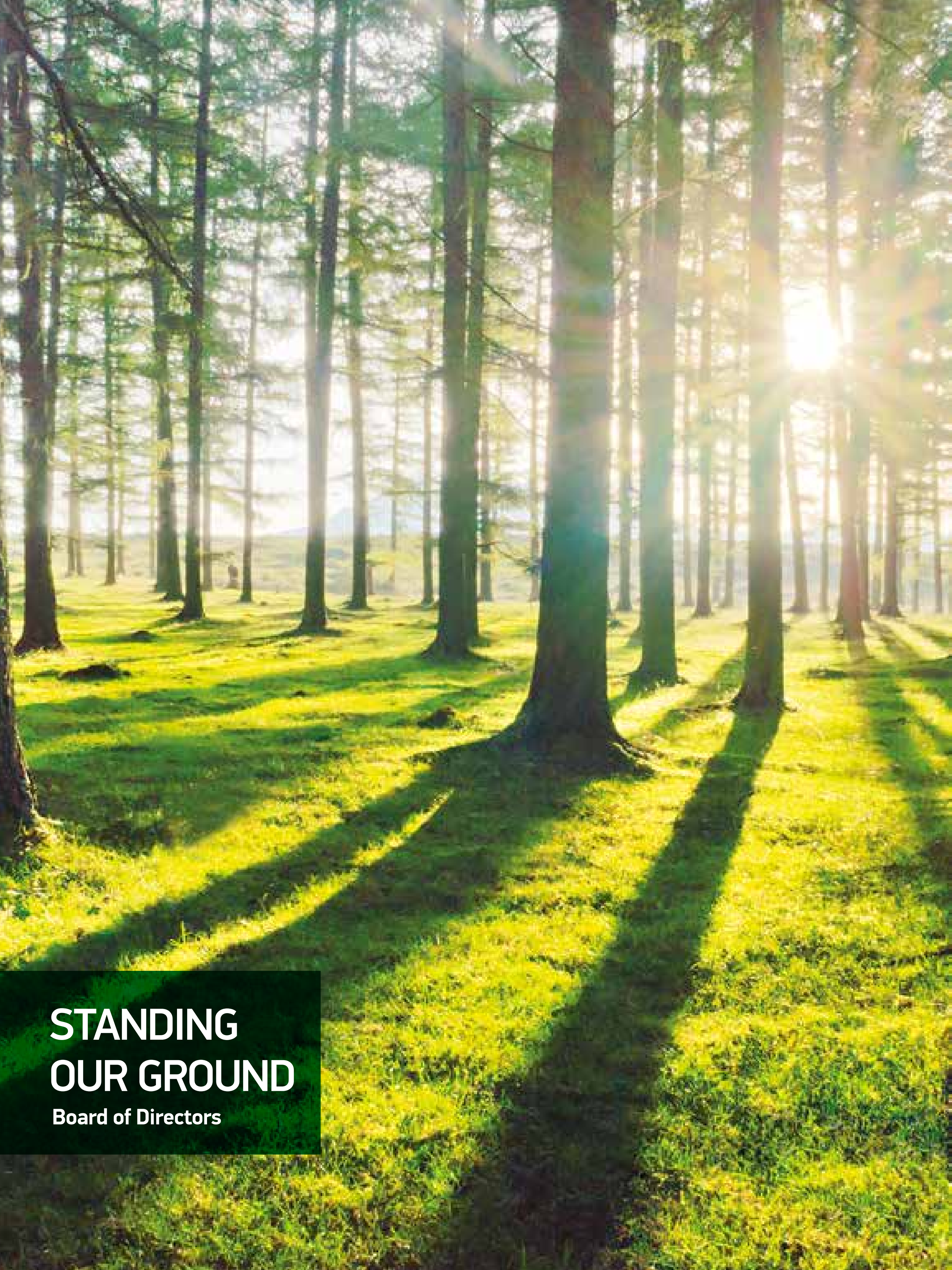
The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or its Independent Share Registrar at the below mentioned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

11. Consent for Video-Link Facilities:

Pursuant to the provisions of the Companies Act, 2017, the shareholders residing in a city and holding at least 10% of the total paid up share capital may demand the Company to provide the facility of video-link for participating in the meeting. The demand for video-link facility shall be received by the Share Registrar at the address given herein blow at least 10 (ten) days prior to the date of the meeting on the Standard Form which can be downloaded from the company's website: www.adamjeeinsurance.com

Address of Independent Share Registrar of the Company:

Name : Central Depository Company of Pakistan Ltd.
Address: CDC House, 99- B, S.M.C.H.S, Main Shahrah e Faisal, Karachi
Phone: +92-21-111-111-500



STANDING OUR GROUND

Board of Directors

BOARD OF DIRECTORS

Umer Mansha

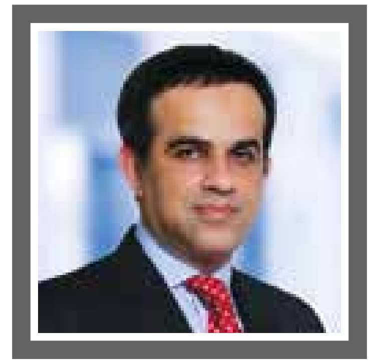
Chairman

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

Fredrik Coenrard de Beer

Director

Fredrik started his working career at Cape Town and later transferred to the northern part of South Africa, Pretoria - the capital of South Africa. He holds professional qualifications from SAAF (Aircraft Maintenance) Rand Afrikaans University (Human Resource Development Certification) and has a Master's degree from the University of Cumbria. He started his insurance career in 1984 and attended various Senior Management Development programs with Old Mutual (CDC / MDC I & II) and industry-related training institutes. He was awarded the prestigious recognition of "Best Leader of the Year" award by Old Mutual. He acted in the capacity of Director during his management career in South Africa with MDBCS, as well as internationally during his career in the UAE. He has previously served as the CEO of Adamjee Life Assurance Company Limited.



Ibrahim Shamsi

Director

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

Imran Maqbool

Director

Imran Maqbool serves as the President & Chief Executive Officer of MCB Bank Limited. He is a seasoned professional with over three decades of diverse banking experience. Before taking on the CEO position, he was Head of Commercial Branch Banking Group where he successfully managed the largest group of the Bank in terms of market diversity, size of workforce, number of branches on a country-wide basis and diversified spectrum of products. In earlier roles, he worked as Head Wholesale Banking Group-North, Country Head MCB Sri Lanka, Group Head Special Assets Management and Islamic Banking. Prior to joining MCB Bank in 2002, Maqbool was associated with local banking operations of Bank of America and Citibank for more than seventeen years. He worked at various senior-management level positions in respective banks. He also serves as the Director in Pakistan Tobacco Company Limited, MNET Services (Pvt.) Limited, MCB Financial Services Limited and as a trustee of MCB Employees Foundation.

Imran Maqbool holds an MBA degree from the Institute of Business Administration (IBA) Karachi and MS in Management from MIT Sloan School of Management, Massachusetts, USA.

Muhammad Anees

Director

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

Muhammad Umar Virk

Director

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

Shaikh Muhammad Jawed

Director

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

Muhammad Ali Zeb

Managing Director & Chief Executive Officer

Muhammad Ali Zeb is a fellow member of the Institute of Chartered Accountants of Pakistan and has over 22 years of diverse experience in the Manufacturing, Financial and Insurance sectors. He started his professional career from Nishat Mills in 1995 and joined Adamjee Insurance as Chief Financial Officer in 2005 where he was promoted to Executive Director Finance. He was appointed as Chief Executive Officer in 2008 and remained in this position until March, 2011. He has also served as the Chief Financial Officer at City School (Pvt.) Ltd. before rejoining Adamjee Insurance as the Chief Executive Officer in June 2013. He has served as the Chairman, Insurance Association of Pakistan in 2014. He also serves on the Boards of MCB Bank Ltd, Adamjee Life Assurance Company Ltd, Nishat Chunian Ltd and Nishat Chunian Power Ltd.

MANAGEMENT TEAM

Muhammad Ali Zeb

Managing Director & Chief Executive Officer

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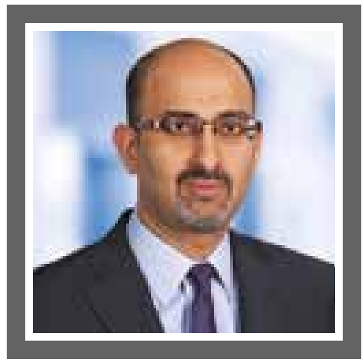


Muhammad Asim Nagi

Executive Director Finance & Chief Financial Officer

Muhammad Asim Nagi has over 20 years of experience in Accounts and Finance. He is an Economics graduate from University College London and is a qualified Chartered Accountant from the Institute of Chartered Accountants in England & Wales. Asim is also a member of the Institute of Chartered Accountants of Pakistan and a fellow of the Association of Chartered Certified Accountants in United Kingdom. He has worked with a number of organizations at the management level in the UK, including Ernst & UHY Hacker Young LLP in London. His experience in UK comprised assurance and transaction advisory, in particular, IPOs, stock exchange flotations & reverse takeovers. He has also worked with A.F. Ferguson & Co., Chartered Accountants and has headed the Internal Audit function at DH Corporation Limited. Asim has been with Adamjee Insurance Company Limited since November 2011 and is currently serving as the Executive Director Finance & Chief Financial Officer.

Adnan Ahmad Chaudhry

Executive Director Commercial

Adnan Ahmad Chaudhry has over 24 years of combined experience in Engineering, Manufacturing & Insurance sectors. He started his career in 1993 from Arden Engineering & Automation after which he moved to ALSTOM in 1995. He served as Senior Sales Engineer (Abu Dhabi Branch) at Al Hassan Group Companies in 2000 and as General Manager Sales & Operations as Classic Needs Pakistan (Pvt.) Ltd. from 2003. In 2008, Adnan joined Adamjee Insurance as the Head of Motor Department and became General Manager Operations in 2010. He is currently the Executive Director Commercial. He was also the Chairman Lahore Insurance Institute in 2015.

Asif Jabbar

Executive Director Technical

Asif Jabbar has over 24 years of insurance experience in the areas of Underwriting, Operations and Sales. He started his career in 1993 with Adamjee Insurance Company Limited where he held different leadership roles. In 2012 he moved to Marsh Operations in Pakistan with Unique Insurance Brokers as a Chief Operating Officer. As an insurance broker his areas of specialty were Energy and Downstream Property plus Business Interruption. In 2013 Asif rejoined Adamjee Insurance Company limited as an Executive Director Technical. He holds a Bachelor's degree in Commerce and Economics and is an Associate of Chartered Insurance Institute, London. He is also a Chartered Insurer from Chartered Insurance Institute, London.

Muhammad Salim Iqbal

Executive Director Reinsurance

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

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

Chairman's Review

I am pleased to present the Chairman's Review of the 57th Annual Report of your Company.

I feel privileged on being entrusted with the Chairmanship of the Board of Directors of Adamjee Insurance Company Limited and I pledge all my endeavors towards future growth and enhanced performance of the company.

Adamjee Insurance continued its growth streak by crossing the Rs. 18.5 billion (Rs. 19 billion with Window Takaful business) mark in gross written premiums this year, recording one of the highest growth in written premiums in the industry this year. Growth was witnessed in all the areas, be it, conventional insurance business, foreign operations or Window Takaful Operations. Underwriting profit for the year increased to Rs. 1.24 billion while after tax profit for the year was at Rs. 1.22 billion due to the decline in the investment income this year.

I am also pleased to report that the performance of the Board of Directors remained impressive throughout the year and their contributions effectively navigated the Company through challenging times, creating new benchmarks whilst maintaining its reputation for instilling sound governance and providing solid returns to its shareholders. The Board set the Company's strategic objectives and guided the Company's leadership to transform them in to reality, while upholding the vision, mission and core values of the Company. The Board has constituted its Sub-Committees with defined scope of work and reporting procedures, and such Committees are performing their duties within the prescribed mandate and respective terms of reference. They also considered long-term policy-related matters including review of significant policies as per the regulatory requirements as well as to cater for Company's strategic and operational needs.

Under the accomplished leadership of our Board of Directors, Adamjee Insurance is well placed to advance at numerous opportunities and have the requisite resources and infrastructure to capitalize on potential business prospects.

The Company continues to invest in its employees, technology and processes to better service its customers. As the Company sails through in to the new financial year, the aspiration is to revolutionize the customer experience by staying ahead in technological advancements.

It has been our privilege to devote our efforts in serving our customers to whom we are immensely thankful. I would also sincerely like to thank our employees, business partners, reinsurers and The Securities and Exchange Commission of Pakistan for their support and guidance that has helped Adamjee Insurance deliver on all accounts whilst emerging as one of Pakistan's premier insurance company.

Umer Mansha

Umer Mansha
Chairman

Date: 21 March, 2018

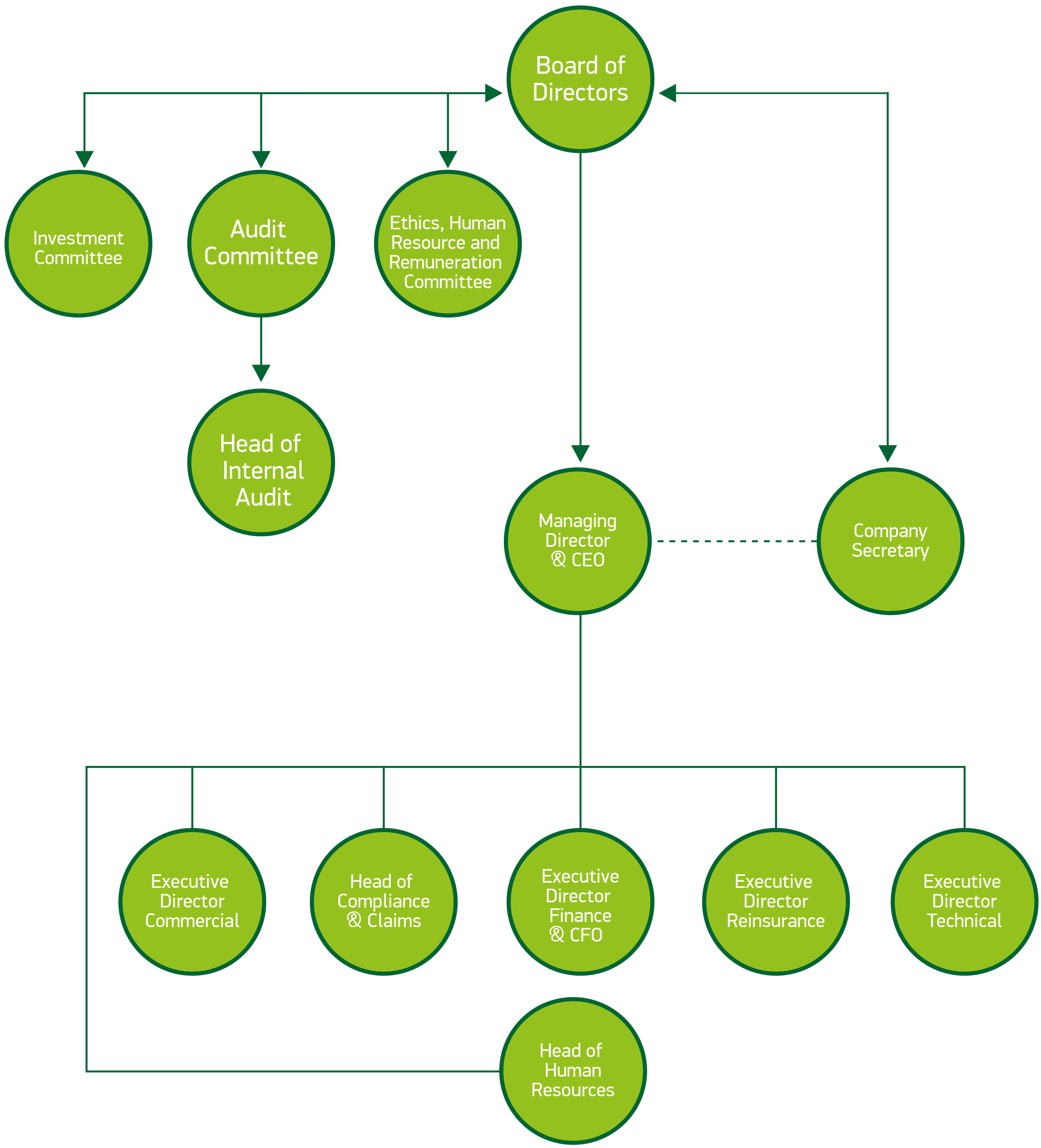
QUALITY POLICY

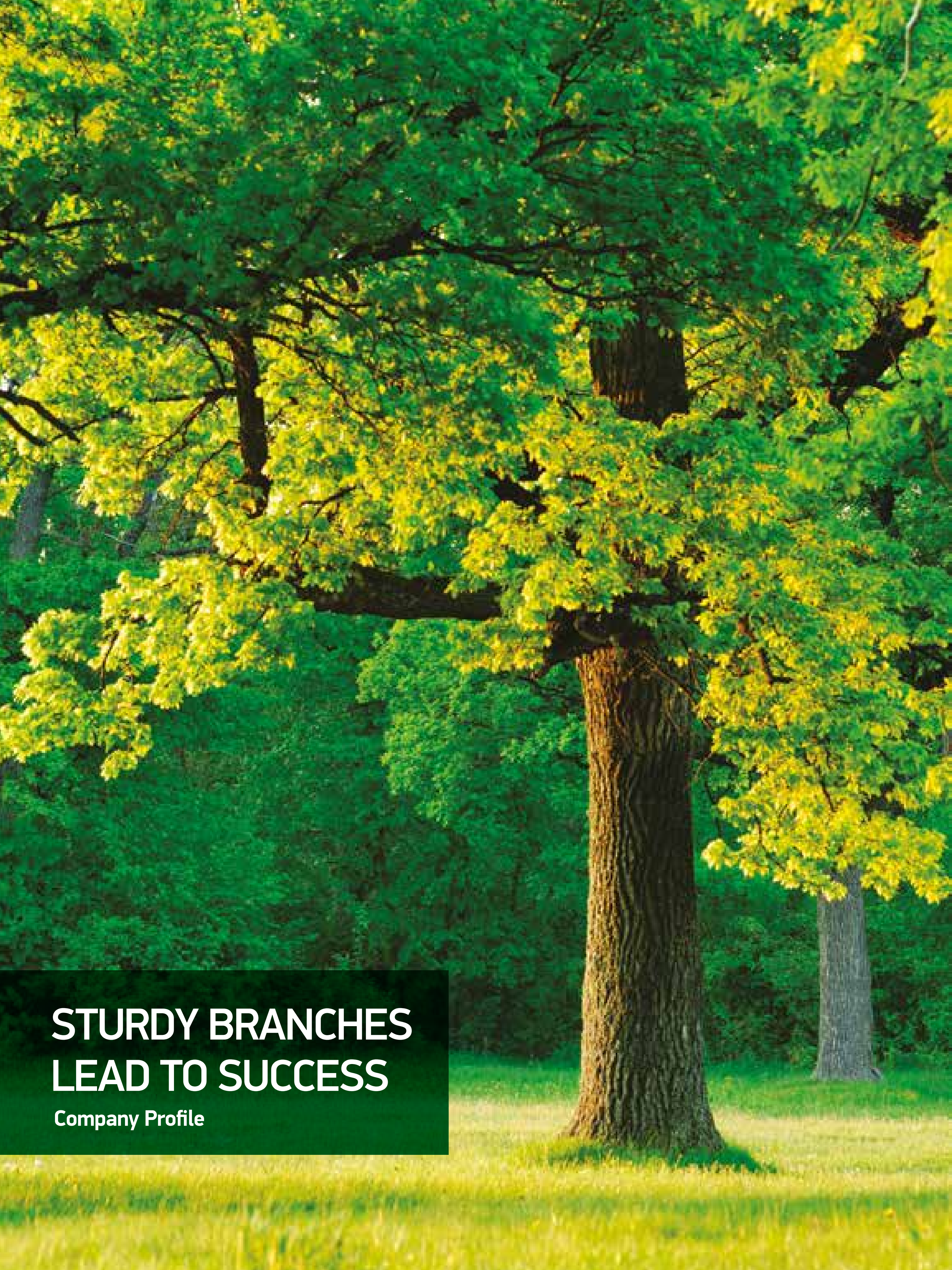
The management and employees of Adamjee Insurance demonstrate commitment to satisfying customer needs by managing risk assessment in General Insurance.

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

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

ORGANIZATIONAL STRUCTURE





STURDY BRANCHES LEAD TO SUCCESS

Company Profile

COMPANY PROFILE

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

A Truly Dynamic Business Setting

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

Delivering Value to Customers

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

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

As a pioneer in the coverage of Oil & Gas (upstream & midstream), Wind and Thermal Energy Risks, AICL has successfully assumed the role of the leading player in Pakistan's insurance industry. The Company has also managed to secure business being brought in by foreign investors entering Pakistan to execute construction or infrastructure development projects. AICL's confidence lies in the large number of banking and financial sector clients that AICL insures. Some of AICL's high risk-value projects include risk-coverage provision to Petrochemical Factories and Industrial Risk projects. AICL also specializes in insuring Engineering and Telecom concerns.

Alternatively, AICL serves Pakistan's primary industry by providing coverage to the Textile and Sugar sectors. AICL is proud to be the premier insurer of Kidnap & Ransom, Professional Indemnity, Product Liability and other specialized lines in Pakistan.

A wide range of Shariah-compliant Takaful Products are also offered through AICL's top-of-the-line Window Takaful Operations, serving customers from all walks of life, on a much larger scale.

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

Achievements Through the Year

- IFS rating of AA+ (Double 'AA' Plus) by PACRA
- IFS rating of B + ('B' Plus) by AM Best, UK
- Certificate of ISO 9001 by Lloyd's Register Quality Assurance

STRONG ROOTS WEATHER ALL STORMS

Corporate Social Responsibility

CORPORATE SOCIAL RESPONSIBILITY

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

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

Compliance and Ethics

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

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

Health, Safety & Environment

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

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

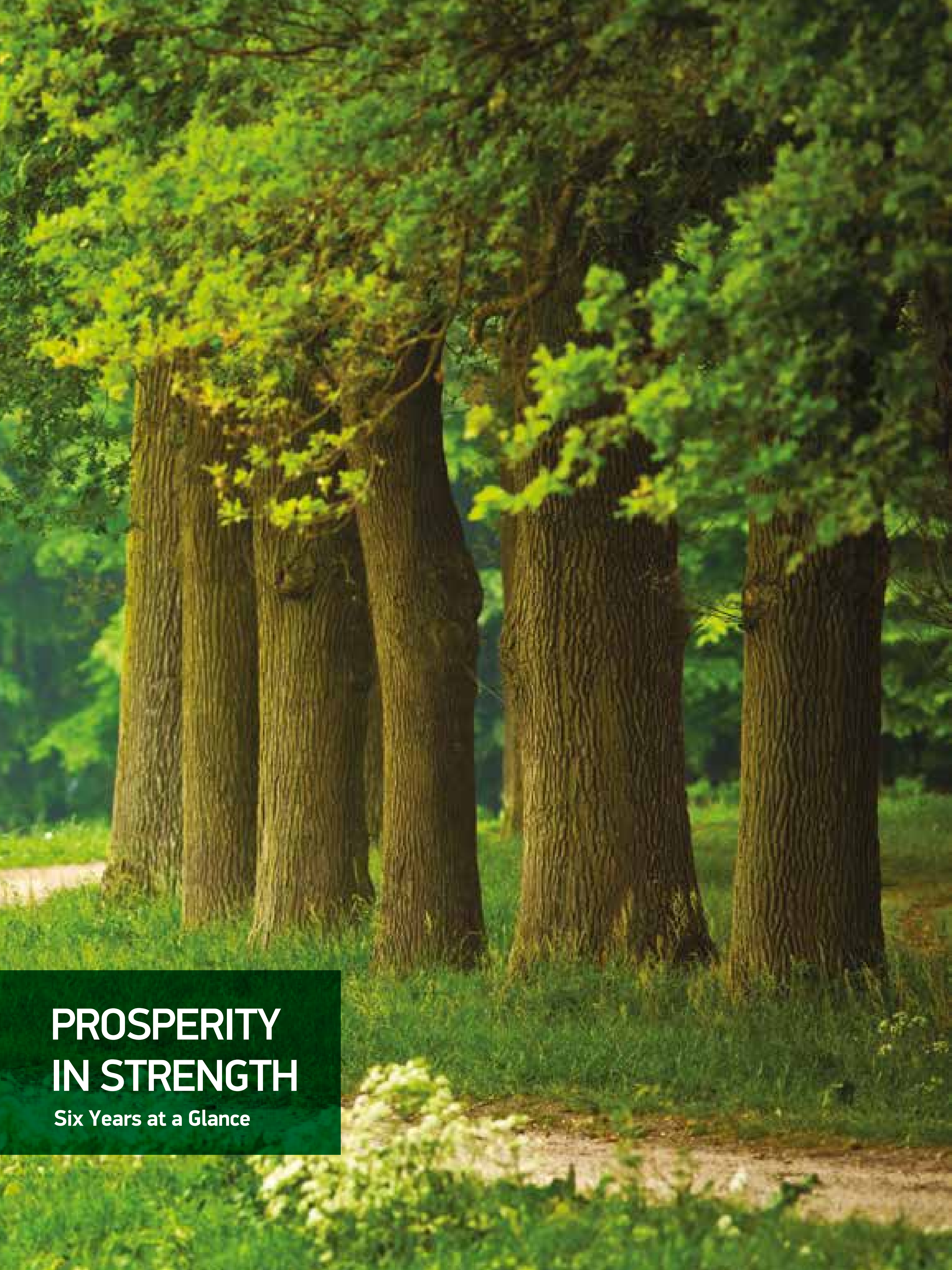
Committed to Excellence

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

During the year, Adamjee Insurance was engaged in various activities with organizations including Rehman Keyani Memorial Foundation, World Wild Nature Pakistan (WWF Pakistan), SAFCO Support Foundation, Pakistan Foundation Fighting Blindness, Murshid Hospital and Health Care Center, Lady Aitchison Hospital and others.

Adamjee Insurance Re-creational Club organized extra-curricular activities including cricket tournaments, badminton, and tennis competition for the promotion of healthy activities among Employees and also take active participation in the insurance associations events. Annual Picnics in Pakistan & United Arab Emirates were also arranged.

The company has entered into an agreement with WWF in order to promote green office initiative which will be widely observed in the year 2018.



PROSPERITY IN STRENGTH

Six Years at a Glance

SIX YEARS AT A GLANCE

PARTICULARS	2017	2016	2015*	2014*	2013	2012
	Rupees in Million					
Balance Sheet						
Paid Up Capital	3,500	3,500	3,500	3,500	3,500	1,237
Reserves	1,430	1,407	1,409	1,397	1,440	1,442
Equity	16,794	17,001	14,561	13,661	13,047	11,486
Investments (Book Value)	16,619	16,738	15,393	13,482	11,360	9,948
Investments (Market Value)	21,673	23,962	20,780	23,500	18,391	13,189
Fixed Assets	2,620	1,250	1,301	1,114	1,197	1,118
Cash & Bank Deposits	4,299	4,336	2,898	2,877	2,546	2,507
Other Assets	18,750	16,256	12,787	11,456	12,099	11,034
Total Assets	42,287	38,580	32,380	28,929	27,202	24,607
Total Liabilities	25,493	21,579	17,819	15,268	14,155	13,121
Operating Data						
Gross Premium	18,522	16,270	13,639	12,145	10,077	10,059
Net Premium	11,535	9,615	7,747	6,303	5,507	5,672
Net Claims	7,434	6,210	5,223	4,088	3,487	4,143
Net Commission	1,090	763	558	362	348	359
Underwriting Result	1,239	1,078	242	369	137	(412)
Underwriting Expenses	1,893	1,615	1,556	1,483	1,535	1,583
General and Administrative expenses	784	715	623	527	445	411
Financial Charges	-	-	-	-	2	6
Total Management Expenses	2,677	2,329	2,178	2,011	1,973	2,000
Investment Income	1,482	3,502	2,404	2,061	2,357	1,332
Profit / (Loss)Before Tax	2,121	4,054	2,214	2,030	2,210	670
Profit After Tax	1,221	3,492	1,943	1,879	1,966	628
Share Information						
Break-Up Value Per Share (Rs.)	47.98	48.57	45.00	40	37.3	92.8
No. of Shares (Million)	350.00	350.00	350.00	350	350	123.7
Share Price at Year End (Rs.)	52.00	74.14	56.51	49.50	37.40	68.10
Highest Share Price During Year (Rs.)	82.50	79.79	61.12	53.60	106.40	81.60
Lowest Share Price During Year (Rs.)	43.02	46.70	38.08	36.90	37.00	45.00
KSE 100 Index	40,472	47,807	32,816	32,131	25,284	16,905
Market Price To Break-Up Value (Times)	1.08	1.53	1.26	1.2	1.0	0.7
Face Value (per share)	10.00	10.00	10.00	10.00	10.00	10.00
Market Capitalization - Amount	18,200	25,949	19,779	17,325	13,090	8,423.97
Distribution						
Dividend Per Share (Rs.)	2.50	3.00	3.00	2.25	3.5	1.5
Total Dividend - Amount	875	1,050	1,050	787.50	2,695.92	185.56
Cash Dividend %	25	30	30	22.5	35.0	15.0
Bonus Shares %	-	-	-	-	182.9	-
Total Dividend %	25	30	30	22.5	217.9	15.0

(*) Figures for 2014 and 2015 have been restated.

FINANCIAL RATIOS

PARTICULARS	2017	2016	2015*	2014*	2013	2012
Profitability						
Profit / (Loss) Before Tax / Gross Premium (%)	11.5	24.9	16.2	16.7	21.9	6.7
Profit / (Loss) Before Tax / Net Premium (%)	18.4	42.2	28.6	32.2	40.1	11.8
Profit After Tax / Gross Premium (%)	6.6	21.5	14.2	15.5	19.5	6.2
Profit After Tax / Net Premium (%)	10.6	36.3	25.1	29.8	35.7	11.1
Combined Ratio (%)	89.3	88.8	96.9	94.1	97.5	107.3
Management Expenses / Gross Premium (%)	14.5	14.3	16.0	16.6	19.7	19.9
Management Expenses / Net Premium (%)	23.2	24.2	28.1	31.9	36.0	35.3
Underwriting Result / Net Premium (%)	10.7	11.2	3.1	5.9	2.5	(7.3)
Net Claims / Net Premium (%)	64.4	64.6	67.4	64.9	63.3	73.0
Investment Income / Net Premium (%)	12.8	36.4	31.0	32.7	42.8	23.5
Underwriting Result / Written Premium (%)	6.7	6.6	1.8	3.0	1.4	(4.1)
Profit / (Loss) Before Tax / Total Income (%)	16.1	30.5	21.4	23.9	27.6	9.3
Profit / (Loss) After Tax / Total Income (%)	9.3	26.3	18.8	22.1	24.5	8.8
Net Commission / Net Premium (%)	9.4	7.9	7.2	5.7	6.3	6.3
Return To Shareholders						
Return On Equity - PBT(%)	12.6	23.8	15.2	14.4	16.9	5.8
Return On Equity - PAT (%)	7.3	20.5	13.3	13.3	15.1	5.5
Earnings Per Share (Rs.)	3.49	9.98	5.55	5.4	5.6	5.1
P/E Ratio (Times)	14.9	7.4	10.2	9.2	6.7	13.4
Return On Capital Employed (%)	7.3	20.5	13.3	13.3	15.1	5.5
Dividend Yield (%)	5.8	4.0	5.3	4.6	9.4	2.2
Dividend Payout (%)	86.0	30.1	54.1	41.9	62.3	29.5
Dividend Cover (Times)	1.4	3.3	1.9	2.4	4.5	3.4
Return On Total Assets (%)	2.9	9.1	6.0	6.5	7.2	2.6
Earnings Growth (%)	(65.0)	79.8	2.8	(3.6)	9.8	363.6
Liquidity / Leverage						
Current Ratio (Times)	1.6	1.7	1.8	1.8	1.8	1.8
Cash / Current Liabilities (%)	17.1	20.2	16.4	19.0	18.0	19.2
Earning Assets / Total Assets (%)	44	45	50.1	50.3	46.0	44.6
Liquid Ratio (Times)	0.8	1.0	1.0	1.1	1.0	1.0
Liquid Assets / Total Assets (%)	49.5	54.6	56.5	56.5	51.1	50.6
Total Assets Turnover (Times)	0.3	0.2	0.2	0.2	0.2	0.2
Fixed Assets Turnover (Times)	4.4	7.7	6.0	5.7	4.6	5.1
Total Liabilities / Equity (%)	151.8	126.9	122.4	111.8	108.5	114.2
Paid Up Capital / Total Assets (%)	8.3	9.1	10.8	12.1	12.9	5.0
Equity / Total Assets (%)	39.7	44.1	45.0	47.2	48.0	46.7

(*) Figures for 2014 and 2015 have been restated.

VERTICAL ANALYSIS
Balance Sheet and Income Statement

	2017		2016		2015*		2014*		2013		2012	
	Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%
Balance Sheet												
Assets												
Cash and Bank Deposits	4,299	10.2	4,336	11.2	2,898	8.9	2,877	8.9	2,546	8.8	2,507	9.2
Loans to Employees	18	0.0	18	0.0	17	0.1	14	0.0	16	0.1	13	0.0
Investments	16,619	39.3	16,738	43.4	15,393	47.5	13,482	41.6	11,360	39.3	9,948	36.6
Deferred Taxation	-	-	-	-	84	0.3	97	0.3	105	0.4	241	0.9
Current Assets-others	18,491	43.7	16,138	41.8	12,686	39.2	11,344	35.0	11,978	41.4	10,780	39.6
Fixed Assets	2,620	6.2	1,250	3.2	1,301	4.0	1,114	3.4	1,197	4.1	1,118	4.1
Total assets of Window Takaful	241	0.6	99	0.3	-	-	-	-	-	-	-	-
Total Assets	**42,287**	**100.0**	**38,580**	**100.0**	**32,380**	**100.0**	**28,929**	**100.0**	**27,202**	**100.0**	**24,607**	**100.0**
								-				
Total Equity	16,794	39.7	17,001	44.1	14,561	45.0	13,661	47.2	13,046	48.0	11,486	46.7
Underwriting Provisions	20,639	48.8	17,184	44.5	13,125	40.5	11,747	36.3	11,550	42.5	10,636	43.2
Deferred Taxation	37	0.1	35	0.1	-	-	-	-	-	-	-	-
Deferred Liabilities	154	0.4	81	0.2	116	0.4	106	0.3	98	0.4	31	0.1
Creditors and Accruals	4,415	10.4	4,144	10.7	4,502	13.9	3,319	10.3	2,456	9.0	2,393	9.7
Other Liabilities	106	0.3	89	0.2	75	0.2	95	0.3	52	0.2	61	0.2
Total liabilities of Window Takaful	141	0.3	46	0.1	-	-	-	-	-	-	-	-
Total Equity and Liabilities	**42,287**	**100.0**	**38,580**	**100.0**	**32,380**	**100.0**	**28,929**	**100.0**	**27,202**	**100.0**	**24,607**	**100.0**
Profit and Loss Account												
Revenue account												
Net Premium Revenue	11,535	100.0	9,615	100.0	7,747	100.0	6,303	100.0	5,507	100.0	5,672	100.0
Net Claims	7,434	64.4	6,210	64.6	5,223	67.4	4,533	71.9	3,487	63.3	4,143	73.0
Underwriting Expenses	1,893	16.4	1,615	16.8	1,556	20.1	1,483	23.5	1,535	27.9	1,583	27.9
Net Commission	1,090	9.4	763	7.9	558	7.2	362	5.7	348	6.3	359	6.3
Unexpired risk reserve	(122)	(1.1)	(50)	(0.5)	169	2.2	-	-		-		
Underwriting Result	**1,239**	**10.7**	**1,078**	**11.2**	**242**	**3.1**	**(75)**	**(1.2)**	**137**	**2.5**	**(413)**	**(7.3)**
Investment Income	1,482	12.8	3,502	36.4	2,404	31.0	2,061	32.7	2,357	42.8	1,332	23.5
Rental Income	9	0.1	6	0.1	6	0.1	6	0.1	5	0.1	1	0.0
Other income	108	0.9	178	1.9	185	2.4	122	1.9	148	2.7	164	2.9
General And Administration Expenses	726	6.3	630	6.6	571	7.4	485	7.7	400	7.3	398	7.0
Exchange Gain / (Loss)	5	0.0	(2)	(0.0)	6	0.1	0	0.0	10	0.2	3	0.1
Finance Charges on Lease Liabilities	-	-	-	-	-	-	0	-	2	0.0	6	0.1
Workers' Welfare Fund	63	0.5	83	0.9	58	0.7	42	0.7	45	0.8	13	0.2
Profit before tax from takaful	67	0.6	4	0.0		-		-		-		-
Profit Before Tax	**2,121**	**18.4**	**4,054**	**42.2**	**2,214**	**28.6**	**1,587**	**25.2**	**2,210**	**40.1**	**670**	**11.8**
Provision for Taxation	900	7.8	561	5.8	272	3.5	151	2.4	244	4.4	42	0.7
Profit After Tax	**1,221**	**10.6**	**3,493**	**36.3**	**1,942**	**25.1**	**1,436**	**22.8**	**1,966**	**35.7**	**628**	**11.1**

(*) Figures for 2014 and 2015 have been restated.

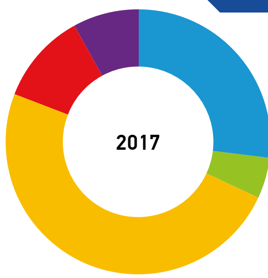
HORIZONTAL ANALYSIS
Balance Sheet and Income Statement

	2017	2016	2015*	2014*	2013	2012	2017	2016	2015*	2014*	2013	2012
	Rupees in million						% increase /(decrease) over preceding year					
Balance sheet												
Assets												
Cash and Bank Deposits	4,299	4,336	2,898	2,877	2,546	2,507	(0.9)	49.6	0.7	13.0	1.6	5.4
Loans to Employees	18	18	17	14	16	13	-	8.1	19.5	(11.1)	23.1	(23.5)
Investments	16,619	16,738	15,393	13,482	11,360	9,948	(0.7)	8.7	14.2	18.7	14.2	5.2
Deferred Taxation	-	-	84	97	105	241	-	(100.0)	(13.4)	(7.6)	(56.4)	-
Current Assets-others	18,491	16,138	12,686	11,344	11,978	10,780	14.6	27.2	11.8	(5.3)	11.1	(1.7)
Fixed Assets	2,620	1,250	1,301	1,114	1,197	1,118	109.6	(3.9)	16.8	(6.9)	7.1	5.2
Total assets of Window Takaful	241	99	-	-	-	-	143.0	100.0	-	-	-	-
Total Assets	**42,287**	**38,580**	**32,380**	**28,929**	**27,202**	**24,607**	**9.6**	**19.1**	**11.9**	**6.3**	**10.5**	**2.2**
Total Equity	16,794	17,001	14,561	13,661	13,046	11,486	(1.2)	16.8	6.6	4.7	13.6	6.0
Underwriting Provisions	20,639	17,184	13,125	11,747	11,550	10,636	20.1	30.9	11.7	1.7	8.6	3.8
Deferred Taxation	37	35	-	-			6.6	100.0	-	-	-	-
Deferred Liabilities	154	81	116	106	98	31	89.7	(30.1)	9.6	8.4	216.1	34.8
Creditors and Accruals	4,415	4,144	4,502	3,319	2,456	2,393	6.5	(8.0)	35.6	35.1	2.6	(16.6)
Other Liabilities	106	89	75	95	52	61	19.1	19.0	(21.6)	83.5	(14.8)	(33.7)
Total liabilities of Window Takaful	141	46	-	-			204.7	100.0	-	-	-	-
Total Equity and Liabilities	**42,287**	**38,580**	**32,380**	**28,929**	**27,202**	**24,607**	**9.6**	**19.2**	**11.9**	**6.3**	**10.5**	**2.2**
Profit and Loss Account												
Revenue account												
Net Premium Revenue	11,535	9,615	7,747	6,303	5,507	5,672	20.0	24.1	22.9	14.5	(2.9)	(18.8)
Net claims	7,434	6,210	5,223	4,533	3,487	4,143	19.7	18.9	15.2	30.0	(15.8)	(10.4)
Underwriting Expenses	1,893	1,615	1,556	1,483	1,535	1,583	17.2	3.8	4.9	(3.4)	(3.0)	(7.7)
Net Commission	1,090	763	558	362	348	359	42.9	36.7	54.1	4.0	(3.1)	(24.6)
Unexpired risk reserve	(122)	(50)	169	-	-	-	141.5	(129.8)	100.0	-	-	-
Underwriting Result	**1,239**	**1,078**	**242**	**(75)**	**137**	**(413)**	**15.0**	**346.0**	**(422.2)**	**(154.7)**	**(133.2)**	**(348.8)**
Investment Income	1,482	3,502	2,404	2,061	2,357	1,332	(57.7)	45.7	16.7	(12.6)	77.0	56.3
Rental Income	9	6	6	6	5	1	31.8	1.7	5.7	20.0	900.0	(28.6)
Other income	108	178	185	122	148	164	(39.1)	(3.7)	51.4	(17.6)	(9.8)	4.5
General And Administration Expenses	726	630	571	485	400	398	15.2	10.4	17.7	21.3	0.5	(66.4)
Exchange Gain / (Loss)	5	(2)	6	-	10	3	412.5	(127.1)	-	(100.0)	233.3	900.0
Finance Charges on Lease Liabilities	-	-	-	-	2	6	-	-	-	(100.0)	(66.7)	(60.0)
Workers' welfare fund	63	83	58	42	45	13	(23.6)	43.4	37.3	(6.7)	246.2	(27.8)
Profit before tax from takaful	67	4	-	-	-	-	1,546.9	100.0	-	-	-	-
Profit Before Tax	**2,121**	**4,054**	**2,214**	**1,587**	**2,210**	**670**	**(47.7)**	**83.1**	**39.5**	**(28.2)**	**230.1**	**(1,732.9)**
Provision for taxation	900	561	272	151	244	42	60.4	106.3	80.1	(38.1)	481.0	(75.9)
Profit after Tax	**1,221**	**3,493**	**1,942**	**1,436**	**1,966**	**628**	**(65.0)**	**79.8**	**35.3**	**(27.0)**	**213.3**	**(391.9)**

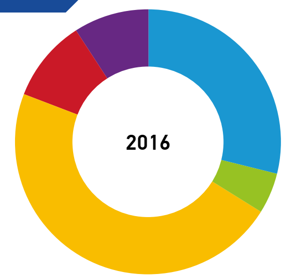
(*) Figures for 2014 and 2015 have been restated.

ANALYSIS OF FINANCIAL STATEMENTS

Gross Premium

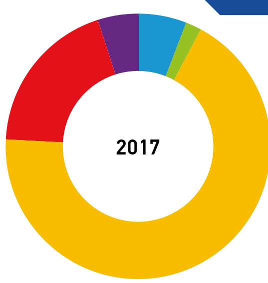


Fire and property damage	27%	Accident & Health	11%
Marine, aviation and transport	5%	Miscellaneous	8%
Motor	49%		

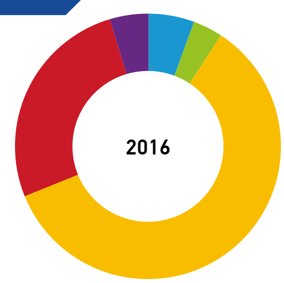


Fire and property damage	29%	Accident & Health	10%
Marine, aviation and transport	5%	Miscellaneous	9%
Motor	47%		

Net Claims

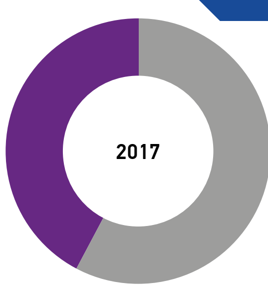


Fire and property damage	6%	Accident & Health	19%
Marine, aviation and transport	2%	Miscellaneous	5%
Motor	68%		

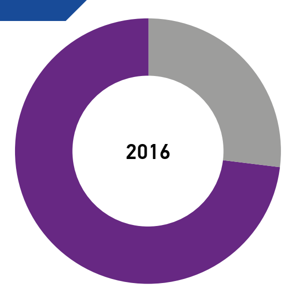


Fire and property damage	6%	Accident & Health	28%
Marine, aviation and transport	4%	Miscellaneous	5%
Motor	64%		

Analysis of Income

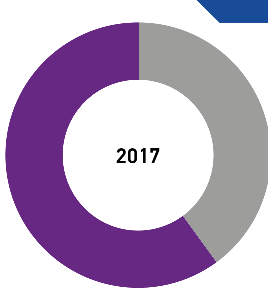


Underwriting profit	58%	Other income	42%

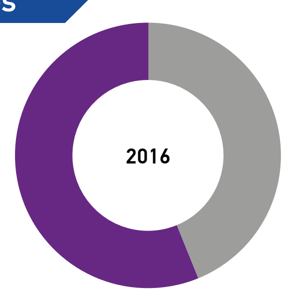


Underwriting profit	27%	Other income	73%

Total Equity and Liabilities

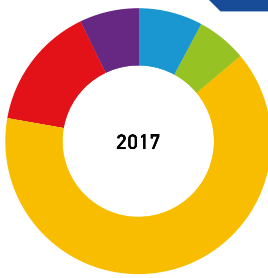


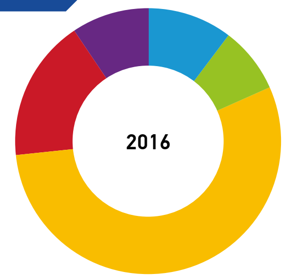
Equity	40%	Liabilities	60%



Equity	44%	Liabilities	56%

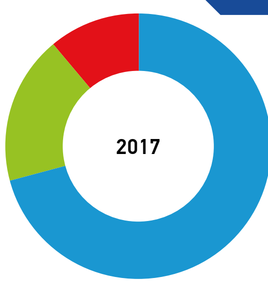
Net Premium Revenue

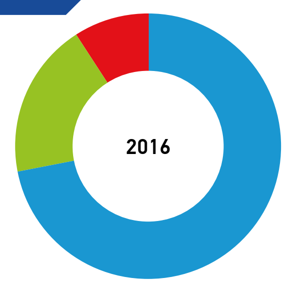




2017				2016			
Fire and property damage	8%	Accident & Health	15%	Fire and property damage	9%	Accident & Health	15%
Marine, aviation and transport	6%	Miscellaneous	7%	Marine, aviation and transport	7%	Miscellaneous	8%
Motor	64%			Motor	48%		

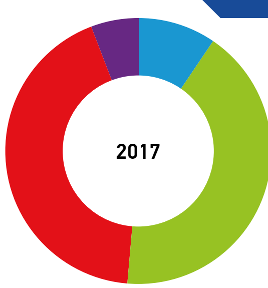
Combined Expenses

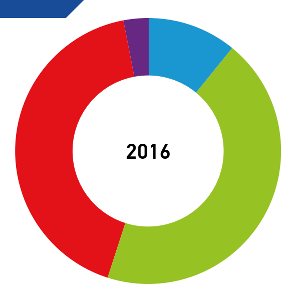




2017				2016			
Net claims	71%	Net commission	11%	Net claims	72%	Net commission	9%
Expenses	18%			Expenses	19%		

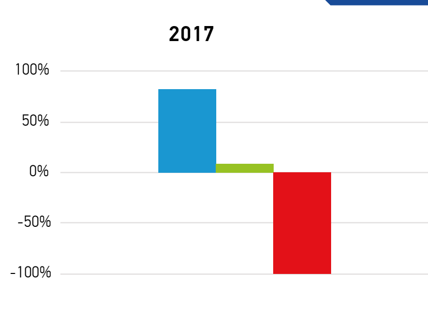
Total Assets

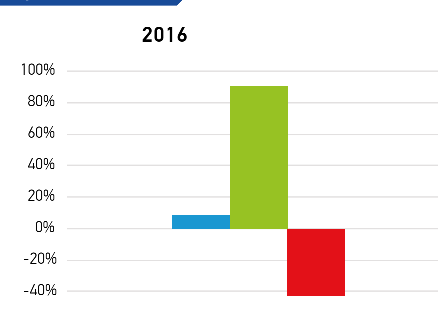




2017				2016			
Cash and bank deposits	10%	Other Assets	44%	Cash and bank deposits	11%	Other Assets	42%
Investments and loans	43%	Fixed assets	6%	Investments and loans	42%	Fixed assets	3%

Cash Flow Analysis

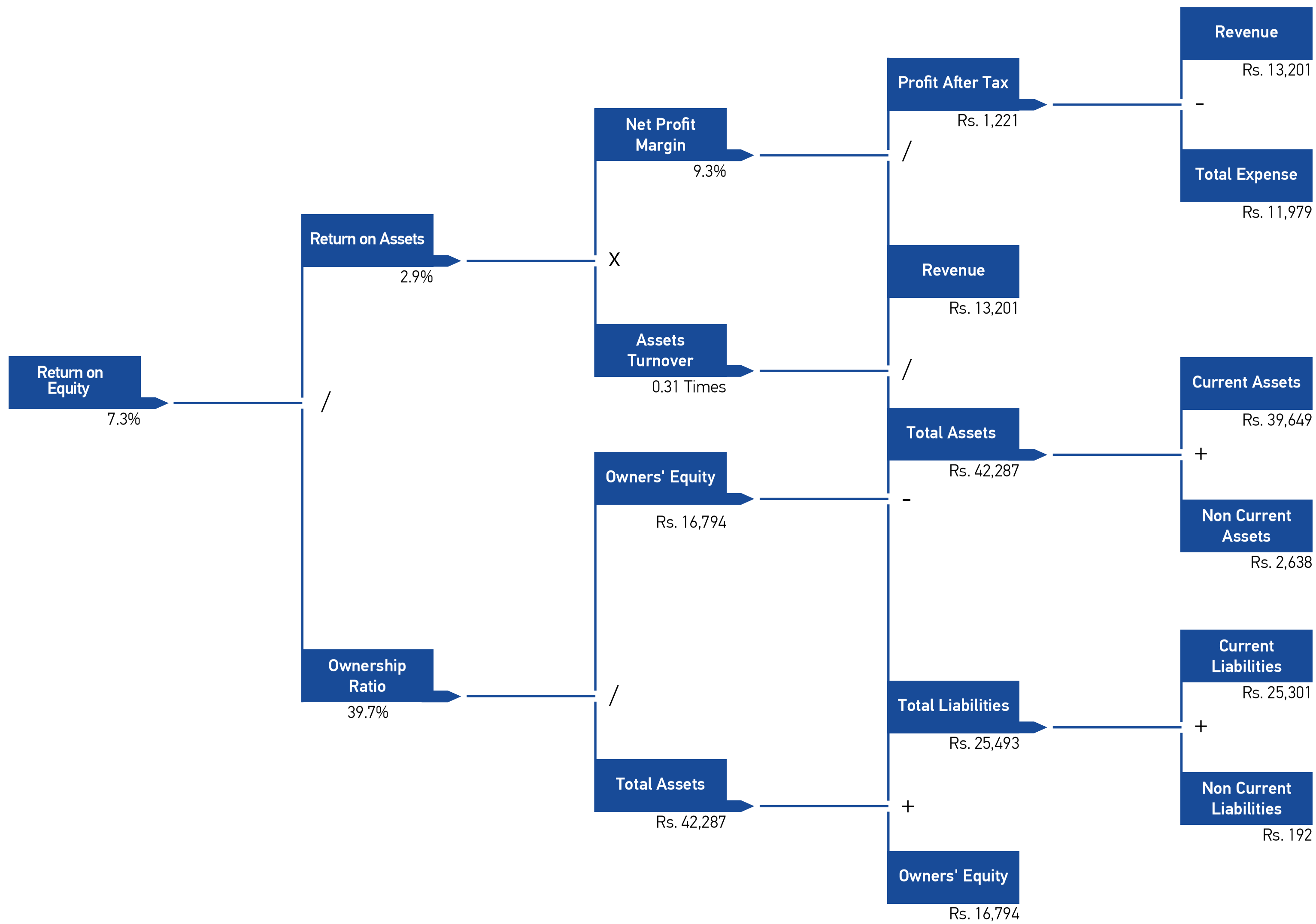




2017				2016			
Operating activities	83%	Financing activities	-100%	Operating activities	9%	Financing activities	-42%
Investing activities	9%			Investing activities	91%		

DUPONT ANALYSIS 2017

Rupees in Million



DIRECTORS' REPORT

Directors' Report

to the Members on Unconsolidated Financial Statements

DIRECTORS' REPORT

to the Members on Unconsolidated Financial Statements

On behalf of the Board of Directors, We are pleased to present the 57th Annual Report of your Company together with the audited unconsolidated financial statements for the year ended 31 December 2017.

ECONOMIC OVERVIEW

In the year 2017, Pakistan maintained its growth momentum with a GDP growth of 5.28% p.a. This was achieved on the back of a comprehensive economic revival plan, credit expansion to private sectors, growth supporting steps and investments under the ongoing CPEC activities.

Pakistan's fiscal deficit was recorded at 3.9% compared to 3.5% last year, attributable to various tax incentives and higher development expenditure which grew by 14.9%. Core inflation showed an upward trend owing to increasing global commodity and oil prices and was recorded at 5.1% p.a. against 4.1% p.a. in the corresponding year.

Agriculture sector's performance remained under pressure but managed to show a growth of 3.46% and contributed 19.5% to the Country's GDP. The service sector crossed its target of 5.7% p.a. attributable to the increase in output in the agriculture and manufacturing sectors.

Concerning Pakistan Stock Exchange (PSX), the KSE-100 Index posted an absolute negative return of 15.34%, closing at 40,471 in the year 2017 as compared to 47,806 in 2016. This year was the worst one for the PSX since the financial crisis enveloped global equity markets in 2008.

Investment indicators continued their growth trajectory and total investment has reached to the level of Rs.5,027 billion as compared to the Rs.4,527 billion last year, showing a growth of 11.04% p.a. While the Investment to GDP ratio has reached to 15.78% in FY 2017. Foreign Direct Investment amounted to $1.733 billion during this fiscal year as compared to $1.537 billion last year, posting a growth of 12.75%. Foreign reserves stood at $20.18 billion at the year end.

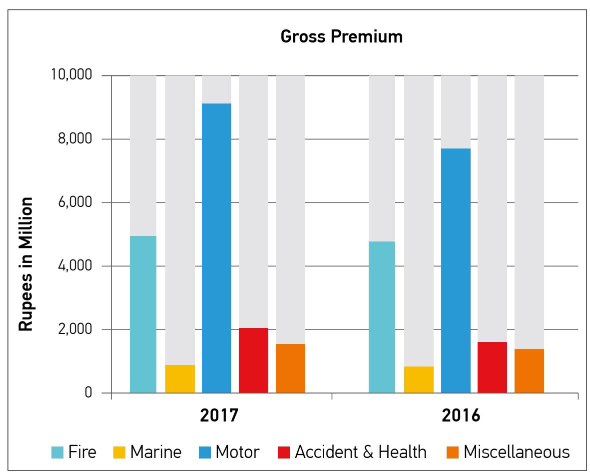
Standard & Poor's credit rating for Pakistan was maintained at 'B' with stable outlook.

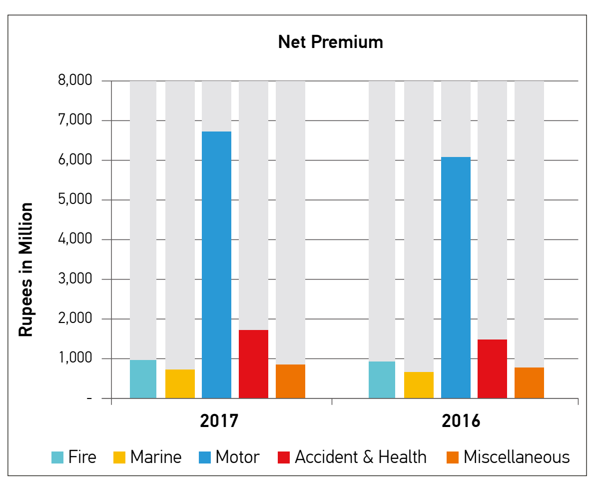
COMPANY PERFORMANCE REVIEW

In the year 2017, though the declining trend in pricing continued, the Company was able to post a premium growth of 14% p.a. There was a decline in profitability, owing to impairment booked against diminution in value of equity portfolio.

In 2017, the gross premium increased to Rs. 18,522 million (excluding Rs. 743 million of premiums generated through Window Takaful Operations) as compared to Rs. 16,270 million in 2016 (excluding Rs. 187 million of premiums generated through Window Takaful Operations). The net premium retention was 62% amounting Rs. 11,535 million of total gross premium underwritten as compared to the net premium retention of 59% amounting Rs. 9,615 million last year. The net claims ratio remained steady at 64%.

The underwriting profit increased to Rs. 1,239 million from Rs. 1,078 million in the preceding year.





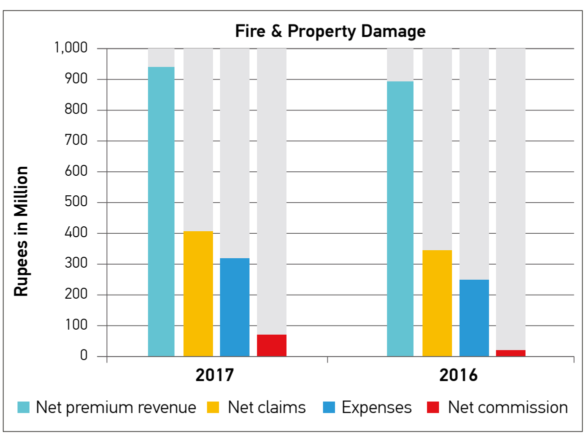
However, the return on investment portfolio has decreased to 9% as compared to 21% last year.

Profit before tax is reported at Rs. 2,121 million compared to profit before tax of Rs. 4,054 million last year due to impairment on equity investments and limited opportunities to realize capital gains on investments. Profit after tax amounted to Rs. 1,221 million as against a Profit after tax of Rs. 3,493 million in 2016.

PORTFOLIO ANALYSIS

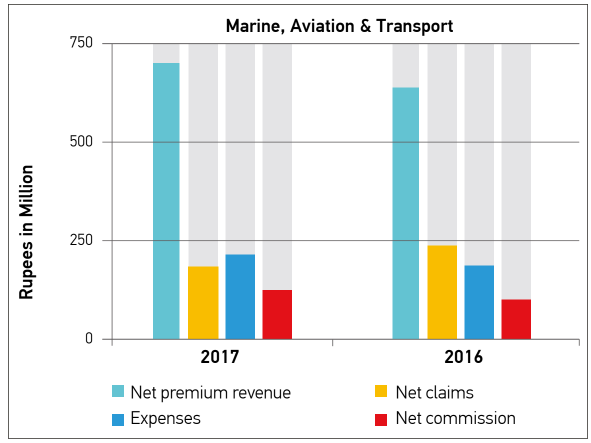
Fire & Property

Fire and property class of business constitutes 27% of the total portfolio. During the year, the Company has underwritten a gross premium of Rs. 4,947.4 million (2016: Rs. 4,762 million). The ratio of net claims to net premium is 43% this year as compared to 39% last year. The Company earned an underwriting profit of Rs. 144 million as compared to Rs. 280 million in 2016.



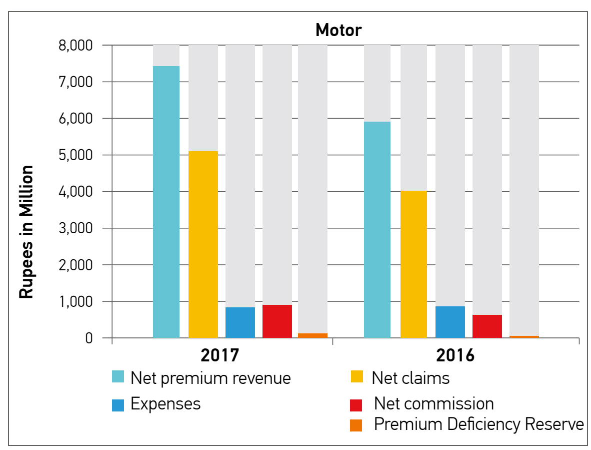
Marine, Aviation & Transport

This class of business constitutes 5% of the total portfolio. The Company has underwritten a gross premium of Rs. 881 million in current year as compared to Rs. 826 million in the last year. The net claims ratio is 26% as against 37% last year, which resulted in an underwriting profit of Rs. 180 million against Rs. 116 million in 2016.



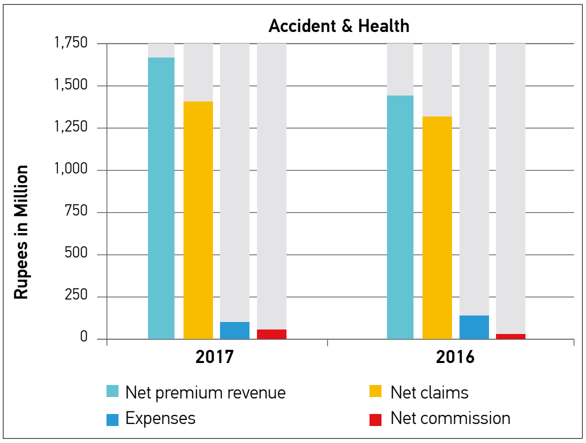
Motor

This class of business constitutes 49% of the total portfolio. During the year, the Company has underwritten a gross premium of Rs. 9,110 million as compared to Rs. 7,705 million in 2016. The ratio of net claims to net premium for the current year is 69% as compared to 68% in 2016. The portfolio showed an underwriting profit of Rs. 500 million as compared to profit of Rs. 476 million in 2016.



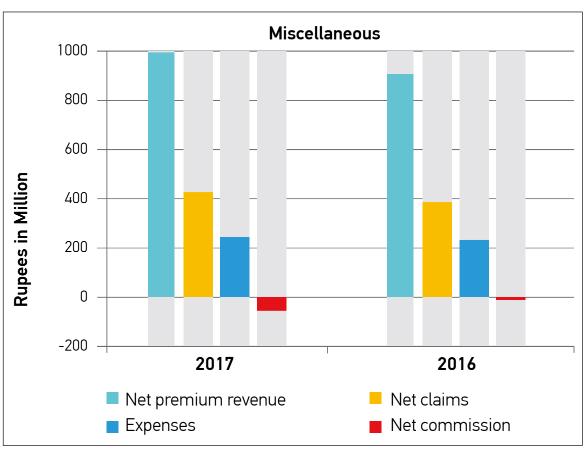
Accident & Health

The Accident & Health class of business constitutes 11% of the total portfolio. The gross premium showed a significant increase of 28% over last year with a gross premium written of Rs. 2,039 million (2016: Rs. 1,593 million). The ratio of net claims to net premium was 85% as against 91% last year. This portfolio performed well and showed an underwriting profit of Rs. 100 million in current year against the underwriting loss of Rs. 42 million in 2016.



Miscellaneous

The miscellaneous class of business constitutes 8% of the total portfolio. The gross premium showed an increase of 11.6% over last year with a gross premium written of Rs. 1,544 million (2016: Rs. 1,384 million). The ratio of net claims to net premium was 43% as against 42% last year. The portfolio showed an underwriting profit of Rs. 316 million in the current year as compared to Rs. 249 million in 2016.



INVESTMENT INCOME

During the year, market capitalization and the trading volumes in KSE-100 index increased until May 2017 but dropped 23.45% from its all-time high of 52,874.46 points which it touched on 24 May 2017. The KSE-100 index posted an absolute negative return of 15.34% during the year.

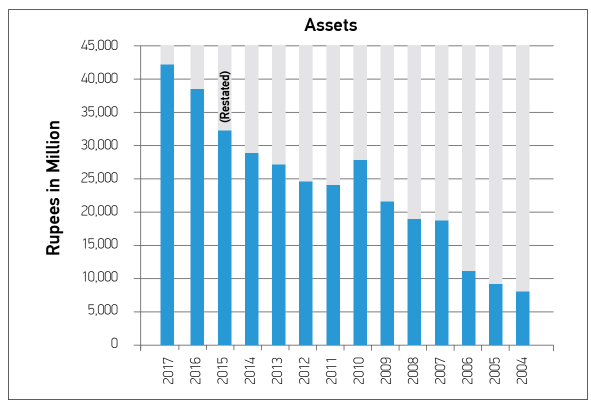
Consequently, Income from investments decreased from Rs. 3,502 million to Rs. 1,482 million.

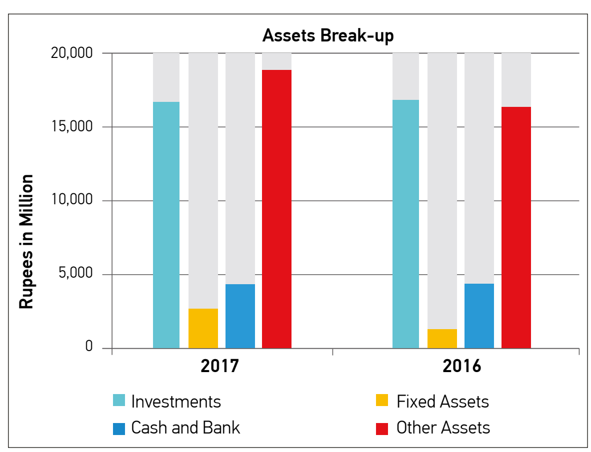
The break-up of investment income is as under:

	2017	2016
	(Rupees in million)	
Dividend income	1,455	1,244
Return on fixed income securities		
Gain/(Loss) on sale of		
'available-for-sale' investments	46	44
(net of impairment)	(19)	2,214
Net investment income	**1,482**	**3,502**

COMPANY'S ASSETS

Total assets of the Company as on 31 December 2017 stood at Rs. 42,287 million against Rs. 38,580 million last year showing an increase of 9.6% from 2016. Total investments stood at Rs. 16,619 million as compared to Rs. 16,738 million in 2016. The management ensures optimum utilization of funds to maximize investment returns.





WINDOW TAKAFUL OPERATIONS

Company's Window Takaful Operations (WTO) have completed its second year of operations with a substantial growth in gross written contribution of Rs. 743 million as compared to Rs. 187 million in the year 2016 showing an increase of 297% year-on-year and has made a profit after tax of Rs. 47 million as compared to profit of Rs. 2.8 million last year.

RISK MITIGATION

The technical business area manages the underwriting risks. One of the crucial factors affecting the profitability and risk of a non-life insurance operations is the ability to accurately estimate future claims and thereby provide appropriate terms and conditions for each proposed risk for insurance. To manage this risk, the Company pays particular attention to the underwriting controls and risk surveys.

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

Catastrophe risks having low frequency, high severity are extreme or exceptional events and these risks are seen with extreme care. Such events may lead to significant deviations in actual claims from the total expected claims resulting into a loss or adverse changes in the value of insurance liabilities. Such exposures are well protected by a comprehensive reinsurance program that has the capacity to respond to different possible catastrophic events. By making use of Cresta Zones and Geo Coding, the Company monitors the risk of accumulation arising from catastrophic events.

The Company also has a separate Physical Risk Inspection Department which carries out a large number of on-site risk surveys every year which helps the underwriters in assessing the proposed or existing risks with more confidence and thus also making better decisions as to the acceptability of a risk. The surveys are conducted both on set schedules and on case to case basis. The department by far carries out the largest number of surveys in the local insurance market, which describes the careful and circumspect underwriting approach being adopted across the Company.

HUMAN RESOURCE

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

As a result, all key employees' satisfaction indicators i.e. employee productivity, engagement index, employee turnover and female diversity for 2017 are encouraging.

ISO 9001 CERTIFICATION

All Departments/Divisions/Branches of Adamjee Insurance Company Limited are ISO 9001:2008 certified. By complying with this standard, we have not only continuously improved our processes with the ultimate aim of customer satisfaction but this also helped us in effective monitoring.

At AICL, we are fully aware of how beneficial this standard is for us which includes but not limited to more organized operating environment, better working conditions, increased job satisfaction and enhanced customer satisfaction.

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

We have successfully achieved fourth (4th) Certification of ISO 9001: 2008 in November 2016.

U.A.E. OPERATIONS

UAE Operations continued to be dominant in the Motor line of business. The Company has three fully functional branches located in Dubai, Sharjah and Abu Dhabi. The UAE branches are regulated under the relevant UAE laws applicable to the local insurance companies.

UAE operations showed a growth of 15.6% in gross premium revenues which stood at Rs. 6,546 million as against Rs. 5,661 million in the previous year and generated a profit of Rs. 112 million.

CSR activities

The CSR initiatives taken during the year 2017 have been separately mentioned in the annual report.

IFS Ratings

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

AM Best has also maintained “B +” IFS Rating for the Company with stable outlook which denotes a strong risk-adjusted capitalization maintained by the Company.

SUBSIDIARY COMPANY

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

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

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

Financial performance and position of ALAC is given in the consolidated financial statements annexed to the Annual Report.

APPROPRIATIONS

An interim dividend @ 15% (Rupees 1.50 per share) (2016: @ 15% [Rupees 1.50 per share]) was paid during the year. The Board recommended final cash dividend @ 10% (Rupee(s) 1.0 per share) (2016: @25% [Rupees 2.50 per share]).

EARNINGS PER SHARE

During the year under review, earnings per share was Rs.3.49 (2016: Rs. 9.98). Detailed working has been reported in Note 26 to the financial statements in this regard.

INTERNAL FINANCIAL CONTROLS AND ITS ADEQUACY

The Board has adopted policies and procedures for ensuring orderly and efficient conduct of its business including adherence to the Company’s Policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial disclosures. The system provides reasonable, though not absolute, assurance that adequate control mechanisms have been established within the operational businesses.

The Company’s internal control system is commensurate with its size, scale and complexities of its operations. The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of the internal control system and suggests improvements to strengthen the same. It also reviews the quarterly Internal Audit Reports. Internal financial controls deployed within the Company have been satisfactory throughout the year.

PROSPECTS FOR 2018

From 2001 onwards, the insurance sector saw a consistent improvement in terms of structure and growth. Macroeconomic stability and economic growth played a vital role in this regard. For the past five years, both life and non-life insurance sectors, measured by gross written premium, have been growing at an average compound annual growth rate of 13%, increasing insurance penetration and insurance density, albeit from a low base. This growth momentum in the insurance industry in Pakistan is forecast to continue in the year 2018.

The China-Pakistan Economic Corridor (CPEC) related growth is anticipated to commence in Pakistan as energy and infrastructure projects CPEC are set to complete in the near term. It will provide new opportunities for the local insurance industry especially the non-life sector in the backdrop of CPEC projects along with construction of highways and infrastructure projects.

In 2018, though the automobile sector in UAE is likely to continue its growth trends, with the implementation of Value Added Tax (VAT) from 1 January 2018, there is likely to be a slow start to the year 2018 which is expected to pick up its usual business pace by April 2018. Since, it is the first time any kind of tax has been imposed widely in UAE, the impact of VAT on the business is being quantified at present. However, it is not expected to have a significant impact on the UAE operations and its profitability.

Window Takaful Operations have shown promising growth and results in 2017. It is anticipated that the demand for Shariah compliant products will widely increase in most lines of business, especially, in Motor and Health.

Our strategy for 2018 is designed to channelize our energies towards creating distinction in our offerings and the commitment to transform the customer's experience and break the glass ceiling that will create a need for insurance. We aspire to continue as the household name when it comes to Insurance.

STATEMENT OF CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Corporate laws, rules and regulations framed there under spell out the overall functions of the Board of Directors of the Company. The Board is fully aware of its corporate responsibilities as envisaged under the Code of Corporate Governance for Insurers 2016 and the Code of Corporate Governance, contained in the Rule Book of Pakistan Stock Exchange Ltd (Codes) and is pleased to give following statement:

- The financial statements, prepared by the Company, present fairly its state of affairs, the results of its operation, cash flows and changes in equity.
- The Company has maintained proper books of accounts as required under the Repealed Companies Ordinance, 1984/Companies Act 2017.
- The Company has followed consistently appropriate accounting policies in preparation of the financial statements. Changes wherever made, have been disclosed and accounting estimates are on the basis of prudent and reasonable judgment.
- Financial Statements have been prepared by the Company in accordance with the International Financial Reporting Standards as applicable in Pakistan. The departure therefrom (if any), is disclosed adequately and explained.
- The system of internal control is sound and is being implemented and monitored. However, such a system is designed to manage rather than eliminate the risk of failure to achieve objectives, and provide reasonable but not absolute assurance against material misstatements or loss.
- The fundamentals of the Company are strong and there are no doubts about its ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance.
- Key operating and financial data for the last six years in summarized form, is included in this annual report.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as at December 31, 2017, except as those disclosed in the financial statements.
- The value of investments including accrued income of provident and gratuity funds on the basis of un-audited accounts as on December 31, 2017 is as follows:

	(Rupees in '000')
Provident Fund	994,223
Gratuity Fund	199,482

During the year 2017, 4 meetings each of the Board of Directors, the Audit Committee and the Investment Committee were held while one meeting of Ethics, Human Resource & Remuneration Committee was held.

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

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

Directors	Board of Director		Audit Committee		Investment Committee		Ethics, Human Resources & Remuneration Committee	
	Meetings held 4		Meetings held 4		Meetings held 4		Meetings held 1	
	Member	Attended	Member	Attended	Member	Attended	Member	Attended
Umer Mansha	√	3	√	3	√	4	√	1
Fredrik Coenrard de Beer (Resigned 23/02/2018)	√	-	-	-	-	-	-	-
Ibrahim Shamsi	√	3	√	3	-	-	√	1
Imran Maqbool	√	4	-	-	√	4		
Muhammad Anees	√	2	-	-	-	-	√	1
Muhammad Umer Virk	√	4	√	4	-	-	-	-
Sheikh Muhammad Jawed	√	3	√	3	-	-	-	-
Muhammad Ali Zeb	√	4	-	-	√	4	√	1
Muhammad Asim Nagi	-	-	-	-	√	4	-	-

DIRECTORS' TRAINING PROGRAM

Four directors have earlier attended the training programme. Two directors are exempt due to 14 years of education and 15 years of experience on the board of a listed company. The remaining two directors shall get certification in due course of time. Regulation 5.19.7 of Rule Book of Pakistan Stock Exchange Ltd on Directors Training Programme states that it shall be mandatory for all listed companies to ensure that by June 30, 2018 at least half of the directors on their board, have certification under any directors training programme.

PATTERN OF SHAREHOLDING

The pattern of shareholding is annexed in the Annual Report. The format of reporting, Form 34, has been slightly amended to comply the reporting requirement under the Codes.

For the category of 'Executive', the Board of Directors has set the threshold for the year 2017. Officers in the cadre of General Manager and above are included in the 'Executive' category, in addition to the CEO, CFO, Head of Internal Audit and Company Secretary. The threshold is reviewed by the Board annually.

DIRECTORS

The following were the directors during the year 2017: Fredrik Coenrard de Beer, Ibrahim Shamsi, Imran Maqbool, Muhammad Ali Zeb, Muhammad Anees, Muhammad Umar Virk, Shaikh Muhammad Jawed and Umer Mansha.

Subsequently, Mr. Frederik Coenrard de Beer resigned as a director of the Company. The Board of Directors accepted his resignation with effect from February 23, 2018. The casual vacancy shall be filled as required under Companies Act, 2017.

REGULATORY MATTERS

Companies Act 2017 has been promulgated with effect from May 31, 2017. The executives dealing with regulatory matters have attended various seminars and workshops on the new Act. The Act is being properly implemented by the Company.

Annual Statement of Compliance with Section 11 & 12 of the Insurance Ordinance 2000

Section 11 imposes conditions on registered insurers which have to be followed at all times. They include minimum paid up capital requirement, minimum statutory deposits, minimum solvency requirement, etc. Section 12 deals with the criteria for Sound and Prudent Management. Since 2015, insurance companies have been directed to file Statement of Compliance with the provision of above sections. The statement signed by the Chief Executive Officer and two directors with certification by external auditors is filed annually with the Securities & Exchange Commission of Pakistan (SECP) along with financial statements and regulatory returns.

AUDITORS

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

STATUS OF PENDING INVESTMENT DECISION

The decision to make investment in Nishat Hotels and Properties Ltd and Nishat Mills Ltd under the authority of resolution passed on April 28, 2014 and May 28, 2016 respectively was not implemented fully. The status of decision is explained to members as under as required vide Regulation 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulation 2017.

Description	Nishat Hotels & Properties Ltd.	Nishat Mills Ltd
Date of Approval	April 28, 2014	May 28, 2016
Total Investment	Rs. 500 million	Rs. 625 million
Investment made up to	Nil	Rs.161.05 million
Reason for deviation from approved timeline of investment	The special resolution is valid for 6 years	The special resolution is valid for 3 years
Material changes in financial statement since date of resolution passed:		
a. Breakup value	Jun 2013 Rs. 12.26	Jun 2015 Rs. 216.56
	Jun 2017 Rs. 9.60	Jun 2017 Rs. 252.45
b. Earnings per share	Jun 2013 Rs. (0.37)	Jun 2015 Rs. 11.13
	Jun 2017 Rs.(0.23)	Jun 2017 Rs. 12.12
c. Balance Sheet Footing	Jun 2013 Rs. 2.86 billion	Jun 2015 Rs. 101.14 billion
	Jun 2017 Rs. 26.93 billion	Jun 2017 Rs. 118.73 billion

ACKNOWLEDGEMENT

The Company would like to thank the shareholders of the Company for the confidence they have shown in us. We express our sincere thanks to the employees, strategic partners, vendors, suppliers and customers.

We also appreciate the support and guidance provided by the State Bank of Pakistan and the Securities and Exchange and Commission of Pakistan.

For and on behalf of the Board

Lahore: 21 March 2018

Muhammad Umar Virk
Director

Muhammad Ali Zeb
Managing Director &
Chief Executive Officer

وضاحت	نشاط ہوٹل اینڈ پراپرٹیز لمیٹڈ	نشاط ملز لمیٹڈ
منظوری کی تاریخ	28اپریل2014ء	28مئی2016ء
کُل سرمایہ کاری	500ملین روپے	625ملین روپے
اب تک کی سرمایہ کاری	کوئی نہیں	161.05ملین
انویسٹمنٹ کی منظور شُدہ ٹائم لائن سے انحراف کی وجہ	خصوصی قرارداد06(چھ) سال تک صحیح المیعاد ہے	خصوصی قرارداد03(تین) سال تک صحیح المیعاد ہے
قرارداد کی منظوری کی تاریخ سے فنانشل اسٹیٹمنٹس میں میٹریل چینجز		
ا- بریک اَپ ویلیو	جون2013ء:12.26روپے	جون2015ء: 216.56روپے
	جون2017ء:9.60روپے	جون2017ء: 252.45روپے
ب- فی شیئر کمائی	جون2013ء:(0.37)روپے	جون2015ء: 11.13روپے
	جون2017ء:(0.23)روپے	جون2017ء: 12.12روپے
ج- بیلنس شیٹ فوٹنگ	جون2013ء:2.86بلین روپے	جون2015ء: 101.14بلین روپے
	جون2017ء:26.93بلین روپے	جون2017ء: 118.73بلین روپے

اعتراف

کمپنی پر شیئر ہولڈرز کے اعتماد کیلئے کمپنی اُن کا شکریہ ادا کرنا چاہتی ہے۔ہم اپنے کارکنوں، اسٹریٹجک پارٹنرز، وینڈرز، سپلائرز اور کسٹمرز کے بھی پُرخلوص شکر گزار ہیں۔ ہم اسٹیٹ بینک آف پاکستان اور سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی معاونت اور فراہم کردہ رہنمائی کو بھی سراہتے ہیں۔

منجانب و برائے بورڈ

محمد علی زیب
مینیجنگ ڈائریکٹر اینڈ چیف ایگزیکٹو آفیسر

محمد عمر ورک
ڈائریکٹر

لاہور: 21مارچ2018ء

ڈائریکٹرز ٹریننگ پروگرام:

چار (04) ڈائریکٹرز ٹریننگ پروگرام میں شریک ہو چکے ہیں۔ دو ڈائریکٹرز 14 سالہ تعلیم اور ایک لسٹڈ کمپنی کے بورڈ پر 15 سالہ تجربے کی وجہ سے مستثنیٰ ہیں۔ بقیہ دو ڈائریکٹر مقرّرہ مدت میں سرٹیفکیشن حاصل کرلیں گے۔ ڈائریکٹر ٹریننگ پروگرام پر پاکستان اسٹاک ایکسچینج لمیٹڈ کی رُول بُک کی ریگولیشن 5.19.7 بتاتی ہے کہ تمام لسٹڈ کمپنیز کیلئے لازم ہوگا کہ 30 جون 2018ء تک ان کے بورڈ کے کم از کم نصف ڈائریکٹرز کسی ڈائریکٹر ٹریننگ پروگرام کے تحت سرٹیفکیشن کے حامل ہوں۔

شیئر ہولڈنگ کا پیٹرن:

شیئر ہولڈنگ کے پیٹرن کو سالانہ رپورٹ میں شامل کیا گیا ہے۔ رپورٹنگ کے فارمیٹ، فارم 34 میں، کوڈز کے تحت رپورٹنگ کے تقاضوں کی تعمیل میں تھوڑی سی ترمیم کی گئی ہے۔

'ایگزیکٹیوز' کی کیٹگری کیلئے بورڈ آف ڈائریکٹرز نے سال 2017ء کیلئے اس طرح تعیّن کیا ہے کہ CFO,CEO، ہیڈ آف انٹرنل آڈٹ اور کمپنی سیکریٹری کے ساتھ ساتھ جنرل منیجر کیڈر اور اِس سے زیادہ کے آفیسرز ایگزیکٹیو کیٹگری میں شامل ہیں۔ بورڈ ہر سال تعیّن کرتا ہے۔

ڈائریکٹرز:

سال 2017ء میں درج ذیل افراد ڈائریکٹرز کے عہدے پر رہے:

فریڈرک کوئنرارڈ ڈی بیئر، ابراہیم شمسی، عمران مقبول، محمد علی زیب، محمد انیس، محمد عمر وِرک، شیخ محمد جاوید اور عمر منشا۔

اسی طرح جناب فریڈرک کوئنرارڈ ڈی بیئر نے ڈائریکٹر آف کمپنی کی حیثیت سے استعفیٰ دے دیا ہے۔ بورڈ آف ڈائریکٹرز نے اُن کا استعفیٰ منظور کرلیا ہے جو 23 فروری 2018ء سے مؤثر ہو چکا ہے۔ خالی جگہ کو کمپنیز ایکٹ 2017ء کی ضروریات کے مطابق پُر کرلیا جائے گا۔

ریگولیٹری معاملات:

31 مئی 2017ء سے کمپنیز ایکٹ 2017ء کا نفاذ کرلیا گیا ہے۔ ادارے ایگزیکٹیوز نے نئے ایکٹ کے حوالے سے ریگولیٹری معاملات کو نمٹانے کیلئے متعدد سیمینارز اور ورکشاپس اٹینڈ کیں۔ ایکٹ کو کمپنی کی جانب سے باقاعدہ لاگو کردیا گیا ہے۔

انشورنس آرڈیننس 2000ء کے سیکشن 11 اور 12 کے ساتھ کمپلائنس

سیکشن 11 رجسٹرڈ انشورز پر شرائط لاگو کرتا ہے جن کی ہمیشہ پیروی کرنا ضروری ہے۔ ان میں کم از کم مطلوب پیڈ اپ کیپٹل، کم از کم سرکاری ڈپازٹس، کم از کم مطلوب تحلیلی سرمایہ (Solvency) وغیرہ شامل ہے۔ سیکشن 12 محفوظ اور دانش مندانہ انتظام و انصرام کے معیار سے متعلق ہے۔ 2015ء سے انشورنس کمپنیز کو مذکورہ بالا شقوں کے تحت تعمیل کا گوشوارہ جمع کروانے کی ہدایات کی گئی ہے۔

یہ گوشوارہ ہر سال چیف ایگزیکٹیو آفیسر اور دو ڈائریکٹرز کے دستخط اور ایکسٹرنل آڈیٹرز کی طرف سے سرٹیفکیشن کے ساتھ، مالیاتی گوشواروں اور ریگولیٹری ریٹرنز کے ہمراہ SECP کے ساتھ جمع کروایا جاتا ہے۔

آڈیٹرز:

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

انویسٹمنٹ کے زیرِ التوا فیصلے کی موجودہ کیفیت:

بالترتیب 28 اپریل 2014ء اور 28 مئی 2016ء کو منظور کی گئی قرارداد کی اجازت کے تحت نشاط ہوٹلز اینڈ پراپرٹیز لمیٹڈ اور نشاط ملز لمیٹڈ میں سرمایہ کاری کے فیصلے کو پوری طرح عملی جامہ نہیں پہنایا جاسکا۔ (ایسوسی ایٹڈ کمپنیز یا ایسوسی ایٹڈ انڈرٹیکنگز میں سرمایہ کاری) کمپنیز ریگولیشنز 2017ء کی شق (2)4 کے تحت درج ذیل جدول میں اس کی وضاحت پیش کی جاتی ہے۔

2018ء کیلئے ہماری حکمت عملی ہماری پیش کش میں امتیاز تخلیق کرنے کی جانب ہماری توانائیوں کو چینلائز کرنے کیلئے تشکیل دی گئی ہے اور ہمارا عزم ہے کہ ہم صارف کو نئی جہت دیں تاکہ وہ بیمہ کو ضروری خیال کرے۔ ہماری خواہش ہے کہ جب بھی بیمہ یا انشورنس کا نام آئے ہمارا نام خاندان کے فرد کے طور پر لیا جاتا رہے۔

کارپوریٹ اور فائنشل رپورٹنگ فریم ورک اسٹیٹمنٹ:

کمپنی کے بورڈ آف ڈائریکٹرز کے مجموعی افعال کارپوریٹ قوانین، قواعد وضوابط کے تحت ہوتے ہیں۔ آپ کا بورڈ کوڈ آف کارپوریٹ گورننس فار انشورز 2016ء اور کوڈ آف کارپوریٹ گورننس بمطابق پاکستان اسٹاک ایکسچینج کے ضوابط کے تحت اپنی کاروباری ذمہ داریوں سے پوری طرح باخبر اور عمل پیرا ہے اور بصد مسرت درج ذیل گزارشات پیش کرتا ہے:

- کمپنی کی طرف سے تیارہ کردہ مالیاتی گوشوارے اس کے معاملات، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلوز اور ایکویٹی میں تبدیلی کی مناسب عکاسی کرتے ہیں
- کمپنی نے اپنے اکاؤنٹس کے کھاتے درست انداز میں رکھتے ہوئے ہیں، جیسا کہ منسوخ کمپنیز آرڈیننس 1984ء/کمپنیز ایکٹ 2017ء کے تحت مطلوب ہے
- کمپنی نے مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیز کی مسلسل پیروی کی ہے۔ جہاں کہیں بھی تبدیلیاں کی گئی ہیں، ان کی نشان دہی کر دی گئی ہے اور شماریاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں
- کمپنی کی طرف سے تیارہ کردہ مالیاتی گوشوارے اکاؤنٹنگ کے بین الاقوامی معیار کے مطابق ہے، جہاں تک وہ پاکستان میں قابلِ اطلاق ہیں۔ اس حوالے سے کی گئی پہلوتہی کی (اگر کوئی ہو) مناسب انداز میں نشاندہی اور وضاحت کر دی گئی ہے
- انٹرنل کنٹرول کا نظام مستحکم ہے اور اس کا اطلاق کیا جاتا ہے۔ رسک کا جائزہ لیا جاتا رہتا ہے تاکہ ممکنہ حد تک بڑے نقصان سے بچا جا سکے تاہم نقصان کے مکمل خاتمے کی یقین دہانی ممکن نہیں
- کمپنی کے بنیادی اصول مضبوط ہیں اور اس کے رواں دواں رہنے کے بارے میں کوئی شکوک وشبہات نہیں ہیں
- کارپوریٹ گورننس کی کسی بھی شق سے انحراف نہیں کیا گیا ہے۔
- گزشتہ 6 سال کا اہم آپریٹنگ اور فائنشل ڈیٹا اس سالانہ رپورٹ میں شامل ہے
- 31 دسمبر 2017ء کو واجب الادا ٹیکسز، ڈیوٹیز، لیویز اور چارجز کے حوالے سے کوئی قانونی ذمے داری نہیں، ماسوائے ان کے جو مالیاتی گوشواروں میں ظاہر کی جاچکی ہیں
- غیر آڈٹ شدہ اکاؤنٹس کی بنیاد پر انویسٹمنٹس کی قدر بشمول پروویڈنٹ اور گریجویٹی فنڈز کی جمع شدہ آمدنی 31 دسمبر 2017ء کو درج ذیل ہے:

	(روپے '000 میں)
پروویڈنٹ فنڈ	994,223
گریجویٹی فنڈ	199,482

سال 2017ء کے دوران بورڈ آف ڈائریکٹرز، آڈٹ کمیٹی اور انویسٹمنٹ کمیٹی کے 4 اجلاس منعقد ہوئے جبکہ اتھکس، ہیومن ریسورس اینڈ ریمونیریشن کمیٹی کا ایک اجلاس منعقد ہوا۔

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

ہر ڈائریکٹر/ممبر کی حاضری حسب ذیل ہے:

ڈائریکٹرز	بورڈ آف ڈائریکٹرز 4 اجلاس منعقد ہوئے		آڈٹ کمیٹی 4 اجلاس منعقد ہوئے		انویسٹمنٹ کمیٹی 4 اجلاس منعقد ہوئے		اتھکس، ہیومن ریسورسز اینڈ ریمونیریشن کمیٹی ایک اجلاس منعقد ہوا	
	ممبر	شرکت	ممبر	شرکت	ممبر	شرکت	ممبر	شرکت
عمر منشا	✓	3	✓	3	✓	4	✓	1
فریڈرک کوئزارڈ ڈی بیئر (مستعفی ہوئے 23 فروری 2018ء)	✓	-	-	-	-	-	-	-
ابراہیم شمسی	✓	3	✓	3	-	-	✓	1
عمران مقبول	✓	4	-	-	✓	4	-	-
محمد انیس	✓	2	-	-	-	-	✓	1
محمد عمر ورک	✓	4	✓	4	-	-	-	-
شیخ محمد جاوید	✓	3	✓	3	-	-	-	-
محمد علی زیب	✓	4	-	-	✓	4	✓	1
محمد عاصم ناگی	-	-	-	-	✓	4	-	-

سماجی اور معاشرتی سرگرمیاں:
سال 2017ء میں سماجی اور معاشرتی اُمور کے متعلق اقدامات سالانہ رپورٹ میں الگ سے دیے گئے ہیں۔

IFS ریٹنگز:
زیر جائزہ سال کے دوران پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے کمپنی کی انشورر فنانشل اسٹرینتھ (IFS) ریٹنگ "AA+" (ڈبل اے پلس) برقرار رکھی ہے۔ یہ ریٹنگ پالیسی ہولڈرز اور کنٹریکٹ کے حوالے سے ذمّے داریوں کی تکمیل کی انتہائی زبردست صلاحیت کی نشاندہی کرتی ہے۔ خطرات کے عوامل معمولی تصوّر کیے گئے اور کاروبار اور معاشی عوامل کے کسی منفی اثرات کے امکانات بہت محدود رہنے کی توقع ہے۔

AM بیسٹ نے بھی کمپنی کیلئے اسٹیبل آؤٹ لُک کے ساتھ "B+" IFS ریٹنگ برقرار رکھی ہے جو کمپنی کی طرف سے قائم کی گئی اسٹرونگ رِسک-ایڈجسٹڈ کیپٹلائزیشن کی عکاس ہے۔

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

ALAC 04 اگست 2008ء کو کمپنیز آرڈیننس 1984ء (اب منسوخ) کے تحت پاکستان میں ایک پبلک اَن لسٹڈ کمپنی کے طور پر قائم کیا گیا اور اس نے 24 اپریل 2009ء سے کاروبار کا آغاز کیا۔ AIC,ALAC کا ایک ذیلی ادارہ اور IVM انٹرشورر BV کی ایک ایسوسی ایٹ ہے جو ALAC کے کیپٹل میں بالترتیب 74.28% اور 25.72% ہولڈنگ کی حامل ہے۔

ALAC کی فنانشل پرفارمنس اور پوزیشن سالانہ رپورٹ کے مالیاتی گوشواروں کے ضمیموں میں دی گئی ہے۔

تخصیص APPROPRIATIONS:
اس سال کے دوران 15% (1.50 روپے فی شیئر) کی شرح سے ایک عبوری ڈیویڈنڈ ادا کیا گیا۔ (2016ء میں بحساب 15 فیصد 1.50 روپے فی شیئر)۔ بورڈ نے 10% (1.0 روپے فی شیئر) کی شرح سے حتمی کیش ڈیویڈنڈ کی ادائیگی کی سفارش کی ہے۔ (2016ء میں بحساب 25 فیصد 2.50 روپے فی شیئر)

فی شیئر آمدنی:
زیر جائزہ سال کے دوران فی شیئر آمدنی 3.49 روپے رہی (2016ء میں 9.98 روپے)۔ اس حوالے سے تفصیلی ورکنگ مالیاتی گوشواروں کے نوٹ 26 میں درج ہے۔

اندرونی مالیاتی نظم ونسق:
بورڈ نے اس کے کاروبار کے منظم اور مؤثر طور پر رواں رکھنے کیلئے حکمت ہائے عملی اور طریق ہائے کار کو اختیار کیا ہے جس میں کمپنی کی حکمت ہائے عملی سے وابستگی، اس کے اثاثہ جات کی حفاظت، دھوکوں اور غلطیوں کا تدارک اور کھوج، اکاؤنٹنگ ریکارڈز کی درستگی اور تکمیل اور قابلِ اعتبار مالیاتی افشاء کی بروقت تیاری شامل ہیں۔ سسٹم معقول یقین دہانی کراتا ہے کہ کاروبار ہائے عملی کے اندر مناسب کنٹرول میکانزم قائم کردیئے گئے ہیں۔

کمپنی کا انٹرنل کنٹرول سسٹم (اندرونی نظامِ اختیار) اس کی سرگرمیوں اور افعال کی جسامت، پیمانے اور پیچیدگیوں سے مطابقت رکھتا ہے۔ بورڈ آف ڈائریکٹرز کی آڈٹ کمیٹی اندرونی نظامِ اختیار کی موزونیت اور مؤثریت کا فعال طور پر جائزہ لیتی ہے اور اسے مزید بہتر بنانے کی تجویز پیش کرتی ہے تا کہ اسے مستحکم کیا جائے۔ وہ سہ ماہی انٹرنل آڈٹ رپورٹس کی نظرثانی بھی کرتی ہے۔ کمپنی کے اندر اندرونی مالیاتی اختیارات جو بروئے کار لائے گئے وہ پورے سال اطمینان بخش رہے۔

2018ء کیلئے امکانات:
2001ء سے بعد کے عرصے میں، بیمے کے شعبے نے ساخت اور نمو کے لحاظ سے مسلسل بہتری دیکھی ہے۔ اقتصادِ کلی (میکرو اکنانومک) استحکام اور معاشی نمو نے اس سلسلے میں اہم کردار ادا کیا۔ پچھلے 5 سالوں میں، لائف اور نان۔ لائف انشورنس شعبہ جات دونوں، مجموعی تحریر کردہ اقساط سے شمار کیے گئے، بہرحال ایک نچلی اساس سے بیمہ کے بڑھتے اثر ونفوذ اور بیمہ کی کثافت سے 13% کی اوسط مرکب سالانہ شرحِ نمو سے ترقی کرتے رہے ہیں۔ پاکستان میں صنعتِ بیمہ میں یہ رفتارِ نمو سال 2018ء میں جاری رہنے کی پیش گوئی کی گئی ہے۔

پاک چین اقتصادی راہداری (سی پیک) سے متعلق نمو توقع ہے کہ پاکستان میں شروع ہوجائے گی کیونکہ سی پیک کے توانائی اور انفراسٹکچر کے منصوبے قلیل مدت میں مکمل ہونے کیلئے تیار ہیں۔ یہ مقامی صنعتِ بیمہ خاص طور پر شاہراہوں کی تعمیر اور انفراسٹرکچر منصوبوں کے ساتھ سی پیک منصوبوں کے پس منظر میں نان۔ لائف سیکٹر کیلئے نئے موقع فراہم کرے گا۔

یکم جنوری 2018ء سے ویلیو ایڈیڈ ٹیکس کے نفاذ کے ساتھ، اگرچہ متحدہ عرب امارات میں آٹو موبائل سیکٹر ممکنہ طور پر اس کے نمو کے رجحانات جاری رکھے گا، امکان ہے کہ سال 2018ء میں آغاز سست رہے گا جو کہ توقع ہے کہ اپریل 2018ء سے اس کی عمومی کاروباری رفتار حاصل کر لے گا۔ چونکہ متحدہ عرب امارات میں کسی بھی قسم کا ٹیکس اتنے وسیع پیمانے پر پہلی بار عائد کیا جارہا ہے، فی الوقت کاروبار پر وی اے ٹی کے اثر کا حساب لگایا جارہا ہے۔ تاہم یہ توقع نہیں کی جاتی کہ متحدہ عرب امارات کے کاروبار اور اس کے منافع جات پر کوئی نمایاں اثر ہوگا۔

ونڈو تکافل آپریشنز نے 2017ء میں نمو اور نتائج اُمید افزا ظاہر کیے گئے ہیں۔ یہ توقع کی جاتی ہے کہ موافق شریعہ مصنوعات کیلئے طلب کاروبار کی زیادہ تر اقسام میں وسیع طور پر بڑھ جائے گی خاص طور پر موٹر اور صحت کی اقسام میں۔

ونڈو تکافل آپریشنز:

کمپنی کے ونڈو تکافل آپریشن (WTO) نے اپنی کاروباری سرگرمیوں کا دوسرا سال مکمل کرلیا ہے اور 2016ء کے 187 ملین روپے کے مقابلے میں 743 ملین کا مجموعی پریمیم انڈر رائٹ کیا ہے جو سال بہ سال 297 فیصد کے اضافے کو ظاہر کرتا ہے اور پچھلے سال کے 2.8 ملین روپے کے مقابلے میں 47 ملین روپے کا بعداز ٹیکس منافع کمایا ہے۔

خطرے کی تخفیف (Risk Mitigation):

ٹیکنیکل بزنس ایریا انڈر رائٹنگ رِسکس کی انتظام کاری کرتا ہے۔ منفعت پر اثر انداز ہونے والے اور نان لائف انشورنس آپریشنز کیلئے خطرہ حساس عوامل میں سے ایک یہ ہے کہ مستقبل کے کلیمز کا صحیح تخمینہ لگایا جا سکے اور انشورنس کے ہر مجوزہ رسک کیلئے مناسب شرائط وضوابط فراہم کی جا سکیں۔ خطرات کی انتظام کاری کیلئے کمپنی انڈر رائٹنگ کنٹرولز اور رسک سرویز پر خصوصی توجہ دیتی ہے۔

ہر ڈپارٹمنٹ کے سربراہان اپنے دائرہ کار میں انڈر رائٹنگ کی سرگرمیوں کے انتظام اور کنٹرول کے ذمّے دار ہیں۔ انڈر رائٹنگ متعدد ٹیکنیکل کنٹرولنگ پروٹوکولز کے مطابق سرانجام دی جاتی ہے۔ اس میں معیّن انڈر رائٹنگ اتھارٹیز، ہر بزنس کلاس کیلئے رہنمائی، ریٹ کی نگرانی، انڈر رائٹنگ کے معاصرین (Peers) کے جائزے اور REG (رِسک ایکسپوژر گروپ) کی طرف سے بڑے اور پیچیدہ رسک کی ہدایات کی جستجو کی مشق شامل ہے۔ یہ گروپ ایگزیکٹیو ڈائریکٹر ٹیکنیکل، ایگزیکٹیو ڈائریکٹر کمرشل، ایگزیکٹیو ڈائریکٹر کلیم اینڈ کمپلائنس اور ایگزیکٹیو ڈائریکٹر ری انشورنس پر مشتمل ہے۔

کیٹسٹروفی رِسکس کا نظم انتہائی مہارت سے کیا جاتا ہے۔ ایسے ایونٹس تمام متوقع کلیمز میں سے ایکچول کلیمز کے نمایاں انحراف کا باعث بن سکتے ہیں جس کے نتیجے میں انشورنس لائبلٹیز کی ویلیو میں نقصان یا بنیادی تبدیلیاں واقع ہوسکتی ہیں۔ ایسے ایکسپوژرز ایک جامع ری انشورنس پروگرام کے ذریعے اچھی طرح محفوظ کیے گئے ہیں جو مختلف کیٹیسٹروفک ایونٹس کا سامنا کرنے کی صلاحیت رکھتا ہے۔ کریسٹا زونز (Cresta Zones) اور جیو کوڈنگ (Geo Coding) کے استعمال کے ذریعے کمپنی خراب اثرات کے حامل واقعات سے ابھرنے والے معاملات کے خطرے کی نگرانی کرتی ہے۔

کمپنی میں ایک فزیکل انسپیکشن ڈپارٹمنٹ بھی ہے جو ہر سال بڑی تعداد میں آن-سائٹ رسک سرویز کا اہتمام کرتا ہے جو انڈر رائٹرز کو مزید اعتماد کے ساتھ مجوّزہ یا موجودہ رسک سمجھنے میں مدد دیتی ہے تاکہ وہ رسک کے بارے میں جاننے کے بعد ہمیشہ بہتر فیصلہ کرسکیں۔ سرویز طے شدہ نظام الاوقات اور موقع کی مناسبت، دونوں طرح سے انجام دیے جاتے ہیں۔ یہ ڈپارٹمنٹ مقامی انشورنس مارکیٹ میں سب سے زیادہ تعداد میں سروے کرتا ہے۔ جو محتاط اور چوکس انڈر رائٹنگ اپروچ کی وضاحت کرتا ہے اور جسے کمپنی میں اختیار کیا جاتا ہے۔

افرادی وسائل:

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

نتیجے کے طور پر، تمام اہم ملازمین کے تمام تر اشارے یعنی ملازمین کی استعداد، وابستگی کی فہرست، ملازمین کی مدّت میں خواتین کا تنوع برائے سال 2017ء باعثِ حوصلہ افزائی ہے۔

ISO 9001 سرٹیفکیشن:

آدمجی انشورنس کے تمام شعبے ISO 9001:2008 سرٹیفائیڈ ہیں۔ اس اسٹینڈرڈ کی تعمیل کی بدولت ہم نے کسٹمر کے اطمینان کے حتمی نصب العین کے ساتھ اپنے طریق کار میں بہتری لائی ہے، بلکہ اس سے ہمیں مؤثر نگرانی میں بھی مدد ملی ہے۔

AICL میں ہمیں پوری طرح ادراک ہے کہ یہ اسٹینڈرڈ ہمارے لیے کتنا فائدہ مند ہے جس میں ایک زیادہ منظّم کاروباری ماحول، بہتر حالاتِ کار، زیادہ پیشہ ورانہ طمانیت اور کسٹمر کے اطمینان میں اضافہ شامل ہیں۔

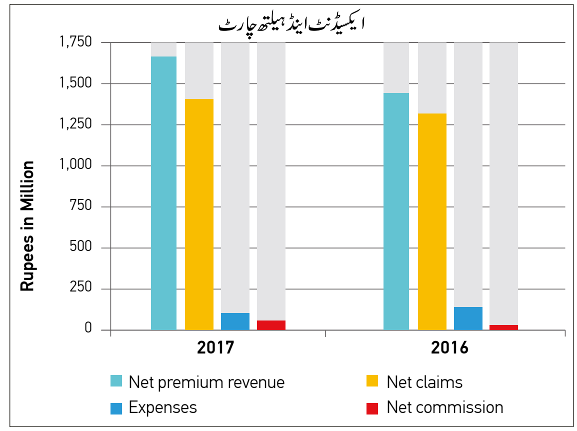
معیار کے حوالے سے شعور میں اضافہ ہوا ہے کیوں کہ تمام ملازمین کو ان تمام کاروباری عوامل کو ''احساسِ ملکیت'' کے ساتھ اپنانے کی تربیت دی گئی، جن کی تیاری اور بہتری میں وہ شامل ہوں۔ اس سے ایک مستحکم کوالٹی کلچر تشکیل دینے میں مدد ملی ہے، جہاں ملازمین سسٹم یا پروسیس میں مسائل کی شناخت کرتے ہیں اور انہیں دور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

ہم نے نومبر 2016ء میں ISO9001:2008 کی چوتھی سرٹیفکیشن کامیابی سے مکمل کرلی ہے۔

یو اے ای آپریشنز:

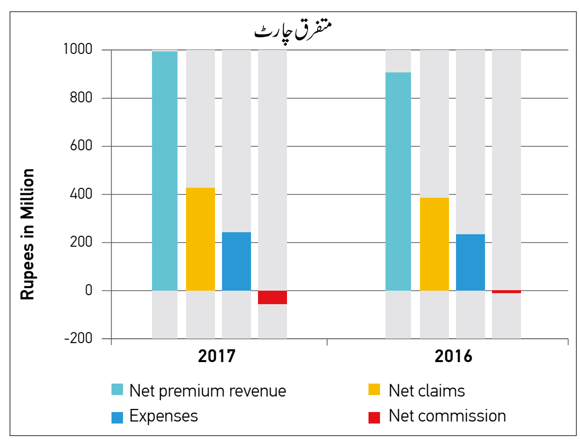
یو اے ای آپریشنز بزنس میں موٹر لائن کا غالب حصّہ ہے۔ کمپنی کی تین مکمل فعّال برانچز ہیں جو دبئی، شارجہ اور ابوظہبی میں واقع ہیں۔ یو اے ای کی برانچز مقامی انشورنس کمپنیز کیلئے قابلِ اطلاق یو اے ای کے متعلقہ قوانین کے تحت ریگولیٹ کی جاتی ہیں۔

یو اے ای آپریشنز نے مجموعی پریمیم میں 15.6% اضافہ دکھایا جو گزشتہ سال میں 5,661 ملین روپے کے مقابلے میں 6,546 ملین روپے رہا۔ اور 112 ملین روپے کا منافع حاصل کیا۔



متفرق:

بزنس کی متفرق کلاس مجموعی پورٹ فولیو کے 8% پر مشتمل ہے۔ 1,544 ملین روپے کے مجموعی پریمیم کے ساتھ گزشتہ سال کے مقابلے میں 11.6% اضافہ ظاہر کیا (2016ء: 1,384 ملین روپے)۔ خالص پریمیم پر خالص کلیمز کی شرح پچھلے سال کے 42 فیصد کے مقابلے میں 43 فیصد ہے۔ اِس پورٹفولیو نے 2016ء میں 249 ملین روپے کے منافع کے مقابلے میں موجودہ سال 316 ملین روپے کا انڈر رائٹنگ منافع ظاہر کیا۔



انویسٹمنٹ سے آمدنی:

اس سال کے دوران KSE-100 انڈیکس میں مئی 2017ء تک مارکیٹ کیپٹلائزیشن اور تجارتی حجم، دونوں اعتبار سے اضافہ ہوا لیکن 24 مئی 2017ء کو سب سے زیادہ سطح 52,874.46 کو چھونے کے بعد 23.45 فیصد کم ہو گئی۔ KSE-100 انڈیکس نے موجودہ سال میں 15.34 فیصد نیگیٹیو ریٹرن ظاہر کیا۔

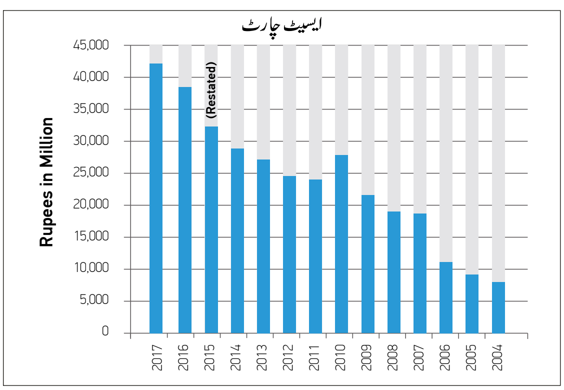
اِس طرح انویسٹمنٹس سے انکم 3,502 ملین سے کم ہو کر 1,482 ملین ہوئی۔

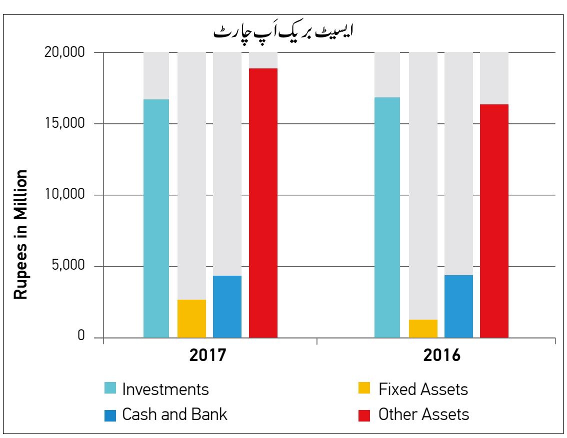
انویسٹمنٹ انکم کی بریک اَپ حسب ذیل ہے:

	2017	2016
	(ملین روپے میں)	
ڈیویڈنڈ انکم	1,455	1,244
فکسڈ انکم سیکیورٹیز پر منافع		
"دستیاب برائے فروخت" کی فروخت پر منافع/(نقصان) (تخفیف کے بعد)	46	44
انویسٹمنٹ (تخفیف کا مجموعہ)	(19)	2.214
انویسٹمنٹ سے خالص انکم	**1,482**	**3,502**

کمپنی کے اثاثے:

31 دسمبر 2017ء کو کمپنی کے مجموعی اثاثے 42,287 ملین روپے رہے جو گزشتہ سال 38,580 ملین روپے تھے، یعنی 2016ء سے 9.6 فیصد کا اضافہ ہوا۔ مجموعی انویسٹمنٹ 2016ء میں 16,738 ملین روپے کے مقابلے میں 16,619 ملین روپے رہی۔ انتظامیہ سرمایہ کاری کے بہتر مواقع کے استعمال سے فنڈز سے زیادہ سے زیادہ استفادے کا یقین دلاتی ہے۔





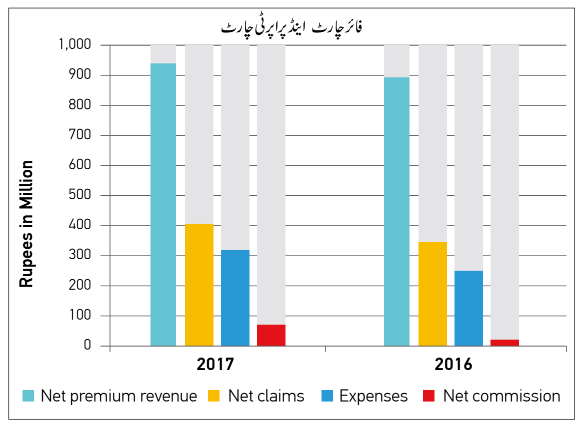
تاہم انویسٹمنٹ پورٹفولیو ریٹرنز پچھلے سال کے 21 فیصد کے مقابلے میں کم ہو کر 9 فیصد ہو گئے۔

ایکویٹی انویسٹمنٹ میں امپیرمنٹ اور انویسٹمنٹ پر کیپٹل گین کے ملنے کے محدود مواقع کے وجہ سے قبل از ٹیکس منافع 2,121 ملین روپے رہا جو گزشتہ سال 4,054 ملین روپے تھا، جب کہ بعد از ٹیکس منافع 1,221 ملین روپے رہا جو 2016ء میں 3,493 ملین روپے تھا۔

پورٹ فولیو کا تجزیہ:

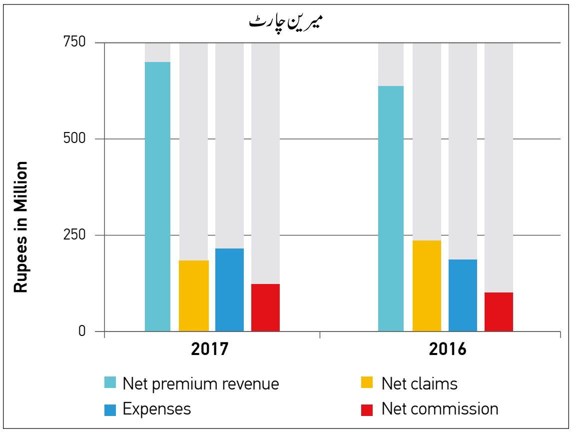
فائر اینڈ پراپرٹی

بزنس فائر اینڈ پراپرٹی کلاس کا بزنس مجموعی پورٹ فولیو کے 27 فیصد پر مشتمل ہے۔ اس سال کے دوران کمپنی نے 4,947.4 ملین روپے کا مجموعی پریمیم انڈر رائٹ کیا ہے (4,762:2016 ملین روپے)۔ اس سال خالص پریمیم پر خالص کلیمز کی شرح گزشتہ سال کے 39 فیصد کے مقابلے میں 43 فیصد رہی۔ کمپنی نے 2016ء میں 280 ملین روپے کے انڈر رائٹنگ منافع کے مقابلے میں 144 ملین روپے انڈر رائٹنگ منافع حاصل کیا۔



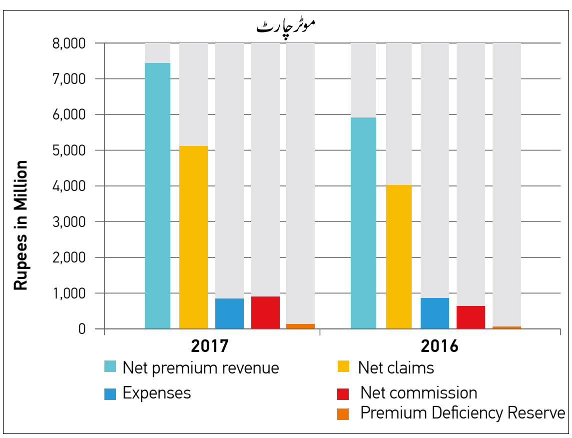
میرین، ایوی ایشن اینڈ ٹرانسپورٹ

بزنس کی یہ کلاس مجموعی پورٹ فولیو کے 5% پر مشتمل ہے۔ اس سال کے دوران کمپنی نے گزشتہ سال میں 826 ملین روپے کے مقابلے میں 881 ملین روپے کا مجموعی پریمیم انڈر رائٹ کیا ہے۔ خالص پریمیم پر خالص کلیمز کی شرح گزشتہ سال کی 37 فیصد شرح کے مقابلے میں 26 فیصد رہی، جس کے نتیجے میں 2016ء میں 116 ملین روپے کے مقابلے میں اس سال انڈر رائٹنگ منافع 180 ملین روپے رہا۔



موٹر:

بزنس کی یہ کلاس مجموعی پورٹ فولیو کے 49 فیصد پر مشتمل ہے۔ اس سال کے دوران کمپنی نے 2016ء میں 7,705 ملین روپے کے مقابلے میں 9,110 ملین روپے کا مجموعی پریمیم انڈر رائٹ کیا ہے۔ خالص پریمیم پر خالص کلیمز کی شرح 2016ء میں 68 فیصد کے مقابلے میں 69 فیصد رہی۔ پورٹفولیو نے 2016ء میں 476 ملین روپے کے مقابلے میں 500 ملین روپے کا انڈر رائٹنگ منافع ظاہر کیا۔



ایکسیڈنٹ اینڈ ہیلتھ:

بزنس کی ایکسیڈنٹ اینڈ ہیلتھ کلاس مجموعی پورٹ فولیو کے 11 فیصد پر مشتمل ہے۔ مجموعی پریمیم نے پچھلے سال 28 فیصد کے نمایاں اضافے کے ساتھ 2,039 ملین روپے کا پریمیم انڈر رائٹ کیا ہے (1,593:2016 ملین روپے)۔ خالص پریمیم پر خالص کلیمز کی شرح پچھلے سال کے 91 فیصد کے مقابلے میں 85 فیصد ہے۔ اِس پورٹفولیو نے 2016ء میں 42 ملین روپے کے خسارے کے مقابلے میں موجودہ سال 100 ملین روپے کا انڈر رائٹنگ منافع ظاہر کیا۔

ڈائریکٹرز کی رپورٹ

غیر مجتمع مالیاتی گوشواروں پر ارکان کو ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز کی طرف سے کمپنی کی 57 ویں سالانہ رپورٹ مع 31 دسمبر 2017ء کو ختم ہونے والے سال کیلئے آڈٹ شدہ غیر مجتمع مالیاتی گوشوارے پیش کرنا ہمارے لیے باعثِ مسرّت ہے۔

معاشی جائزہ:

سال 2017ء میں 5.28 فیصد GDP نمو کے ساتھ پاکستان نے اقتصادی ترقی کو برقرار رکھا۔ یہ ترقی اقتصادی بحالی کی جامع منصوبہ بندی، نجی شعبوں کیلئے کریڈٹ کی توسیع، ترقی کے معاون اقدامات اور جاری سی پیک سرگرمیوں میں سرمایہ کاری کی بنیاد پر حاصل کی گئی۔

پاکستان کا مالیاتی خسارہ پچھلے سال کے 3.5% کے مقابلے میں 3.9% رہا، جسے مختلف ٹیکس انسینٹیوز اور بلند ترقیاتی اخراجات سے منسوب کیا جاسکتا ہے جو کہ 14.9 فیصد رہے۔ مرکزی افراطِ زر میں عالمی کموڈیٹی اور تیل کی قیمتوں کی وجہ سے اضافے کا رجحان پایا گیا جو کہ پچھلے مالی سال کے اسی عرصے کے 4.1 فیصد کے مقابلے میں 5.1 فیصد ہے۔

زرعی شعبے کی کارکردگی زیرِ دباؤ رہی لیکن 3.46 فیصد اضافے کی حامل رہی اور ملک کی جی ڈی پی میں 19.5 فیصد کی کنٹری بیوشن کی۔ خدمات کے شعبے نے اپنا سالانہ ہدف 7.5 فیصد عبور کیا۔ جسے زرعی اور مینوفیکچرنگ شعبے کی آؤٹ پٹ میں اضافے سے منسوب کیا جاسکتا ہے۔

پاکستان اسٹاک ایکسچینج کو مدِنظر رکھتے ہوئے، کے ایس ای-100 انڈیکس نے 15.34 فیصد کے منفی کمیولیٹیو ریٹرن کا مظاہرہ کیا اور سال 2017ء میں 40,471 پر بند ہوا جو کہ سال 2016ء میں 47,806 تھا۔ 2008ء سے جب گلوبل ایکویٹی مارکیٹ میں مالی بحران آیا تھا، یہ سال پاکستان اسٹاک ایکسچینج کیلئے ایک مشکل ترین سال تھا۔

سرمایہ کاری کے اشاریوں نے اپنی نمو جاری رکھی اور کل سرمایہ کاری پچھلے سال کے 4,527 بلین کے مقابلے میں 5,027 بلین ہوگئی، جو سالانہ 11.04 فیصد کے اضافے کو ظاہر کرتی ہے جبکہ جی ڈی پی میں سرمایہ کاری کی شرح مالی سال 2017ء میں 15.78 فیصد ہوگئی۔ بیرونی براہِ راست سرمایہ کاری پچھلے سال کے 1.537 بلین امریکی ڈالرز کے مقابلے میں 1.733 بلین امریکی ڈالرز رہی، جس نے 12.75 فیصد کے اضافے کو ظاہر کیا۔ بیرونی ذخائر سال کے اختتام پر 20.18 بلین امریکی ڈالر رہے۔

اسٹینڈرڈ اینڈ پورز (Standard & Poor's) نے پاکستان کی کریڈٹ ریٹنگ اسٹیبل آؤٹ لک (table outlook) کے ساتھ "B" رہی۔

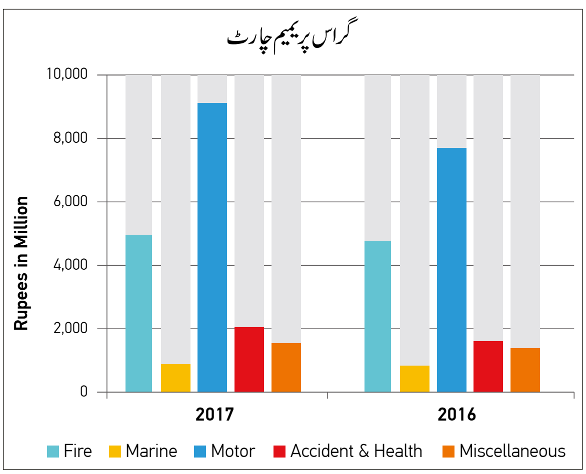
کمپنی کی کارکردگی کا جائزہ:

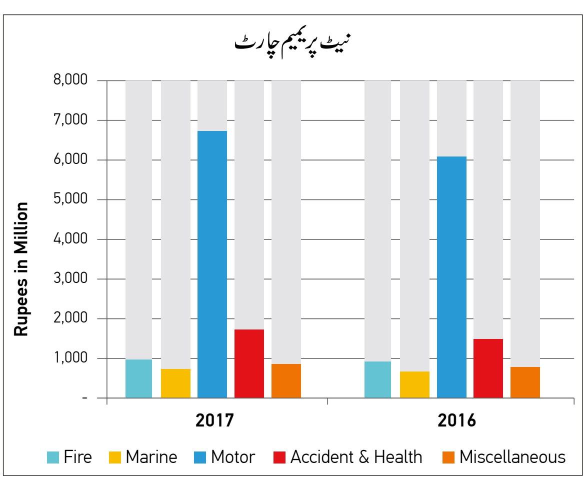
سال 2017ء میں قیمتوں میں کمی کے رجحان کے ذریعے دباؤ جاری رہا، تاہم کمپنی اپنے کاروبار میں سالانہ 14 فیصد اضافے کے ساتھ خاطر خواہ نمو میں کامیاب رہی، ایکویٹی پورٹفولیو کی قدر میں تخفیف کی وجہ سے منفعت میں کمی رہی۔

2017ء میں مجموعی پریمیم 18,522 ملین تک پہنچا (ونڈو تکافل آپریشنز سے حاصل کردہ 743 ملین پریمیم کے علاوہ) جو کہ مقابلتاً سال 2016ء میں 16,270 ملین تھا (علاوہ 187 ملین پریمیم، ونڈو تکافل آپریشنز کا)۔ خالص برقراری پریمیم (Net premium retention) 11,535 ملین روپے مالیت کے ساتھ انڈر رائٹ کیے جانے والے مجموعی پریمیم کا 62 فیصد تھا، جب کہ اس کے مقابلے میں پچھلے سال کا خالص برقراری پریمیم 9,615 ملین روپے تھا جو کہ مجموعی پریمیم کا 59 فیصد تھا۔

کلیم کی خالص شرح گزشتہ سال 64 فیصد رہی۔

انڈر رائٹنگ کا منافع گزشتہ سال کے 1,078 ملین روپے سے بڑھ کر 1,239 ملین روپے تک ہوگیا۔





Review Report to the Members on the 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 for Insurers, 2016 and Code of Corporate Governance, 2012 as mentioned in the Regulation No. 5.19.24 of the rule Book of Pakistan Stock Exchange ("PSX") (combined called 'the Code') as prepared by the Board of Directors ("the Board") of **Adamjee Insurance Company Limited** ("the Company") for the year ended 31 December 2017 to comply with the requirements of Listing Regulations of PSX where the Company is listed.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 31 December 2017.

KPMG Taseer Hadi & Co.

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

Date: 21 March 2018
Lahore

STATEMENT OF COMPLIANCE WITH
a) THE CODE OF CORPORATE GOVERNANCE FOR INSURERS 2016 & b) CODE OF CORPORATE GOVERNANCE 2012
For the Year Ended 31 December 2017

This statement is being presented to comply with the Code of Corporate Governance for Insurers 2016 & Code of Corporate Governance 2012 (Codes) for the purpose of establishing a framework of good governance, whereby an insurer is managed in compliance with the best practices of corporate governance.

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

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

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

* Subsequent to the year end, Mr Fredrik Coenard de Beer has resigned from the Board on 23 February 2018.
All independent Directors meet the criteria of independence as laid down under the Codes.

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

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

4. No casual vacancy occurred on the Board during the year.

5. The Company has prepared a Code of Conduct, which has been disseminated to all the Directors and employees of the Company.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Insurer. 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, and the key officers, have been taken by the Board.

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

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

10. The Board arranged Orientation course(s)/training programs for its directors to apprise them of their duties and responsibilities. Four directors of the Company have acquired certification under the directors' training program, two of the Directors meet the criteria of eligibility for exemption from certification and certification of the remaining two will be arranged in 2018.

11. There was no appointment of Chief Financial Officer and Corporate Secretary or Head of Internal Audit during the year.

12. The Directors' Report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance for Insurers, 2016 and fully describes the salient matters required to be disclosed.

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

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

15. The Company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance for Insurers, 2016.

16. The Board has formed the following Management Committees:

Underwriting Committee:

Name of the Member	Category
Umer Mansha	Chairman
Muhammad Ali Zeb	MD & CEO
Asif Jabbar	Head of Underwriting

Claim Settlement Committee:

Name of the Member	Category
Muhammad Ali Zeb	Chairman
Muhammad Asim Nagi	Chief Financial Officer
Syed Ameer Hasan Naqvi	Head of Claims

Reinsurance & Coinsurance Committee:

Name of the Member	Category
Muhammad Ali Zeb	Chairman
Muhammad Salim Iqbal	Head of Reinsurance
Asif Jabbar	Head of Underwriting
Adnan Ahmad Chaudhry	Head of Commercial

Risk Management & Compliance Committee:

Name of the Member	Category
Muhammad Ali Zeb	Chairman
Muhammad Asim Nagi	Chief Financial Officer
Tameez ul Haque	Company Secretary
Muhammad Furqan Uddin	Head of Internal Audit
Asif Jabbar	Head of Risk Management

17. The Board has formed following Board Committees:

Ethics, Human Resource and Remuneration Committee:

Name of the Member	Category
Umer Mansha	Non-Executive Director – Chairman
Ibrahim Shamsi	Non-Executive Director
Muhammad Anees	Independent Director
Muhammad Ali Zeb	Executive Director

Investment Committee:

Name of the Member	Category
Umer Mansha	Non-Executive Director – Chairman
Imran Maqbool	Non-Executive Director
Muhammad Ali Zeb	Managing Director & CEO
Muhammad Asim Nagi	Chief Financial Officer

18. The Board has formed an audit committee. It comprises of 4 Members, of whom 1 is independent director and 3 are non-executive directors. The chairman of the committee is a non-executive director. The composition of the audit committee is as follows:

Audit Committee:

Name of the Member	Category
Sheikh Muhammad Jawed	Non-Executive Director – Chairman
Ibrahim Shamsi	Non-Executive Director
Muhammad Umer Virk	Independent Director
Umer Mansha	Non-Executive Director

19. The meetings of the Committee were held twice in second quarter and at least once in third and fourth quarter prior to approval of interim and final results of the Company and as required by the Code of Corporate Governance for Insurers, 2016 except for Ethics, Human Resource and Remuneration Committee which met once in the year. The terms of references of the committees have been formed and advised to the committees for compliance.

20. The Board has outsourced the internal audit function to A.F.Ferguson & Company Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company and they (or their representatives) are involved in the internal audit function on a full time basis.

21. The Chief Executive Officer, Chief Financial Officer, Compliance Officer, Company Secretary and the Head of Internal Audit possess such qualification and experience as required under the Code of Corporate Governance for Insurers, 2016. Moreover, the persons heading the underwriting, claims, reinsurance, risk management and grievance functions / departments possess qualification and experience of direct relevance to their respective functions, as required under Section 12 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000);

Name	Designation
Muhammad Ali Zeb	Chief Executive Officer
Muhammad Asim Nagi	Chief Financial Officer
Tameez ul Haque	Compliance Officer
Tameez ul Haque	Company Secretary
Muhammad Furqan Uddin	Head of Internal Audit
Asif Jabbar	Head of Underwriting
Syed Ameer Hassan Naqvi	Head of Claims
Muhammad Salim Iqbal	Head of Reinsurance
Asif Jabbar	Head of Risk Management
Syed Ameer Hassan Naqvi	Head of Grievance Dept.

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

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

24. The Board ensured that the investment policy of the Company has been drawn up in accordance with the provisions of the Code of Corporate Governance for Insurers, 2016.

25. The Board ensured that the risk management system of the Company was in place as per the requirement of the Code of Corporate Governance for Insurers 2016.

26. The Company has set up a risk management function / department, which carries out its tasks as covered under the Code of Corporate Governance for Insurers, 2016.

27. The Company has been rated by PACRA and A.M. Best and the rating assigned was AA+ and B+ in February 2017 and November 2016 respectively.

28. The Board has set up a grievance function, which fully complies with the requirements of the Code of Corporate Governance for Insurers, 2016.

29. 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 the Directors, Executives and Pakistan Stock Exchange Ltd.

30. Material/ price sensitive information has been disseminated among all market participants at once through Pakistan Stock Exchange Ltd.

31. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designating senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

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

33. The Company has not obtained any exemption from the Securities and Exchange Commission of Pakistan in respect of the requirements of the Code of Corporate Governance for Insurers, 2016.

By Order of the Board

Muhammad Umar Virk
Director

Muhammad Ali Zeb
Managing Director &
Chief Executive Officer

Date: 21 March, 2018

STATEMENT UNDER SECTION 46(6) OF THE INSURANCE ORDINANCE, 2000

The incharge of the management of the business was Muhammad Ali Zeb, Managing Director & Chief Executive Officer and the report on the affairs of business during the year 2017 signed by Muhammad Ali Zeb, Muhammad Umar Virk and approved by the Board of Directors is part of the Annual Report 2017 under the title of "Directors' Report to Members" and

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

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

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

Umer Mansha	**Shaikh Muhammad Jawed**	**Muhammad Umar Virk**	**Muhammad Asim Nagi**	**Muhammad Ali Zeb**
Chairman	Director	Director	Chief Financial Officer	Managing Director & Chief Executive Officer

UNCONSOLIDATED

Financial Statements for the Year Ended 31 December 2017

adamjee insurance

Auditors' Report to the Members

We have audited the annexed unconsolidated financial statements comprising of:

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

of **Adamjee Insurance Company Limited** ("the Company") as at 31 December 2017 together with the notes forming part thereof, for the year then ended.

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

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

In our opinion;

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

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

c) the unconsolidated financial statements together with the notes thereon, present fairly, in all material respects, the state of Company's affairs as at 31 December 2017 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and

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

KPMG Taseer Hadi & Co.

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

Lahore: 21 March 2018

Unconsolidated Balance Sheet

As at 31 December 2017

	Note	31 December 2017	31 December 2016
		Rupees in thousand	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
375,000,000 (2016: 375,000,000) ordinary shares of Rs. 10 each		**3,750,000**	3,750,000
Issued, subscribed and paid up capital	4	**3,500,000**	3,500,000
Reserves	5	**1,430,223**	1,406,834
Retained Earnings		**11,863,964**	12,093,769
		16,794,187	17,000,603
Deferred taxation	25	**37,302**	34,549
Underwriting provisions			
Provision for outstanding claims (including IBNR)	6	**11,485,744**	9,475,718
Provision for unearned premium		**8,912,498**	7,349,511
Premium deficiency reserve		**-**	121,553
Commission income unearned		**240,306**	236,890
Total underwriting provisions		**20,638,548**	17,183,672
Deferred liabilities			
Staff retirement benefits	7	**154,396**	81,399
Creditors and accruals			
Premiums received in advance		**316,692**	225,681
Amounts due to other insurers / reinsurers		**1,668,516**	1,540,645
Accrued expenses		**122,578**	135,624
Other creditors and accruals	8	**2,307,394**	2,242,403
		4,415,180	4,144,353
Other liabilities			
Unclaimed dividends		**106,214**	88,969
		25,314,338	21,498,393
Total liabilities of Window Takaful Operations - Operator's Fund	9	**141,312**	46,366
Contingencies and commitments	10		
TOTAL EQUITY AND LIABILITIES		**42,287,139**	38,579,911

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

	Note	31 December 2017	31 December 2016
		Rupees in thousand	
ASSETS			
Cash And Bank Deposits	11		
Cash and other equivalents		**7,676**	7,274
Current and other accounts		**2,270,938**	3,803,897
Deposits maturing within 12 months		**2,020,494**	525,059
		4,299,108	4,336,230
Loans - secured, considered good	12	**18,139**	18,369
Investments	13	**16,618,566**	16,738,435
Current assets - others			
Premiums due but unpaid	14	**5,776,344**	5,063,481
Amounts due from other insurers / reinsurers	15	**994,623**	1,056,853
Salvage recoveries accrued		**347,289**	336,163
Premium and claim reserves retained by cedants	16	**-**	-
Accrued investment income	17	**107,631**	30,266
Reinsurance recoveries against outstanding claims	18	**7,709,161**	6,279,433
Taxation - payments less provision		**82,087**	7,534
Deferred commission expense		**733,631**	737,281
Prepayments	19	**2,499,931**	2,442,050
Sundry receivables	20	**239,988**	184,919
		18,490,685	16,137,980
Operating fixed assets - Tangible & intangible	21		
Owned			
Land and buildings		**1,588,194**	568,644
Furniture and fixtures		**102,338**	88,948
Motor vehicles		**306,923**	286,112
Machinery and equipment		**78,551**	77,790
Computers and related accessories		**56,347**	56,368
Intangible asset		**34,242**	49,687
Capital work in progress		**452,925**	122,191
		2,619,520	1,249,740
Total assets of Window Takaful Operations - Operator's Fund	9	**241,121**	99,157
TOTAL ASSETS		**42,287,139**	38,579,911

Umer Mansha
Chairman

Shaikh Muhammad Jawed
Director

Muhammad Umar Virk
Director

Muhammad Asim Nagi
Chief Financial Officer

Muhammad Ali Zeb
Managing Director & Chief Executive Officer

Unconsolidated Profit and Loss Account

For the Year Ended 31 December 2017

	Note	Fire and Property Damage	Marine, Aviation and Transport	Motor	Accident & Health	Miscellaneous	Treaty	31 December 2017	31 December 2016
		Rupees in thousands							
Revenue Account									
Net premium revenue		941,322	701,652	7,399,017	1,665,047	827,961	-	**11,534,999**	9,615,381
Net claims		(407,645)	(183,349)	(5,079,861)	(1,407,619)	(355,354)	-	**(7,433,828)**	(6,210,499)
Expenses	22	(318,898)	(214,983)	(1,056,043)	(100,794)	(202,642)	-	**(1,893,360)**	(1,614,629)
Net commission		(70,808)	(123,411)	(885,027)	(56,458)	45,652	-	**(1,090,052)**	(762,579)
Premium deficiency reserve		-	-	121,553	-	-	-	**121,553**	50,313
Underwriting result		143,971	179,909	499,639	100,176	315,617	-	**1,239,312**	1,077,987
Investment income								**1,482,144**	3,502,042
Rental income								**8,564**	6,447
Other income	23							**108,335**	177,914
								2,838,355	4,764,390
General and administration expenses	24							**(725,906)**	(630,392)
Exchange gain / (loss)								**5,133**	(1,673)
Workers' welfare fund								**(63,274)**	(82,727)
								(784,047)	(714,792)
Profit before tax from takaful operations - operator's fund	9							**66,598**	4,038
Profit before tax								**2,120,906**	4,053,636
Provision for taxation	25							**(899,678)**	(560,692)
Profit after tax								**1,221,228**	3,492,944
Profit and loss appropriation account:									
Balance at the commencement of the year								**12,093,769**	9,652,689
Profit after tax for the year								**1,221,228**	3,492,944
Other comprehensive income - remeasurement of defined benefit obligation								**(51,033)**	(1,864)
Final dividend for the year ended 31 December 2016 @ 25% (Rupees 2.5/- per share) [2015: @ 15% (Rupees 1.5/- per share)]								**(875,000)**	(525,000)
Interim dividend for the period ended 30 June 2017 @ 15% (Rupees 1.5/- per share) [2016: @ 15% (Rupees 1.5/- per share)]								**(525,000)**	(525,000)
Balance unappropriated profit at the end of the year								**11,863,964**	12,093,769
								Rupees	
Earnings per share - Basic and diluted (Note 26)								**3.49**	9.98

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

Umer Mansha	Shaikh Muhammad Jawed	Muhammad Umar Virk	Muhammad Asim Nagi	Muhammad Ali Zeb
Chairman	Director	Director	Chief Financial Officer	Managing Director & Chief Executive Officer

Unconsolidated Profit and Loss Account

For the Year Ended 31 December 2017

Business underwritten Inside Pakistan

	Fire and Property Damage	Marine, Aviation and Transport	Motor	Accident & Health	Miscellaneous	Treaty	31 December 2017	31 December 2016
	Rupees in thousand							
Revenue account								
Net premium revenue	922,576	671,704	2,365,027	1,663,063	819,903	-	**6,442,273**	5,616,077
Net claims	(404,420)	(179,903)	(1,153,274)	(1,404,546)	(355,392)	-	**(3,497,535)**	(3,173,196)
Expenses	(313,220)	(209,315)	(629,587)	(95,295)	(197,118)	-	**(1,444,535)**	(1,227,362)
Net commission	(68,423)	(120,418)	(248,273)	(56,163)	44,798	-	**(448,479)**	(305,669)
Underwriting result	136,513	162,068	333,893	107,059	312,191	-	**1,051,724**	909,850
Investment income							**1,377,278**	3,427,300
Rental income							**7,480**	-
Other income							**98,224**	169,555
							2,534,706	4,506,705
General and administration expenses							**(533,600)**	(535,877)
Exchange gain / (loss)							**4,391**	(1,328)
Workers' welfare fund							**(63,274)**	(82,727)
							(592,483)	(619,932)
Profit before tax from takaful operations - operator's fund							**66,598**	4,038
Profit before tax							**2,008,821**	3,890,811

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

Umer Mansha	Shaikh Muhammad Jawed	Muhammad Umar Virk	Muhammad Asim Nagi	Muhammad Ali Zeb
Chairman	Director	Director	Chief Financial Officer	Managing Director & Chief Executive Officer

Unconsolidated Profit and Loss Account

For the Year Ended 31 December 2017

Business underwritten Outside Pakistan	Fire and Property Damage	Marine, Aviation and Transport	Motor	Accident & Health	Miscellaneous	Treaty	31 December 2017	31 December 2016
	Rupees in thousand							
Revenue account								
Net premium revenue	18,746	29,948	5,033,990	1,984	8,058	-	**5,092,726**	3,999,304
Net claims	(3,225)	(3,446)	(3,926,587)	(3,073)	38	-	**(3,936,293)**	(3,037,303)
Expenses	(5,678)	(5,668)	(426,456)	(5,499)	(5,524)	-	**(448,825)**	(387,267)
Net commission	(2,385)	(2,993)	(636,754)	(295)	854	-	**(641,573)**	(456,910)
Premium deficiency reserve	-	-	121,553	-	-	-	**121,553**	50,313
Underwriting result	7,458	17,841	165,746	(6,883)	3,426	-	**187,588**	168,137
Investment Income							**104,866**	74,742
Rental income							**1,084**	6,447
Other income							**10,111**	8,359
							303,649	257,685
General and administration expenses							**(192,306)**	(94,515)
Exchange gain/(loss)							**742**	(345)
Profit before tax							**112,085**	162,825

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

Umer Mansha	Shaikh Muhammad Jawed	Muhammad Umar Virk	Muhammad Asim Nagi	Muhammad Ali Zeb
Chairman	Director	Director	Chief Financial Officer	Managing Director & Chief Executive Officer

Unconsolidated Statement of Comprehensive Income

For the Year Ended 31 December 2017

	31 December 2017	31 December 2016
	Rupees in thousand	
Profit after taxation	**1,221,228**	3,492,944
Other comprehensive income		
Items that will not be reclassified to profit and loss:		
Remesurement of defined benefit obligation	**(51,033)**	(1,864)
Items that may be reclassified subsequently to profit and loss:		
Effect of translation of investment in foreign branches - net	**23,389**	(1,792)
	(27,644)	(3,656)
Total comprehensive income for the year	**1,193,584**	3,489,288

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

Umer Mansha	**Shaikh Muhammad Jawed**	**Muhammad Umar Virk**	**Muhammad Asim Nagi**	**Muhammad Ali Zeb**
Chairman	Director	Director	Chief Financial Officer	Managing Director & Chief Executive Officer

Unconsolidated Cash Flow Statement

For the Year Ended 31 December 2017

	31 December 2017	31 December 2016
	Rupees in thousand	
Cash flows from operating activities		
a) Underwriting activities		
Premiums received	**18,059,481**	15,767,626
Reinsurance premiums paid	**(5,460,902)**	(5,885,679)
Claims paid	**(10,632,888)**	(9,583,832)
Surrenders paid	**(159,482)**	(8,863)
Reinsurance and other recoveries received	**3,731,743**	3,520,070
Commissions paid	**(1,643,351)**	(1,425,155)
Commissions received	**588,147**	600,040
Other underwriting payments	**(1,516,192)**	(1,587,046)
Net cash generated from underwriting activities	**2,966,556**	1,397,161
b) Other operating activities		
Income tax paid	**(951,898)**	(502,200)
General and management expenses paid	**(880,965)**	(682,334)
Loans disbursed	**(59,240)**	(50,433)
Loans repayments received	**54,994**	50,487
Other receipts	**19,557**	9,765
Net cash used in other operating activities	**(1,817,552)**	(1,174,715)
Total cash generated from all operating activities	**1,149,004**	222,446
Cash flows from investing activities		
Profit / return received on bank deposits	**72,626**	81,224
Return on Pakistan Investment Bonds	**27,153**	33,879
Income received from TFCs	**4,782**	4,550
Income from treasury bills	**17,990**	10,760
Dividends received	**1,386,427**	1,231,254
Rentals received	**6,752**	5,474
Payments for investments	**(6,686,871)**	(14,244,988)
Proceeds from disposal of investments	**6,787,875**	15,114,407
Fixed capital expenditure - tangible assets	**(1,507,695)**	(259,526)
Fixed capital expenditure - intangible assets	**(2,973)**	(43,066)
Proceeds from disposal of operating fixed assets	**19,638**	291,259
Total cash generated from investing activities	**125,704**	2,225,227
Cash flows from financing activities		
Finance lease rentals paid	**-**	-
Dividends paid	**(1,382,755)**	(1,035,824)
Net cash used in financing activities	**(1,382,755)**	(1,035,824)
Net cash (used in) / generated from all activities	**(108,047)**	1,411,849
Cash at the beginning of the year	**4,300,905**	2,889,056
Cash at the end of the year	**4,192,858**	4,300,905

Unconsolidated Cash Flow Statement

For the Year Ended 31 December 2017

	31 December 2017	31 December 2016
	Rupees in thousand	
Reconciliation to Profit and Loss Account		
Operating cash flows	**1,149,004**	222,446
Depreciation expense	**(120,002)**	(121,511)
Provision for gratuity	**(72,996)**	35,053
Provision for doubtful balances against other insurers / reinsurers	**(66,000)**	-
Other income - bank deposits	**85,334**	80,716
Gain on disposal of operating fixed assets	**7,680**	85,759
Finance charge on lease obligations	**-**	-
Rental income	**8,564**	6,447
Increase / (decrease) in assets other than cash	**2,404,275**	3,569,816
(Increase) / decrease in liabilities other than running finance	**(2,197,187)**	(2,385,658)
	1,198,672	1,493,068
Others		
Profit on sale of investments	**1,035,199**	1,992,318
Amortization expense	**(19,665)**	(27,091)
Increase in unearned premium	**(1,562,987)**	(1,420,567)
Amortization of income on Government securities - net	**-**	-
Increase / (decrease) in loans	**4,246**	(54)
Income taxes paid	**951,898**	502,200
Provision for impairment in value of available-for-sale investments	**(1,054,064)**	222,109
Dividend and other income	**1,455,026**	1,243,807
Income from treasury bills	**25,737**	8,833
Return on Pakistan Investment Bonds	**15,263**	31,182
Income from TFCs	**66,598**	3,793
Profit from Window Takaful Operations	**4,983**	4,038
	922,234	2,560,568
Profit before tax	**2,120,906**	4,053,636

Definition of cash

Cash comprises cash in hand, bank balances excluding Rs. 106,250 thousands (2016: Rs 35,325 thousands) held under lien, and other deposits which are readily convertible to cash and which are used in the cash management function on a day-to-day basis.

	31 December 2017	31 December 2016
	Rupees in thousand	
Cash for the purposes of the statement of cash flows consists of:		
Cash and other equivalents	**7,676**	7,274
Current and other accounts	**2,270,938**	3,803,897
Deposits maturing within 12 months	**1,914,244**	489,734
Total cash and cash equivalents	**4,192,858**	4,300,905

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

Umer Mansha	Shaikh Muhammad Jawed	Muhammad Umar Virk	Muhammad Asim Nagi	Muhammad Ali Zeb
Chairman	Director	Director	Chief Financial Officer	Managing Director & Chief Executive Officer

Unconsolidated Cash Flow Statement

For the Year Ended 31 December 2017

Business underwritten Inside Pakistan

	31 December 2017	31 December 2016
	Rupees in thousand	
Cash flows from operating activities		
a) Underwriting activities		
Premiums received	**11,319,512**	10,677,725
Reinsurance premiums paid	**(5,156,535)**	(5,168,656)
Claims paid	**(4,682,113)**	(4,697,799)
Surrenders paid	**(159,482)**	(8,863)
Reinsurance and other recoveries received	**1,557,486**	1,266,317
Commissions paid	**(928,422)**	(865,727)
Commissions received	**576,402**	521,760
Other underwriting payments	**(1,204,680)**	(1,308,052)
Net cash generated from underwriting activities	**1,322,168**	416,705
b) Other operating activities		
Income taxes paid	**(951,898)**	(502,200)
General and management expenses paid	**(639,115)**	(630,308)
Loans disbursed	**(46,756)**	(43,880)
Loans repayments received	**45,408**	43,840
Other receipts	**19,557**	9,765
Net cash used in other operating activities	**(1,572,804)**	(1,122,783)
Total cash (used in) operating activities	**(250,636)**	(706,078)
Cash flows from investing activities		
Profit / return received on bank deposits	**70,554**	77,216
Return on Pakistan Investment Bonds	**27,153**	33,879
Income received from TFCs	**4,782**	4,550
Income from treasury bills	**17,990**	10,760
Dividends received	**1,386,427**	1,231,254
Rentals received	**5,668**	-
Payments for investments	**(6,686,871)**	(14,244,988)
Proceeds from disposal of investments	**6,787,875**	15,114,407
Fixed capital expenditure - tangible assets	**(1,486,573)**	(215,840)
Fixed capital expenditure - intangible assets	**(2,973)**	(32,310)
Proceeds from disposal of fixed assets	**19,480**	281,493
Total cash generated from investing activities	**143,512**	2,260,421
Cash flows from financing activities		
Finance lease rentals paid	**-**	-
Dividends paid	**(1,382,755)**	(1,035,824)
Repatriation of funds from business outside Pakistan	**-**	524,497
Net cash used in financing activities	**(1,382,755)**	(511,327)
Net cash (used in) / generated from all activities	**(1,489,879)**	1,043,016
Cash at the beginning of the year	**2,597,822**	1,554,806
Cash at the end of the year	**1,107,943**	2,597,822

Unconsolidated Cash Flow Statement

For the Year Ended 31 December 2017

	31 December 2017	31 December 2016
	Rupees in thousand	
Reconciliation to Profit and Loss Account		
Operating cash flows	**(250,636)**	(706,078)
Depreciation expense	**(100,234)**	(100,819)
Provision for gratuity	**(58,698)**	34,015
Provision for doubtful balances against other insurers / reinsurers	**(66,000)**	-
Other income - bank deposits	**74,888**	80,716
Gain on disposal of operating fixed assets	**8,015**	77,400
Finance charge on lease obligations	**-**	-
Rental income	**7,480**	-
Increase / (decrease) in assets other than cash	**2,221,053**	2,273,027
(Increase) / decrease in liabilities other than running finance	**(1,541,915)**	(1,219,109)
	293,953	439,152
Others		
Profit on sale of investments	**946,397**	1,992,318
Amortization expense	**(11,108)**	(15,304)
Increase in unearned premium	**(671,146)**	(466,615)
Amortization of income on Government securities - net	**-**	-
Increase in loans	**1,348**	40
Income taxes paid	**951,898**	502,200
Provision for impairment in value of available-for-sale investments	**(1,054,064)**	222,109
Dividend, investment and other income	**1,438,962**	1,169,065
Income from treasury bills	**25,737**	8,833
Return on Pakistan Investment Bonds	**15,263**	31,182
Income from TFCs	**66,598**	3,793
Profit from Window Takaful Operations	**4,983**	4,038
	1,714,868	3,451,659
Profit before taxation	**2,008,821**	3,890,811

Definition of cash

Cash comprises cash in hand, bank balances excluding Rs. 106,250 thousands (2016: Rs 35,325 thousands) held under lien, and other deposits which are readily convertible to cash and which are used in the cash management function on a day-to-day basis.

	31 December 2017	31 December 2016
	Rupees in thousand	
Cash for the purposes of the statement of cash flows consists of:		
Cash and other equivalents	**7,676**	7,274
Current and other accounts	**1,099,532**	2,589,813
Deposits maturing within 12 months	**735**	735
Total cash and cash equivalents	**1,107,943**	2,597,822

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

Umer Mansha
Chairman

Shaikh Muhammad Jawed
Director

Muhammad Umar Virk
Director

Muhammad Asim Nagi
Chief Financial Officer

Muhammad Ali Zeb
Managing Director & Chief Executive Officer

Unconsolidated Cash Flow Statement

For the Year Ended 31 December 2017

Business underwritten Outside Pakistan	31 December 2017	31 December 2016
	Rupees in thousand	
Cash flows from operating activities		
a) Underwriting activities		
Premiums received	**6,739,969**	5,089,901
Reinsurance premiums paid	**(304,367)**	(717,023)
Claims paid	**(5,950,775)**	(4,886,033)
Reinsurance and other recoveries received	**2,174,257**	2,253,753
Commissions paid	**(714,929)**	(559,428)
Commissions received	**11,745**	78,280
Other underwriting payments	**(311,512)**	(278,994)
Net cash generated from underwriting activities	**1,644,388**	980,456
b) Other operating activities		
General and management expenses paid	**(241,850)**	(52,026)
Loans disbursed	**(12,484)**	(6,553)
Loans repayments received	**9,586**	6,647
Other receipts	**-**	-
Net cash used in other operating activities	**(244,748)**	(51,932)
Total cash generated from all operating activities	**1,399,640**	928,524
Cash flows from investing activities		
Profit / return received on bank deposits	**2,072**	4,008
Return on Pakistan Investment Bonds	**-**	-
Income received from TFCs	**-**	-
Income from treasury bills	**-**	-
Dividends received	**-**	-
Rentals received	**1,084**	5,474
Payments for investments	**-**	-
Proceeds from disposal of investments	**-**	-
Fixed capital expenditure - tangible assets	**(21,122)**	(43,686)
Fixed capital expenditure - intangible assets	**-**	(10,756)
Proceeds from disposal of operating fixed assets	**158**	9,766
Total cash (used in) investing activities	**(17,808)**	(35,194)
Cash flows from financing activities		
Finance lease rentals paid	**-**	-
Dividends paid	**-**	-
Repatriation of funds to Pakistan Business	**-**	(524,497)
Net cash generated from / (used in) financing activities	**-**	(524,497)
Net cash generated from all activities	**1,381,832**	368,833
Cash at the beginning of the year	**1,703,083**	1,334,250
Cash at the end of the year	**3,084,915**	1,703,083

Unconsolidated Cash Flow Statement

For the Year Ended 31 December 2017

	31 December 2017	31 December 2016
	Rupees in thousand	
Reconciliation to profit and loss account		
Operating cash flows	**1,399,640**	928,524
Depreciation expense	**(19,768)**	(20,692)
Provision for gratuity	**(14,298)**	1,038
Other income - bank deposits	**10,446**	-
(Loss) / gain on disposal of operating fixed assets	**(335)**	8,359
Finance charge on lease obligations	**-**	-
Rental income	**1,084**	6,447
Increase / (decrease) in assets other than cash	**183,222**	1,296,789
(Increase) / decrease in liabilities other than running finance	**(655,272)**	(1,166,549)
	904,719	1,053,916
Others		
Profit on sale of investments	**88,802**	-
Amortization expense	**(8,557)**	(11,787)
Increase in unearned premium	**(891,841)**	(953,952)
Increase / (decrease) in loans	**2,898**	(94)
Income taxes paid	**-**	-
Reversal of provision for impairment in value of available-for-sale investments	**-**	-
Dividend & other income	**16,064**	74,742
Income from treasury bills	**-**	-
Return on Pakistan Investment Bonds	**-**	-
Income from TFCs	**-**	-
	(792,634)	(891,091)
Profit before taxation	**112,085**	162,825

Definition of cash

Cash comprises cash in hand, bank balances excluding Rs. Nil (2016: Rs. Nil) held under lien, and other deposits which are readily convertible to cash and which are used in the cash management function on a day- to-day basis.

	31 December 2017	31 December 2016
	Rupees in thousand	
Cash for the purposes of the statement of cash flows consists of:		
Cash and other equivalents	**-**	-
Current and other accounts	**1,171,406**	1,214,084
Deposits maturing within 12 months	**1,913,509**	488,999
Total cash and cash equivalents	**3,084,915**	1,703,083

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

Umer Mansha	**Shaikh Muhammad Jawed**	**Muhammad Umar Virk**	**Muhammad Asim Nagi**	**Muhammad Ali Zeb**
Chairman	Director	Director	Chief Financial Officer	Managing Director & Chief Executive Officer

Unconsolidated Statement of Changes in Equity

For the Year Ended 31 December 2017

	Share capital	Capital reserves			Revenue reserves		Total
	Issued, subscribed and paid up	Reserve for exceptional losses	Investment fluctuation reserve	Exchange translation reserve	General reserve	Retained earnings	
	Rupees in thousand						
Balance as at 31 December 2015	3,500,000	22,859	3,764	445,503	936,500	9,652,689	**14,561,315**
Comprehensive income for the period ended 31 December 2016							
Profit for the year	-	-	-	-	-	3,492,944	**3,492,944**
Other comprehensive income	-	-	-	(1,792)	-	(1,864)	**(3,656)**
Total comprehensive income for the year	-	-	-	(1,792)	-	3,491,080	**3,489,288**
Transactions with owners of the Company							
Final dividend for the year ended 31 December 2015 @ 15% (Rupee 1.5/- per share)	-	-	-	-	-	(525,000)	**(525,000)**
Interim dividend for the period ended 30 June 2016 @ 15% (Rupees 1.5/- per share)	-	-	-	-	-	(525,000)	**(525,000)**
	-	-	-	-	-	(1,050,000)	**(1,050,000)**
Balance as at 31 December 2016	3,500,000	22,859	3,764	443,711	936,500	12,093,769	**17,000,603**
Comprehensive income for the year ended 31 December 2017							
Profit for the year	-	-	-	-	-	1,221,228	**1,221,228**
Other comprehensive income	-	-	-	23,389	-	(51,033)	**(27,644)**
Total comprehensive income for the year	-	-	-	23,389	-	1,170,195	**1,193,584**
Transactions with owners of the Company							
Final dividend for the year ended 31 December 2016 @ 25% (Rupees 2.5/- per share)	-	-	-	-	-	(875,000)	**(875,000)**
Interim dividend for the period ended 30 June 2017 @ 15% (Rupees 1.5/- per share)	-	-	-	-	-	(525,000)	**(525,000)**
	-	-	-	-	-	(1,400,000)	**(1,400,000)**
Balance as at 31 December 2017	3,500,000	22,859	3,764	467,100	936,500	11,863,964	**16,794,187**

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

Umer Mansha	**Shaikh Muhammad Jawed**	**Muhammad Umar Virk**	**Muhammad Asim Nagi**	**Muhammad Ali Zeb**
Chairman	Director	Director	Chief Financial Officer	Managing Director & Chief Executive Officer

Unconsolidated Statement of Premiums

For the Year Ended 31 December 2017

Class	Premiums written	Unearned premium reserve			Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded			Reinsurance expense	Net premium revenue	
		Opening	Closing	Currency translation effect			Opening	Closing	Currency translation effect		31 December 2017	31 December 2016
	Rupees in thousand											
Direct and facultative												
Fire and property damage	4,947,400	2,321,445	2,249,824	1,038	5,020,059	3,991,229	1,781,837	1,694,958	629	4,078,737	**941,322**	894,373
Marine, aviation and transport	881,029	47,086	40,654	742	888,203	182,524	6,439	2,412	-	186,551	**701,652**	639,362
Motor	9,110,280	3,856,292	5,010,826	184,700	8,140,446	571,547	405,840	250,106	14,148	741,429	**7,399,017**	5,884,982
Accident & Health	2,038,836	631,670	997,266	429	1,673,669	4,921	6,237	2,703	167	8,622	**1,665,047**	1,442,132
Miscellaneous	1,544,306	493,018	613,928	247	1,423,643	838,552	155,829	398,968	269	595,682	**827,961**	754,532
Total	18,521,851	7,349,511	8,912,498	187,156	17,146,020	5,588,773	2,356,182	2,349,147	15,213	5,611,021	**11,534,999**	9,615,381
Treaty												
Proportional	-	-	-	-	-	-	-	-	-	-	**-**	-
Total	-	-	-	-	-	-	-	-	-	-	**-**	-
Grand Total	18,521,851	7,349,511	8,912,498	187,156	17,146,020	5,588,773	2,356,182	2,349,147	15,213	5,611,021	**11,534,999**	9,615,381

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

Umer Mansha	Shaikh Muhammad Jawed	Muhammad Umar Virk	Muhammad Asim Nagi	Muhammad Ali Zeb
Chairman	Director	Director	Chief Financial Officer	Managing Director & Chief Executive Officer

Unconsolidated Statement of Premiums

For the Year Ended 31 December 2017

Business underwritten Inside Pakistan												
Class	Premiums written	Unearned premium reserve			Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded			Reinsurance expense	Net premium revenue	
		Opening	Closing	Currency translation effect			Opening	Closing	Currency translation effect		31 December 2017	31 December 2016
	Rupees in thousand											
Direct and facultative												
Fire and property damage	4,910,369	2,292,033	2,231,420	-	4,970,982	3,969,437	1,762,967	1,683,998	-	4,048,406	**922,576**	866,407
Marine, aviation and transport	848,845	35,344	25,934	-	858,255	182,524	6,439	2,412	-	186,551	**671,704**	620,280
Motor	2,652,446	1,079,748	1,330,409	-	2,401,785	36,462	342	46	-	36,758	**2,365,027**	1,954,976
Accident & Health	2,031,357	621,104	989,398	-	1,663,063	-	-	-	-	-	**1,663,063**	1,428,206
Miscellaneous	1,532,801	487,143	609,357	-	1,410,587	831,633	152,515	393,464	-	590,684	**819,903**	746,208
Total	11,975,818	4,515,372	5,186,518	-	11,304,672	5,020,056	1,922,263	2,079,920	-	4,862,399	**6,442,273**	5,616,077
Treaty												
Proportional	-	-	-	-	-	-	-	-	-	-	**-**	-
Total	-	-	-	-	-	-	-	-	-	-	**-**	-
Grand Total	11,975,818	4,515,372	5,186,518	-	11,304,672	5,020,056	1,922,263	2,079,920	-	4,862,399	**6,442,273**	5,616,077

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

Umer Mansha	**Shaikh Muhammad Jawed**	**Muhammad Umar Virk**	**Muhammad Asim Nagi**	**Muhammad Ali Zeb**
Chairman	Director	Director	Chief Financial Officer	Managing Director & Chief Executive Officer

Unconsolidated Statement of Premiums

For the Year Ended 31 December 2017

Business underwritten Outside Pakistan

Class	Premiums written	Unearned premium reserve			Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded			Reinsurance expense	Net premium revenue	
		Opening	Closing	Currency translation effect			Opening	Closing	Currency translation effect		31 December 2017	31 December 2016
	Rupees in thousand											
Direct and facultative												
Fire and property damage	37,031	29,412	18,404	1,038	49,077	21,792	18,870	10,960	629	30,331	**18,746**	27,966
Marine, aviation and transport	32,184	11,742	14,720	742	29,948	-	-	-	-	-	**29,948**	19,082
Motor	6,457,834	2,776,544	3,680,417	184,700	5,738,661	535,085	405,498	250,060	14,148	704,671	**5,033,990**	3,930,006
Accident & Health	7,479	10,566	7,868	429	10,606	4,921	6,237	2,703	167	8,622	**1,984**	13,926
Miscellaneous	11,505	5,875	4,571	247	13,056	6,919	3,314	5,504	269	4,998	**8,058**	8,324
Total	6,546,033	2,834,139	3,725,980	187,156	5,841,348	568,717	433,919	269,227	15,213	748,622	**5,092,726**	3,999,304
Treaty												
Proportional	-	-	-	-	-	-	-	-	-	-	**-**	-
Total	-	-	-	-	-	-	-	-	-	-	**-**	-
Grand Total	6,546,033	2,834,139	3,725,980	187,156	5,841,348	568,717	433,919	269,227	15,213	748,622	**5,092,726**	3,999,304

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

Umer Mansha
Chairman

Shaikh Muhammad Jawed
Director

Muhammad Umar Virk
Director

Muhammad Asim Nagi
Chief Financial Officer

Muhammad Ali Zeb
Managing Director & Chief Executive Officer

Unconsolidated Statement of Claims

For the Year Ended 31 December 2017

Class	Total claims paid	Outstanding claims			Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims			Reinsurance and other recoveries revenue	Net claims expense	
		Opening	Closing	Currency translation effect			Opening	Closing	Currency translation effect		31 December 2017	31 December 2016
	Rupees in thousand											
Direct and facultative												
Fire and property damage	1,447,720	3,551,184	4,732,992	3,186	2,626,342	1,016,579	3,186,906	4,391,303	2,279	2,218,697	**407,645**	345,265
Marine, aviation and transport	224,375	256,728	403,523	287	370,883	21,309	116,957	283,182	-	187,534	**183,349**	236,764
Motor	7,196,150	4,334,219	4,839,536	221,532	7,479,935	2,470,661	2,435,652	2,489,363	124,298	2,400,074	**5,079,861**	3,990,241
Accident & Health	1,365,673	271,554	317,296	546	1,410,869	10,253	11,832	5,145	316	3,250	**1,407,619**	1,318,208
Miscellaneous	398,970	1,062,033	1,192,397	314	529,020	150,711	864,249	887,457	253	173,666	**355,354**	320,021
Total	10,632,888	9,475,718	11,485,744	225,865	12,417,049	3,669,513	6,615,596	8,056,450	127,146	4,983,221	**7,433,828**	6,210,499
Treaty												
Proportional	-	-	-	-	-	-	-	-	-	-	**-**	-
Total	-	-	-	-	-	-	-	-	-	-	**-**	-
Grand Total	10,632,888	9,475,718	11,485,744	225,865	12,417,049	3,669,513	6,615,596	8,056,450	127,146	4,983,221	**7,433,828**	6,210,499

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

Umer Mansha
Chairman

Shaikh Muhammad Jawed
Director

Muhammad Umar Virk
Director

Muhammad Asim Nagi
Chief Financial Officer

Muhammad Ali Zeb
Managing Director & Chief Executive Officer

Unconsolidated Statement of Claims

For the Year Ended 31 December 2017

Business underwritten Inside Pakistan

Class	Total claims paid	Outstanding claims			Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims			Reinsurance and other recoveries revenue	Net claims expense	
		Opening	Closing	Currency translation effect			Opening	Closing	Currency translation effect		31 December 2017	31 December 2016
	Rupees in thousand											
Direct and facultative												
Fire and property damage	1,428,841	3,480,697	4,673,231	-	2,621,375	998,919	3,131,379	4,349,415	-	2,216,955	**404,420**	358,417
Marine, aviation and transport	221,130	251,631	397,938	-	367,437	21,309	116,957	283,182	-	187,534	**179,903**	225,189
Motor	1,057,782	439,793	518,455	-	1,136,444	11,053	115,131	87,248	-	(16,830)	**1,153,274**	966,376
Accident & Health	1,351,030	254,376	307,892	-	1,404,546	-	-	-	-	-	**1,404,546**	1,303,807
Miscellaneous	397,465	1,053,622	1,186,766	-	530,609	149,320	857,070	882,967	-	175,217	**355,392**	319,407
Total	4,456,248	5,480,119	7,084,282	-	6,060,411	1,180,601	4,220,537	5,602,812	-	2,562,876	**3,497,535**	3,173,196
Treaty												
Proportional	-	-	-	-	-	-	-	-	-	-	**-**	-
Total	-	-	-	-	-	-	-	-	-	-	**-**	-
Grand Total	4,456,248	5,480,119	7,084,282	-	6,060,411	1,180,601	4,220,537	5,602,812	-	2,562,876	**3,497,535**	3,173,196

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

Umer Mansha
Chairman

Shaikh Muhammad Jawed
Director

Muhammad Umar Virk
Director

Muhammad Asim Nagi
Chief Financial Officer

Muhammad Ali Zeb
Managing Director & Chief Executive Officer

Unconsolidated Statement of Claims

For the Year Ended 31 December 2017

Business underwritten Outside Pakistan

Class	Total claims paid	Outstanding claims			Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims			Reinsurance and other recoveries revenue	Net claims revenue	
		Opening	Closing	Currency translation effect			Opening	Closing	Currency translation effect		31 December 2017	31 December 2016
	Rupees in thousand											
Direct and facultative												
Fire and property damage	18,879	70,487	59,761	3,186	4,967	17,660	55,527	41,888	2,279	1,742	**3,225**	(13,152)
Marine, aviation and transport	3,245	5,097	5,585	287	3,446	-	-	-	-	-	**3,446**	11,575
Motor	6,138,368	3,894,426	4,321,081	221,532	6,343,491	2,459,608	2,320,521	2,402,115	124,298	2,416,904	**3,926,587**	3,023,865
Accident & Health	14,643	17,178	9,404	546	6,323	10,253	11,832	5,145	316	3,250	**3,073**	14,401
Miscellaneous	1,505	8,411	5,631	314	(1,589)	1,391	7,179	4,490	253	(1,551)	**(38)**	614
Total	6,176,640	3,995,599	4,401,462	225,865	6,356,638	2,488,912	2,395,059	2,453,638	127,146	2,420,345	**3,936,293**	3,037,303
Treaty												
Proportional	-	-	-	-	-	-	-	-	-	-	**-**	-
Total	-	-	-	-	-	-	-	-	-	-	**-**	-
Grand Total	6,176,640	3,995,599	4,401,462	225,865	6,356,638	2,488,912	2,395,059	2,453,638	127,146	2,420,345	**3,936,293**	3,037,303

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

Umer Mansha	**Shaikh Muhammad Jawed**	**Muhammad Umar Virk**	**Muhammad Asim Nagi**	**Muhammad Ali Zeb**
Chairman	Director	Director	Chief Financial Officer	Managing Director & Chief Executive Officer

Unconsolidated Statement of Expenses

For the Year Ended 31 December 2017

Class	Commissions paid or payable	Deferred commission			Net commission expense	Other management expenses	Underwriting expense	Commission from reinsurers	Net underwriting expense	
		Opening	Closing	Currency translation effect					31 December 2017	31 December 2016
	Rupees in thousand									
Direct and facultative										
Fire and property damage	418,548	271,619	219,469	122	470,820	318,898	789,718	400,012	**389,706**	269,621
Marine, aviation and transport	124,286	5,204	5,053	107	124,544	214,983	339,527	1,133	**338,394**	286,849
Motor	935,831	411,277	457,296	20,424	910,236	1,056,043	1,966,279	25,209	**1,941,070**	1,469,447
Accident & Health	43,331	24,351	11,226	2	56,458	100,794	157,252	-	**157,252**	165,441
Miscellaneous	128,464	24,830	40,587	18	112,725	202,642	315,367	158,377	**156,990**	185,850
Total	1,650,460	737,281	733,631	20,673	1,674,783	1,893,360	3,568,143	584,731	**2,983,412**	2,377,208
Treaty										
Proportional	-	-	-	-	-	-	-	-	**-**	-
Total	-	-	-	-	-	-	-	-	**-**	-
Grand Total	1,650,460	737,281	733,631	20,673	1,674,783	1,893,360	3,568,143	584,731	**2,983,412**	2,377,208

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

Umer Mansha
Chairman

Shaikh Muhammad Jawed
Director

Muhammad Umar Virk
Director

Muhammad Asim Nagi
Chief Financial Officer

Muhammad Ali Zeb
Managing Director & Chief Executive Officer

Unconsolidated Statement of Expenses

For the Year Ended 31 December 2017

Business underwritten Inside Pakistan										
Class	Commissions paid or payable	Deferred commission			Net commission expense	Other management expenses	Underwriting expense	Commission from reinsurers	Net underwriting expense	
		Opening	Closing	Currency translation effect					31 December 2017	31 December 2016
	Rupees in thousand									
Direct and facultative										
Fire and property damage	413,503	267,204	217,460	-	463,247	313,220	776,467	394,824	**381,643**	254,683
Marine, aviation and transport	119,422	4,834	2,705	-	121,551	209,315	330,866	1,133	**329,733**	270,869
Motor	224,954	78,015	54,653	-	248,316	629,587	877,903	43	**877,860**	681,623
Accident & Health	43,331	24,058	11,226	-	56,163	95,295	151,458	-	**151,458**	154,653
Miscellaneous	127,441	24,220	40,281	-	111,380	197,118	308,498	156,178	**152,320**	171,203
Total	928,651	398,331	326,325	-	1,000,657	1,444,535	2,445,192	552,178	**1,893,014**	1,533,031
Treaty										
Proportional	-	-	-	-	-	-	-	-	**-**	-
Total	-	-	-	-	-	-	-	-	**-**	-
Grand Total	928,651	398,331	326,325	-	1,000,657	1,444,535	2,445,192	552,178	**1,893,014**	1,533,031

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

Umer Mansha	Shaikh Muhammad Jawed	Muhammad Umar Virk	Muhammad Asim Nagi	Muhammad Ali Zeb
Chairman	Director	Director	Chief Financial Officer	Managing Director & Chief Executive Officer

Unconsolidated Statement of Expenses

For the Year Ended 31 December 2017

Business underwritten Outside Pakistan

Class	Commissions paid or payable	Deferred commission			Net commission expense	Other management expenses	Underwriting expense	Commission from reinsurers	Net underwriting expense	
		Opening	Closing	Currency translation effect					31 December 2017	31 December 2016
	Rupees in thousand									
Direct and facultative										
Fire and property damage	5,045	4,415	2,009	122	7,573	5,678	13,251	5,188	**8,063**	14,938
Marine, aviation and transport	4,864	370	2,348	107	2,993	5,668	8,661	-	**8,661**	15,980
Motor	710,877	333,262	402,643	20,424	661,920	426,456	1,088,376	25,166	**1,063,210**	787,824
Accident & Health	-	293	-	2	295	5,499	5,794	-	**5,794**	10,788
Miscellaneous	1,023	610	306	18	1,345	5,524	6,869	2,199	**4,670**	14,647
Total	721,809	338,950	407,306	20,673	674,126	448,825	1,122,951	32,553	**1,090,398**	844,177
Treaty										
Proportional	-	-	-	-	-	-	-	-	**-**	-
Total	-	-	-	-	-	-	-	-	**-**	-
Grand Total	721,809	338,950	407,306	20,673	674,126	448,825	1,122,951	32,553	**1,090,398**	844,177

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

Umer Mansha
Chairman

Shaikh Muhammad Jawed
Director

Muhammad Umar Virk
Director

Muhammad Asim Nagi
Chief Financial Officer

Muhammad Ali Zeb
Managing Director & Chief Executive Officer

Unconsolidated Statement of Investment Income

For the Year Ended 31 December 2017

	31 December 2017	31 December 2016
	Rupees in thousand	
Business underwritten inside Pakistan		
Income from non-trading investments		
'Available-for-sale'		
Return on term finance certificates	**4,983**	3,793
Return on treasury bills	**25,737**	8,833
Return on Pakistan Investments Bonds	**15,263**	31,182
Dividend income:		
- related parties	**722,085**	653,659
- others	**716,877**	590,148
	1,438,962	1,243,807
	1,484,945	1,287,615
Gain on sale of 'available-for-sale' investments:		
- related parties	**134,905**	1,210
- others	**811,492**	1,916,366
	946,397	1,917,576
	2,431,342	3,205,191
(Provision)/reversal of impairment in value of 'available-for-sale' investments - net	**(1,054,064)**	222,109
	1,377,278	3,427,300
Business underwritten outside Pakistan		
Income from non-trading investment		
Dividend income	**16,064**	-
Gain on sale of 'available-for-sale' investments - others	**88,802**	74,742
	104,866	74,742
Net investment income	**1,482,144**	3,502,042

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

Umer Mansha	Shaikh Muhammad Jawed	Muhammad Umar Virk	Muhammad Asim Nagi	Muhammad Ali Zeb
Chairman	Director	Director	Chief Financial Officer	Managing Director & Chief Executive Officer

1 Legal status and nature of business

Adamjee Insurance Company Limited ("the Company") is a public limited Company incorporated in Pakistan on 28 September 1960 under the Companies Act, 1913 (now the Companies Act, 2017). The Company is listed on Pakistan Stock Exchange and is engaged in the general insurance business. The registered office of the Company is situated at Tanveer Building, 27-C-III, MM Alam Road, Gulberg III, Lahore.

The Company also operates branches in the United Arab Emirates (UAE) and the Export Processing Zone (EPZ).

The Company was granted authorization on 23 December 2015 under Rule 6 of the Takaful Rules, 2012 to undertake Window Takaful Operations in respect of general takaful products by Securities and Exchange Commission of Pakistan (SECP) and commenced Window Takaful Operations on 01 January 2016.

2 Basis of preparation

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

2.1 Statement of compliance

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

2.1.2 Securities and Exchange Commission of Pakistan ("SECP") vide S.R.O 88(1)/2017 and S.R.O89(1)/2017 dated 9 February 2017 has issued the Insurance Accounting Regulations, 2017 and Insurance Rules, 2017 (the new Rules and Regulations). The application of these Regulations and Rules for the purpose of preparation and presentation of the financial statements was effective from 1 April 2017.

However, SECP vide letter ID/OSM/Adamjee/2017/12269 dated 11 October 2017 has granted exemption to the Company to prepare their annual financial statements for the year ended 31 December 2017 in accordance with the requirements of the repealed rules [SEC (Insurance) Rules 2002] and has allowed the application of new Regulations effective from 1 January 2018.

The new Rules and Regulations require significant disclosures/requirements, which are relevant to the Company including but not limited to presentation and disclosure of financial statements prescribed in Annexure II of the Insurance Rules, 2017, recognition of available-for-sale investments at fair value as per IAS 39 "Financial Instruments: Recognition and Measurement" , recognition of premium receivable under an insurance policy / cover note as written from the date of attachment of risk to the policy / cover note.

2.1.3 During the year, the Companies Act 2017 ("the Act") was enacted on 30 May 2017 and replaced and repealed the Companies Ordinance, 1984 ("the repealed Ordinance"). However, the Securities and Exchange Commission of Pakistan vide its Circular No. 17 and Circular No. 23 dated 20 July 2017 and 04 October 2017 respectively and Institute of Chartered Accountants of Pakistan vide its Circular No. 17 dated 06 October 2017, have advised and clarified that the annual financial statements of the companies whose financial year closes on or before 31 December 2017 shall be prepared in accordance with the repealed Ordinance.

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

2.1.5 The SECP has allowed insurance companies to defer the application of International Accounting Standard (IAS) - 39 'Financial Instruments: Recognition and Measurement' in respect of 'available-for-sale' investments until suitable amendments have been made in the laws. Accordingly, the requirements of IAS - 39, to the extent allowed by SECP, have not been considered in the preparation of these unconsolidated financial statements. The effect of such departure from the requirements of IAS - 39 is disclosed in note 13.1.

2.1.6 In terms of the requirements of the Takaful Rules, 2012, read with SECP Circular 25 of 2015 dated 09 July 2015, the assets, liabilities and profit and loss of the Operator Fund of the General Takaful operations of the Company have been presented as a single line item in the balance sheet and profit and loss account of the Company respectively. A separate set of financial statements of the General Takaful operations has been annexed to these financial statements as per the requirements of the Takaful Rules, 2012.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

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

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

		Note
-	Provision for Unearned Premium	3.2
-	Provision for doubtful receivables	3.2
-	Provision for outstanding claim including claims incurred but not reported (IBNR)	3.4
-	Premium deficiency reserve	3.7
-	Defined benefit plans	3.8
-	Classification of investments	3.12
-	Provision for taxation including the amount relating to tax contingency	3.13
-	Useful lives, pattern of economic benefits and impairments - Fixed assets	3.14
-	Allocation of management expenses	3.15
-	Impairment	3.22
-	Segment Reporting	3.23

2.5 New Companies Act, 2017 and new / revised accounting standards, amendments to published accounting standards, and interpretations that are not yet effective

2.5.1 The Companies Act, 2017 applicable for financial year beginning on 01 January 2018 requires certain additional disclosures.

2.5.2 The following amendments, interpretation of approved accounting standards and annual improvement cycle will be effective for accounting periods beginning on or after 01 January 2018:

- Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1

January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards.

- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' -effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use.

- Annual Improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture.

- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax.

- IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programs'.

- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied.

Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements (effective from annual periods beginning on or after 01 January 2019) address amendments to following approved accounting standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

- Amendment to IFRS 4 'Insurance Contracts'- Applying IFRS 9 'Financial Instruments' with IFRS 4 (effective for annual periods beginning on or after 1 July 2018). The amendment addresses issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts'. The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from 1 July 2018 onwards to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied.

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

3 Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these unconsolidated financial statements.

3.1 Insurance contracts

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

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

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

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

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

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

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

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

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

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

3.2 Premium

Premium received / receivable under a policy is recognized as written from the date of attachment of the policy to which it relates. Premium income under a policy is recognized over the period of insurance from inception to expiry evenly over the period of the policy using 1/365 method as allowed in the repealed SEC (Insurance) Rules, 2002 except for:

- motor business of UAE branch, using 1/395 method is used as required under local laws of the government of United Arab Emirates as policies issued in UAE cover a period of 13 months (previously motor policies were issued for 12 months and premium income was recognized using 1/365 method);

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

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

Administrative surcharge is recognized as premium at the time the policies are written and is included in above mentioned calculations.

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

3.3 Reinsurance ceded

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

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

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

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

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

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

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

3.4 Provision for outstanding claims including IBNR

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

Securities and Exchange Commission of Pakistan through its circular 9 of 2016 dated 9 March 2016 issued Guidelines for estimation of incurred but not reported (IBNR) claims reserve 2016'' for non-life insurance Companies and required to comply with all provisions of these guidelines with effect from 1 July 2016.

The Guidelines require that estimation for provision for claims incurred but not reported for each class of business, by using prescribed Method "Chain Ladder Method" and other alternate method as allowed under the provisions of the Guidelines. The Chain Ladder Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level to derive an IBNR estimate.

The actuarial valuation as at 31 December 2017 has been carried out by independent firm of actuaries for determination of IBNR for each class of business. The actuarial valuation is based on a range of standard actuarial claim projection techniques, based on empirical data and current assumptions as explained in preceding paragraph that may include a margin for adverse deviation as required / allowed by the circular 9 of 2016. The methods used, and the estimates made, are reviewed regularly.

3.5 Reinsurance recoveries against outstanding claims

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

3.6 Commission expense and other acquisition costs

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

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

3.7 Premium deficiency reserve

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

For this purpose, premium deficiency reserve is determined by independent actuaries. The actuary determines the prospective loss ratios for each class of business and applies factors of unearned and earned premiums and uses assumptions appropriate to arrive at the expected claims settlement cost which when compared with unearned premium reserve (UPR) shows whether UPR is adequate to cover the unexpired risks. If these ratios are adverse, premium deficiency is determined.

Based on actuary's advice the management creates a reserve for the same in these unconsolidated financial statements. The movement in the premium deficiency reserve is recorded as an expense / income in profit or loss account for the year.

3.8 Staff retirement benefits

Defined contribution plan

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

Defined benefit plans

The Company operates the following defined benefit plans:

(a) an approved funded gratuity scheme for all its permanent employees in Pakistan. Annual contribution are made to this scheme on the basis of actuarial recommendations. The Company recognizes expense in accordance with IAS 19 'Employee Benefits'. The contributions have been made to gratuity fund in accordance with the actuary's recommendations based on the actuarial valuation of these funds as at 31 December 2017.

(b) unfunded gratuity scheme covering the employees in the UAE branches as per the requirements of the applicable regulations. Provision is made in these unconsolidated financial statements on the basis of the actuarial valuation carried out by an independent actuary using the projected unit credit method. The latest valuation has been carried at 31 December 2017.

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

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

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

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

3.9 Employees' compensated absences

The Company accounts for these benefits in the period in which the absences are earned. The provision has been made in accordance with the actuarial valuation.

3.10 Creditors, accruals and provisions

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

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

3.11 Cash and other equivalents

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

3.12 Investments

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

3.12.1 Available-for-sale

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

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

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

3.13 Taxation

Current

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

Deferred

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

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

3.14 Fixed assets

Tangible

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

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

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

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

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

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

Intangible

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

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

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

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

3.15 Expenses of management

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

3.16 Investment income

From available-for-sale investments

- **Return on fixed income securities**

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

- **Dividend**

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

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

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

- **Return on Term Finance Certificates**

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

3.17 Foreign currencies

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

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

3.18 Financial instruments

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

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

3.19 Dividend and other appropriations

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

3.20 Off setting of financial assets and financial liabilities

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

3.21 Earnings per share

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

3.22 Impairment

Financial assets

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

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

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

Non financial assets

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

3.23 Segment reporting

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

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

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

3.24 Borrowing cost

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

3.25 Window Takaful Operations

The accounting policies followed by Window Takaful Operations are stated in the annexed financial statements of Window Takaful Operations for the year ended 31 December 2017.

4 Share capital

4.1 Authorized share capital

2017	2016		2017	2016
Number of Shares			Rupees in thousand	
375,000,000	375,000,000	Ordinary shares of Rs. 10 each	**3,750,000**	3,750,000

4.2 Issued, subscribed and paid up capital

2017	2016		2017	2016
Number of Shares			Rupees in thousand	
250,000	250,000	Ordinary shares of Rs. 10 each fully paid in cash	**2,500**	2,500
349,750,000	349,750,000	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	**3,497,500**	3,497,500
350,000,000	350,000,000		**3,500,000**	3,500,000

4.3 As at 31 December 2017, MCB Bank Limited and Nishat Mills Limited, associated undertakings held 76,022,665 (2016: 86,527,165) and 102,809 (2016: 102,809) ordinary shares of the Company of Rs. 10 each, respectively.

5 Reserves

	Note	2017	2016
		Rupees in thousand	
Capital reserves			
Reserves for exceptional losses	5.1	**22,859**	22,859
Investment fluctuation reserves	5.2	**3,764**	3,764
Exchange translation reserves	5.3	**467,100**	443,711
		493,723	470,334
Revenue Reserves			
General reserves		**936,500**	936,500
		1,430,223	1,406,834

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

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

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

6 Provision for outstanding claims (including IBNR)

	Note	2017	2016
		Rupees in thousand	
Related parties		**622,755**	615,335
Others		**10,862,989**	8,860,383
		11,485,744	9,475,718

7 Staff retirement benefit

	Note	2017	2016
Unfunded gratuity scheme	7.1	**69,953**	55,655
Funded gratuity scheme	7.2	**84,443**	25,744
		154,396	81,399

7.1 Unfunded gratuity scheme

7.1.1 This provision relates to the Company's operations in UAE branches. The latest actuarial valuation of gratuity scheme was carried out as at 31 December 2017 under the Projected Unit Credit Method as per the requirements of approved accounting standard - International Accounting Standard 19, the details of which are as follows:

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

	2017	2016
	Rupees in thousand	
Present value of defined benefit obligation at the start of the year	**55,655**	56,693
Charge for the year	**8,645**	7,549
Benefits paid	**(6,889)**	(10,500)
Remeasurement loss on obligation	**9,011**	1,964
Exchange loss / (gain)	**3,531**	(51)
Present value of defined benefit obligation at the end of the year	**69,953**	55,655

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

	2017	2016
	Rate per annum	
- Valuation discount rate	**2.20%**	2.20%
- Expected rate of increase in salary level	**2.00%**	2.00%

7.1.4 The amount charged in profit and loss is as follows:

	2017	2016
	Rupees in thousand	
Current service cost	**7,487**	6,368
Interest on obligation	**1,158**	1,181
Expense for the year	**8,645**	7,549

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

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

	2017	2016
	Rupees in thousand	
- Changes in financial assumptions	**6,843**	(4,098)
- Experience adjustments	**2,168**	6,062
	9,011	1,964

7.2 Funded gratuity scheme

7.2.1 The Company operates an approved funded gratuity scheme for all eligible employees. The latest actuarial valuation of gratuity scheme was carried out as at 31 December 2017 under the Projected Unit Credit Method as per the requirements of approved accounting standard - International Accounting Standard 19, the details of which are as follows:

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

	2017	2016
	Rate per annum	
- Valuation discount rate	**7.25%**	6.50%
- Expected rate of increase in salary level	**5.25%**	4.50%
- Rate of return on plan assets	**7.25%**	6.50%

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

	2017	2016
	Rupees in thousand	
Net liabilities/ assets at the beginning of the year	**25,744**	59,759
Expenses recognized	**16,677**	16,085
Contribution paid during the year	**-**	(50,000)
Remeasurement (gain) / loss recognized - net	**42,022**	(100)
Net liabilities at the end of the year	**84,443**	25,744

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

	2017	2016
	Rupees in thousand	
Current service cost	**15,003**	13,564
Interest cost	**16,779**	16,939
Interest income on plan assets	**(15,105)**	(14,418)
	16,677	16,085

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

	2017	2016
	Rupees in thousand	
Remeasurement of plan obligation from:		
- Experience on obligation	**3,589**	13,154
Remeasurement of plan assets:		
- Actual net return on plan assets	**23,328**	(27,672)
- Interest income on plan assets	**15,105**	14,418
	38,433	(13,254)
	42,022	(100)

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

Present value of the obligation	**283,925**	267,714
Fair value of plan assets	**(199,482)**	(241,970)
Net asset	**84,443**	25,744

7.2.7 Movement in present value of defined benefit obligation

Present value of defined benefit obligation as at the beginning of the year	**267,714**	243,203
Current service cost	**15,003**	13,564
Interest cost	**16,779**	16,939
Actual benefits paid during the year	**(19,160)**	(19,146)
Remeasurement loss on obligation	**3,589**	13,154
Present value of defined benefit obligation as at the end of the year	**283,925**	267,714

7.2.8 Movement in fair value of plan assets

Fair value of plan asset as at the beginning of the year	**241,970**	183,444
Interest income on plan assets	**15,105**	14,418
Actual benefits paid during the year	**(19,160)**	(19,146)
Contributions made during the year	**-**	50,000
Net return on plan assets over interest income	**(38,433)**	13,254
Fair value of plan asset as at the end of the year	**199,482**	241,970

7.2.9 Actual return on plan assets

Expected return on plan assets	**15,105**	14,418
Net return on plan assets over interest income	**(38,433)**	13,254
	(23,328)	27,672

7.2.10 Plan assets consist of the following:

	2017	2016	2017	2016
	Percentage		Rupees in thousand	
Government Bonds	**41.92%**	39.70%	**83,627**	96,050
Shares and deposits	**24.87%**	30.18%	**49,606**	73,016
Unit Trusts	**34.75%**	31.06%	**69,314**	75,167
Benefits due	**-1.54%**	-0.94%	**(3,065)**	(2,263)
	100.00%	100.00%	**199,482**	241,970

7.2.11 Plan assets do not include any investment in the Company's ordinary shares as at 31 December 2017 (2016: Nil).

7.2.12 Expected contribution to gratuity fund for the year ending 31 December 2018 is Rs. 21,250 thousands.

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

7.2.14 The weighted average duration of the defined benefit obligation for gratuity plan is 3.4 years (2016: 3.5 years).

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

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

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

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

7.4 Sensitivity analysis

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

		Impact on Gratuity plans			
		Unfunded		Funded	
	Change in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
		Rupees in thousand			
Discount rate	1%	(2,583)	2,819	(8,674)	9,266
Salary growth rate	1%	2,713	(2,540)	9,356	(8,916)

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

8 Other creditors and accruals

	Note	2017	2016
		Rupees in thousand	
Cash margin against performance bonds		**652,075**	806,387
Sundry creditors		**351,594**	190,949
Commission payable		**807,027**	782,626
Workers' welfare fund	8.1	**391,437**	328,163
Federal insurance fee		**22,733**	19,797
Federal excise duty and sales tax		**80,203**	111,659
Payable to employees' provident fund	8.2	**2,325**	2,822
		2,307,394	2,242,403

8.1 The Finance Act 2008 introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended. The amendments were challenged at various levels and conflicting judgments were rendered by the Honorable Lahore High Court, the Honorable Sindh High Court and the Honorable Peshawar High Court.

The Honourable Supreme Court of Pakistan vide its judgment dated 10 November 2016, has upheld the view of Honorable Lahore High Court and decided that WWF is not a tax and hence the amendments introduced through Finance Act, 2008 are ultra-vires to the Constitution.

The Federal Board of Revenue has filed Civil Review Petitions in respect of above judgment with the prayer that the judgment dated 10 November 2016 passed in the Civil Appeal may kindly be reviewed in the interest of justice.

The Company has held a reserve of Rs 391,437 thousands as at 31 December 2017 against WWF until the outcome of the filed Civil Review Petition.

8.2 During the year, an amount of Rs. 29,038 thousands (2016 : Rs. 27,497 thousands) has been charged to the profit and loss account in respect of the Company's contribution to the employees' provident fund.

9 Window takaful operations - Operator's Fund

	2017	2016
Assets	Rupees in thousand	
Qard-e-Hasna	**117,000**	30,000
Cash and bank deposits	**41,119**	17,595
Investments	**30,215**	29,905
Current assets - others	**30,605**	19,065
Fixed assets	**22,182**	2,592
	241,121	99,157
Total liabilities	**141,312**	46,366
Profit before tax for the year	**66,598**	4,038
Current Tax	**(19,193)**	(1,121)
Deferred	**(387)**	(126)
	(19,580)	(1,247)
Profit after tax for the year	**47,018**	2,791

Details of total assets, total liabilities and segment disclosure of window takaful operations are stated in the annexed financial statements for the year ended 31 December 2017.

10 Contingencies and commitments

10.1 Contingencies

The Company has filed appeals in respect of certain assessment years mainly on account of the following:

(a) Deputy Commissioner Inland Revenue passed order u/s 161/205 of the Ordinance for tax year 2013 raising an income tax demand of Rs. 9,070 thousands. The Company agitated the order before Commissioner Inland Revenue (Appeals). Commissioner Inland Revenue (Appeals) decided the case in the favour of the Company. However, the order of the Commissioner Inland Revenue (Appeals) was challenged before Appellate Tribunal Inland Revenue (ATIR) by Tax Authorities which is pending adjudication.

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

(c) The Taxation Officer has passed an order in the tax years 2005 and 2006 under section 221 of the Income Tax Ordinance, 2001 (the Ordinance) levying minimum tax liability aggregating to Rs. 38,360 thousands. An appeal was filed before the Commissioner Inland Revenue (Appeals) who upheld the order of the Taxation Officer. The Company has filed an appeal before the ATIR which is yet to be heard.

(d) The Tax Authorities amended the assessments for tax years 2003 to 2005 on the ground that the Company has not apportioned management and general administration expenses against capital gain and dividend income. The Company filed constitutional petition in the Honorable Sindh High Court against the amendment in the assessment order. The Company may be liable to pay Rs. 5,880 thousands in the event of decision against the Company, out of which Rs. 2,730 thousands have been provided resulting in a shortfall of Rs. 3,150 thousands.

(e) While finalizing the assessment for the assessment year 2002-2003, Deputy Commissioner Inland Revenue (DCIR) has reduced the business loss for the year by Rs. 88,180 thousands by adjusting the dividend income against this loss. The Company is of the view that it is entitled to carry the gross loss forward for adjustment against the future taxable income and dividend income for the year should be taxed separately at reduced rate. The appeals of the Company in this respect have been rejected by the Commissioner Inland Revenue (Appeals), the ATIR and the Honorable Sindh High Court. The Company has filed a reference application with the Honorable Supreme Court of Pakistan which is pending adjudication. The management is confident that the matter will eventually be decided in favor of the Company and has consequently not made any provision against the additional tax liability of Rs. 26,460 thousands which may arise in this respect.

Pending resolution of the above-mentioned appeals filed by the Company, no provision has been made in these unconsolidated financial statements for the aggregate amount of Rs 77,030 thousands (2016: 77,030 thousands) as the management is confident that the eventual outcome of the above matters will be in favor of the Company.

10.2 Commitments

The Company has issued letter of guarantees amounting to Rs. 24,992 thousands (AED 832,250) [2016: Rs. 36,371 thousands (AED 1,277,000)] relating to its UAE branch.

11 Cash and bank deposits

	Note	2017	2016
Cash and other equivalents		Rupees in thousand	
Cash in hand		**7,676**	7,274
Current and other accounts			
Current accounts		**1,478,477**	1,464,298
Savings accounts	11.1	**792,461**	2,339,599
		2,270,938	3,803,897
Deposits maturing within 12 months			
Fixed and term deposits	11.1	**2,020,494**	525,059
		4,299,108	4,336,230

11.1 These include fixed deposits amounting to Rs. 208,736 thousands (AED 6,951 thousands) [2016: Rs. 197,962 thousands (AED 6,951 thousands)] kept in accordance with the requirements of Insurance Regulations applicable to the UAE branch for the purpose of carrying on business in United Arab Emirates. These also include liens against cash deposits of Rs. 106,250 thousands (2016: Rs. 35,325 thousands) with banks in Pakistan essentially in respect of guarantees issued by the banks on behalf of the Company for claims under litigation filed against the Company.

11.2 Cash and bank deposits include Rs. 125,000 thousands kept in an escrow account against immovable property purchased during the year. This amount would be paid to seller after fulfilling conditions mentioned in sale agreement with the Company.

11.3 Cash and bank deposits include an amount of Rs. 1,375,420 thousands (2016: Rs. 1,142,972 thousands) held with MCB Bank Limited, a related party.

12 Loans to employees - secured, considered good

	2017	2016
Secured	Rupees in thousand	
Executives	**18,680**	13,850
Others	**24,513**	25,097
	43,193	38,947
Less: Recoverable within one year shown under sundry receivables		
Executives	**16,133**	11,109
Others	**8,921**	9,469
	25,054	20,578
	18,139	18,369

12.1 Loans to employees are granted in accordance with the terms of their employment for the purchase of vehicles, purchase / construction of houses and for other purposes as specified in the repealed SEC (Insurance) Rules, 2002. These loans are recoverable in monthly installments over various periods and are secured by registration of vehicles, deposit of title documents of property with the Company and against provident fund balance of the employees. The loans are interest free except for those granted for the purchase / construction of houses which carry interest at the rate of 5% (2016: 5%) per annum.

13 Investments

	Note	2017	2016
		Rupees in thousand	
In related parties			
Available-for-sale:	13.3		
Marketable securities			
Listed		**7,819,534**	7,014,434
		7,819,534	7,014,434
Investment in Subsidary - Adamjee Life Assurance Company Limited		**694,895**	694,895
		8,514,429	7,709,329
Others	13.3		
Available-for-sale:			
Marketable securities			
Listed		**7,942,988**	7,808,125
Unlisted		**925,360**	925,360
Less: Provision for impairment in value of investments		**(1,135,095)**	(81,031)
		7,733,253	8,652,454
Fixed income securities		**370,884**	376,652
		16,618,566	16,738,435

13.1 On 31 December 2017, the fair value of 'available-for-sale' securities was Rs. 21,673,268 thousands (2016: Rs. 23,961,685 thousands). As per the Company's accouting policy, 'available-for-sale' investments are stated at lower of cost or market value (market value being taken as lower if the reduction is other than temporary.) However, International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' dealing with the recognition and measurement of financial instruments requires that these instruments should be measured at fair value. Accordingly, had these investments been measured at fair value , their carrying value as at 31 December 2017 would have been higher by Rs. 5,054,702 thousands (2016: Rs. 7,223,250 thousands).

13.2 Reconciliation of provision for impairment in value of investments

	2017	2016
	Rupees in thousand	
Balance as at 01 January	**81,031**	303,140
Impairment / (reversal) for the year	**1,054,064**	(222,109)
Balance as at 31 December	**1,135,095**	81,031

13.3 Available-for-sale

	Note	2017			2016
		Cost	Provision there against	Carrying value	Carrying value
		Rupees in thousand			
In related parties:	13.3.1				
- Listed shares		**7,819,534**	-	**7,819,534**	7,014,434
- Investment is Subsidary - Adamjee Life Assurance Company Limited		**694,895**	-	**694,895**	694,895
		8,514,429	-	**8,514,429**	7,709,329
Others					
- Listed shares	13.3.2	**7,454,844**	**(1,135,095)**	**6,319,749**	6,135,309
- Unlisted shares	13.3.3	**925,360**	-	**925,360**	925,360
- Term Finance Certificates	13.3.4	**70,948**	-	**70,948**	9,974
- Mutual Fund Certificates	13.3.5	**417,035**	-	**417,035**	1,581,650
- NIT Units		**161**	-	**161**	161
- Government treasury bills		**370,884**	-	**370,884**	145,705
- Pakistan Investment Bonds		-	-	-	230,947
		9,239,232	**(1,135,095)**	**8,104,137**	9,029,106
		17,753,661	**(1,135,095)**	**16,618,566**	16,738,435

13.3.1 Related parties

Number of Shares 2017	Number of Shares 2016	Face value Rupees	Company's Name	2017 Rupees in thousand	2016 Rupees in thousand
2,050	1,402,950	10	Nishat Mills Limited [Equity held 0.001% (2016: 0.4%)]	**144**	98,254
47,179,787	42,965,187	10	MCB Bank Limited [Equity held 3.981% (2016: 4%)]	**7,819,390**	6,916,180
				7,819,534	7,014,434

Investment in Subsidary Company

69,489,545	69,489,545	10	Adamjee Life Assurance Company Limited [Equity held 74.28% (2016: 74.28%)]	694,895	694,895

13.3.2 Others - listed shares

			Commercial Banks		
2,773,000	2,773,000	10	Allied Bank Limited	**289,690**	289,690
330,300	-	10	Habib Bank Limited	**88,086**	-
3,000,000	3,901,899	10	Habib Metropolitan Bank Limited	**98,247**	87,327
8,240,950	5,685,450	10	National Bank of Pakistan	**504,670**	323,123
850,000	-	10	United Bank Limited	**181,548**	-
			Non Banking Financial Institutions		
5,462,000	-	10	MCB-Arif Habib Savings & Investment Limited	**149,789**	-
4,113,500	-	10	PICIC Investment Fund Limited	**68,111**	-
			Insurance		
4,800	4,800	10	EFU General Insurance Company Limited	**211**	211
286,843	286,843	10	Pakistan Reinsurance Company Limited	**6,326**	6,326
			Power Generation & Distribution		
5,731,000	5,731,000	10	Kot Addu Power Company Limited	**491,086**	491,086
25,631,181	25,631,181	10	Pakgen Power Limited	**355,448**	355,448
27,348,388	27,348,388	10	Lalpir Power Limited	**371,516**	371,516
923,500	31,500	10	Nishat Power Limited	**42,001**	1,697
4,935,882	4,935,882	10	Saif Power Limited	**163,072**	163,072
			Oil And Gas Marketing Companies		
30,000	-	10	Attock Refinery Limited	**13,133**	-
506,450	-	10	National Refinery Ltd.	**394,084**	-
10,545,095	10,045,095	10	Sui Northern Gas Pipelines Limited	**531,693**	461,931

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For the Year Ended 31 December 2017

Number of Shares		Face value	Company's Name	2017	2016
2017	2016	Rupees		Rupees in thousand	
			Oil And Gas Exploration Companies		
1,524,300	2,174,300	10	Oil and Gas Development Company Limited	**245,134**	349,665
			Automobile Assembler		
389,556	902,896	10	Millat Tractors Limited	**149,184**	345,773
			Cables And Electrical Goods		
148,131	148,131	10	Siemens (Pakistan) Engineering Company Limited	**116,770**	116,770
-	1,300,500	10	Pak Elektron Limited	**-**	91,211
			Industrial Metals and Mining		
105,600	88,000	10	Aisha Steel Mills Limited	**282**	-
100,000	1,490,000	10	Crescent Steel & Allied Products Limited	**20,324**	189,226
300,000	-	10	International Steel Limited	**46,811**	-
			Fertilizer		
5,062,500	-	10	Engro Fertilizers Limited	**362,118**	-
-	3,562,500	10	Fauji Fertilizer Bin Qasim Limited	**-**	257,508
10,711,240	10,711,240	10	Fauji Fertilizer Company Limited	**1,112,218**	1,112,218
2,220,100	1,970,100	10	Dawood Hercules Limited	**324,933**	288,417
			Pharmaceutical		
294,400	125,000	10	Abbott Laboratories Pakistan Limited	**272,880**	106,289
			Chemical		
506,500	1,317,300	10	Engro Corporation Limited	**158,241**	394,266
			Food And Personal Care Products		
5,740	-	10	Nestle Pakistan Limited	**59,278**	-
1,005,500	940,000	10	Al Shaheer Corporation Limited	**59,354**	55,565
64,945	50,290	10	Rafhan Maize Products Limited	**184,928**	68,483
			Cement		
-	200,000	10	Bestway Cement Limited	**-**	43,793
3,358,344	2,067,544	10	D.G. Khan Cement Company Limited	**434,035**	168,195

Number of Shares 2017	Number of Shares 2016	Face value Rupees	Company's Name	2017 Rupees in thousand	2016 Rupees in thousand
645,100	645,100	10	Fecto Cement Limited	**77,534**	77,534
114,900	-	10	Lucky Cement Limited	**82,109**	-
				7,454,844	6,216,340

13.3.3 Others - Unlisted shares

9,681,374	9,681,374	10	Security General Insurance Company Limited	**925,360**	925,360

13.3.4 Others-Term Finance Certificates

-	3,000	5,000	Bank Alfalah Limited	**-**	9,974
75	-	1,000,000	Pak Elektron Limited	**70,948**	-
				70,948	9,974

13.3.5 Others-Mutual Fund Certificates

Open-Ended-Mutual Funds

2,225,355	2,135,181	10	ABL Income Fund	**22,291**	21,389
2,550,579	-	100	MCB Pakistan Cash Management Optimizer Fund	**255,965**	-
-	26,647,078	50	MCB Pakistan Sovereign Fund	**-**	1,416,026
-	373,394	50	Meezan Islamic Income Fund	**-**	19,140
386,357	-	50	Meezan Sovereign Fund	**19,890**	-
5,482	-	100	UBL Al-Ameen Islamic Cash Fund	**556**	-
468,798	-	100	UBL Al-Ameen Shariah Stock Fund	**68,674**	-
123,247	-	100	UBL Financial Planing Fund	**12,183**	-
-	1,153,292	100	UBL Liquidity Plus Fund	**-**	118,840
9	60,868	100	UBL Money Market Fund	**1**	6,255
534,261	-	100	UBL Stock Advantage Fund	**37,475**	-
				417,035	1,581,650

14 Premium due but unpaid - Unsecured

	Note	2017	2016
		Rupees in thousand	
In related parties			
Considered good	14.1	**5,776,344**	5,063,481
Considered doubtful		**375,801**	368,729
		6,152,145	5,432,210
Less: Provision for doubtful balances	14.2	**(375,801)**	(368,729)
		5,776,344	5,063,481

14.1 Premium due but unpaid include an amount of Rs. 516,905 thousands (2016: Rs. 462,259 thousands) held with related parties.

14.2 Reconciliation of provision for doubtful balances

	Note	2017	2016
		Rupees in thousand	
Balance as at 01 January		**368,729**	368,729
Exchange loss		**7,072**	-
Charge for the year		**-**	-
Balance as at 31 December		**375,801**	368,729

15 Amounts due from Other Insurers / Reinsurers - Unsecured

Considered good		**994,623**	1,056,853
Considered doubtful		**151,302**	85,302
		1,145,925	1,142,155
Less: Provision for doubtful balances	15.1	**(151,302)**	(85,302)
		994,623	1,056,853

15.1 Reconciliation of provision for doubtful balances

Balance as at 01 January	**85,302**	299,558
Charge for the year	**66,000**	-
Write off against provision for the year	**-**	(214,256)
Balance as at 31 December	**151,302**	85,302

16 Premium and claim reserves retained by cedants

	Note	2017	2016
		Rupees in thousand	
Considered doubtful		**23,252**	23,252
		23,252	23,252
Less: Provision for doubtful balances	16.1	**(23,252)**	(23,252)
		-	-

16.1 Reconciliation of provision for doubtful balances

	2017	2016
Balance as at 01 January	**23,252**	23,252
Charge for the year	**-**	-
Balance as at 31 December	**23,252**	23,252

17 Accrued investment income

	2017	2016
Return accrued on Term Finance Certificates	**270**	69
Return accrued on Treasury Bills	**9,854**	2,107
Return accrued on Pakistan Investment Bonds	**-**	11,890
Dividend income		
- related parties	**-**	-
- others	**81,152**	12,553
	81,152	12,553
Return on deposit accounts		
- related parties	**-**	-
- others	**16,355**	3,647
	16,355	3,647
	107,631	30,266

18 Reinsurance recoveries against outstanding claims

These are unsecured and considered to be good.

19 Prepayments

	Note	2017	2016
		Rupees in thousand	
Prepaid reinsurance premium ceded		**2,349,147**	2,356,182
Others		**150,784**	85,868
		2,499,931	2,442,050

20 Sundry receivables

	Note	2017	2016
Considered good			
Current portion of long-term loans			
Executives	12	**16,133**	11,109
Employees	12	**8,921**	9,469
Other advances		**148,128**	117,024
Security deposits		**44,525**	38,101
Miscellaneous		**22,281**	9,216
		239,988	184,919

21 Operating fixed assets - Tangible & intangible

	Note	2017	2016
Owned assets - tangibles		**2,132,353**	1,077,862
Owned assets - intangibles		**34,242**	49,687
	21.1	**2,166,595**	1,127,549
Capital work in progress	21.2	**452,925**	122,191
		2,619,520	1,249,740

21.1 Property and equipment

	2017											
	Cost					Depreciation					Net Book value	
	As at 01 Jan 2017	Additions	Exchange differences and other adjustments	Disposals	As at 31 Dec 2017	As at 01 Jan 2017	Exchange differences and other adjustments	On disposals	Charge for the year	As at 31 Dec 2017	As at 31 Dec 2017	Rate
	Rupees in thousand											%
Tangible												
Land and Buildings	719,992	1,040,575	10,812	-	**1,771,379**	151,348	4,618	-	27,219	183,185	**1,588,194**	**10.00%**
Furniture and fixtures	194,955	26,004	2,129	-	**223,088**	106,007	637	-	14,106	120,750	**102,338**	**15.00%**
Motor vehicles	612,278	76,110	1,648	(33,753)	**656,283**	326,166	644	(23,642)	46,192	349,360	**306,923**	**15.00%**
Machinery and equipment	176,809	14,173	1,063	(3,657)	**188,388**	99,019	384	(1,810)	12,244	109,837	**78,551**	**15% - 16.67%**
Computer and related accessories	243,183	20,099	671	-	**263,953**	186,815	550	-	20,241	207,606	**56,347**	**30.00%**
Intangibles												
Computer software	209,118	2,973	2,414	-	**214,505**	159,431	1,167	-	19,665	180,263	**34,242**	**20.00%**
Total	**2,156,335**	**1,179,934**	**18,737**	**(37,410)**	**3,317,596**	**1,028,786**	**8,000**	**(25,452)**	**139,667**	**1,151,001**	**2,166,595**	

	2016											
	Cost					Depreciation					Net Book value	
	As at 01 Jan 2016	Additions	Exchange differences and other adjustments	Disposals	As at 31 Dec 2016	As at 01 Jan 2016	Exchange differences and other adjustments	On disposals	Charge for the year	As at 31 Dec 2016	As at 31 Dec 2016	Rate
	Rupees in thousand											%
Tangible												
Land and Buildings	853,801	70,846	-	(204,655)	719,992	151,919	15	(24,384)	23,798	151,348	568,644	10.00%
Furniture and fixtures	207,660	6,576	(568)	(18,713)	194,955	101,934	(78)	(11,180)	15,331	106,007	88,948	15.00%
Motor vehicles	602,157	48,140	(2,042)	(35,977)	612,278	305,500	(2,336)	(23,302)	46,304	326,166	286,112	15.00%
Machinery and equipment	176,929	14,987	(786)	(14,321)	176,809	96,848	32	(10,667)	12,806	99,019	77,790	15% - 16.67%
Computer and related accessories	267,570	5,153	(507)	(29,033)	243,183	191,179	31	(27,667)	23,272	186,815	56,368	30.00%
Intangibles												
Computer software	165,981	43,065	72	-	209,118	132,297	43	-	27,091	159,431	49,687	20.00%
Total	2,274,098	188,767	(3,831)	(302,699)	2,156,335	979,677	(2,293)	(97,200)	148,602	1,028,786	1,127,549	

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

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of purchaser
	Rupees in thousand					
Suzuki Cultus (ARW-734)	881	639	241	400	Auction	Muhammad Asif
Suzuki Cultus (ANM-050)	669	543	126	295	Auction	Javed ul Islam
Honda Civic Exi (AJV-028)	1,042	871	171	457	Auction	Muhammad Asif
Honda Citi (AVH-689)	1,397	846	551	810	Auction	Shahid Ali Abbas
Suzuki Cultus (LED-7726)	610	482	128	451	Auction	Abdul Maqsood
Suzuki Cultus (AQT-210)	649	491	159	310	Auction	Waheeb
Suzuki Cultus (AJL-024)	590	507	83	236	Auction	Muzaffar Ahmed Saeed
Toyota Corolla Gli (AVR-026)	1,363	822	541	1,130	Auction	Muhammad Asif
Suzuki Cultus (AKY-718)	600	496	104	381	Auction	Fameed Idrees
Honda Citi (ASX-398)	1,239	852	387	835	Auction	Muhammad Akram
Honda Citi (ATR-712)	1,294	887	407	925	Auction	Mian Farhan Tariq
Honda Citi (AUU-462)	1,365	860	505	977	Auction	Muhammad Irfan
Suzuki Cultus (AKY-716)	600	497	103	262	Auction	Naveed Rauf
Toyota Corolla Gli (ASW-243)	1,447	998	449	961	Auction	Masroor
Honda Civic (LRE-5434)	1,155	1,072	83	500	Auction	Muhammad Akram sindhu
Toyota Corolla Gli (APM-620)	1,384	989	395	387	Auction	Shoaib Ahmed Cheema
Suzuki Cultus (AXM-027)	950	546	404	621	Auction	Rizwan Hafeez Butt
Suzuki Cultus (ARV-183)	850	650	200	527	Auction	Muhammad Asif
Suzuki Cultus (AWT-938)	995	601	394	625	Auction	M Amir Khan
Suzuki Cultus (FSG-1811)	585	505	80	372	Auction	M Sardar Ali
Honda Citi (BBF-814)	1,580	651	929	1,150	Insurance claim recovery	IGI Insurance Ltd
Honda Civic Prosmatic Oriel (BAT-409)	2,388	1,147	1,241	1,375	Negotiation	Arshad Hussain - employee
Honda Civic Vti Pt Sr (ASQ-139)	1,882	1,301	581	1,105	Auction	Asim Mushtaq
Suzuki Cultus (LEC-09-1943)	851	613	238	467	Auction	Ahmed Raza
Toyota Corolla Gli (ASP-780)	1,354	978	376	928	Auction	Syed Tayyab Tahir
Suzuki Mehran (LEB-09-8947)	541	400	140	326	Auction	Muhammad Saeed Zahid
Honda Civic (58536)	1,148	662	485	151	Negotiation	Sunil Kumar
Items having book value below Rs. 50,000	4,344	3,736	608	444		
	33,753	**23,642**	**10,111**	**17,405**		
Machinery & equipment						
Generator	3,345	1,598	1,746	2,131	Insurance claim recovery	IGI Insurance Ltd
Konica Minolta Photocopier	78	9	69	35	Negotiation	Coptech Business Machines (Pvt) Limited
Items having book value below Rs. 50,000	234	203	32	67	Negotiation	
	3,657	**1,810**	**1,847**	**2,233**		
Grand Total	**37,410**	**25,452**	**11,958**	**19,638**		

21.2 Capital work in progress inncludes the following:

	Note	2017	2016
		Rupees in thousand	
Building		**439,962**	111,321
Civil & electrical works		**616**	616
ERP software		**12,347**	10,254
		452,925	122,191

22 Expenses

	Note	2017	2016
Salaries and wages	24.1	**1,083,339**	998,232
Rent, rates and taxes		**72,581**	73,929
Utilities		**33,401**	33,307
Communication and computer expenses		**30,432**	35,090
Printing and stationery		**28,337**	28,377
Traveling and entertainment		**57,830**	43,527
Repairs and maintenance		**73,953**	63,745
Advertisement and sales promotion		**31,098**	36,523
Depreciation	21.1	**87,781**	88,885
Provision for doubtful balances against other insurers / reinsurers	15.1	**66,000**	-
Tracking and monitoring charges		**195,407**	138,896
Legal and professional		**48,170**	29,451
Others		**85,031**	44,667
		1,893,360	1,614,629

23 Other income

	2017	2016
Income from financial assets		
Return on bank deposits	**85,334**	80,717
Interest on loans to employees	**338**	365
Income from non financial assets		
Gain on sale of fixed assets	**7,680**	85,759
Miscellaneous	**14,983**	11,073
	108,335	177,914

24 General and administration expenses

	Note	2017	2016
		Rupees in thousand	
Salaries and wages	24.1	**339,128**	277,250
Rent, rates and taxes		**26,641**	27,136
Depreciation	21.1	**32,221**	32,626
Communication and computer expenses		**54,504**	41,084
Utilities		**12,260**	9,742
Repairs and maintenance		**24,823**	17,428
Advertisement and sales promotion		**11,415**	13,406
Traveling and entertainment		**21,227**	21,130
Directors' fee		**190**	280
Legal and professional		**86,034**	81,897
Auditors' remuneration	24.2	**10,841**	7,199
Donations	24.3	**2,690**	1,953
Amortization	21.1	**19,665**	27,091
Others		**84,267**	72,170
		725,906	630,392

24.1 Management expenses and general and administration expenses include Rs. 54,360 thousands (2016: Rs. 51,128 thousands) in respect of staff retirement benefits.

24.2 Auditor's remmuneration

	2017	2016
	Rupees in thousand	
Inside Pakistan:		
Audit fee	**2,380**	2,380
Half yearly review	**469**	469
Other certifications	**520**	325
Out of pocket expenses	**463**	590
	3,832	3,764
Outside Pakistan:		
Audit & other certifications	**5,837**	2,730
Half yearly review	**717**	420
Out of pocket expenses	**455**	285
	7,009	3,435
	10,841	7,199

24.3 None of the directors or their spouses have any interest in the donee.

25 Taxation - net

	Note	2017	2016
		Rupees in thousand	
Current tax			
For the year			
General		**929,136**	382,653
Window Takaful Operations	9	**19,193**	1,121
		(51,791)	58,307
Prior year			
Deferred tax			
For the year			
General	25.2	**2,753**	118,485
Window Takaful Operations	9	**387**	126
		899,678	560,692

25.1 Tax charge reconciliation

	Effective tax rate	
	2017	2016
	Percentage	
Tax at the applicable rate		
of 30% (2016: 31%)	**30.00**	31.00
Super tax	**(2.44)**	1.44
Tax effect of business losses and tax credits previously unrecognized	**-**	(17.05)
Tax effect of provision for impairment of investments	**14.91**	(1.70)
Others	**(0.05)**	0.15
	42.42	13.84

25.2 Deferred tax effect due to temporary differences of:

	2017	2016
	Rupees in thousand	
Tax depreciation allowance	**(58,287)**	(51,246)
Provision for gratuity	**20,985**	16,697
	(37,302)	(34,549)
Less: Opening balance of deferred tax asset	**(34,549)**	83,936
	(2,753)	(118,485)

25.3 The Finance Act, 2017, amended Section 5A of Income Tax Ordinance, 2001 and now every public limited company is required to pay at the rate of 7.5 percent of its accounting profit before tax if it does not distribute at least 40 percent of its after tax profits within six months of the end of the relevant tax year through cash or bonus shares.

During the year the company paid an interim dividend of Rs. 1.5 per share representing 43% of its after tax profits for the year which is sufficient to comply with the above stated requirements. Accordingly, no provision for tax in respect of undistributed profits has been recognized in these unconsolidated financial statements.

Notes to the Unconsolidated Financial Statements

For the Year Ended 31 December 2017

26 Earnings per share - Basic and diluted

	2017	2016
	Rupees in thousand	
There is no dilutive effect on the basic earnings per share which is based on:		
Net profit after tax for the year	**1,221,228**	3,492,944
	Number of shares	
Weighted average number of shares	**350,000,000**	350,000,000
	Rupees	
Basic earning per share	**3.49**	9.98

27 Remuneration of Chief Executive, Executive Director, Non-Executive Directors and Executives

	Chief Executive Officer / Executive Director		Non Executive Director		Executives		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	Rupees in thousand							
Fee	-	-	**190**	280	**-**	-	**190**	280
Managerial remuneration	**11,880**	8,593	**-**	-	**242,252**	214,096	**254,132**	222,689
Allowances and perquisites	**14,878**	12,438	**-**	-	**357,977**	320,920	**372,855**	333,358
	26,758	21,031	**190**	280	**600,229**	535,016	**627,177**	556,327
Number	**1**	1	**7**	10	**228**	203	**236**	214

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

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

27.3 The retirement benefits relating to CEO are Rs. 990 thousands (2016: Rs. 661 thousands).

28 Transactions with related parties

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

There are no transactions with key management personnel other than as per their terms of employment. These transactions are disclosed in notes 12 and 27 of these unconsolidated financial statements. Particulars of transactions with the Company's staff retirement benefit schemes are disclosed in note 7 and note 8.2 of these unconsolidated financial statements. Investments in and balances outstanding with related parties have been disclosed in the relevant notes to the unconsolidated balance sheet. Other transactions with related parties not elsewhere disclosed are summarized as follows:

	2017	2016
	Rupees in thousand	
i) Transactions		
Subsidiary Company		
Premium underwritten	**9,555**	5,538
Premium received	**9,611**	5,827
Claims paid	**997**	4,019
Premiums paid	**4,615**	4,256
Service charges received	**4,490**	4,481
Other related parties		
Premium underwritten	**1,328,853**	1,102,393
Premium received	**1,339,388**	1,090,508
Claims paid	**423,199**	591,740
Investments made	**903,210**	1,199,219
Investments sold	**98,110**	102,011
Rent paid	**5,471**	5,992
Rent received	**4,338**	6,447
Dividends received	**722,075**	653,659
Dividend paid	**306,353**	276,533
Income on deposit account	**27,614**	19,398
Commission Paid	**32,602**	80,149
Fee / charges paid	**8,163**	7,416
ii) Year end balances		
Subsidiary Company		
Balances receivable	**686**	427
Balances payable	**759**	1,411
Other related parties		
Balances receivable	**516,219**	462,259
Balances payable	**628,382**	615,514
Cash and bank balances	**1,375,420**	1,142,972

29 Segment Reporting

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

	31 December 2017														
	Fire and Property Damage		Marine, Aviation and Transport		Motor		Accident & Health		Miscellaneous		Treaty		Total		Aggregate
	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	
	Rupees in thousand														
Other Information															
Segment assets	8,024,165	68,696	594,844	14,374	1,099,831	5,467,973	744,815	10,643	1,870,256	14,599	-	-	**12,333,911**	**5,576,285**	**17,910,196**
Unallocated corporate assets	-	-	-	-	-	-	-	-	-	-	-	-	**20,981,275**	**3,395,668**	**24,376,943**
Total assets	**8,024,165**	**68,696**	**594,844**	**14,374**	**1,099,831**	**5,467,973**	**744,815**	**10,643**	**1,870,256**	**14,599**	**-**	**-**	**33,315,186**	**8,971,953**	**42,287,139**
Segment liabilities	7,877,109	81,525	563,983	20,350	2,286,540	8,019,014	1,632,477	17,282	2,114,503	10,973		-	**14,474,612**	**8,149,144**	**22,623,756**
Unallocated corpoarte liabilities	-	-	-	-	-	-	-	-	-	-	-	-	**2,374,915**	**494,281**	**2,869,196**
Total liabilities	**7,877,109**	**81,525**	**563,983**	**20,350**	**2,286,540**	**8,019,014**	**1,632,477**	**17,282**	**2,114,503**	**10,973**	**-**	**-**	**16,849,527**	**8,643,425**	**25,492,952**
Capital expenditure													**1,489,546**	**21,122**	**1,510,668**

	31 December 2016														
	Fire and Property Damage		Marine, Aviation and Transport		Motor		Accident & Health		Miscellaneous		Treaty		Total		Aggregate
	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	
	Rupees in thousand														
Other Information															
Segment assets	6,862,254	103,754	418,137	10,552	975,970	5,292,962	594,380	25,119	1,529,271	16,995	-	-	10,380,012	5,449,382	15,829,394
Unallocated corporate assets	-	-	-	-	-	-	-	-	-	-	-	-	20,180,628	2,569,889	22,750,517
Total assets	6,862,254	103,754	418,137	10,552	975,970	5,292,962	594,380	25,119	1,529,271	16,995	-	-	30,560,640	8,019,271	38,579,911
Segment liabilities	6,725,069	103,853	420,539	16,839	1,879,577	6,821,840	1,137,894	27,744	1,801,423	15,219	-	-	11,964,502	6,985,495	18,949,997
Unallocated corpoarte liabilities	-	-	-	-	-	-	-	-	-	-	-	-	2,160,301	469,010	2,629,311
Total liabilities	6,725,069	103,853	420,539	16,839	1,879,577	6,821,840	1,137,894	27,744	1,801,423	15,219	-	-	14,124,803	7,454,505	21,579,308
Capital expenditure													248,150	54,442	302,592

30 Financial and insurance risk management objectives and policies

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

The individual risk wise analysis is given below :

30.1 Credit risk and concentration of credit risk

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

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

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

	2017	2016
	Rupees in thousand	
Bank deposits	**4,299,108**	4,336,230
Investments	**16,618,566**	16,738,435
Premium due but unpaid	**5,776,344**	5,063,481
Amount due from other insurers / reinsurers	**994,623**	1,056,853
Salvage recoveries accrued	**347,289**	336,163
Loans	**43,193**	38,947
Accrued investment income	**107,631**	30,266
Reinsurance recoveries against outstanding claims	**7,709,161**	6,279,433
Sundry receivables	**214,934**	164,341
	36,110,849	34,044,149

Provision for impairment is made for doubtful receivables according to the Company's policy. The impairment provision is written off when the Company expects that it cannot recover the balance due. The movement in the provision for doubtful debt account is shown in note 14.2, 15.1 and 16.1 to these unconsolidated financial statements.

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

	2017	2016
	Rupees in thousand	
Age analysis of receivables from other than related parties		
Up to 1 year	**4,507,476**	4,217,249
1-2 & prior years	**1,127,764**	752,276
	5,635,240	4,969,525
Age analysis of receivables from related parties		
Up to 1 year	**494,370**	447,214
1-2 & prior years	**22,535**	15,471
	516,905	462,685
	6,152,145	5,432,210
Less: Provision for doubtful balances	**(375,801)**	(368,729)
	5,776,344	5,063,481

Notes to the Unconsolidated Financial Statements

For the Year Ended 31 December 2017

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

	Rating		Rating	2017	2016
	Short Term	Long Term	Agency		
				Rupees in thousand	
Abu Dhabi Commercial Bank				**450,450**	-
Askari Bank Limited	A1+	AA+	PACRA	**45**	46
Bank Alfalah Limited	A1+	AA+	PACRA	**207,704**	1,136,971
Bank Al Habib Limited	A1+	AA+	PACRA	**3,702**	5,344
Bank Al Habib Limited - Islamic	A1+	AA+	PACRA	**8,003**	-
Habib Bank Limited	A1+	AAA	PACRA	**63,845**	165,380
Habib Metropolitan Bank	A1+	AA+	PACRA	**6,531**	-
FINCA Micro Finance Bank Limited	A-1	A	JCR-VIS	**4**	4
MCB Bank Limited	A1+	AAA	PACRA	**1,375,420**	1,142,972
Mobilink Micro Finance Bank	Al	A	PACRA	**18,776**	-
National Bank of Pakistan	Al+	AAA	PACRA	**1,422**	16,428
The Punjab Provincial Cooperative Bank Limited	Not Available	Not Available	Not Available	**223,305**	206,962
Samba Bank Limited	A1	AA	PACRA	**25,000**	-
Soneri Bank Limited	A1+	AA-	PACRA	**1**	1
United Bank Limited	A1+	AAA	PACRA	**1,533,377**	608,011
Emirate Islamic Bank				**-**	491,553
Zarai Taraqiati Bank Limited	A1+	AAA	PACRA	**373,847**	555,284
				4,291,432	4,328,956

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

	Amounts due from other insurers / reinsurers	Reinsurance and other recoveries against outstanding claims	2017	2016
	Rupees in thousand			
A or Above (including PRCL)	**1,139,657**	**5,957,575**	**7,097,232**	7,563,898
BBB	**785**	**1,207,854**	**1,208,639**	89,374
Others	**5,483**	**543,732**	**549,215**	104,478
Total	**1,145,925**	**7,709,161**	**8,855,086**	7,757,750

30.2 Liquidity Risk

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

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

	2017			
	Carrying amount	Contractual cash flow	Up to one year	More than one year
Financial liabilities	Rupees in thousand			
Provision for outstanding claims	**11,485,744**	**11,485,744**	**11,485,744**	-
Amount due to insurers / reinsurers	**1,668,516**	**1,668,516**	**1,668,516**	-
Accrued expenses	**122,578**	**122,578**	**122,578**	-
Unclaimed dividend	**106,214**	**106,214**	**106,214**	-
Other creditors and accruals	**1,813,021**	**1,813,021**	**1,813,021**	-
	15,196,073	**15,196,073**	**15,196,073**	-

	2016			
	Carrying amount	Contractual cash flow	Up to one year	More than one year
Financial liabilities	Rupees in thousand			
Provision for outstanding claims	9,475,718	9,475,718	9,475,718	-
Amount due to insurers / reinsurers	1,540,645	1,540,645	1,540,645	-
Accrued expenses	135,624	135,624	135,624	-
Unclaimed dividend	88,969	88,969	88,969	-
Other creditors and accruals	1,782,784	1,782,784	1,782,784	-
	13,023,740	13,023,740	13,023,740	-

30.3 Market risk

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

Interest / mark - up rate risk

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

	Effective interest rate (%)		Effective interest rate (%)	
	2017	2016	2017	2016
	Percentage		Rupees in thousand	
Fixed rate of financial instruments				
Financial assets:				
Investments- PIBs and Treasury Bills	**5.91% - 12.28 %**	5.91% - 12.35 %	**370,884**	376,652
Loans	**5%**	5%	**7,014**	6,375
Floating rate financial instruments				
Financial assets:				
Bank deposits	**3.75% - 5.90%**	3.75% - 5.90%	**2,812,955**	2,864,658
Investments - TFCs	**7.72% - 9.26%**	8.62% - 9.03%	**70,948**	9,974

Sensitivity analysis

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

	Profit and Loss	
	Increase	Decrease
	Rupees in thousand	
As at 31 December 2017 - Fluctuation of 100 bps		
Cash flow sensitivity - variable rate financial liabilities	**-**	**-**
Cash flow sensitivity - variable rate financial assets	**28,839**	**(28,839)**
As at 31 December 2016 - Fluctuation of 100 bps		
Cash flow sensitivity - variable rate financial liabilities	-	-
Cash flow sensitivity - variable rate financial assets	28,746	(28,746)

Price risk

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

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

The Company has investments in quoted equity securities amounting to Rs. 15,274,378 thousands (2016: Rs. 13,230,774 thousands) at the reporting date. The carrying value of investments subject to equity price risk are, in almost all instances, based on quoted market prices as of the reporting date. Market prices are subject to fluctuation which may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions.

Sensitivity analysis

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

	Impact on profit before tax	Impact on equity
	Rupees in thousand	
2017		
Effect of increase in share price	**19,286**	**13,500**
Effect of decrease in share price	**(689,777)**	**(482,834)**
2016		
Effect of increase in share price	81,031	19,180
Effect of decrease in share price	(255,631)	(270,937)

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's principal transactions are carried out in Pak Rupees and its exposure to foreign exchange risk arises primarily with respect to AED and US dollars in respect of foreign branches. Financial assets and liabilities exposed to foreign exchange risk amounted to Rs. 8,971,953 thousands (2016: Rs. 8,036,558 thousands) and Rs. 8,643,425 thousands (2016: Rs. 7,471,784 thousands), respectively, at the end of the year.

The following significant exchange rates were applied during the year:

	2017	2016
	Rupees in thousand	
Rupees per US Dollar		
Average rate	**105.38**	104.49
Reporting date rate	**110.30**	104.60
Rupees per AED		
Average rate	**28.69**	28.45
Reporting date rate	**30.03**	28.48

Insurance risk

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

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

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

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

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

30.3.1 Geographical concentration of insurance risk

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

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

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

30.3.2 Reinsurance arrangements

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

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

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

	Gross sum insured		Reinsurance		Net	
	2017	2016	2017	2016	2017	2016
	Rupees in thousand					
Fire	**5,090,077,084**	4,429,105,712	**4,115,369,669**	3,719,860,884	**974,707,415**	709,244,828
Marine	**2,642,382,889**	2,232,482,270	**564,418,095**	512,023,380	**2,077,964,794**	1,720,458,890
Motor	**874,811,364**	618,927,023	**33,866,598**	22,377,423	**840,944,766**	596,549,600
Accident & Health	**109,460,234**	114,492,950	**684,224**	302,344	**108,776,010**	114,190,606
Miscellaneous	**326,473,697**	251,705,141	**190,886,936**	127,153,771	**135,586,761**	124,551,370
	9,043,205,268	7,646,713,096	**4,905,225,522**	4,381,717,802	**4,137,979,746**	3,264,995,294

30.3.3 Sources of uncertainty in estimation of future claim payments

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

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

30.3.4 Neutral assumptions for claim estimation

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

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

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

30.3.5 Sensitivity analysis

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

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

	Pre tax profit / (loss)	
	2017	**2016**
	Rupees in thousand	
10% increase in claims liability		
Net:		
Fire	**(40,765)**	(34,527)
Marine	**(18,335)**	(23,676)
Motor	**(507,986)**	(399,024)
Accident & Health	**(140,762)**	(131,821)
Miscellaneous	**(35,535)**	(32,002)
	(743,383)	(621,050)
10% decrease in claims liability		
Net:		
Fire	**40,765**	34,527
Marine	**18,335**	23,676
Motor	**507,986**	399,024
Accident & Health	**140,762**	131,821
Miscellaneous	**35,535**	32,002
	743,383	621,050

30.3.6 Claims development table

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

	31 December 2013 & Prior	31 December 2014	31 December 2015	31 December 2016	31 December 2017	Total
	Rupees in thousand					
At end of accident year	11,773,460	6,298,282	6,857,672	11,678,479	11,307,403	**47,915,296**
One year later	5,412,078	3,195,074	5,123,598	7,075,979	-	**20,806,729**
Two years later	2,125,938	867,902	1,255,685	-	-	**4,249,525**
Three years later	1,385,048	1,947,901	-	-	-	**3,332,949**
Four years later	531,663	-	-	-	-	**531,663**
Estimate of cumulative claims	531,663	1,947,901	1,255,685	7,075,979	11,307,403	**22,118,632**
Less: Cumulative payments to date	49,593	164,072	651,051	4,188,759	5,579,414	**10,632,888**
Liability recognized	482,070	1,783,830	604,634	2,887,220	5,727,989	**11,485,744**

31 Fair value measurement of financial instruments

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

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

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

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

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

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

Notes to the Unconsolidated Financial Statements

For the Year Ended 31 December 2017

	Note	Carrying amount					Fair value			
		Available for sale	Loans and receivables	cash and cash equivalents	Other Financial liabilities	Total	Level 1	Level 2	Level 3	Total
		Rupees in thousand								
31 December 2017										
Financial assets - not measured at fair value										
Cash and other equivalents*	11	-	-	7,676	-	7,676	-	-	-	-
Current and other accounts*		-	-	2,270,938	-	2,270,938	-	-	-	-
Deposits maturing within 12 months*		-	-	2,020,494	-	2,020,494	-	-	-	-
Loans to employees*	12	-	43,193	-	-	43,193	-	-	-	-
Investments	13									
- Listed securities		14,139,283	-	-	-	14,139,283	17,825,868	-	-	17,825,868
- Unlisted securities		1,620,255	-	-	-	1,620,255	-	-	2,977,042	2,977,042
- Term Finance Certificates		70,948	-	-	-	70,948	-	70,948	-	70,948
- Mutual Fund Certificates		417,035	-	-	-	417,035	416,563	-	-	416,563
- NIT Units		161	-	-	-	161	885	-	-	885
- Government treasury bills		370,884	-	-	-	370,884	-	381,962	-	381,962
Premium due but unpaid*	14	-	5,776,344	-	-	5,776,344	-	-	-	-
Amounts due from other insurers / reinsurers*	15	-	994,623	-	-	994,623	-	-	-	-
Salvage recoveries accrued*		-	347,289	-	-	347,289	-	-	-	-
Accrued investment income*	17	-	107,631	-	-	107,631	-	-	-	-
Reinsurance recoveries against outstanding claims*	18	-	7,709,161	-	-	7,709,161	-	-	-	-
Sundry receivables*	20	-	214,934	-	-	214,934	-	-	-	-
		16,618,566	15,193,175	4,299,108	-	36,110,849	18,243,316	452,910	2,977,042	21,673,268
Financial liabilities - not measured at fair value										
Provision for outstanding claims (including IBNR)*	6	-	-	-	11,485,744	11,485,744	-	-	-	-
Amounts due to other insurers / reinsurers*		-	-	-	1,668,516	1,668,516	-	-	-	-
Accrued expenses*		-	-	-	122,578	122,578	-	-	-	-
Other creditors and accruals*	8	-	-	-	1,813,021	1,813,021	-	-	-	-
Unclaimed dividend*		-	-	-	106,214	106,214	-	-	-	-
		-	-	-	15,196,073	15,196,073	-	-	-	-

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

31.1 Fair value measurement of financial instruments

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

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

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

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

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

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

	Note	Carrying amount					Fair value			
		Available for sale	Loans and receivables	cash and cash equivalents	Other Financial liabilities	Total	Level 1	Level 2	Level 3	Total
		Rupees in thousand								
31 December 2016										
Financial assets - not measured at fair value										
Cash and other equivalents*	11	-	-	7,274	-	7,274	-	-	-	-
Current and other accounts*		-	-	3,803,897	-	3,803,897	-	-	-	-
Deposits maturing within 12 months*		-	-	525,059	-	525,059	-	-	-	-
Loans to employees*	12	-	38,947	-	-	38,947	-	-	-	-
Investments	13									
- Listed securities		13,149,743	-	-	-	13,149,743	19,116,868	-	-	19,116,868
- Unlisted securities		1,620,255	-	-	-	1,620,255	-	-	2,843,534	2,843,534
- Term Finance Certificates		9,974	-	-	-	9,974	-	9,974	-	9,974
- Mutual Fund Certificates		1,581,650	-	-	-	1,581,650	1,613,559	-	-	1,613,559
- NIT Units		161	-	-	-	161	1,098	-	-	1,098
- Government treasury bills		145,705	-	-	-	145,705	-	145,705	-	145,705
- Pakistan Investment Bonds		230,947	-	-	-	230,947	-	230,947	-	230,947
Premium due but unpaid*	14	-	5,063,481	-	-	5,063,481	-	-	-	-
Amounts due from other insurers / reinsurers*	15	-	1,056,853	-	-	1,056,853	-	-	-	-
Salvage recoveries accrued*		-	336,163	-	-	336,163	-	-	-	-
Accrued investment income*	17	-	30,266	-	-	30,266	-	-	-	-
Reinsurance recoveries against outstanding claims*	18	-	6,279,433	-	-	6,279,433	-	-	-	-
Sundry receivables*	20	-	164,341	-	-	164,341	-	-	-	-
		16,738,435	12,969,484	4,336,230	-	34,044,149	20,731,525	386,626	2,843,534	23,961,685
Financial liabilities - not measured at fair value										
Provision for outstanding claims (including IBNR)*	6	-	-	-	9,475,718	9,475,718	-	-	-	-
Amounts due to other insurers / reinsurers*		-	-	-	1,540,645	1,540,645	-	-	-	-
Accrued expenses*		-	-	-	135,624	135,624	-	-	-	-
Other creditors and accruals*	8	-	-	-	1,782,784	1,782,784	-	-	-	-
Unclaimed dividend*		-	-	-	88,969	88,969	-	-	-	-
		-	-	-	13,023,740	13,023,740	-	-	-	-

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

32 Capital risk management

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

- To be an appropriately capitalized institution in compliance with the paid-up capital requirement set by the SECP. Minimum paid-up capital requirement for non-life insurers is Rs. 500,000 thousands. The Company's current paid-up capital is well in excess of the limit prescribed by the SECP;
- 'To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for the other stakeholders;
- 'To provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk;
- To maintain strong ratings and to protect the Company against unexpected events / losses; and
- To ensure a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

33 Non - Adjusting events after the balance sheet date

The Board of Directors of the Company in their meeting held on 21 March 2018 proposed a final cash dividend for the year ended 31 December 2017 @ 10% i.e. Rupee 1/- per share (2016: 25% i.e. Rupees 2.5/- per share). This is in addition to the interim cash dividend @ 15% i.e. Rupees 1.5/- per share (2016: Rupees 1.5/- per share) resulting in a total cash dividend for the year ended 31 December 2017 of Rupees 2.5/- per share (2016: Rupees 4/- per share). The approval of the members for the final dividend will be obtained at the forthcoming Annual General Meeting. The financial statements for the year ended 31 December 2017 do not include the effect of final dividend which will be accounted for in the financial statements for the year ending 31 December 2018.

34 Provident fund related disclosure

The following information is based on unaudited financial statements for the year ended 31 December 2017 and audited financial statements for the year ended 31 December 2016:

	2017	2016
	Rupees in thousand	
Size of the fund - Total assets	**1,015,046**	1,104,857
Cost of investments	**881,799**	880,719
Percentage of investments made	**87%**	80%
Fair value of investments	**994,223**	1,102,258

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

	2017	2016	2017	2016
	Percentage		Rupees in thousand	
Deposits and bank balances	**0.7%**	3.8%	**7,078**	41,682
Term finance certificates	**0.5%**	0.4%	**4,583**	4,711
Pakistan Investment Bonds	**0.0%**	28.0%	**-**	308,170
Treasury Bills	**56.6%**	22.1%	**563,122**	244,052
Mutual funds	**14.1%**	18.8%	**139,751**	206,863
Listed securities	**28.1%**	26.9%	**279,689**	296,780
	100.0%	100.0%	**994,223**	1,102,258

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

35 Number of employees

The total average number of employees during the year and as at 31 December 2017 and 2016, are as follows:

	2017	2016
At year end	**945**	882
Average during the year	**914**	859

36 Date of authorization for issue

These unconsolidated financial statements were approved and authorized for issue on 21 March 2018 by the Board of Directors of the Company.

37 General

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

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

Umer Mansha	Shaikh Muhammad Jawed	Muhammad Umar Virk	Muhammad Asim Nagi	Muhammad Ali Zeb
Chairman	Director	Director	Chief Financial Officer	Managing Director & Chief Executive Officer

CONSOLIDATED

Financial Statements for the Year Ended 31 December 2017

adamjee insurance

Director's Report to the Members on Consolidated Financial Statements

For the Year Ended 31 December 2017

On behalf of the Board, I am pleased to present the consolidated financial statements of Adamjee Insurance Company Limited and its subsidiary, Adamjee Life Assurance Company Limited for the year ended 31 December 2017.

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

	31 December 2017	31 December 2016
	Rupees in thousand	
Profit before tax	**2,091,821**	4,055,597
Taxation	**(891,980)**	(561,476)
Profit after tax	**1,199,841**	3,494,121
Loss / (profit) attributable to non-controlling interest	**5,501**	(303)
Profit attributable to ordinary shares	**1,205,342**	3,493,818
Unappropriated profit brought forward	**11,797,814**	9,303,568
Profit available for appropriation	**13,003,156**	12,797,386
Appropriation		
Final dividend for the year ended 31 December 2016		
@ 25% (Rupees 2.5/- per share) [2015: @ 15% (Rupees 1.5/- per share)]	**(875,000)**	(525,000)
Interim dividend for the period ended 30 June 2017		
@ 15% (Rupees 1.5/- per share) [2016: @ 15% (Rupees 1.5/- per share)]	**(525,000)**	(525,000)
Other comprehensive (loss) - remeasurement of defined benefit obligation	**(51,033)**	(1,864)
Capital contribution to statutory funds	**82,459**	52,292
Total appropriation	**(1,368,574)**	(999,572)
Profit after appropriation	**11,634,582**	11,797,814

	31 December 2017	31 December 2016
	Rupees	
Earnings per share	**3.44**	9.98

On Behalf of Board of Directors

Muhammad Umar Virk
Director

Muhammad Ali Zeb
Managing Director and Chief Executive Office

Lahore: 21 March 2018

Auditors' Report to the Members

We have audited the annexed consolidated financial statements comprising consolidated Balance Sheet of **Adamjee Insurance Company Limited ("the Holding Company")** and its subsidiary company (together referred to as "the group") as at 31 December 2017 and the related consolidated Profit and Loss Account, consolidated Statement of Comprehensive Income, consolidated Statement of Changes in Equity, consolidated Cash Flow Statement, consolidated Statement of Premiums, consolidated Statement of Claims, consolidated Statement of Expenses and consolidated Statement of Investment Income together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of Adamjee Insurance Company Limited. These consolidated financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the consolidated financial statements present fairly the financial position of the Adamjee Insurance Company Limited and its subsidiary company as at 31 December 2017 and the results of their operations for the year then ended.

KPMG Taseer Hadi & Co.

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

Lahore: 21 March 2018

Umer Mansha

Umer Mansha
Chairman

Shaikh Muhammad Jawed
Director

Muhammad Umar Virk
Director

Muhammad Asim Nagi
Chief Financial Officer

Muhammad Ali Zeb
Managing Director & Chief Executive Officer

Consolidated Balance Sheet

As at 31 December 2017

	Note	31 December 2017	31 December 2016
		Rupees in thousand	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
375,000,000 (2016: 375,000,000) ordinary shares of Rs. 10 each		**3,750,000**	3,750,000
Issued, subscribed and paid up capital	4	**3,500,000**	3,500,000
Reserves	5	**1,430,223**	1,406,834
Retained Earnings		**11,634,582**	11,797,814
Equity attributable to equity holders of the parent		**16,564,805**	16,704,648
Non-controlling interest	6	**46,661**	23,610
		16,611,466	16,728,258
Balance of statutory funds (including policy holders' liabilities and technical reserves of Rs. 23.657 billion (2016: Rs. 21.251 billion)	7	**27,667,002**	22,166,399
Deferred taxation		**30,218**	35,362
Underwriting provisions			
Provision for outstanding claims (including IBNR)	8	**11,844,834**	9,714,070
Provision for unearned premium		**8,912,498**	7,349,511
Premium deficiency reserve		**-**	121,553
Commission income unearned		**240,306**	236,890
Total underwriting provisions		**20,997,638**	17,422,024
Deferred liabilities			
Staff retirement benefits	9	**185,903**	95,761
Creditors and accruals			
Premiums received in advance		**576,616**	410,443
Amounts due to other insurers / reinsurers		**1,681,093**	1,598,811
Taxation - provision less payments		**-**	-
Accrued expenses		**141,691**	145,139
Other creditors and accruals	10	**2,911,360**	2,659,887
		5,310,760	4,814,280
Other liabilities			
Unclaimed dividends		**106,214**	88,969
Total liabilities		**26,600,515**	22,421,034
Total liabilities of Window Takaful Operations - Operator's Fund (Holding Company)	11	**141,312**	46,366
Contingencies and commitments	12		
TOTAL EQUITY AND LIABILITIES		**71,050,513**	61,397,419

The annexed notes 1 to 43 form an integral part of these consolidated financial statements.

	Note	31 December 2017	31 December 2016
		Rupees in thousand	
ASSETS			
Cash and bank deposits	13		
Cash and other equivalents		22,021	16,604
Current and other accounts		3,608,227	5,472,478
Deposits maturing within 12 months		12,645,494	6,025,059
		16,275,742	11,514,141
Loans - secured, considered good			
Loans to employees	14	27,055	18,369
Loans secured against life insurance policies	15	31,170	20,447
Loans - unsecured		-	8,171
Investments	16	31,578,632	30,639,677
Investment property	17	637,981	-
Current assets - others			
Premiums due but unpaid	18	5,843,197	5,099,091
Amounts due from other insurers / reinsurers	19	1,002,894	1,062,271
Salvage recoveries accrued		347,289	336,163
Premium and claim reserves retained by cedants	20	-	-
Accrued investment income	21	202,838	251,893
Reinsurance recoveries against outstanding claims	22	7,709,161	6,279,433
Taxation - payments less provision		212,748	75,938
Deferred commission expense		733,631	737,281
Prepayments	23	2,552,498	2,479,305
Sundry receivables	24	821,254	1,400,454
		19,425,510	17,721,829
Operating fixed assets - Tangible & intangible	25		
Owned			
Land and buildings		1,588,194	568,644
Furniture and fixtures		145,713	117,983
Motor vehicles		323,878	290,042
Machinery and equipment		101,377	89,297
Computers and related accessories		75,419	76,910
Leasehold improvements		38,503	7,482
Intangible asset - computer software		97,760	102,565
Capital work in progress		462,458	122,705
		2,833,302	1,375,628
Total assets of Window Takaful			
Operations - Operator's Fund (Holding Company)	11	241,121	99,157
TOTAL ASSETS		71,050,513	61,397,419

Umer Mansha	**Shaikh Muhammad Jawed**	**Muhammad Umar Virk**	**Muhammad Asim Nagi**	**Muhammad Ali Zeb**
Chairman	Director	Director	Chief Financial Officer	Managing Director & Chief Executive Officer

Consolidated Profit and Loss Account

For the Year Ended 31 December 2017

	Note	General Insurance						Life Insurance					31 December 2017	31 December 2016
		Fire and Property Damage	Marine, Aviation and Transport	Motor	Accident & Health	Miscellaneous	Treaty	Conventional Business	Accident & Health Business	Non-Unitized Investment Link Business	Unit Linked Business	Individual Family Takaful Unit Linked Business		
		Rupees in thousand												
Revenue account														
Net premium revenue		941,322	701,652	7,399,017	1,665,047	827,961	-	255,819	-	376,371	11,594,758	1,082,162	**24,844,109**	20,528,812
Net claims		(407,645)	(183,349)	(5,079,861)	(1,407,619)	(355,354)	-	(212,130)	-	(249,182)	(3,828,996)	(103,293)	**(11,827,429)**	(9,362,147)
Expenses	26	(318,898)	(214,983)	(1,056,043)	(100,794)	(202,642)	-	(63,881)	-	(21,801)	(792,419)	(111,832)	**(2,883,293)**	(2,266,251)
Net commission		(70,808)	(123,411)	(885,027)	(56,458)	45,652	-	(39,483)	-	(7,897)	(1,698,075)	(176,263)	**(3,011,770)**	(2,349,520)
Premium deficiency reserve		-	-	121,553	-	-	-	-	-	-	-	-	**121,553**	50,313
Net Investment income - statutory funds		-	-	-	-	-	-	15,996	-	(47,386)	(331,228)	(29,627)	**(392,245)**	2,268,299
Add: Policyholders' liabilities at beginning of the year		-	-	-	-	-	-	110,756	-	2,370,723	18,383,848	385,969	**21,251,296**	13,855,898
Less: Policyholders' liabilities at end of the year		-	-	-	-	-	-	(119,064)	-	(2,434,663)	(23,433,236)	(1,109,108)	**(27,096,071)**	(21,251,296)
Deficit / (surplus) of Policyholders' funds		-	-	-	-	-	-	51,987	-	13,835	105,348	61,992	**233,162**	(396,121)
Underwriting result		143,971	179,909	499,639	100,176	315,617	-	-	-	-	-	-	**1,239,312**	1,077,987

	Note	31 December 2017	31 December 2016
Investment income - others		**1,499,064**	3,525,673
Rental income		**8,564**	6,447
Other income	27	**108,631**	186,659
		2,855,571	4,796,766
General and administration expenses	28	**(772,207)**	(660,766)
Exchange gain / (loss)		**5,133**	(1,673)
Workers' welfare fund		**(63,274)**	(82,768)
		(830,348)	(745,207)
Profit before tax from takaful operations - operator's fund	11	**66,598**	4,038
Profit before tax		**2,091,821**	4,055,597
Provision for taxation	29	**(891,980)**	(561,476)
Profit after tax		**1,199,841**	3,494,121
Profit / (loss) attributable to:			
Equity holders of the parent		**1,205,342**	3,493,818
Non-controlling interest		**(5,501)**	303
		1,199,841	3,494,121
Profit and loss appropriation account - Parent Company			
Balance at the commencement of the year		**11,797,814**	9,303,568
Profit after tax for the year		**1,205,342**	3,493,818
Other comprehensive (loss) - remeasurement of defined benefit obligation		**(51,033)**	(1,864)
Final dividend for the year ended 31 December 2016 @ 25% (Rupees 2.5/- per share) [2015: @ 15% (Rupees 1.5/- per share)]		**(875,000)**	(525,000)
Interim dividend for the period ended 30 June 2017 @ 15% (Rupees 1.5/- per share) [2016: @ 15% (Rupees 1.5/- per share)]		**(525,000)**	(525,000)
Capital contribution to statutory funds		**82,459**	52,292
Balance unappropriated profit at the end of the year		**11,634,582**	11,797,814
		Rupees	
Earnings per share - Basic and diluted (Note 30)		**3.44**	9.98

The annexed notes 1 to 43 form an integral part of these consolidated financial statements.

Umer Mansha
Chairman

Shaikh Muhammad Jawed
Director

Muhammad Umar Virk
Director

Muhammad Asim Nagi
Chief Financial Officer

Muhammad Ali Zeb
Managing Director & Chief Executive Officer

Consolidated Statement of Comprehensive Income

For the Year Ended 31 December 2017

	31 December 2017	31 December 2016
	Rupees in thousand	
Profit after taxation	**1,199,841**	3,494,121
Other comprehensive income		
Items that will not be reclassified subsequently to profit and loss		
Remeasurement of defined benefit obligation	**(51,033)**	(1,864)
Items that may be reclassified subsequently to profit and loss:		
Effect of translation of investment in foreign branches - net	**23,389**	(1,792)
	(27,644)	(3,656)
Total comprehensive income for the year	**1,172,197**	3,490,465
Total comprehensive income attributable to:		
Equity holders of the parent	**1,177,698**	3,490,162
Non-controlling interest	**(5,501)**	303
	1,172,197	3,490,465

The annexed notes 1 to 43 form an integral part of these consolidated financial statements.

Umer Mansha	Shaikh Muhammad Jawed	Muhammad Umar Virk	Muhammad Asim Nagi	Muhammad Ali Zeb
Chairman	Director	Director	Chief Financial Officer	Managing Director & Chief Executive Officer

Consolidated Cash Flow Statement

For the Year Ended 31 December 2017

	31 December 2017	31 December 2016
	Rupees in thousand	
Cash flows from operating activities		
a) Underwriting activities		
Premiums received	**31,883,759**	27,006,818
Reinsurance premiums paid	**(5,555,264)**	(5,885,679)
Claims paid	**(15,331,767)**	(13,024,597)
Surrenders paid	**(159,482)**	(8,863)
Reinsurance and other recoveries received	**3,731,743**	3,520,070
Commissions paid	**(3,305,296)**	(2,795,094)
Commissions received	**588,147**	600,040
Other underwriting payments	**(1,516,192)**	(1,587,049)
Net cash generated from underwriting activities	**10,335,648**	7,825,646
b) Other operating activities		
Income tax paid	**(1,087,044)**	(555,633)
General and management expenses paid	**(1,230,221)**	(2,425,489)
Loans disbursed	**(59,240)**	(50,433)
Loans repayments received	**54,994**	50,487
Other receipts	**19,557**	9,765
Net cash used in other operating activities	**(2,301,954)**	(2,971,303)
Total cash generated from all operating activities	**8,033,694**	4,854,343
Cash flows from investing activities		
Profit / return received on bank deposits	**730,097**	1,137,250
Return on Pakistan Investment Bonds	**27,153**	33,879
Income received from TFCs	**4,782**	4,550
Income from treasury bills	**17,990**	10,760
Dividends received	**1,950,344**	1,290,015
Rentals received	**6,752**	5,474
Disbursement of policy loans	**-**	(19,181)
Settlement of policy loans	**(8,529)**	10,626
Payments for investments	**(108,509,539)**	(73,456,418)
Proceeds from disposal of investments	**105,441,685**	74,515,997
Fixed capital expenditure - tangible assets	**(1,638,694)**	(350,820)
Fixed capital expenditure - intangible assets	**(2,973)**	(43,066)
Proceeds from disposal of operating fixed assets	**20,669**	292,380
Total cash (used in) / generated from investing activities	**(1,960,263)**	3,431,446
Cash flows from financing activities		
Finance lease rentals paid	**-**	-
Dividends paid	**(1,382,755)**	(1,035,824)
Net cash used in financing activities	**(1,382,755)**	(1,035,824)
Net cash generated from all activities	**4,690,676**	7,249,965
Cash at the beginning of the year	**11,478,816**	4,228,851
Cash at the end of the year	**16,169,492**	11,478,816

Consolidated Cash Flow Statement

For the Year Ended 31 December 2017

	31 December 2017	31 December 2016
	Rupees in thousand	
Reconciliation to profit and loss account		
Operating cash flows	**8,033,695**	4,854,345
Depreciation expense	**(147,796)**	(144,253)
Provision for gratuity	**(72,996)**	35,053
Provision for bad and doubtful debts	**(66,000)**	2,671
Other income - bank deposits	**85,334**	80,716
Gain on disposal of operating fixed assets	**7,931**	86,253
Finance charge on lease obligations	**-**	-
Rental income	**8,564**	6,447
Increase in assets other than cash	**1,764,108**	4,761,905
(Increase) in liabilities other than running finance	**(8,156,671)**	(10,396,372)
	1,456,169	(713,235)
Others		
Profit on sale of investments	**811,950**	2,288,826
Amortization expense	**(34,196)**	(40,360)
Increase in unearned premium	**(1,562,987)**	(70,398)
Capital contribution from shareholders' fund	**111,011**	-
Amortization of income on Government securities - net	**-**	(1,420,567)
Increase / (decrease) in loans	**4,246**	(54)
Income taxes paid	**944,200**	502,200
Provision for impairment in value of available-for-sale investments	**(1,054,064)**	222,109
Dividend and other income	**1,302,911**	3,239,230
Income from treasury bills	**25,737**	8,833
Return on Pakistan Investment Bonds	**15,263**	31,182
Income from TFCs	**66,598**	3,793
Profit from Window Takaful Operations	**4,983**	4,038
	635,652	4,768,832
Profit before taxation	**2,091,821**	4,055,597

Definition of cash

Cash comprises cash in hand, bank balances excluding Rs. 106,250 thousands (2016: Rs 35,325 thousands) held under lien, and other deposits which are readily convertible to cash and which are used in the cash management function on a day-to-day basis.

	31 December 2017	31 December 2016
	Rupees in thousand	
Cash for the purposes of the statement of cash flows consists of:		
Cash and other equivalents	**22,021**	16,604
Current and other accounts	**3,608,227**	5,472,478
Deposits maturing within 12 months	**12,539,244**	5,989,734
Total cash and cash equivalents	**16,169,492**	11,478,816

The annexed notes 1 to 43 form an integral part of these consolidated financial statements.

Umer Mansha	Shaikh Muhammad Jawed	Muhammad Umar Virk	Muhammad Asim Nagi	Muhammad Ali Zeb
Chairman	Director	Director	Chief Financial Officer	Managing Director & Chief Executive Officer

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2017

	Note	Share capital	Capital reserves			Revenue reserves				Equity attributable to equity holders of the parent	Non-controlling interest	Total Equity
		Issued, subscribed and paid up	Reserve for exceptional losses	Investment fluctuation reserve	Exchange translation reserve	General reserve	Capital Contribution (to)/ from statutory fund	Retained earnings	Net Retained earnings			
		Rupees in thousand										
Balance as at 31 December 2015		3,500,000	22,859	3,764	445,503	936,500	(393,979)	9,697,547	9,303,568	14,212,194	5,201	14,217,395
Comprehensive income for the year ended 31 December 2016												
Profit for the year		-	-	-	-	-	-	3,493,818	3,493,818	3,493,818	303	3,494,121
Other comprehensive income		-	-	-	(1,792)	-	-	(1,864)	(1,864)	(3,656)	-	(3,656)
Capital contribution to statutory funds		-	-	-	-	-	52,292	-	52,292	52,292	18,106	70,398
Total comprehensive income for the year		-	-	-	(1,792)	-	52,292	3,491,954	3,544,246	3,542,454	18,409	3,560,863
Transactions with owners of the Company												
Final dividend for the year ended 31 December 2015 @ 15% (Rupees 1.5/- per share)		-	-	-	-	-	-	(525,000)	(525,000)	(525,000)	-	(525,000)
Interim dividend for the period ended 30 June 2016 @ 15% (Rupees 1.5/- per share)		-	-	-	-	-	-	(525,000)	(525,000)	(525,000)	-	(525,000)
		-	-	-	-	-	-	(1,050,000)	(1,050,000)	(1,050,000)	-	(1,050,000)
Balance as at 31 December 2016		3,500,000	22,859	3,764	443,711	936,500	(341,687)	12,139,501	11,797,814	16,704,648	23,610	16,728,258
Comprehensive income for the year ended 31 December 2017												
Profit for the year		-	-	-	-	-	-	1,205,342	1,205,342	1,205,342	(5,501)	1,199,841
Other comprehensive income		-	-	-	23,389	-	-	(51,033)	(51,033)	(27,644)	-	(27,644)
Capital contribution to statutory funds		-	-	-	-	-	82,459	-	82,459	82,459	28,552	111,011
Total comprehensive income for the year		-	-	-	23,389	-	82,459	1,154,309	1,236,768	1,260,157	23,051	1,283,208
Transactions with owners of the Company												
Final dividend for the year ended 31 December 2016 @ 25% (Rupees 2.5/- per share)		-	-	-	-	-	-	(875,000)	(875,000)	(875,000)	-	(875,000)
Interim dividend for the period ended 30 June 2017 @ 15% (Rupees 1.5/- per share)		-	-	-	-	-	-	(525,000)	(525,000)	(525,000)	-	(525,000)
		-	-	-	-	-	-	(1,400,000)	(1,400,000)	(1,400,000)	-	(1,400,000)
Balance as at 31 December 2017		**3,500,000**	**22,859**	**3,764**	**467,100**	**936,500**	**(259,228)**	**11,893,810**	**11,634,582**	**16,564,805**	**46,661**	**16,611,466**

The annexed notes 1 to 43 form an integral part of these consolidated financial statements.

Umer Mansha
Chairman

Shaikh Muhammad Jawed
Director

Muhammad Umar Virk
Director

Muhammad Asim Nagi
Chief Financial Officer

Muhammad Ali Zeb
Managing Director & Chief Executive Officer

Consolidated Statement of Premiums

For the Year Ended 31 December 2017

Class	Premiums written	Unearned premium reserve			Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded			Reinsurance expense	Net premium revenue	
		Opening	Closing	Currency translation effect			Opening	Closing	Currency translation effect		31 December 2017	31 December 2016
	Rupees in thousand											
General insurance:												
Direct and facultative												
Fire and property damage	4,947,400	2,321,445	2,249,824	1,038	5,020,059	3,991,229	1,781,837	1,694,958	629	4,078,737	**941,322**	894,373
Marine, aviation and transport	881,029	47,086	40,654	742	888,203	182,524	6,439	2,412	-	186,551	**701,652**	639,362
Motor	9,110,280	3,856,292	5,010,826	184,700	8,140,446	571,547	405,840	250,106	14,148	741,429	**7,399,017**	5,884,982
Accident & Health	2,038,836	631,670	997,266	429	1,673,669	4,921	6,237	2,703	167	8,622	**1,665,047**	1,442,132
Miscellaneous	1,544,306	493,018	613,928	247	1,423,643	838,552	155,829	398,968	269	595,682	**827,961**	754,532
Total	18,521,851	7,349,511	8,912,498	187,156	17,146,020	5,588,773	2,356,182	2,349,147	15,213	5,611,021	**11,534,999**	9,615,381
Treaty												
Proportional	-	-	-	-	-	-	-	-	-	-	**-**	-
	-	-	-	-	-	-	-	-	-	-	**-**	-
Total	18,521,851	7,349,511	8,912,498	187,156	17,146,020	5,588,773	2,356,182	2,349,147	15,213	5,611,021	**11,534,999**	9,615,381
Life insurance:												
Conventional business	536,889	-	-	-	536,889	281,070	-	-	-	281,070	**255,819**	183,062
Accident and Health Business	-	-	-	-	-	-	-	-	-	-	**-**	-
Non-unitized Investment Link Business	382,091	-	-	-	382,091	5,720	-	-	-	5,720	**376,371**	449,833
Unit Linked Business	11,774,305	-	-	-	11,774,305	179,547	-	-	-	179,547	**11,594,758**	9,819,915
Individual Family Takaful Unit Linked Business	1,087,759	-	-	-	1,087,759	5,597	-	-	-	5,597	**1,082,162**	460,621
Total	13,781,044	-	-	-	13,781,044	471,934	-	-	-	471,934	**13,309,110**	10,913,431
Grand Total	32,302,895	7,349,511	8,912,498	187,156	30,927,064	6,060,707	2,356,182	2,349,147	15,213	6,082,955	**24,844,109**	20,528,812

The annexed notes 1 to 43 form an integral part of these consolidated financial statements.

Umer Mansha	Shaikh Muhammad Jawed	Muhammad Umar Virk	Muhammad Asim Nagi	Muhammad Ali Zeb
Chairman	Director	Director	Chief Financial Officer	Managing Director & Chief Executive Officer

Consolidated Statement of Premiums

For the Year Ended 31 December 2017

Business underwritten Inside Pakistan												
Class	Premiums written	Unearned premium reserve			Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded			Reinsurance expense	Net premium revenue	
		Opening	Closing	Currency translation effect			Opening	Closing	Currency translation effect		31 December 2017	31 December 2016
	Rupees in thousand											
General insurance:												
Direct and facultative												
Fire and property damage	4,910,369	2,292,033	2,231,420	-	4,970,982	3,969,437	1,762,967	1,683,998	-	4,048,406	**922,576**	866,407
Marine, aviation and transport	848,845	35,344	25,934	-	858,255	182,524	6,439	2,412	-	186,551	**671,704**	620,280
Motor	2,652,446	1,079,748	1,330,409	-	2,401,785	36,462	342	46	-	36,758	**2,365,027**	1,954,976
Accident & Health	2,031,357	621,104	989,398	-	1,663,063	-	-	-	-	-	**1,663,063**	1,428,206
Miscellaneous	1,532,801	487,143	609,357	-	1,410,587	831,633	152,515	393,464	-	590,684	**819,903**	746,208
Total	11,975,818	4,515,372	5,186,518	-	11,304,672	5,020,056	1,922,263	2,079,920	-	4,862,399	**6,442,273**	5,616,077
Treaty												
Proportional	-	-	-	-	-	-	-	-	-	-	**-**	-
	-	-	-	-	-	-	-	-	-	-	**-**	-
Total	11,975,818	4,515,372	5,186,518	-	11,304,672	5,020,056	1,922,263	2,079,920	-	4,862,399	**6,442,273**	5,616,077
Life insurance:												
Conventional business	536,889	-	-	-	536,889	281,070	-	-	-	281,070	**255,819**	183,062
Accident and Health Business	-	-	-	-	-	-	-	-	-	-	**-**	-
Non-unitized Investment Link Business	382,091	-	-	-	382,091	5,720	-	-	-	5,720	**376,371**	449,833
Unit Linked Business	11,774,305	-	-	-	11,774,305	179,547	-	-	-	179,547	**11,594,758**	9,819,915
Individual Family Takaful Unit Linked Business	1,087,759	-	-	-	1,087,759	5,597	-	-	-	5,597	**1,082,162**	460,621
Total	13,781,044	-	-	-	13,781,044	471,934	-	-	-	471,934	**13,309,110**	10,913,431
Grand Total	25,756,862	4,515,372	5,186,518	-	25,085,716	5,491,990	1,922,263	2,079,920	-	5,334,333	**19,751,383**	16,529,508

The annexed notes 1 to 43 form an integral part of these consolidated financial statements.

Umer Mansha	Shaikh Muhammad Jawed	Muhammad Umar Virk	Muhammad Asim Nagi	Muhammad Ali Zeb
Chairman	Director	Director	Chief Financial Officer	Managing Director & Chief Executive Officer

Consolidated Statement of Premiums

For the Year Ended 31 December 2017

Business underwritten Outside Pakistan

Class	Premiums written	Unearned premium reserve			Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded			Reinsurance expense	Net premium revenue	
		Opening	Closing	Currency translation effect			Opening	Closing	Currency translation effect		31 December 2017	31 December 2016
	Rupees in thousand											
Direct and facultative												
Fire and property damage	37,031	29,412	18,404	1,038	49,077	21,792	18,870	10,960	629	30,331	**18,746**	27,966
Marine, aviation and transport	32,184	11,742	14,720	742	29,948	-	-	-	-	-	**29,948**	19,082
Motor	6,457,834	2,776,544	3,680,417	184,700	5,738,661	535,085	405,498	250,060	14,148	704,671	**5,033,990**	3,930,006
Accident & Health	7,479	10,566	7,868	429	10,606	4,921	6,237	2,703	167	8,622	**1,984**	13,926
Miscellaneous	11,505	5,875	4,571	247	13,056	6,919	3,314	5,504	269	4,998	**8,058**	8,324
Total	6,546,033	2,834,139	3,725,980	187,156	5,841,348	568,717	433,919	269,227	15,213	748,622	**5,092,726**	3,999,304
Treaty												
Proportional	-	-	-	-	-	-	-	-	-	-	**-**	-
Total	-	-	-	-	-	-	-	-	-	-	**-**	-
Grand Total	6,546,033	2,834,139	3,725,980	187,156	5,841,348	568,717	433,919	269,227	15,213	748,622	**5,092,726**	3,999,304

The annexed notes 1 to 43 form an integral part of these consolidated financial statements.

Umer Mansha
Chairman

Shaikh Muhammad Jawed
Director

Muhammad Umar Virk
Director

Muhammad Asim Nagi
Chief Financial Officer

Muhammad Ali Zeb
Managing Director & Chief Executive Officer

Consolidated Statement of Claims

For the Year Ended 31 December 2017

Class	Total claims paid	Outstanding claims			Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims			Reinsurance and other recoveries revenue	Net claims expense	
		Opening	Closing	Currency translation effect			Opening	Closing	Currency translation effect		31 December 2017	31 December 2016
	Rupees in thousand											
General insurance:												
Direct and facultative												
Fire and property damage	1,447,720	3,551,184	4,732,992	3,186	2,626,342	1,016,579	3,186,906	4,391,303	2,279	2,218,697	**407,645**	345,265
Marine, aviation and transport	224,375	256,728	403,523	287	370,883	21,309	116,957	283,182	-	187,534	**183,349**	236,764
Motor	7,196,150	4,334,219	4,839,536	221,532	7,479,935	2,470,661	2,435,652	2,489,363	124,298	2,400,074	**5,079,861**	3,990,241
Accident & Health	1,365,673	271,554	317,296	546	1,410,869	10,253	11,832	5,145	316	3,250	**1,407,619**	1,318,208
Miscellaneous	398,970	1,062,033	1,192,397	314	529,020	150,711	864,249	887,457	253	173,666	**355,354**	320,021
Total	10,632,888	9,475,718	11,485,744	225,865	12,417,049	3,669,513	6,615,596	8,056,450	127,146	4,983,221	**7,433,828**	6,210,499
Treaty												
Proportional	-	-	-	-	-	-	-	-	-	-	**-**	-
	-	-	-	-	-	-	-	-	-	-	**-**	-
Total	10,632,888	9,475,718	11,485,744	225,865	12,417,049	3,669,513	6,615,596	8,056,450	127,146	4,983,221	**7,433,828**	6,210,499
Life Insurance:												
Conventional Business	447,106	81,196	113,595	-	479,505	267,375	-	-	-	267,375	**212,130**	110,729
Accident and Health Business	-	-	-	-	-	-	-	-	-	-	**-**	-
Non-unitized Investment Link Business	261,834	18,265	10,029	-	253,598	4,416	-	-	-	4,416	**249,182**	187,241
Unit Linked Business	3,888,446	138,891	233,666	-	3,983,221	154,225	-	-	-	154,225	**3,828,996**	2,851,576
Individual Family Takaful Unit Linked Business	101,493	-	1,800	-	103,293	-	-	-	-	-	**103,293**	2,102
Total	4,698,879	238,352	359,090	-	4,819,617	426,016	-	-	-	426,016	**4,393,601**	3,151,648
Grand Total	15,331,767	9,714,070	11,844,834	225,865	17,236,666	4,095,529	6,615,596	8,056,450	127,146	5,409,237	**11,827,429**	9,362,147

The annexed notes 1 to 43 form an integral part of these consolidated financial statements.

Umer Mansha
Chairman

Shaikh Muhammad Jawed
Director

Muhammad Umar Virk
Director

Muhammad Asim Nagi
Chief Financial Officer

Muhammad Ali Zeb
Managing Director & Chief Executive Officer

Consolidated Statement of Claims

For the Year Ended 31 December 2017

Business underwritten Inside Pakistan

Class	Total claims paid	Outstanding claims			Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims			Reinsurance and other recoveries revenue	Net claims expense	
		Opening	Closing	Currency translation effect			Opening	Closing	Currency translation effect		31 December 2017	31 December 2016
	Rupees in thousand											
General insurance:												
Direct and facultative												
Fire and property damage	1,428,841	3,480,697	4,673,231	-	2,621,375	998,919	3,131,379	4,349,415	-	2,216,955	**404,420**	358,417
Marine, aviation and transport	221,130	251,631	397,938	-	367,437	21,309	116,957	283,182	-	187,534	**179,903**	225,189
Motor	1,057,782	439,793	518,455	-	1,136,444	11,053	115,131	87,248	-	(16,830)	**1,153,274**	966,376
Accident & Health	1,351,030	254,376	307,892	-	1,404,546	-	-	-	-	-	**1,404,546**	1,303,807
Miscellaneous	397,465	1,053,622	1,186,766	-	530,609	149,320	857,070	882,967	-	175,217	**355,392**	319,407
Total	4,456,248	5,480,119	7,084,282	-	6,060,411	1,180,601	4,220,537	5,602,812	-	2,562,876	**3,497,535**	3,173,196
Treaty												
Proportional	-	-	-	-	-	-	-	-	-	-	**-**	-
	-	-	-	-	-	-	-	-	-	-	**-**	-
Total	4,456,248	5,480,119	7,084,282	-	6,060,411	1,180,601	4,220,537	5,602,812	-	2,562,876	**3,497,535**	3,173,196
Life Insurance:												
Conventional Business	447,106	81,196	113,595	-	479,505	267,375	-	-	-	267,375	**212,130**	110,729
Accident and Health Business	-	-	-	-	-	-	-	-	-	-	**-**	-
Non-unitized Investment Link Business	261,834	18,265	10,029	-	253,598	4,416	-	-	-	4,416	**249,182**	187,241
Unit Linked Business	3,888,446	138,891	233,666	-	3,983,221	154,225	-	-	-	154,225	**3,828,996**	2,851,576
Individual Family Takaful Unit Linked Business	101,493	-	1,800	-	103,293	-	-	-	-	-	**103,293**	2,102
Total	4,698,879	238,352	359,090	-	4,819,617	426,016	-	-	-	426,016	**4,393,601**	3,151,648
Grand Total	9,155,127	5,718,471	7,443,372	-	10,880,028	1,606,617	4,220,537	5,602,812	-	2,988,892	**7,891,136**	6,324,844

The annexed notes 1 to 43 form an integral part of these consolidated financial statements.

Umer Mansha	**Shaikh Muhammad Jawed**	**Muhammad Umar Virk**	**Muhammad Asim Nagi**	**Muhammad Ali Zeb**
Chairman	Director	Director	Chief Financial Officer	Managing Director & Chief Executive Officer

Consolidated Statement of Claims

For the Year Ended 31 December 2017

Business underwritten Outside Pakistan

Class	Total claims paid	Outstanding claims			Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims			Reinsurance and other recoveries revenue	Net claims expense	
		Opening	Closing	Currency translation effect			Opening	Closing	Currency translation effect		31 December 2017	31 December 2016
	Rupees in thousand											
General insurance:												
Direct and facultative												
Fire and property damage	18,879	70,487	59,761	3,186	4,967	17,660	55,527	41,888	2,279	1,742	**3,225**	(13,152)
Marine, aviation and transport	3,245	5,097	5,585	287	3,446	-	-	-	-	-	**3,446**	11,575
Motor	6,138,368	3,894,426	4,321,081	221,532	6,343,491	2,459,608	2,320,521	2,402,115	124,298	2,416,904	**3,926,587**	3,023,865
Accident & Health	14,643	17,178	9,404	546	6,323	10,253	11,832	5,145	316	3,250	**3,073**	14,401
Miscellaneous	1,505	8,411	5,631	314	(1,589)	1,391	7,179	4,490	253	(1,551)	**(38)**	614
Total	6,176,640	3,995,599	4,401,462	225,865	6,356,638	2,488,912	2,395,059	2,453,638	127,146	2,420,345	**3,936,293**	3,037,303
Treaty												
Proportional	-	-	-	-	-	-	-	-	-	-	**-**	-
Total	-	-	-	-	-	-	-	-	-	-	**-**	-
Grand Total	6,176,640	3,995,599	4,401,462	225,865	6,356,638	2,488,912	2,395,059	2,453,638	127,146	2,420,345	**3,936,293**	3,037,303

The annexed notes 1 to 43 form an integral part of these consolidated financial statements.

Umer Mansha
Chairman

Shaikh Muhammad Jawed
Director

Muhammad Umar Virk
Director

Muhammad Asim Nagi
Chief Financial Officer

Muhammad Ali Zeb
Managing Director & Chief Executive Officer

Consolidated Statement of Expenses

For the Year Ended 31 December 2017

Class	Commissions paid or payable	Deferred commission			Net commission expense	Other management expenses	Underwriting expense	Commission from reinsurers	Net underwriting expense	
		Opening	Closing	Currency translation effect					31 December 2017	31 December 2016
	Rupees in thousand									
General insurance:										
Direct and facultative										
Fire and property damage	418,548	271,619	219,469	122	470,820	318,898	789,718	400,012	**389,706**	269,621
Marine, aviation and transport	124,286	5,204	5,053	107	124,544	214,983	339,527	1,133	**338,394**	286,849
Motor	935,831	411,277	457,296	20,424	910,236	1,056,043	1,966,279	25,209	**1,941,070**	1,469,447
Accident & Health	43,331	24,351	11,226	2	56,458	100,794	157,252	-	**157,252**	165,441
Miscellaneous	128,464	24,830	40,587	18	112,725	202,642	315,367	158,377	**156,990**	185,850
Total	1,650,460	737,281	733,631	20,673	1,674,783	1,893,360	3,568,143	584,731	**2,983,412**	2,377,208
Treaty										
Proportional	-	-	-	-	-	-	-	-	**-**	-
	-	-	-	-	-	-	-	-	**-**	-
Total	1,650,460	737,281	733,631	20,673	1,674,783	1,893,360	3,568,143	584,731	**2,983,412**	2,377,208
Life Insurance:										
Conventional Business	39,483	-	-	-	39,483	63,881	103,364	-	**103,364**	62,662
Accident and Health Business	-	-	-	-	-	-	-	-	**-**	-
Non-unitized Investment Link Business	7,897	-	-	-	7,897	21,801	29,698	-	**29,698**	43,521
Unit Linked Business	1,698,075	-	-	-	1,698,075	792,419	2,490,494	-	**2,490,494**	2,012,070
Individual Family Takaful Unit Linked Business	176,263	-	-	-	176,263	111,832	288,095	-	**288,095**	120,310
Total	1,921,718	-	-	-	1,921,718	989,933	2,911,651	-	**2,911,651**	2,238,563
Grand Total	3,572,178	737,281	733,631	20,673	3,596,501	2,883,293	6,479,794	584,731	**5,895,063**	4,615,771

The annexed notes 1 to 43 form an integral part of these consolidated financial statements.

Umer Mansha
Chairman

Shaikh Muhammad Jawed
Director

Muhammad Umar Virk
Director

Muhammad Asim Nagi
Chief Financial Officer

Muhammad Ali Zeb
Managing Director & Chief Executive Officer

Consolidated Statement of Expenses

For the Year Ended 31 December 2017

Business underwritten Inside Pakistan

Class	Commissions paid or payable	Deferred commission			Net commission expense	Other management expenses	Underwriting expense	Commission from reinsurers	Net underwriting expense	
		Opening	Closing	Currency translation effect					31 December 2017	31 December 2016
	Rupees in thousand									
General insurance:										
Direct and facultative										
Fire and property damage	413,503	267,204	217,460	-	463,247	313,220	776,467	394,824	**381,643**	254,683
Marine, aviation and transport	119,422	4,834	2,705	-	121,551	209,315	330,866	1,133	**329,733**	270,869
Motor	224,954	78,015	54,653	-	248,316	629,587	877,903	43	**877,860**	681,623
Accident & Health	43,331	24,058	11,226	-	56,163	95,295	151,458	-	**151,458**	154,653
Miscellaneous	127,441	24,220	40,281	-	111,380	197,118	308,498	156,178	**152,320**	171,203
Total	928,651	398,331	326,325	-	1,000,657	1,444,535	2,445,192	552,178	**1,893,014**	1,533,031
Treaty										
Proportional	-	-	-	-	-	-	-	-	**-**	-
	-	-	-	-	-	-	-	-	**-**	-
Total	928,651	398,331	326,325	-	1,000,657	1,444,535	2,445,192	552,178	**1,893,014**	1,533,031
Life Insurance:										
Conventional Business	39,483	-	-	-	39,483	63,881	103,364	-	**103,364**	62,662
Accident and Health Business	-	-	-	-	-	-	-	-	**-**	-
Non-unitized Investment Link Business	7,897	-	-	-	7,897	21,801	29,698	-	**29,698**	43,521
Unit Linked Business	1,698,075	-	-	-	1,698,075	792,419	2,490,494	-	**2,490,494**	2,012,070
Individual Family Takaful Unit Linked Business	176,263	-	-	-	176,263	111,832	288,095	-	**288,095**	120,310
Total	1,921,718	-	-	-	1,921,718	989,933	2,911,651	-	**2,911,651**	2,238,563
Grand Total	2,850,369	398,331	326,325	-	2,922,375	2,434,468	5,356,843	552,178	**4,804,665**	3,771,594

The annexed notes 1 to 43 form an integral part of these consolidated financial statements.

Umer Mansha	**Shaikh Muhammad Jawed**	**Muhammad Umar Virk**	**Muhammad Asim Nagi**	**Muhammad Ali Zeb**
Chairman	Director	Director	Chief Financial Officer	Managing Director & Chief Executive Officer

Consolidated Statement of Expenses

For the Year Ended 31 December 2017

Business underwritten Outside Pakistan										
Class	Commissions paid or payable	Deferred commission			Net commission expense	Other management expenses	Underwriting expense	Commission from reinsurers	Net underwriting expense	
		Opening	Closing	Currency translation effect					31 December 2017	31 December 2016
	Rupees in thousand									
General insurance:										
Direct and facultative										
Fire and property damage	5,045	4,415	2,009	122	7,573	5,678	13,251	5,188	**8,063**	14,938
Marine, aviation and transport	4,864	370	2,348	107	2,993	5,668	8,661	-	**8,661**	15,980
Motor	710,877	333,262	402,643	20,424	661,920	426,456	1,088,376	25,166	**1,063,210**	787,824
Accident & Health	-	293	-	2	295	5,499	5,794	-	**5,794**	10,788
Miscellaneous	1,023	610	306	18	1,345	5,524	6,869	2,199	**4,670**	14,647
Total	721,809	338,950	407,306	20,673	674,126	448,825	1,122,951	32,553	**1,090,398**	844,177
Treaty										
Proportional	-	-	-	-	-	-	-	-	**-**	-
Total	-	-	-	-	-	-	-	-	**-**	-
Grand Total	721,809	338,950	407,306	20,673	674,126	448,825	1,122,951	32,553	**1,090,398**	844,177

The annexed notes 1 to 43 form an integral part of these consolidated financial statements.

Umer Mansha
Chairman

Shaikh Muhammad Jawed
Director

Muhammad Umar Virk
Director

Muhammad Asim Nagi
Chief Financial Officer

Muhammad Ali Zeb
Managing Director & Chief Executive Officer

Consolidated Statement of Investment Income

For the Year Ended 31 December 2017

	Note	31 December 2017	31 December 2016
		Rupees in thousand	
Business underwritten inside Pakistan			
Holding company			
Income from non-trading investment			
'Available-for-sale'			
Return on term finance certificates		**4,983**	3,793
Return on treasury bills		**25,737**	8,833
Return on Pakistan Investments Bonds		**15,263**	31,182
Dividend income:			
- related parties		**722,085**	653,659
- others		**716,877**	590,148
		1,438,962	1,243,807
		1,484,945	1,287,615
Gain on sale of 'available-for-sale' investments:			
- related parties		**134,905**	1,210
- others		**811,492**	1,916,366
		946,397	1,917,576
(Provision)/reversal of impairment in value of 'available-for-sale' investments - net	16.2	**(1,054,064)**	222,109
		1,377,278	3,427,300
Subsidiary Company			
Share holders' fund			
Unrealized (dimunition) / appreciation in value of quoted securities		**(321)**	(159)
Return on Government Securities		**11,225**	13,529
Return on bank deposit		**1,992**	1,748
Dividend income		**6,465**	2,767
Gain on sale of non trading investments		**-**	5,772
(Provision) for impairment in value of 'available-for-sale investments'	16.2	**(2,441)**	(26)
		16,920	23,631
Statutory Funds:			
Conventional Business			
Return on Government Securities		**8,921**	7,800
Return on bank deposits		**5,617**	6,721
Gain on sale of disposal of open-end non trading investments		**38**	1,099
Dividend income		**1,236**	-
Reversal / (provision) for impairment in value of 'available-for-sale' investments	16.2	**184**	(312)
		15,996	15,308
Accident and Health Business			
Return on Government Securities		**-**	6
Return on bank deposits		**-**	3
		-	9

Umer Mansha	Shaikh Muhammad Jawed	Muhammad Umar Virk	Muhammad Asim Nagi	Muhammad Ali Zeb
Chairman	Director	Director	Chief Financial Officer	Managing Director & Chief Executive Officer

Consolidated Statement of Investment Income

For the Year Ended 31 December 2017

	Note	31 December 2017	31 December 2016
		Rupees in thousand	
Non-unitized Investment Link Business			
(Diminution) / appreciation in value of quoted securities		**(237,556)**	66,298
Return on fixed income securities		**8,078**	6,024
Return on Government Securities		**45,571**	122,406
Return on bank deposits		**56,412**	17,083
Mark-up on policy loans		**1,615**	1,333
Dividend income		**63,569**	3,857
Gain on disposal of trading investments		**14,955**	13,265
Provision for impairment in value of 'available-for-sale' investments		**(30)**	-
		(47,386)	230,266
Unit Linked Business			
(Diminution) / appreciation in value of quoted securities		**(1,338,512)**	873,890
Unrealized diminution in value of investment property		**(42,433)**	-
Return on Government Securities		**447,492**	708,107
Return on fixed income securities		**82,409**	14,060
Dividend income		**444,150**	65,992
Investment income on bank deposits		**-**	78,444
Gain on open-end trading / non trading investments		**297,986**	275,382
Loss on disposal of trading investments		**(222,320)**	-
Provision for impairment in value of 'available-for-sale' investments		**-**	(6,865)
		(331,228)	2,009,010
Individual Family Takaful Unit Linked Business			
(Diminution) / appreciation in value of quoted securities		**(53,395)**	8,225
Return on Government Securities		**9,481**	2,903
Return on fixed income securities		**3,292**	-
Dividend income		**16,717**	-
Investment income on bank deposits		**-**	1,587
Loss on disposal of trading investments		**(15,884)**	-
Gain on disposal of open-end trading / non trading investments		**10,162**	991
		(29,627)	13,706
		1,001,953	5,719,230
Business underwritten outside Pakistan			
Income from non-trading investment			
Dividend Income		**16,064**	-
Gain on sale of 'available-for-sale' investments - others		**88,802**	74,742
		104,866	74,742
Net investment income		**1,106,819**	5,793,972
Net investment income - statutory funds		**(392,245)**	2,268,299
Net investment income - other		**1,499,064**	3,525,673
		1,106,819	5,793,972

The annexed notes 1 to 43 form an integral part of these consolidated financial statements.

Umer Mansha	**Shaikh Muhammad Jawed**	**Muhammad Umar Virk**	**Muhammad Asim Nagi**	**Muhammad Ali Zeb**
Chairman	Director	Director	Chief Financial Officer	Managing Director & Chief Executive Officer

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2017

1 The group and its operations:

1.1 The group comprises of:

	2017	2016
	(Holding percentage)	
Holding Company		
Adamjee Insurance Company Limited		
Subsidiary Company		
Adamjee Life Assurance Company Limited	**74.28%**	74.28%

Adamjee Insurance Company Limited (Holding Company)

Adamjee Insurance Company Limited is a public limited Company incorporated in Pakistan on 28 September 1960 under the Companies Act, 1913 (now the Companies Act, 2017). The Company is listed on Pakistan Stock Exchange and is engaged in the general insurance business. The registered office of the Company is situated at Tanveer Building, 27-C-III, MM Alam Road, Gulberg III, Lahore.

The Company also operates branches in the United Arab Emirates (UAE) and the Export Processing Zone (EPZ).

The Holding Company was granted authorization on 23 December 2015 under Rule 6 of the Takaful Rules, 2012 to undertake Window Takaful Operations in respect of general takaful products by Securities and Exchange Commission of Pakistan (SECP) and commenced Window Takaful Operations on 01 January 2016.

Adamjee Life Assurance Company Limited (Subsidiary Company)

Adamjee Life Assurance Company Limited was incorporated in Pakistan on 4 August 2008 as a public unlisted company under the repealed Companies Ordinance, 1984. The Company started its operations from 24 April 2009. The registered office of the Company is located at 1st floor, Islamabad Stock Exchange Towers, 55-B, Jinnah Avenue, Blue Area, Islamabad while its principal place of business is located at 3rd Floor, The Forum, Khayaban-e-Jami, Clifton, Karachi. The Company is a subsidiary of Adamjee Insurance Company Limited and an associate of IVM Intersurer B.V, each having a holding of 74.28% and 25.72% (2016: 74.28% and 25.72%) respectively in the share capital of the Company. IVM Intersurer B.V. has nominated Hollard Life Assurance Company Limited ("HLA"), an associate company of IVM Intersurer B.V. to act on its behalf in respect of matters relating to the Company. HLA is South Africa's largest private sector insurance company.

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

- Conventional Business
- Accident and Health Business
- Individual Life Non-unitized Investment Linked Business
- Individual Life Unit Linked Business
- Individual Family Takaful Unit Linked Business

2 Basis of preparation

2.1 Statement of compliance

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

2.1.2 Securities and Exchange Commission of Pakistan ("SECP") vide S.R.O 88(1)/2017 and S.R.O89(1)/2017 dated 9 February 2017 has issued the Insurance Accounting Regulations, 2017 and Insurance Rules, 2017 (the new Rules and Regulations). The application of these Regulations and Rules for the purpose of preparation and presentation of the financial statements was effective from 1 April 2017.

SECP vide letter ID/OSM/Adamjee/2017/12269 dated 11 October 2017 has granted exemption to the Holding Company to prepare their annual financial statements for the year ended 31 December 2017 in accordance with the requirements of the repealed rules [SEC (Insurance) Rules 2002] and has allowed the application of new Regulations effective from 1 January 2018.

SECP vide letter ID/OSM/AdamjeeLife/2017/10485, dated 4 August 2017 has granted exemption to the Subsidiary Company to prepare their half yearly accounts for the period ended 30 June 2017, third quarter accounts for the period ended 30 September 2017 and annual audited accounts for the year ended 31 December 2017 in accordance with the requirements of repealed Rules [SEC (Insurance) Rules 2002] and has allowed the application of new Regulations effective from the accounting year commencing from l January 2018.

The new Rules and Regulations require significant disclosures/requirements, which are relevant to the Company including but not limited to presentation and disclosure of financial statements prescribed in Annexure II of the Insurance Rules, 2017, recognition of available-for-sale investments at fair value as per IAS 39 "Financial Instruments: Recognition and Measurement" , recognition of premium receivable under an insurance policy / cover note as written from the date of attachment of risk to the policy / cover note.

2.1.3 During the year, the Companies Act 2017 ("the Act") was enacted on 30 May 2017 and replaced and repealed the Companies Ordinance, 1984 ("the repealed Ordinance"). However, the Securities and Exchange Commission of Pakistan vide its Circular No. 17 and Circular No. 23 dated 20 July 2017 and 04 October 2017 respectively and Institute of Chartered Accountants of Pakistan vide its Circular No. 17 dated 06 October 2017, have advised and clarified that the annual financial statements of the companies whose financial year closes on or before 31 December 2017 shall be prepared in accordance with the repealed Ordinance.

2.1.4 The SECP has allowed insurance companies to defer the application of International Accounting Standard (IAS) - 39 'Financial Instruments: Recognition and Measurement' in respect of 'available-for-sale' investments until suitable amendments have been made in the laws. Accordingly, the requirements of IAS - 39, to the extent allowed by SECP, have not been considered in the preparation of these consolidated financial statements. The effect of such departure from the requirements of IAS - 39 is disclosed in Note 16.1 of these consolidated financial statements.

2.1.5 In terms of the requirements of the Takaful Rules, 2012, read with SECP Circular 25 of 2015 dated 09 July 2015, the assets, liabilities and profit and loss of the Operator Fund of the General Takaful operations of the Holding Company have been presented as a single line item in the balance sheet and profit and loss account of the Holding Company respectively as well as in these consolidated financial statements.

2.2 Consolidation

2.2.1 Subsidiary Company

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

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

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

2.2.2 Associates

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

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

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

2.3 Basis of measurement

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

2.4 Functional and presentation currency

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

2.5 Use of estimates and judgments

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

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

	Note
- Provision for unearned premium	3.2.1
- Provision for doubtful receivables	3.2.1
- Provision for outstanding claim including claims incurred but not reported (IBNR)	3.2.3
- Premium deficiency reserve	3.2.6
- Defined benefit plans	3.4
- Classification of investments	3.8
- Provision for taxation including the amount relating to tax contingency	3.10
- Useful lives, pattern of economic benefits and impairments - Fixed assets	3.11
- Allocation of management expenses	3.12
- Impairment	3.19
- Segment Reporting	3.20

2.6 New Companies Act, 2017 and new / revised accounting standards, amendments to published accounting standards, and interpretations that are not yet effective

2.6.1 The Companies Act, 2017 applicable for financial year beginning on 01 January 2018 requires certain additional disclosures.

2.6.2 The following amendments, interpretation of approved accounting standards and annual improvement cycle will be effective for accounting periods beginning on or after 01 January 2018:

- Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards.

- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' -effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use.

- Annual Improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture.

- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax.

- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programs'.

- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied.

Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements (effective from annual period beginning on or after 01 January 2019) address amendments to following approved accounting standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

- Amendment to IFRS 4 'Insurance Contracts'- Applying IFRS 9 'Financial Instruments' with IFRS 4 (effective for annual periods beginning on or after 1 July 2018). The amendment address issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts'. The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from 1 July 2018 onwards to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied.

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

3 Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

3.1 Insurance contracts

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

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

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

Holding Company - Non Life Business

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

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

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

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

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

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

Subsidiary Company - Life Business

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

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

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

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

Family Takaful

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

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

3.2 Holding Company - Non-life business

3.2.1 Premium

Premium received / receivable under a policy is recognized as written from the date of attachment of the policy to which it relates. Premium income under a policy is recognized over the period of insurance from inception to expiry evenly over the period of the policy using 1/365 method as allowed in the repealed SEC (Insurance) Rules, 2002 except for:

- motor business of UAE branch, using 1/395 method is used as required under local laws of the government of United Arab Emirates as policies issued in UAE cover a period of 13 months (previously motor policies were issued for 12 months and premium income was recognized using 1/365 method);

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

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

Administrative surcharge is recognized as premium at the time the policies are written and is included in above mentioned calculations.

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

3.2.2 Reinsurance ceded

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

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

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

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

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

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

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

3.2.3 Provision for outstanding claims including IBNR

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

Securities and Exchange Commission of Pakistan through its circular 9 of 2016 dated 9 March 2016 issued "Guidelines for estimation of incurred but not reported (IBNR) claims reserve 2016" for non-life insurance

Companies and required to comply with all provisions of these guidelines with effect from 1 July 2016.

The Guidelines require that estimation for provision for claims incurred but not reported for each class of business, by using prescribed Method "Chain Ladder Method" and other alternate method as allowed under the provisions of the Guidelines. The Chain Ladder Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level to derive an IBNR estimate.

The actuarial valuation as at 31 December 2017 has been carried out by independent firm of actuaries for determination of IBNR for each class of business. The actuarial valuation is based on a range of standard actuarial claim projection techniques, based on empirical data and current assumptions (as explained in preceding paragraph) that may include a margin for adverse deviation as required / allowed by the circular 9 of 2016. The methods used, and the estimates made, are reviewed regularly.

3.2.4 Reinsurance recoveries against outstanding claims

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

3.2.5 Commission expense and other acquisition costs

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

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

3.2.6 Premium deficiency reserve

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

For this purpose, premium deficiency reserve is determined by independent actuaries. The actuary determines the prospective loss ratios for each class of business and applies factors of unearned and earned premiums and uses assumptions appropriate to arrive at the expected claims settlement cost which when compared with unearned premium reserve (UPR) shows whether UPR is adequate to cover the unexpired risks. If these ratios are adverse, premium deficiency is determined.

Based on actuary's advice the management creates a reserve for the same in these consolidated financial statements. The movement in the premium deficiency reserve is recorded as an expense / income in profit or loss account for the year.

3.3 Subsidiary Company - Life business

3.3.1 Conventional Business

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

3.3.1.1 Individual life

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

Revenue recognition

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

Recognition of policyholders' liabilities

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

Claim expenses

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

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

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

3.3.1.2 Group life and group credit life

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

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

Revenue recognition

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

Recognition of policyholders' liabilities

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

Claim expenses

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

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

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

Experience refund of premium

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

3.3.2 Accident and Health Business

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

Revenue recognition

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

Recognition of policyholders' liabilities

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

Claim expenses

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

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

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

3.3.3 Non-unitised Investment Link Business

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

Revenue recognition

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

Recognition of policyholders' liabilities

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

Claim expense

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

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

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

3.3.4 Unit Linked Business

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

Revenue recognition

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

Recognition of policyholders' liabilities

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

Claim expenses

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

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

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

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

3.3.5 Individual Family Takaful Unit Linked Business

The Company offers Family Takaful Contracts. Family Takaful Contract is an arrangement which rests on key Shariah principles of mutual cooperation, solidarity and well being of a community, and is based on the principles of Wakala Waqf Model. Under a Takaful arrangement, individuals come together and contribute towards the common objective of protecting each other against financial losses by sharing the risk on the basis of mutual assistance.

The obligation of Waqf for Waqf participants' liabilities is limited to the amount available in the Waqf fund. In case there is a deficit in the Waqf Fund, the Window Takaful Operator shall grant an interest free loan (Qard-e-Hasna) to make good the deficit. The loan shall be repayable from the future surpluses generated in the Waqf Fund, without any excess of the actual amount given to it. Repayment of Qard-e-Hasna shall receive priority over surplus distribution to Participants from the Waqf Fund.

The Company offers Unit Linked Takaful Plans which provide Shariah Compliant financial protection and investment vehicle to individual participants. These plans carry cash value, and offer investment choices to the participants to direct their investment related contributions based on their risk I return objectives. The investment risk is borne by the participants.

Revenue recognition

Contibution (including first year, renewal and single contributions) are recognized once the resulted policies are issued against receipt of contribution.

Recognition of policyholders' liabilities

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

Claim expenses

Claim expenses are recognized on the earlier of the policy expiry or the date when the intimation of the event giving rise to the claim is received.

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

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

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

3.3.6 Reinsurance / Retakaful contracts held

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

3.3.6.1 Conventional

Reinsurance premium

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

Claim recoveries

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

Experience refund

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

Amount due from / to reinsurer

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

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

3.3.6.2 Takaful

Retakaful Contribution

These contracts are entered into by the Company with the retakaful operator under which the retakaful operator cedes the takaful risk assumed during normal course of its business, and according to which the Waqf is compensated for losses on contracts issued by it.

Retakaful contribution is recorded at the time the retakaful is ceded. Surplus from retakaful operator is recognized in the Revenue Account.

Retakaful liabilities represent balances due to retakaful companies. Amount payable are calculated in a manner consistent with the associated retakaful treaties.

Retakaful Expense

Retakaful expenses are recognized as a liability

Retakaful assets represent balances due from retakaful operator. Recoverable amounts are estimated in a manner consistent with the associated retakaful treaties.

Retakaful assets are not offset against related Retakaful liabilities. Income or expenses from retakaful contract are not offset against expenses or income from related Retakaful contracts as required by the Insurance Ordinance, 2000. Retakaful assets and liabilities are derecognized when the contractual rights are extinguished or expired.

3.3.7 Receivables and payables related to insurance contracts

These include amounts relating to and from agents and policyholders' which are recognized when due except unpaid premiums. Unpaid premiums are recognized as revenue only:
- during days of grace as specified in the policy; or
- where actuarial valuation assumes that all the premium due have been received.

3.3.8 Statutory funds

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

3.3.9 Policyholders' liabilities

3.3.9.1 Conventional business

Individual life

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

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

Incurred But Not Reported (IBNR) claims

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

Group Life and Group Credit Life

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

3.3.9.2 Accident and Health Business

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

3.3.9.3 Non-unitised Investment Linked Business

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

Incurred But Not Reported Claims

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

3.3.9.4 Unit Linked Business

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

Incurred But Not Reported Claims

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

3.3.10 Return on deposits and loans

Return on deposits and loans to policyholders are recognized on a time proportion basis

3.3.11 Investment property

Investment property is the property which is held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property acquired for Investment-Linked (Unit Linked business statutory fund) is initially measured at cost and subsequently at fair value with any change therein recognised in the related Revenue Account. Investment contracts in relation to life insurance has been defined in the Insurance Ordinance, 2000 as those investment contracts, the principal object of which is to have provision of benefits calculated by reference to units, the value of which is related to the market value of a specified class or group of assets of the party by which the benefits are to be provided. Accordingly for that reason, the Subsidiary Company's current accounting policy for an investment property acquired to unit linked business is to carry at market value.

Nonetheless had these been valued at cost less impairment loss the effect would still have been the same as the Subsidiary Company has recognised a loss on the above property (refer note 17).

Cost includes expenditure that is directly attributable to the acquisition of the investment property.

The fair value of investment property is determined by external, independent property valuer (K.G. Traders Private Limited) having appropriate recognised professional qualifications.

3.4 Staff retirement benefits

3.4.1 Holding Company

Defined contribution plan

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

Defined benefit plans

The Holding Company operates the following defined benefit plans:

(a) an approved funded gratuity scheme for all its permanent employees in Pakistan. Annual contribution are made to this scheme on the basis of actuarial recommendations. The Holding Company recognizes expense in accordance with IAS 19 'Employee Benefits'. The contributions have been made to pension and gratuity funds in accordance with the actuary's recommendations based on the actuarial valuation of these funds as at 31 December 2017;

(b) unfunded gratuity scheme covering the employees in the UAE branches as per the requirements of the applicable regulations. Provision is made in these consolidated financial statements on the basis of the actuarial valuation carried out by an independent actuary using the projected unit credit method. The latest valuation has been carried at 31 December 2017.

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

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

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

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

3.4.2 Subsidiary Company

Defined benefit plans

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

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

3.5 Employees' compensated absences

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

3.6 Creditors, accruals and provisions

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

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

3.7 Cash and other equivalents

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

3.8 Investments

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

The above investments are classified in following categories:

3.8.1 Financial assets at fair value through profit or loss

Financial assets designated at fair value through profit or loss upon initial recognition include those group of financial assets which hold till maturity.

3.8.2 Held to maturity

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

3.8.3 Loans and receivables

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

3.8.4 Available for sale

These are non derivate financial assets that are either designated as in this category or not classified in any other categories.

Initial recognition and measurement

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

Subsequent Measurement

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

Fair / market value measurements

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

Impairment against financial assets

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

Derecognition

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

Offsetting of financial assets and liabilities

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

3.9 Financial liabilities

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

3.10 Taxation

Current

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

Deferred

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

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

3.11 Fixed assets

Tangible

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

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

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

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

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

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

Intangible

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

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

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

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

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

3.12 Expenses of management

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

3.13 Investment income

From available-for-sale investments

- **Return on fixed income securities**

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

- **Dividend**

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

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

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

- **Return on Term Finance Certificates**

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

3.14 Foreign currencies

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

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

3.15 Financial instruments

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

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

3.16 Dividend and other appropriations

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

3.17 Off setting of financial assets and financial liabilities

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

3.18 Earnings per share

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

3.19 Impairment

Financial assets

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

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

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

Non financial assets

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

3.20 Segment reporting

3.20.1 Holding Company

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

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

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

3.20.2 Subsidiary Company

A segment is a distinguishable component of the Subsidiary Company that is engaged in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Subsidiary Company's primary format of reporting is based on business segments.

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

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

3.21 Borrowing cost

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

3.22 Window Takaful Operations - Holding Company

The accounting policies followed by Window Takaful Operations of the Holding Company are stated in the annexed financial statements of Window Takaful Operations for the year ended 31 December 2017.

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2017

4 Share capital

4.1 Authorized share capital

2017	2016		2017	2016
Number of Shares			Rupees in thousand	
375,000,000	375,000,000	Ordinary shares of Rs. 10 each	**3,750,000**	3,750,000

4.2 Issued, subscribed and paid up capital

2017	2016		2017	2016
250,000	250,000	Ordinary shares of Rs. 10 each issued as fully paid in cash	**2,500**	2,500
349,750,000	349,750,000	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	**3,497,500**	3,497,500
350,000,000	350,000,000		**3,500,000**	3,500,000

4.3 As at 31 December 2017, MCB Bank Limited and Nishat Mills Limited, associated undertakings held 76,022,665 (2016: 86,527,165) and 102,809 (2016: 102,809) ordinary shares of the Company of Rs. 10 each, respectively.

5 Reserves

	Note	2017	2016
		Rupees in thousand	
Capital reserves			
Reserves for exceptional losses	5.1	**22,859**	22,859
Investment fluctuation reserves	5.2	**3,764**	3,764
Exchange translation reserves	5.3	**467,100**	443,711
		493,723	470,334
Revenue Reserves			
General reserves		**936,500**	936,500
		1,430,223	1,406,834

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

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

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

6 Non-Controlling interest

	2017	2016
	Rupees in thousand	
Share capital	**240,599**	240,599
(Loss) / profit for the year	**(5,501)**	303
Capital contribution to statutory funds	**(214,974)**	(243,526)
Opening retained earnings	**26,537**	26,234
	46,661	23,610

7 Policyholders' Liabilities

	Statutory Funds					Aggregate	
	Conventional Business	Accident and Health Business	Non-unitised Investment Linked Business	Unit Linked Business	Individual Family Takaful Unit Linked Business	31 December 2017	31 December 2016
	Rupees in thousand						
Life insurance:							
7.1 Gross of reinsurance							
Actuarial liability relating to future events	196,549	-	2,445,135	23,470,378	1,120,691	**27,232,753**	21,503,298
Provision for incurred but not reported claims	35,355	-	-	-	-	**35,355**	37,177
	231,904	-	2,445,135	23,470,378	1,120,691	**27,268,108**	21,540,475
7.2 Net of reinsurance							
Actuarial liability relating to future events	105,716	-	2,434,663	23,433,236	1,109,108	**27,082,723**	21,237,013
Provision for incurred but not reported claims	13,349	-	-	-	-	**13,349**	14,283
	119,065	-	2,434,663	23,433,236	1,109,108	**27,096,072**	21,251,296
7.3 Balance of statutory funds Policyholders' liabilities							
Balance at beginning of the year	110,756	-	2,370,723	18,383,848	385,969	**21,251,296**	13,855,898
Increase during the year	8,309	-	63,940	5,049,388	723,139	**5,844,776**	7,395,398
Balance at end of the year	119,065	-	2,434,663	23,433,236	1,109,108	**27,096,072**	21,251,296
Retained earnings on other than participating business							
Balance at beginning of the year	(99,752)	(1,386)	164,101	300,482	(34,055)	**329,390**	(66,732)
(Deficit) / surplus for the year	(51,987)	-	(13,835)	(105,348)	(61,992)	**(233,162)**	396,122
Surplus appropriated to shareholders' fund	-	-	-	-	-	**-**	-
Balance at end of the year	(151,739)	(1,386)	150,266	195,134	(96,047)	**96,228**	329,390
Capital contributed by shareholders' fund							
Balance at beginning of the year	209,724	1,511	131,732	159,245	83,001	**585,213**	655,612
Money ceded to Waqf Fund	-	-	-	-	500	**500**	500
Capital contribution during the year	51,989	-	-	-	37,000	**88,989**	114,601
Capital returned during the year	-	-	(119,296)	(80,704)	-	**(200,000)**	(185,000)
Qard-e-Hasna from Operator's Sub Fund to PTF	-	-	-	-	-	**-**	(5,000)
Qard-e-Hasna received from Operator's Sub Fund by PTF	-	-	-	-	-	**-**	5,000
Balance at end of the year	261,713	1,511	12,436	78,541	120,501	**474,702**	585,713
Balance of statutory funds at year end	229,039	125	2,597,365	23,706,911	1,133,562	**27,667,002**	22,166,399

8 Provision for outstanding claims (including IBNR)	Note	2017	2016
		Rupees in thousand	
Holding Company			
Related parties		**622,774**	620,336
Others		**10,862,970**	8,860,383
		11,485,744	9,480,719
Subsidiary Company		**359,090**	233,351
		11,844,834	9,714,070

9 Staff retirement benefits

	Note	2017	2016
Unfunded gratuity scheme - Holding Company	9.1	**69,953**	55,655
Funded gratuity scheme - Holding Company	9.2	**84,443**	25,744
Funded gratuity - Subsidiary Company	9.3	**31,507**	14,362
		185,903	95,761

9.1 Unfunded gratuity scheme - Holding Company

9.1.1 This provision relates to the Company's operations in UAE branches. The latest actuarial valuation of gratuity scheme was carried out as at 31 December 2017 under the Projected Unit Credit Method as per the requirements of approved accounting standard - International Accounting Standard 19, the details of which are as follows:

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

	2017	2016
	Rupees in thousand	
Present value of defined benefit obligation at the start of the year	**55,655**	56,693
Charge for the year	**8,645**	7,549
Benefits paid	**(6,889)**	(10,500)
Remeasurement loss on obligation	**9,011**	1,964
Exchange loss / (gain)	**3,531**	(51)
Present value of defined benefit obligation at the end of the year	**69,953**	55,655

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

	2017	2016
	Rate per annum	
- Valuation discount rate	**2.20%**	2.20%
- Expected rate of increase in salary level	**2.00%**	2.00%

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

	2017	2016
	Rupees in thousand	
Current service cost	**7,487**	6,368
Interest on obligation	**1,158**	1,181
Expense for the year	**8,645**	7,549

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

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

	2017	2016
	Rupees in thousand	
- Changes in financial assumptions	**6,843**	(4,098)
- Experience adjustments	**2,168**	6,062
	9,011	1,964

9.2 Funded gratuity scheme - Holding Company

9.2.1 The Company operates an approved funded gratuity scheme for all employees. The latest actuarial valuation of gratuity scheme was carried out as at 31 December 2017 under the Projected Unit Credit Method as per the requirements of approved accounting standard - International Accounting Standard 19, the details of which are as follows:

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

	2017	2016
	Rate per annum	
- Valuation discount rate	**7.25%**	6.50%
- Expected rate of increase in salary level	**5.25%**	4.50%
- Rate of return on plan assets	**7.25%**	6.50%

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

	2017	2016
	Rupees in thousand	
Net liabilities/ assets at the beginning of the year	**25,744**	59,759
Expenses recognized	**16,677**	16,085
Contribution paid during the year	**-**	(50,000)
Remeasurement (gain) / loss recognized - net	**42,022**	(100)
Net liabilities at the end of the year	**84,443**	25,744

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

Current service cost	**15,003**	13,564
Interest cost	**16,779**	16,939
Interest income on plan assets	**(15,105)**	(14,418)
	16,677	16,085

	2017	2016
	Rupees in thousand	
9.2.5 The amounts recognised in other comprehensive income are as follows:		
Remeasurement of plan obligation from:		
- Experience on obligation	**3,589**	13,154
Remeasurement of plan assets:		
- Actual net return on plan assets	**23,328**	(27,672)
- Interest income on plan assets	**15,105**	14,418
	38,433	(13,254)
	42,022	(100)
9.2.6 The amounts recognized in the balance sheet are as follows:		
Present value of the obligation	**283,925**	267,714
Fair value of plan assets	**(199,482)**	(241,970)
Net asset	**84,443**	25,744
9.2.7 Movement in present value of defined benefit obligation		
Present value of defined benefit obligation as at the beginning of the year	**267,714**	243,203
Current service cost	**15,003**	13,564
Interest cost	**16,779**	16,939
Actual benefits paid during the year	**(19,160)**	(19,146)
Remeasurement loss on obligation	**3,589**	13,154
Present value of defined benefit obligation as at the end of the year	**283,925**	267,714
9.2.8 Movement in fair value of plan assets		
Fair value of plan asset as at the beginning of the year	**241,970**	183,444
Interest income on plan assets	**15,105**	14,418
Actual benefits paid during the year	**(19,160)**	(19,146)
Contributions paid during the year	**-**	50,000
Net return on plan assets over interest income	**(38,433)**	13,254
Fair value of plan asset as at the end of the year	**199,482**	241,970
9.2.9 Actual return on plan assets		
Expected return on plan assets	**15,105**	14,418
Net return on plan assets over interest income	**(38,433)**	13,254
	(23,328)	27,672

9.2.10 Plan assets consist of the following:

	2017	2016	2017	2016
	Percentage		Rupees in thousand	
Government Bonds	**41.92%**	39.70%	**83,627**	96,050
Shares and deposits	**24.87%**	30.18%	**49,606**	73,016
Unit Trusts	**34.75%**	31.06%	**69,314**	75,167
Benefits due	**-1.54%**	-0.94%	**(3,065)**	(2,263)
	100.00%	100.00%	**199,482**	241,970

9.2.11 Plan assets do not include any investment in the Company's ordinary shares as at 31 December 2017 (2016: Nil).

9.2.12 Expected contribution to gratuity fund for the year ending 31 December 2018 is Rs. 21,250 thousands.

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

9.2.14 The weighted average duration of the defined benefit obligation for gratuity plan is 3.4 years (2016: 3.5 years).

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

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

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

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

9.3 Funded gratuity - Subsidiary Company

	Note	2017	2016
		Rupees in thousand	
Present value of defined benefit obligations at 31 December	9.3.3	**90,586**	61,604
Fair value of plan assets at 31 December	9.3.4	**(59,079)**	(47,242)
Net liability at end of the year	9.3.6	**31,507**	14,362

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

9.3.2 Responsibility for governance of the plans, including investment decisions and contribution schedules, lies with the Board of Trustees. The Subsidiary Company appoints the Trustees and all trustees are employees of the Subsidiary Company. Details of the Subsidiary Company's obligation under the staff gratuity scheme determined on the basis of an actuarial valuation carried out by an independent actuary as at 31 December 2017 under the Projected Unit Credit Method are as follows:

9.3.3 Movement in present value of defined benefit obligations

	Note	2017	2016
		Rupees in thousand	
Present value of defined benefit obligations at beginning of the year		**61,604**	41,888
Current service cost	9.3.5	**20,488**	10,956
Interest cost on defined benefit obligation	9.3.5	**8,279**	5,575
Benefits paid during the year	9.3.4	**(6,656)**	(7,865)
Remeasurement loss / (gain) on obligation:	9.3.5		
- due to unexpected experience		**-**	8,660
- due to changes in financial assumptions		**6,871**	2,390
		6,871	11,050
Present value of defined benefit obligations at end of the year		**90,586**	61,604

9.3.4 Movement in fair value of plan assets

	Note	2017	2016
Fair value of plan assets at beginning of the year		**47,242**	32,745
Contributions made by the Company to the Fund		**23,650**	16,742
Interest income on plan assets		**5,653**	3,967
Benefits paid during the year	9.3.3	**(6,656)**	(7,865)
Remeasurement gain on plan assets	9.3.5	**(10,810)**	1,653
Fair value of plan assets at end of the year		**59,079**	47,242

9.3.5 Expense recognized in profit and loss / revenue account

	2017	2016
Current service cost	**20,488**	10,956
Net interest cost	**8,279**	5,575
Remeasurement losses / (gains) on obligation	**6,871**	11,050
Remeasurement gain on fair value of plan assets	**10,810**	(1,653)
Interest income on plan assets	**(5,653)**	(3,967)
Expense for the year	**40,795**	21,961

9.3.6 Net recognized liability

	2017	2016
Net liability at beginning of the year	**14,362**	9,143
Expense recognized in profit and loss account / revenue account	**40,795**	21,961
Contributions paid to the fund during the year	**(23,650)**	(16,742)
Impact of uncleared cheques	**-**	-
Net liability at end of the year	**31,507**	14,362

9.3.7 Estimated Gratuity Cost for the year ending 31 December 2018, is as follows:

	2018
	Rupees in thousand
Current service cost	**28,751**
Net interest cost	**4,556**
Total expense to be recognized in profit and loss / revenue account	**33,307**

9.3.8 Plan assets comprise of following:

	Note	2017		2016	
		Rupees in thousands	%	Rupees in thousands	%
Bank balance		**16,509**	28%	4,914	10%
Mutual Funds	9.3.8.1	**42,570**	72%	42,329	90%
Fair value of plan assets at end of the year		**59,079**	100%	47,243	100%

9.3.8.1 Investments of Rs. 6,350 thousands in mutual funds are managed by a related party.

9.3.9 The principal assumptions used in the actuarial valuations carried out as of 31 December 2017, using the 'Projected Unit Credit' method, are as follows:

	2017	2016
	Gratuity fund	
Discount rate per annum	**10.75%**	10.75%
Expected per annum rate of return on plan assets	**10.75%**	10.75%
Expected per annum rate of increase in salary level	**11.00%**	11.00%
Expected mortality rate	**LIC 94-96 Mortality table for males (rated down by 3 years for females)**	LIC 94-96 Mortality table for males (rated down by 3 years for females)
Expected withdrawal rate	**Age dependent**	Age dependent

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

Salary risks

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

Discount risks

The risk of volatile discount rates over the funding life of the scheme. The final effect could go either way depending on the relative of salary increases, timing of contributions, performance of investments and outgo of benefits.

Mortality / withdrawal risks

The risks that the actual mortality / withdrawal experience is different from expected. The effect depends upon the beneficiaries' service / age distribution and the benefit.

Investment risks

The risk of the investment underperforming and not being sufficient to meet the liabilities. This is managed by formulating an investment policy and guidelines based on which investments are made after obtaining approval of trustees of funds.

In case of the funded plans, the investment positions are managed within an Asset-Liability Matching (ALM) framework to ensure that long-term investments are in line with the obligation under the retirement benefit plan. The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement benefit plan obligations. The Company has not changed the process used to manage its risks from previous periods. Investments are well diversified.

The expected return on plan assets is assumed to be the same as the discount rate (as required by International Accounting Standard IAS 19). The actual return depends on the assets underlying the current investment policy and their performance. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected return on equity investments reflect long-term real rates of return experienced in the market.

9.3.11 Sensitivity analysis - Subsidiary Company

	Impact on Funded Gratuity Plan		
	Change in assumptions	Increase in assumption	Decrease in assumption
		Rupees in thousand	
Discount rate	1%	(13,630)	16,995
Salary growth rate	1%	16,707	(13,649)

The impact on defined benefit obligation due to increase in life expectancy by 1 year would be Rs. (68) thousands.

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

9.3.12 The weighted average duration of the defined benefit obligation is 19.47 years.

9.3.13 The expected maturity analysis of undiscounted retirement benefit plan is between 2-3 & 4-5 years and the amount involved is Rs. 972 thousands and Rs. 43 thousands respectively.

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

9.5 Sensitivity analysis - Holding Company

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

		Impact on Gratuity plans			
		Unfunded		Funded	
	Change in assumptions	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
		Rupees in thousand			
Discount rate	1%	(2,583)	2,819	(8,674)	9,266
Salary growth rate	1%	2,713	(2,540)	9,356	(8,916)

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

10 Other creditors and accruals

	Note	2017	2016
		Rupees in thousand	
Cash margin against performance bonds		**652,075**	806,387
Sundry creditors		**529,343**	266,327
Commission payable		**1,226,946**	1,123,799
Workers' welfare fund	10.1	**392,371**	329,096
Federal insurance fee		**22,733**	19,797
Federal excise duty and sales tax		**85,567**	111,659
Payable to Employees' Provident Fund	10.2	**2,325**	2,822
		2,911,360	2,659,887

10.1 The Finance Act 2008 introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended. The amendments were challenged at various levels and conflicting judgments were rendered by the Honorable Lahore High Court, the Honorable Sindh High Court and the Honorable Peshawar High Court.

The Honourable Supreme Court of Pakistan vide its judgment dated 10 November 2016, has upheld the view of Honorable Lahore High Court and decided that WWF is not a tax and hence the amendments introduced through Finance Act, 2008 are ultra-vires to the Constitution.

The Federal Board of Revenue has filed Civil Review Petitions in respect of above judgment with the prayer that the judgment dated 10 November 2016 passed in the Civil Appeal may kindly be reviewed in the interest of justice.

The Group has held a reserve of Rs 392,371 thousands as at 31 December 2017 against WWF until the outcome of the filed Civil Review Petition.

10.2 During the year, an amount of Rs. 29,038 thousands (2016 : Rs. 27,497 thousands) has been charged to the profit and loss account in respect of the Holding Company's contribution to the Employees' Provident Fund.

11 Window takaful operations - operator's fund (Holding Company)

	2017	2016
	Rupees in thousand	
Assets		
Qard-e-Hasna	**117,000**	30,000
Cash and bank deposits	**41,119**	17,595
Investments	**30,215**	29,905
Current assets - others	**30,605**	19,065
Fixed assets	**22,182**	2,592
	241,121	99,157
Total liabilities - current	**141,312**	46,366
Profit before tax for the year	**66,598**	4,038
Current Tax	**(19,193)**	(1,121)
Deferred	**(387)**	(126)
	(19,580)	(1,247)
Profit after tax for the year	**47,018**	2,791

Details of total assets, total liabilities and segment disclosure of window takaful operations are stated in the annexed financial statements for the year ended 31 December 2017.

12 Contingencies and commitments

12.1 Contingencies

Holding Company

The Holding Company has filed appeals in respect of certain assessment years mainly on account of the following:

(a) Deputy Commissioner Inland Revenue passed order u/s 161/205 of the Ordinance for tax year 2013 raising an income tax demand of Rs. 9,070 thousands. The Company agitated the order before Commissioner Inland Revenue (Appeals). Commissioner Inland Revenue (Appeals) decided the case in the favour of the Company. However, the order of the Commissioner Inland Revenue (Appeals) was challenged before Appellate Tribunal Inland Revenue (ATIR) by Tax Authorities which is pending adjudication.

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

(c) The Taxation Officer has passed an order in the tax years 2005 and 2006 under section 221 of the Income Tax Ordinance, 2001 (the Ordinance) levying minimum tax liability aggregating to Rs. 38,360 thousands. An appeal was filed before the Commissioner Inland Revenue (Appeals) who upheld the order of the Taxation Officer. The Company has filed an appeal before the ATIR which is yet to be heard.

(d) The Tax Authorities amended the assessments for tax years 2003 to 2005 on the ground that the Company has not apportioned management and general administration expenses against capital gain and dividend income. The Company filed constitutional petition in the Honorable Sindh High Court against the amendment in the assessment order. The Company may be liable to pay Rs. 5,880 thousands in the event of decision against the Company, out of which Rs. 2,730 thousands have been provided resulting in a shortfall of Rs. 3,150 thousands.

(e) While finalizing the assessment for the assessment year 2002-2003, Deputy Commissioner Inland Revenue (DCIR) has reduced the business loss for the year by Rs. 88,180 thousands by adjusting the dividend income against this loss. The

Company is of the view that it is entitled to carry the gross loss forward for adjustment against the future taxable income and dividend income for the year should be taxed separately at reduced rate. The appeals of the Company in this respect have been rejected by the Commissioner Inland Revenue (Appeals), the ATIR and the Honorable Sindh High Court. The Company has filed a reference application with the Honorable Supreme Court of Pakistan which is pending adjudication. The management is confident that the matter will eventually be decided in favor of the Company and has consequently not made any provision against the additional tax liability of Rs. 26,460 thousands which may arise in this respect.

Pending resolution of the above-mentioned appeals filed by the Holding Company, no provision has been made in these consolidated financial statements for the aggregate amount of Rs 77,030 thousands (2016: Rs. 77,030 thousands) as the management is confident that the eventual outcome of the above matters will be in favor of the Holding Company.

Subsidiary Company

(f) The Subsidiary Company has contingent liabilities in respect of death claims in the ordinary course of business amounting to Rs. 27,213 thousands (2016: Rs. 16,308 thousands). The management of the Subsidiary Company is confident that no provision in respect of these items is required to be made in the financial statements.

(g) For tax years 2011, 2012 and 2013, tax authorities have issued orders under section 221 of Income Tax Ordinance, 2001 (the Ordinance) raising tax demand of Rs. 2,630 thousands, Rs. 3,040 thousands and Rs. 2,190 thousands respectively for these years primarily on the ground of charging WWF under sections 4(4) of the WWF Ordinance, 1971 and full tax credits of tax paid / deducted not allowed due to non verification of tax challans. The Subsidiary Company has filed an appeal against these orders with the Commissioner Inland Revenue - Appeals (CIR(A)). However, CIR(A) has maintained the levy and disposed off the Company's appeal. Now the Company has further filed an appeal against CIR (A) orders which is pending before the Appellate Tribunal Inland Revenue (ATIR). However, based on consultations with the tax advisor, the management considers that the Subsidiary Company has enough grounds for success in appeal before the appellate authorities and the management is confident that the outcome of the appeals would be in their favour. Hence, no provision has been made in these financial statements against the aforesaid tax demand.

12.2 Commitments

Holding Company

The Holding Company has issued letter of guarantees amounting to Rs. 24,992 thousands (AED 832,250) [2016: Rs. 36,371 thousands (AED 1,277,000)] relating to its UAE branch.

Subsidiary Company

Commitments in respect of Ijarah rentals payable in future period as at 31 December 2017 amounted to Rs. 31,781 thousands (2016: Rs. 33,550 thousands) for vehicles. Commitment in respect of capital expenditure amounting to Rs. 33,900 thousands (2016: Rs. 6,049 thousands)

13 Cash and Bank deposits

	Note	2017	2016
		Rupees in thousand	
Cash and other equivalents			
Cash in hand		**22,021**	16,604
Current and other accounts			
Current accounts		**1,534,268**	1,491,301
Savings accounts	13.1	**2,073,959**	3,981,177
		3,608,227	5,472,478
Deposits maturing within 12 months			
Fixed and term deposits	13.1	**12,645,494**	6,025,059
		16,275,742	11,514,141

13.1 These include fixed deposits amounting to Rs. 208,736 thousands (AED 6,951 thousands) [2016: Rs. 197,962 thousands (AED 6,951 thousands)] kept in accordance with the requirements of Insurance Regulations applicable to the UAE branch for the purpose of carrying on business in United Arab Emirates. These also include liens against cash deposits of Rs. 106,250 thousands (2016: Rs. 35,325 thousands) with banks in Pakistan essentially in respect of guarantees issued by the banks on behalf of the Holding Company for claims under litigation filed against the Holding Company.

13.2 Cash and bank deposits include Rs. 125,000 thousands kept in an escrow account against immovable property purchased during the year. This amount would be paid to seller after fulfilling conditions mentioned in sale agreement with the Holding Company.

13.3 Cash and bank deposits include an amount of Rs. 2,395,788 thousands (2016: Rs. 2,500,531 thousands) held with related parties.

14 Loans - considered good

	2017	2016
	Rupees in thousand	
Secured		
Executives	**18,680**	13,850
Others	**33,429**	25,097
	52,109	38,947
Less: Recoverable within one year shown under sundry receivables		
Executives	**16,133**	11,109
Others	**8,921**	9,469
	25,054	20,578
	27,055	18,369

14.1 Loans to employees are granted in accordance with the terms of their employment for the purchase of vehicles, purchase / construction of houses and for other purposes as specified in the repealed SEC (Insurance) Rules, 2002. These loans are recoverable in monthly installments over various periods and are secured by registration of vehicles, deposit of title documents of property with the Holding Company and against provident fund balance of the employees. The loans are interest free except for those granted for the purchase / construction of houses which carry interest at the rate of 5% (2016: 5%) per annum.

15 Loans secured against life insurance policies

These loans carry profit rate at 3 month KIBOR plus 4% per annum and are secured against the cash values of the respective policies of the policyholders. These are generally payable within 3 months.

16 Investments

	Note	2017	2016
In related parties		Rupees in thousand	
'Available-for-sale'	16.3		
Marketable securities			
Listed		**8,520,453**	7,193,139
Less: Provision for impairment in value of investments		**-**	-
		8,520,453	7,193,139
'At fair value through profit or loss'			
Marketable securities			
Listed	16.4	**3,764,081**	2,856,023
		12,284,534	10,049,162
Others			
'Available-for-sale'	16.3		
Marketable securities			
Listed		**7,350,549**	7,733,573
Unlisted		**925,360**	925,360
Less: Provision for impairment in value of investments	16.2	**(1,138,779)**	(81,400)
		7,137,130	8,577,533
Fixed income securities	16.3	**716,109**	640,358
'At fair value through profit or loss'	16.4		
Marketable securities			
Listed		**7,941,333**	4,140,943
Unlisted		**-**	-
		7,941,333	4,140,943
Fixed income securities	16.4	**3,499,526**	7,231,681
		19,294,098	20,590,515
		31,578,632	30,639,677

16.1 On 31 December 2017, the fair value of 'available-for-sale' securities was Rs. 20,815,567 thousands (2016: Rs. 22,742,849 thousands). As per the Company's accounting policy, 'available-for-sale' investments are stated at lower of cost or market value (market value being taken as lower if the reduction is other than temporary). However, International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' dealing with the recognition and measurement of financial instruments requires that these instruments should be measured at fair value. Accordingly, had these investments been measured at fair value, their carrying value as at 31 December 2017 would have been higher by Rs. 4,441,875 thousands (2016: Rs. 6,331,819 thousands).

16.2 Reconciliation of provision for impairment in value of investments

	2017	2016
	Rupees in thousand	
Balance as at 01 January	**81,400**	303,847
Impairment/ (reversal) for the year	**1,057,379**	(222,447)
Balance as at 31 December	**1,138,779**	81,400

16.3 'Available-for-sale'

	Note	2017 Cost	2017 Provision there against	2017 Carrying value	2016 Carrying value
		Rupees in thousand			
In related parties:	16.3.1				
- Listed shares		**8,253,569**	**-**	**8,253,569**	7,182,629
- Mutual Fund Certificates		**266,884**	**-**	**266,884**	10,510
Others					
- Listed shares	16.3.2	**7,044,714**	**(1,136,392)**	**5,908,322**	5,990,766
- Unlisted shares	16.3.3	**925,360**	**-**	**925,360**	925,360
- Term Finance Certificates	16.3.4	**70,948**	**-**	**70,948**	9,974
- Mutual Fund Certificates	16.3.5	**234,726**	**(1,265)**	**233,461**	1,651,272
- NIT Units		**161**	**-**	**161**	161
- Government treasury bills		**470,134**	**-**	**470,134**	160,592
- Pakistan Investment Bonds		**245,975**	**(1,122)**	**244,853**	479,766
		8,992,018	**(1,138,779)**	**7,853,239**	9,217,891
		17,512,471	**(1,138,779)**	**16,373,692**	16,411,030

16.3.1 Related parties

No. of Shares / Certificates 2017	No. of Shares / Certificates 2016	Face value Rupees	Company's Name	2017	2016
				Rupees in thousand	
Listed Shares:					
2,050	1,402,950	10	Nishat Mills Limited [Equity held 0.001% (2016: 0.4%)]	**144**	98,254
3,358,344	2,067,544	10	D.G. Khan Cement Company Limited [Equity held 0.77% (2016: 0.5%)]	**434,035**	168,195
47,179,787	42,965,187	10	MCB Bank Limited [Equity held 3.98% (2016: 3.86%)]	**7,819,390**	6,916,180
				8,253,569	7,182,629
Open-ended-mutual funds					
2,550,579	-	100	MCB Pakistan Cash Management Optimizer Fund	**255,965**	-
206,090	198,375	50	MCB Pakistan Income Enhancement Fund	**10,919**	10,510
				266,884	10,510

16.3.2 Others - listed shares

			Commercial Banks		
2,773,000	2,773,000	10	Allied Bank Limited	**289,690**	289,690
389,107	58,807	10	Habib Bank Limited	**96,136**	8,050
3,000,000	3,901,899	10	Habib Metropolitan Bank Limited	**98,247**	87,327
8,320,012	5,764,512	10	National Bank of Pakistan	**507,660**	326,113
879,400	29,400	10	United Bank Limited	**184,048**	2,500

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No. of Shares / Certificates		Face value	Company's Name	2017	2016
2017	2016	Rupees		Rupees in thousand	
			Non Banking Financial Institutions		
5,462,000	-	10	MCB-Arif Habib Savings & Investment Limited	**149,789**	-
4,113,500	-	10	PICIC Investment Fund Limited	**68,111**	-
			Insurance		
4,800	4,800	10	EFU General Insurance Company Limited	**211**	211
286,843	286,843	10	Pakistan Reinsurance Company Limited	**6,326**	6,326
			Power Generation & Distribution		
5,743,000	5,743,000	10	Kot Addu Power Company Limited	**492,058**	492,058
25,631,181	25,631,181	10	Pakgen Power Limited	**355,448**	355,448
27,348,388	27,348,388	10	Lalpir Power Limited	**371,516**	371,516
963,500	71,500	10	Nishat Power Limited	**44,056**	3,752
4,960,882	4,960,882	10	Saif Power Limited	**163,891**	163,891
130,000	130,000	10	K-Electric Limited	**967**	967
			Oil And Gas Marketing Companies		
30,000	-	10	Attock Refinery Limited	**13,133**	-
506,450	-	10	National Refinery Ltd.	**394,084**	-
10,545,095	10,045,095	10	Sui Northern Gas Pipelines Limited	**531,693**	461,931
			Oil And Gas Exploration Companies		
1,524,300	2,174,300	10	Oil and Gas Development Company Limited	**245,134**	349,665
500	500	10	Pakistan Oilfields Limited	**134**	134
36	36	10	Pakistan Petroleum Limited	**3**	3
			Automobile Assembler		
389,556	902,896	10	Millat Tractors Limited	**149,184**	345,773
			Cables And Electrical Goods		
148,131	148,131	10	Siemens (Pakistan) Engineering Company Limited	**116,770**	116,770
-	1,300,500	10	Pak Elektron Limited	**-**	91,211
			Industrial Metals and Mining		
109,560	91,300	10	Aisha Steel Mills Limited	**293**	-
100,000	1,490,000	10	Crescent Steel & Allied Products Ltd.	**20,324**	189,226
300,000	-	10	International Steel Limited	**46,811**	-
			Fertilizer		
5,062,500	-	10	Engro Fertilizers Limited	**362,118**	-
-	3,562,500	10	Fauji Fertilizer Bin Qasim Limited	**-**	257,508
10,748,740	10,748,740	10	Fauji Fertilizer Company Limited	**1,114,267**	1,114,267
9,000	9,000	10	Fatima Fertilizer Company Limited	**-**	-
2,220,100	1,970,100	10	Dawood Hercules Limited	**324,933**	288,417
			Pharmaceutical		
294,400	125,000	10	Abbott Laboratories Pakistan Limited	**272,880**	106,289

No. of Shares / Certificates 2017	No. of Shares / Certificates 2016	Face value Rupees	Company's Name	2017 Rupees in thousand	2016 Rupees in thousand
			Chemical		
506,500	1,317,300	10	Engro Corporation Limited	**158,241**	394,266
			Food And Personal Care Products		
1,005,500	940,000	10	Al Shaheer Corporation Limited	**59,354**	55,565
5,740	-	10	Nestle Pakistan Limited	**59,278**	-
64,945	50,290	10	Rafhan Maize Products Limited	**184,928**	68,483
			Cement		
20,000	20,000	10	Attock Cement Limited	**3,355**	3,355
-	200,000	10	Bestway Cement Limited	**-**	43,793
645,100	645,100	10	Fecto Cement Limited	**77,534**	77,534
114,900	-	10	Lucky Cement Limited	**82,109**	-
				7,044,714	6,072,039

16.3.3 Others - Unlisted shares

9,681,374	9,681,374	10	Security General Insurance Company Limited	925,360	925,360

16.3.4 Others-Term Finance Certificates

3,000	3,000	5,000	Bank Alfalah Limited	**-**	9,974
		1,000,000	Pak Electron (Commercial Paper)	**70,948**	-
				70,948	9,974

16.3.5 Others-Mutual Fund Certificates

Open-Ended-Mutual Funds

810,608	772,060	10	ABL Government Securities Fund	**8,123**	7,737
2,225,355	2,135,181	10	ABL Income Fund	**22,291**	21,389
563,574	535,939	100	MCB Pakistan Asset Allocation Fund	**43,251**	41,040
-	26,647,078	50	MCB Pakistan Sovereign Fund	**-**	1,416,364
1,012,359	959,609	10	Meezan Balanced Fund	**16,603**	15,404
95,181	463,323	50	Meezan Islamic Income Fund	**5,679**	24,370
386,357	-	50	Meezan Sovereign Fund	**19,890**	-
5,482	-	100	UBL Al-Ameen Islamic Cash Fund	**556**	-
468,798	-	100	UBL Al-Ameen Shariah Stock Fund	**68,674**	-
123,247	-	100	UBL Financial Planing Fund	**12,183**	-
-	1,153,292	100	UBL Liquidity Plus Fund	**-**	118,840
9	60,868	100	UBL Money Market Fund	**1**	6,255
534,261	-	100	UBL Stock Advantage Fund	**37,475**	-
				234,726	1,651,399

16.4 At fair value through profit or loss

	Note	2017	2016
		Rupees in thousand	
Related parties			
- Listed shares	16.4.1	**560,534**	261,903
- Mutual Fund Certificates	16.4.2	**3,203,547**	2,594,120
		3,764,081	2,856,023
Others			
- Listed shares	16.4.3	**6,291,804**	2,852,039
- Term Finance Certificates	16.4.4	**857,620**	630,579
- Sukuk Certificates	16.4.5	**355,212**	67,697
- Mutual Fund Certificates	16.4.6	**436,697**	590,628
- Government treasury bills		**3,246,607**	2,350,691
- Pakistan Investment Bonds		**2,188**	4,618,463
- Ijarah sukuks		**250,731**	262,527
		11,440,859	11,372,624
Total at fair value through profit or loss		**15,204,940**	14,228,647

16.4.1 Related parties - listed shares

No. of Shares / Certificates		Face value	Company's Name	2017	2016
2017	2016	Rupees		Rupees in thousand	
1,300,000	225,000	10	Nishat Chunian Limited [Equity held 0.54% (2016: 0.09%)]	**59,501**	14,047
954,800	-	10	Nishat Mills Limited [Equity held 0.27% (2016: 0.0%)]	**142,743**	-
1,687,500	1,042,200	10	MCB Bank Limited [Equity held 0.14% (2016: 0.09%)]	**358,290**	247,856
				560,534	261,903

16.4.2 Related parties - open-ended-mutual funds

208,499	-	50	Alhamra Islamic Asset Allocation Fund	**14,462**	-
340,091	-	100	Alhamra Islamic Income Fund	**35,150**	-
7,186,796	746,888	10	Alhamra Islamic Stock Fund	**75,461**	10,016
96,938	-	100	MCB Cash Management Optimizer	**10,002**	-
503,759	104,431	50	MCB Islamic Income Fund	**52,066**	10,799
84,764,861	46,670,326	50	MCB Pakistan Islamic Stock Fund	**890,030**	625,849
22,628,139	16,805,373	50	MCB Pakistan Stock Market Fund	**2,059,648**	1,884,695
6,355,054	4,680,173	50	MCB Pakistan Strategic Allocation Fund	**66,728**	62,761
				3,203,547	2,594,120

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16.4.3 Others - listed shares

No. of Shares / Certificates		Face value	Company's Name	2017	2016
2017	2016	Rupees		Rupees in thousand	
			Industrial Metals and Mining		
737,600	599,500	10	Amreli Steel Limited	**68,346**	39,936
2,020,000	50,000	10	Aisha Steel Limited	**35,835**	787
50,000	-	10	Dost Steels Limited	**503**	-
986,000	262,000	10	Mughal Iron and Steel Industries	**57,287**	23,098
1,639,700	17,500	10	International Steels Limited	**174,415**	1,710
767,900	260,000	10	International Industries Limited	**184,380**	52,970
922,500	-	10	Ittefaq Iron Industries Limited	**15,627**	-
495,200	58,500	10	Crescent Steel and Allied Products	**63,044**	9,020
			Electronic Media & Printing Press		
5,356,000	-	1	Hum Network Limited	**43,759**	-
			Leasing		
249,000	-	10	Orix Leasing Pakistan Limited	**10,336**	-
			Non Banking Financial Institutions		
785,800	36,300	10	Arif Habib Corporation Limited	**30,930**	1,597
			Insurance		
6,000	-	10	IGI Insurance Limited	**1,757**	-
842,000	-	10	Pakistan Reinsurance Company Limited	**35,726**	-
			Chemical		
926,000	202,800	10	Engro Corporation Limited	**253,557**	64,103
4,817,000	250,000	10	Engro Polymer and Chemicals Limited	**137,574**	4,615
239,900	50,000	10	Dawood Herceules Corporation Limited	**26,840**	7,217
5,080	4,500	10	ICI Pakistan Limited	**3,901**	4,472
346,400	-	10	Hi-Tech Lubricants	**24,594**	-
			Cables And Electrical Goods		
3,044,400	917,500	10	Pak Elektron Limited	**144,579**	65,399
-	10,000	10	Pakistan Cables Limited	**-**	3,499
			Telecommunications		
-	500	10	Pakistan Telecommunication Company Limited	**-**	9
			Transportation		
27,700	40,000	10	Pakistan National Shiping Corporation	**2,874**	6,455
			Textile		
100,350	-	10	Archroma Pakistan Limited	**53,085**	-
13,500	-	10	Gadoon Textile Mills Limited	**2,804**	-
1,342,000	-	10	Gul Ahmed Textile Limited	**49,761**	-
769,146	-	10	Kohinoor Textile Mills Limited	**50,956**	-
			Pharmaceuticals		
100,000	100,000	10	Abbot Laboratories (Pakistan) Limited	**69,761**	95,709
-	10,000	10	GlaxosmithKline (Pakistan) Limited	**-**	2,333
26,330	-	10	Searle Company Limited	**8,290**	-
			Information Technology		
1,156,000	433,500	10	Systems Limited	**85,452**	36,674
-	470,000	10	Avanceon Limited	**-**	16,380
836,500	716,500	10	Netsol Technologies Limited	**52,992**	38,892
			Food And Personal Care Products		
-	50,000	10	Pace (Pakistan) Limited	**-**	564

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No. of Shares / Certificates		Face value	Company's Name	2017	2016
2017	2016	Rupees		Rupees in thousand	
14,960	2,000	10	Service Industries Limited	**11,220**	2,994
8,000	8,000	10	Murree Brewery Company Limited	**6,211**	7,421
48,000	63,000	10	Fauji Foods Limited	**781**	5,528
			Fertilizer		
3,705,500	3,896,000	10	Engro Fertilizer Limited	**250,936**	264,850
501,200	202,700	10	Fauji Fertilizer Company Limited	**39,650**	20,630
25,000	-	10	Fauji Fertilizer Bin Qasim Limited	**889**	-
			Oil And Gas Marketing Companies		
260,500	163,200	10	Attock Refinery Limited	**60,988**	69,409
15,000	80,000	10	National Refinery Limited	**6,463**	45,690
27,500	30,000	10	Hescol Petroleum Limited	**6,794**	10,126
139,310	98,050	10	Mari Petroleum Limited	**202,121**	134,810
2,936,300	984,900	10	Sui Northern Gas Pipelines Limited	**277,803**	136,425
15,000	500,000	10	Sui Southern Gas Pipelines Limited	**457**	18,175
107,010	242,400	10	Pakistan State Oil Company Limited	**31,366**	105,253
			Oil And Gas Exploration Companies		
663,400	189,600	10	Pakistan Oilfields Limited	**394,232**	101,364
2,813,600	1,003,700	10	Oil and Gas Development Company Limited	**458,026**	165,962
798,200	800	10	Pakistan Petroleum Limited	**164,357**	151
			Paper & Board		
5,000	35,400	10	Packages Limited	**2,549**	30,092
783,200	-	10	Century Paper & Board Mills Limited	**48,660**	-
301,414	-	10	Cherat Packaging Limited	**59,981**	-
			Automobile Assembler		
116,400	-	10	Pak Suzuki Motor Company Limited	**57,940**	-
55,460	2,500	10	Indus Motors Company Limited	**93,182**	4,036
103,200	2,000	10	Honda Atlas Cars (Pakistan) Limited	**52,881**	1,337
20,500	-	10	Ghandhara Industries Limited	**11,318**	-
			Commercial Banks		
845,500	-	10	Allied Bank Limited	**71,851**	-
6,286,500	-	10	Bank Alfalah Limited	**267,176**	-
2,100,500	-	10	Bank Alhabib Limited	**122,585**	-
1,964	1,964	10	Askari Bank Limited	**38**	49
1,005,000	1,400,000	10	National Bank of Pakistan	**48,803**	104,846
6,459,500	600,000	10	Faysal Bank Limited	**137,329**	13,068
951,900	335,000	10	Habib Bank Limited	**159,053**	91,539
-	-	10	Habib Metropolitan Bank Limited	**-**	-
50,000	50,000	10	Summit Bank Limited	**139**	220
277,000	-	10	Meezan Bank Limited	**18,587**	-
714,300	642,700	10	United Bank Limited	**134,267**	153,541
			Plastic & Rubber Industry		
60,000	-	10	General Tyre & Rubber Company	**11,298**	-
			Glass		
409,700	-	10	Tariq Glass Industries Limited	**38,917**	-
			Power Generation & Distribution		
4,111,500	4,059,000	10	Kot Addu Power Company Limited	**221,610**	319,849
4,875,500	5,547,500	10	K-Electric Limited	**30,764**	51,980
5,018,600	1,133,700	10	Hub Power Company Limited	**456,693**	139,989
			Cement		
17,200	-	10	Cherat Cement Limited	**1,908**	-
-	282,500	10	Deewan Cement Limited	**-**	11,029
211,500	-	10	Fauji Cement Company Limited	**5,290**	-

No. of Shares / Certificates 2017	No. of Shares / Certificates 2016	Face value Rupees	Company's Name	2017 Rupees in thousand	2016 Rupees in thousand
15,000	-	10	Kohat Cement Company Limited	**2,129**	-
1,094,125	813,500	10	Maple Leaf Cement Company Limited	**74,882**	103,786
172,700	-	10	Pioneer Cement Limited	**10,901**	-
373,300	20,000	10	D.G. Khan Cement Company Limited	**49,918**	4,435
966,150	297,850	10	Lucky Cement Limited	**499,896**	258,016
				6,291,804	2,852,039

16.4.4 Others - term finance certificates

1	1		Askari Bank Limited	**50,057**	50,884
1	1		Bank Al Habib Limited	**54,982**	55,604
1	1		Bank Alfalah Limited	**122,032**	123,100
1	1		Bank of Punjab	**254,643**	-
1	1		Habib Bank Limited	**325,896**	400,991
1	1		Soneri Bank Limited	**50,010**	-
				857,620	630,579

16.4.5 Others-sukuk certificates

1	1		Byco Petroleum Pakistan Limited	**6,037**	-
1	1		Dubai Islamic Bank Pakistan	**78,353**	-
1	1		Fatima Fertilizer Company Limited	**145,321**	-
1	1		Ghani Glass Limited	**52,670**	-
2	2		Meezan Bank Limited	**41,809**	67,697
1	1		TPL Trakker Limited	**31,022**	-
				355,212	67,697

16.4.6 Others - open-ended-mutual funds

-	589,229	10	ABL Islamic Stock Fund	**-**	10,293
27,851	26,553	100	Alfalah GHP Money Market Fund	**2,784**	2,681
-	16,854	507	Atlas Islamic Stock Fund	**-**	10,240
616,500	-		Dolmen REIT	**6,781**	-
-	134,608	55	Faysal Asset Allocation Fund	**-**	10,195
-	319,328	100	Faysal Balanced Growth Fund	**-**	23,273
-	93,650	100	Faysal Income & Growth Fund	**-**	10,007
311,743	14,459	100	Faysal Islamic Savings Growth Fund	**32,643**	1,501
154,141	49,397	100	Faysal MTS Fund	**15,860**	5,076
3,097,260	2,971,480	100	Faysal Saving Growth Fund	**322,487**	307,192
508,765	482,191	10	Meezan Balanced Fund	**7,911**	8,800
-	138,541	50	Meezan Islamic Fund	**-**	11,538
3,976,112	721,483	10	NAFA Islamic Energy Fund	**48,231**	10,126
-	667,235	10	NAFA Islamic Stock Fund	**-**	9,952
-	800,712	10	NIT - Islamic Equity Fund	**-**	10,273
-	2,032,118		Pakistan International Element Islamic Asset Allocation Fund	**-**	159,481
				436,697	590,628

17 Investment Property

	Note	2017	2016
		Rupees in thousand	
Cost	17.1	**680,414**	-
Less: unrealised (diminution) recognised in profit and loss accounts		**(42,433)**	-
Carrying value		**637,981**	-

17.1 This represents piece and parcel of plot no. 1-A, Main Gulberg, Jail Road, Lahore, measuring 8 kanal 8 marla 203 Sq ft of a land bought by the Subsidiary Company for the Unit Linked investment business.

Market value of this investment property amounts to Rs. 637,980 thousands based on a revaluation carried out by K.G. Traders (Private) Limited as at 27 December 2017, which the management believes also approximates the value as of 31 December 2017 and revaluation loss of Rs. 42,433 thousands has been recognised in the profit and loss account.

The fair value of the investment property has been categorised as a Level 3 fair value (based on the inputs to the valuation technique used) and which is considered as highest and best use of investment property.

17.2 Valuation technique

The valuer has arranged enquiries and verifications from various estate agents, brokers and dealers, the location and condition of the property, size, utilization, and current trends in prices of real estate including assumptions that ready buyers are available in the current scenario and analysed through detailed market surveys, the properties that have recently been sold or purchased or offered / quoted for sale into given vicinity to determine the best estimates of the fair value.

18 Premium due but unpaid - Unsecured

	Note	2017	2016
		Rupees in thousand	
Considered good	18.1	**5,843,197**	5,099,091
Considered doubtful		**375,801**	375,576
		6,218,998	5,474,667
Less: Provision for doubtful balances	18.2	**(375,801)**	(375,576)
		5,843,197	5,099,091

18.1 Premium due but unpaid include an amount of Rs. 526,381 thousands (2016: Rs. 467,295 thousands) held with related parties.

18.2 Reconciliation of provision for doubtful balances

	Note	2017	2016
		Rupees in thousand	
Balance as at 01 January		**375,576**	373,639
Exchange loss		**7,072**	-
Charge for the year		**-**	1,937
Write off against provision for the year		**(6,847)**	-
Balance as at 31 December		**375,801**	375,576

19 Amounts due from Other Insurers / Reinsurers - Unsecured

	Note	2017	2016
		Rupees in thousand	
Considered good		**1,002,894**	1,062,271
Considered doubtful		**151,302**	85,302
		1,154,196	1,147,573
Less: Provision for doubtful balances	19.1	**(151,302)**	(85,302)
		1,002,894	1,062,271

19.1 Reconciliation of provision for doubtful balances

	2017	2016
Balance as at 01 January	**85,302**	299,558
Write off against provision for the year	**-**	(214,256)
Provision for the year	**66,000**	-
Balance as at 31 December	**151,302**	85,302

20 Premium and claim reserves retained by cedants

	Note	2017	2016
Considered doubtful		**23,252**	23,252
		23,252	23,252
Less: Provision for doubtful balances	20.1	**(23,252)**	(23,252)
		-	-

20.1 Reconciliation of provision for doubtful balances

	Note	2017	2016
		Rupees in thousand	
Balance as at 01 January		**23,252**	23,252
Charge for the year		**-**	-
Balance as at 31 December		**23,252**	23,252

21 Accrued investment income

	2017	2016
Return accrued on Term Finance Certificates	**25,652**	69
Return accrued on Treasury Bills	**9,854**	2,107
Return accrued on Pakistan Investment Bonds	**10,088**	198,353
Dividend income		
- related parties	**-**	-
- others	**81,152**	26,968
	81,152	26,968
Return on deposit accounts		
- related parties	**-**	-
- others	**76,092**	24,396
	76,092	24,396
	202,838	251,893

22 Reinsurance recoveries against outstanding claims

These are unsecured and considered to be good.

23 Prepayments

	Note	2017	2016
		Rupees in thousand	
Prepaid reinsurance premium ceded		**2,349,147**	2,356,182
Others		**203,351**	123,123
		2,552,498	2,479,305

24 Sundry receivables

	Note	2017	2016
Considered good			
Current portion of long-term loans			
- Executives	14	**16,133**	11,109
- Other employees	14	**8,921**	9,469
Other advances		**151,971**	117,024
Security deposits		**489,120**	1,238,631
Miscellaneous		**155,109**	24,221
		821,254	1,400,454

25 Operating fixed assets - Tangible & intangible

	Note	2017	2016
		Rupees in thousand	
Owned assets - tangibles		**2,273,084**	1,150,358
Owned assets - intangibles		**97,760**	102,565
	25.1	**2,370,844**	1,252,923
Capital work in progress	25.2	**462,458**	122,705
		2,833,302	1,375,628

25.1 Property and equipment

	2017											
	Cost					Depreciation					Net Book value	
	As at 01 Jan 2017	Additions / transfers	Exchange differences and other adjustments	Disposals	As at 31 Dec 2017	As at 01 Jan 2017	Exchange differences and other adjustments	On disposals	Charge for the year	As at 31 Dec 2017	As at 31 Dec 2017	Rate
	Rupees in thousand											%
Tangible												
Land and Buildings	719,992	1,040,575	10,812	-	**1,771,379**	151,348	4,618	-	27,219	**183,185**	**1,588,194**	10%
Furniture and fixtures	249,035	47,394	2,129	(513)	**298,045**	131,052	637	(472)	21,115	**152,332**	**145,713**	15%
Motor vehicles	620,516	92,057	1,648	(34,450)	**679,771**	330,474	644	(24,118)	48,893	**355,893**	**323,878**	15%
Machinery and equipment	198,196	30,931	1,063	(4,994)	**225,196**	108,899	384	(2,629)	17,165	**123,819**	**101,377**	15% - 16.67%
Computer and related accessories	309,447	29,460	671	-	**339,578**	232,537	550	-	31,072	**264,159**	**75,419**	30%
Leasehold Improvements	7,654	33,353	-	-	**41,007**	172	-	-	2,332	**2,504**	**38,503**	14%
Intangibles												
Computer software	308,920	28,144	2,414	-	**339,478**	206,355	1,167	-	34,196	**241,718**	**97,760**	20%
Total	2,413,760	1,301,914	18,737	(39,957)	**3,694,454**	1,160,837	8,000	(27,219)	181,992	**1,323,610**	**2,370,844**	

	2016											
	Cost					Depreciation					Net Book value	
	As at 01 Jan 2016	Additions / transfers	Exchange differences and other adjustments	Disposals	As at 31 Dec 2016	As at 01 Jan 2016	Exchange differences and other adjustments	On disposals	Charge for the year	As at 31 Dec 2016	As at 31 Dec 2016	Rate
	Rupees in thousand											%
Tangible												
Land and Buildings	853,801	70,846	-	(204,655)	719,992	151,919	15	(24,384)	23,798	151,348	568,644	10%
Furniture and fixtures	250,140	18,341	(568)	(18,878)	249,035	120,941	(78)	(11,345)	21,534	131,052	117,983	15%
Motor vehicles	612,524	48,140	(2,042)	(38,106)	620,516	309,403	(2,336)	(24,828)	48,235	330,474	290,042	15%
Machinery and equipment	193,449	19,913	(786)	(14,380)	198,196	103,699	32	(10,703)	15,871	108,899	89,297	15% - 16.67%
Computer and related accessories	318,283	22,285	(507)	(30,614)	309,447	227,112	31	(29,248)	34,642	232,537	76,910	30%
Leasehold Improvements	-	7,654	-	-	7,654	-	-	-	172	172	7,482	14%
Intangibles												
Computer software	215,966	92,882	72	-	308,920	165,952	43	-	40,360	206,355	102,565	20%
Total	2,444,163	280,061	(3,831)	(306,633)	2,413,760	1,079,026	(2,293)	(100,508)	184,612	1,160,837	1,252,923	

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

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of purchaser
	Rupees in thousand					
Motor vehicles						
Owned						
Suzuki Cultus (ARW-734)	881	639	242	400	Auction	Muhammad Asif
Suzuki Cultus (ANM-050)	669	543	126	295	Auction	Javed ul Islam
Honda Civic Exi (AJV-028)	1,042	871	171	457	Auction	Muhammad Asif
Honda Citi (AVH-689)	1,397	846	551	810	Auction	Shahid Ali Abbas
Suzuki Cultus (LED-7726)	610	482	128	451	Auction	Abdul Maqsood
Suzuki Cultus (AQT-210)	649	491	159	310	Auction	Waheeb
Suzuki Cultus (AJL-024)	590	507	83	236	Auction	Muzaffar Ahmed Saeed
Toyota Corolla Gli (AVR-026)	1,363	822	541	1,130	Auction	Muhammad Asif
Suzuki Cultus (AKY-718)	600	496	104	381	Auction	Fameed Idrees
Honda Citi (ASX-398)	1,239	852	387	835	Auction	Muhammad Akram
Honda Citi (ATR-712)	1,294	887	407	925	Auction	Mian Farhan Tariq
Honda Citi (AUU-462)	1,365	860	505	977	Auction	Muhammad Irfan
Suzuki Cultus (AKY-716)	600	497	103	262	Auction	Naveed Rauf
Toyota Corolla Gli (ASW-243)	1,447	998	449	961	Auction	Masroor
Honda Civic (LRE-5434)	1,155	1,072	83	500	Auction	Muhammad Akram sindhu
Toyota Corolla Gli (APM-620)	1,384	989	395	387	Auction	Shoaib Ahmed Cheema
Suzuki Cultus (AXM-027)	950	546	404	621	Auction	Rizwan Hafeez Butt
Suzuki Cultus (ARV-183)	850	650	200	527	Auction	Muhammad Asif
Suzuki Cultus (AWT-938)	995	601	394	625	Auction	M Amir Khan
Suzuki Cultus (FSG-1811)	585	505	80	372	Auction	M Sardar Ali
Honda Citi (BBF-814)	1,580	651	929	1,150	Insurance claim recovery	IGI Insurance Ltd
Honda Civic Prosmatic Oriel (BAT-409)	2,388	1,147	1,241	1,375	Negotiation	Arshad Hussain - employee
Honda Civic Vti Pt Sr (ASQ-139)	1,882	1,301	581	1,105	Auction	Asim Mushtaq
Suzuki Cultus (LEC-09-1943)	851	613	238	467	Auction	Ahmed Raza
Toyota Corolla Gli (ASP-780)	1,354	978	376	928	Auction	Syed Tayyab Tahir
Suzuki Mehran (LEB-09-8947)	541	400	141	326	Auction	Muhammad Saeed Zahid
Honda Civic (58536)	1,148	662	486	151	Negotiation	Sunil Kumar
Suzuki Mehran (LED-13-825)	697	476	221	264	Company Policy	Tanveer Bilal - Employee
Items having book value below Rs. 50,000	4,344	3,736	608	441		
	34,450	**24,118**	**10,333**	**17,669**		
Furniture & fixtures						
Items having book value below Rs. 50,000	513	472	41	87		
	513	**472**	**41**	**87**		
Machinery & equipment						
Generator	3,345	1,598	1,746	2,131	Insurance claim recovery	IGI Insurance Ltd
Konica Minolta Photocopier Limited	78	9	69	35	Negotiation	Coptech Business Machines (Pvt) Limited
Items having book value below Rs. 50,000	1,571	1,022	549	747	Negotiation	
	4,994	**2,629**	**2,364**	**2,913**		
Grand Total	**39,957**	**27,219**	**12,738**	**20,669**		

25.2 Capital work in progress includes the following:

	Note	2017	2016
		Rupees in thousand	
Building		**439,962**	111,321
Civil & electrical works		**616**	616
ERP software		**12,347**	10,254
Leasehold improvement		**9,533**	514
		462,458	122,705

26 Expenses

	Note	2017	2016
Salaries and wages	28.1	**1,541,794**	1,327,478
Rent, rates and taxes		**122,975**	117,054
Utilities		**46,322**	44,059
Communication and computer expenses		**54,793**	75,119
Printing and stationery		**44,685**	52,911
Traveling and entertainment		**71,795**	49,610
Repairs and maintenance		**149,090**	85,861
Advertisement and sales promotion		**180,875**	95,966
Depreciation	25.1	**106,256**	118,486
Provision for doubtful balances against other insurers / reinsurers		**66,000**	-
Amortization	25.1	**13,824**	-
Auditors' remuneration	28.2	**4,037**	3,512
Tracking and monitoring charges		**195,407**	138,896
Legal and professional		**168,790**	90,957
Others		**116,650**	66,342
		2,883,293	2,266,251

27 Other income

	2017	2016
Income from financial assets		
Return on bank deposits	**85,334**	80,717
Interest on loans to employees	**338**	365
Income from non financial assets		
Gain on sale of fixed assets	**7,931**	86,254
Miscellaneous	**15,028**	19,323
	108,631	186,659

28 General and administration expenses

	Note	2017	2016
		Rupees in thousand	
Salaries and wages	28.1	**366,100**	296,026
Rent, rates and taxes		**29,218**	29,111
Depreciation	25.1	**33,290**	33,357
Communication and computer expenses		**54,936**	42,080
Utilities		**12,862**	10,220
Repairs and maintenance		**28,092**	18,569
Advertisement and sales promotion		**12,111**	13,894
Traveling and entertainment		**21,932**	21,603
Directors' fee		**190**	280
Legal and professional		**89,226**	84,417
Auditors' remuneration	28.2	**11,299**	7,638
Donations	28.3	**2,690**	1,953
Amortization of intangible asset	25.1	**20,177**	27,681
Others		**90,084**	73,937
		772,207	660,766

28.1 Management expenses and general and administration expenses include Rs. 95,155 thousands (2016: Rs. 73,089 thousands) in respect of staff retirement benefits.

28.2 Auditor's remuneration

	2017	2016
	Rupees in thousand	
Holding Company		
Audit fee	**8,217**	5,110
Half yearly review	**1,186**	889
Other certifications	**520**	325
Out of pocket expenses	**918**	875
	10,841	7,199
Subsidiary Company	**458**	439
Not related to statutory fund	**4,037**	3,512
Related to statutory fund	**4,495**	3,951
	15,336	11,150

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

29 Provision for taxation

	Note	2017	2016
		Rupees in thousand	
Current tax			
For the year			
General		**929,303**	383,207
Window Takaful Operations	11	**19,193**	1,121
Prior year		**(51,759)**	58,439
Deferred tax			
For the year			
General	29.2	**(5,144)**	118,583
Window Takaful Operations	11	**387**	126
		891,980	561,476

29.1 Tax charge reconciliation

	Effective tax rate	
	2017	2016
	Percentage	
Tax at the applicable rate of 30% (2016: 31%)	**30.00**	31.00
Tax effect of income subject to lower rate	**-**	(0.02)
Tax effect of provision for impairment of investments	**-**	(1.70)
Tax effect of business losses and tax credits previously unrecognized	**15.12**	(17.05)
Super tax	**(2.48)**	1.44
Others	**-**	0.18
	42.64	13.85

29.2 Deferred tax effect due to temporary differences of:

	2017	2016
	Rupees in thousand	
Tax depreciation allowance	**(61,102)**	(52,059)
Provision for gratuity	**20,985**	16,697
Liabilities outstanding for more than 3 years	**3,999**	-
Carried forward tax losses	**5,900**	-
	(30,218)	(35,362)
Less: Opening balance of deferred tax asset	**(35,362)**	83,221
	5,144	(118,583)

29.3 The Finance Act, 2017, amended Section 5A of Income Tax Ordinance, 2001 and now every public limited company is required to pay at the rate of 7.5 percent of its accounting profit before tax if it does not distribute at least 40 percent of its after tax profits within six months of the end of the relevant tax year through cash or bonus shares.

During the year the holding company paid an interim dividend of Rs. 1.5 per share representing 43% of its after tax profits for the year which is sufficient to comply with the above stated requirements. Accordingly, no provision for tax in respect of undistributed profits has been recognized in these consolidated financial statements.

30 Earnings per share - Basic and diluted

	2017	2016
	Rupees in thousand	
There is no dilutive effect on the basic earnings per share which is based on:		
Net profit after tax for the year attributable to owners of the parent	1,205,342	3,493,818
	Number of shares	
Weighted average number of shares	350,000,000	350,000,000
	Rupees	
Earning per share	3.44	9.98

31 Remuneration of Chief Executive, Executive Director, Non-Executive Directors and Executives

The aggregate amount charged for the year for remuneration including all benefits to Chief Executive Officer, executive directors, non-executive directors and executives of the Holding Company is as follows:

	Chief Executive Officer / Executive Director		Non Executive Directors		Executives		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	Rupees in thousand							
Fee	-	-	**190**	280	-	-	**190**	280
Managerial remuneration	**11,880**	8,593	-	-	**242,252**	214,096	**254,132**	222,689
Allowances and perquisites	**14,878**	12,438	-	-	**357,977**	320,920	**372,855**	333,358
	26,758	21,031	**190**	280	**600,229**	535,016	**627,177**	556,327
Number	**1**	1	**7**	10	**228**	203	**236**	214

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

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

31.3 The retirement benefits paid by the Holding Company relating to CEO are Rs. 990 thousands (2016: Rs. 661 thousands).

32 Transactions with related parties

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

There are no transactions with key management personnel other than as per their terms of employment. These transactions are disclosed in notes 14 and 31 of these consolidated financial statements. Particulars of transactions with the Group's staff retirement benefit schemes are disclosed in note 9 and 10.2. Investments in and balances outstanding with related parties have been disclosed in the relevant notes to the consolidated balance sheet. Other transactions with related parties not elsewhere disclosed are summarized as follows:

		2017	2016
	Holding Company	Rupees in thousand	
i)	**Transactions**		
	Premium underwritten	**1,328,853**	1,102,393
	Premium received	**1,339,388**	1,090,508
	Claims paid	**423,199**	591,740
	Investments made	**903,210**	1,199,219
	Investments sold	**98,110**	102,011
	Rent paid	**5,471**	5,992
	Rent received	**4,338**	6,447
	Dividends received	**722,075**	653,659
	Dividend paid	**306,353**	276,533
	Income on deposit account	**27,614**	19,398
	Commission Paid	**32,602**	80,149
	Fee / charges paid	**8,163**	7,416
ii)	**Year end Balances**		
	Other related parties		
	Balances receivable	**516,219**	462,259
	Balances payable	**628,382**	615,514
	Cash and bank balances	**1,375,420**	1,142,972

		2017	2016
	Subsidary company	Rupees in thousand	
i)	**Transactions**		
	Associated undertakings		
	Premium written	**134,640**	106,236
	Claims expense	**53,986**	66,413
	Commission and other incentives in respect of Bancassurance	**1,235,295**	1,026,050
	Profit on bank deposits	**40,521**	31,493
	Investment advisor fee	**14,590**	23,099
	Trustee fee	**9,935**	10,495
	Reinsurance Expense	**12,980**	-
	Bank charges	**1,502**	378
	Investment purchased	**3,612,270**	3,732,003
	Investment sold	**2,020,741**	3,096,405
	Dividend income	**289,147**	22,099
ii)	**Year end balances**		
	Associated undertakings		
	Premium due but unpaid	**6,605**	14,589
	Premium received in advance	**2,402**	-
	Bank deposits	**1,020,368**	1,235,809
	Investments held	**4,004,119**	-
	Dividend receivable	**10,009**	-
	Accrued income	**137**	-
	Technical support fee payable	**13,330**	14,938
	Commission payable	**1,372,459**	280,607
	Claims payable	**9,680**	4,300
	Reinsurance Expense Payable	**12,980**	-
	Remuneration payable to Investments advisor	**1,240**	2,615
	Other receivables	**5**	-
	Remuneration payable to Trustee	**798**	1,028

33 Segment Reporting

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

	31 December 2017																							
	Fire and Property Damage		Marine, Aviation and Transport		Motor		Accident & Health		Miscellaneous		Treaty		Unallocated Corporate Assets/ Liabilities		Total		Aggregate General Insurance	Life Insurance						Aggregate Life Insurance	Grand Total
	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan		Shareholders' Fund	Conventional Business	Accident and Health Business	Non-unitised Investment Link Business	Unit Linked Business	Individual Family Takaful Unit Linked Business		
	Rupees in thousand																								
Other Information																									
Segment assets:																									
Reinsurance and other recoveries accrued	4,349,415	41,888	283,182	-	87,248	2,402,115	-	5,145	882,967	4,490	-	-	-	-	5,602,812	2,453,638	8,056,450	-	-	-	-	-	-	-	8,056,450
Deferred commission expense	217,460	2,009	2,705	2,348	54,653	402,643	11,226	-	40,281	306	-	-	-	-	326,325	407,306	733,631	-	-	-	-	-	-	-	733,631
Prepaid reinsurance premium ceded	1,683,998	10,960	2,412	-	46	250,060	-	2,703	393,464	5,504	-	-	-	-	2,079,920	269,227	2,349,147	-	-	-	-	-	-	-	2,349,147
Premiums due but unpaid	1,466,654	12,442	253,537	10,813	792,246	2,169,713	606,736	2,513	457,825	3,865	-	-	-	-	3,576,998	2,199,346	5,776,344	-	66,853	-	-	-	-	66,853	5,843,197
Premium and claim reserves retained by cedants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amounts due from other insurers/reinsurers	306,639	1,396	53,008	1,213	165,638	243,442	126,853	282	95,719	434	-	-	-	-	747,856	246,767	994,623	-	-	-	5,166	3,105	-	8,271	1,002,894
Unallocated assets:																									
Cash and bank deposits	-	-	-	-	-	-	-	-	-	-	-	-	1,214,193	3,084,915	1,214,193	3,084,915	4,299,108	4,332	98,773	167	1,221,859	10,189,848	461,656	11,976,635	16,275,743
Loans	-	-	-	-	-	-	-	-	-	-	-	-	11,602	6,537	11,602	6,537	18,139	8,916	-	-	18,295	12,875	-	40,086	58,225
Investments	-	-	-	-	-	-	-	-	-	-	-	-	15,923,671	-	15,923,671	-	15,923,671	229,207	216,622	-	1,324,683	13,149,603	734,846	15,654,961	31,578,632
Investment property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	637,981	-	637,981	637,981
Deferred taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued investment Income	-	-	-	-	-	-	-	-	-	-	-	-	91,452	16,179	91,452	16,179	107,631	3,102	2,689	-	17,865	62,712	8,839	95,207	202,838
Taxation payments less provision	-	-	-	-	-	-	-	-	-	-	-	-	82,087	-	82,087	-	82,087	130,661	-	-	-	-	-	130,661	212,748
Prepayments - others	-	-	-	-	-	-	-	-	-	-	-	-	139,730	11,054	139,730	11,054	150,784	79,259	1,443	-	40,000	355,001	25,302	501,005	651,789
Dividend receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	107	-	-	10,491	43,378	1,350	55,326	55,326
Sundry receivables	-	-	-	-	-	-	-	-	-	-	-	-	160,415	79,575	160,415	79,575	239,990	596	505	-	-	76,295	103	77,499	317,489
Fixed assets	-	-	-	-	-	-	-	-	-	-	-	-	2,422,110	197,410	2,422,110	197,410	2,619,520	213,782	-	-	-	-	-	213,782	2,833,302
Total assets of Window Takaful Operations - Operator's Fund	-	-	-	-	-	-	-	-	-	-	-	-	241,121	-	241,121	-	241,121	-	-	-	-	-	-	-	241,121
Total assets	8,024,166	68,695	594,844	14,374	1,099,831	5,467,973	744,815	10,643	1,870,256	14,599	-	-	20,286,381	3,395,670	32,620,292	8,971,954	41,592,246	669,962	386,885	167	2,638,359	24,530,798	1,232,096	29,458,267	71,050,513
Segment liabilities:																									
Provision for outstanding claims (including IBNR)	4,673,231	59,761	397,938	5,585	518,455	4,321,081	307,892	9,404	1,186,766	5,631	-	-	-	-	7,084,282	4,401,462	11,485,744	-	113,595	-	10,029	233,666	1,800	359,090	11,844,834
Commission income unearned	162,216	3,308	46	-	5	8,518	-	-	65,458	755	-	-	-	-	227,725	12,581	240,306	-	-	-	-	-	-	-	240,306
Provision for unearned premium	2,231,420	18,404	25,934	14,720	1,330,409	3,680,417	989,398	7,868	609,357	4,571	-	-	-	-	5,186,518	3,725,980	8,912,498	-	-	-	-	-	-	-	8,912,498
Premiums received in advance	126,111	52	21,801	45	68,122	8,998	52,171	10	39,366	16	-	-	-	-	307,571	9,121	316,692	-	20,696	9	25,783	204,799	8,637	259,924	576,616
Commission payable	185,356	2,008	32,042	1,745	100,124	350,183	76,679	406	57,860	624	-	-	-	-	452,061	354,966	807,027	-	13,421	35	12,148	363,069	31,246	419,919	1,226,946
Amounts due to other insurers / reinsurers	684,131	-	118,264	-	369,549	-	283,016	-	213,556	-	-	-	-	-	1,668,516	-	1,668,516	-	10,655	-	-	1,922	-	12,577	1,681,093
Unallocated liabilities:																									
Accrued expenses	-	-	-	-	-	-	-	-	-	-	-	-	122,578	-	122,578	-	122,578	12,006	3	-	10	3,041	4,053	19,113	141,691
Deferred taxation	-	-	-	-	-	-	-	-	-	-	-	-	37,302	-	37,302	-	37,302	(7,084)	-	-	-	-	-	(7,084)	30,218
Other creditors and accruals	-	-	-	-	-	-	-	-	-	-	-	-	1,500,367	-	1,431,006	69,361	1,500,367	98,112	161	-	142	84,677	955	184,047	1,684,414
Staff retirement benefits	-	-	-	-	-	-	-	-	-	-	-	-	84,443	69,953	84,443	69,953	154,396	31,507	-	-	-	-	-	31,507	185,903
Taxation - provision less payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities of Window Takaful Operations - Operator's Fund	-	-	-	-	-	-	-	-	-	-	-	-	141,312	-	141,312	-	141,312	-	-	-	-	-	-	-	141,312
Unclaimed dividends	-	-	-	-	-	-	-	-	-	-	-	-	106,214	-	106,214	-	106,214	-	-	-	-	-	-	-	106,214
Total liabilities	8,062,465	83,533	596,025	22,095	2,386,664	8,369,197	1,709,156	17,688	2,172,363	11,597	-	-	1,992,216	69,953	16,849,528	8,643,424	25,492,952	134,541	158,531	44	48,112	891,174	46,691	1,279,093	26,772,045
Capital expenditure															1,489,546	21,122	1,510,668	130,999						130,999	1,641,667

	31 December 2016																								
	Fire and Property Damage		Marine, Aviation and Transport		Motor		Accident & Health		Miscellaneous		Treaty		Unallocated Corporate Assets/ Liabilities		Total		Aggregate General Insurance	Life Insurance						Aggregate Life Insurance	Grand Total
	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan		Shareholders' Fund	Conventional Business	Accident and Health Business	Non-unitised Investment Link Business	Unit Linked Business	Individual Family Takaful Unit Linked Business		
	Rupees in thousand																								
Other Information																									
Segment assets:																									
Reinsurance and other recoveries accrued	3,131,379	55,527	116,957	-	115,131	2,320,521	-	11,832	857,070	7,179	-	-	-	-	4,220,537	2,395,059	6,615,596	-	-	-	-	-	-	-	6,615,596
Deferred commission expense	267,204	4,415	4,834	370	78,015	333,262	24,058	293	24,220	610	-	-	-	-	398,331	338,950	737,281	-	-	-	-	-	-	-	737,281
Prepaid reinsurance premium ceded	1,762,967	18,870	6,439	-	342	405,498	-	6,237	152,515	3,314	-	-	-	-	1,922,263	433,919	2,356,182	-	-	-	-	-	-	-	2,356,182
Premiums due but unpaid	1,269,909	24,019	216,473	9,805	584,276	2,151,000	425,858	6,506	369,962	5,673	-	-	-	-	2,866,478	2,197,003	5,063,481	-	35,610	-	-	-	-	35,610	5,099,091
Premium and claim reserves retained by cedants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amounts due from other insurers/reinsurers	430,795	923	73,435	377	198,206	82,681	144,465	250	125,503	218	-	-	-	-	972,404	84,449	1,056,853	-	-	-	5,419	-	-	5,419	1,062,272
Unallocated assets:																									
Cash and bank deposits	-	-	-	-	-	-	-	-	-	-	-	-	2,633,147	1,703,083	2,633,147	1,703,083	4,336,230	68,743	162,465	167	992,428	5,856,158	97,951	7,177,912	11,514,142
Loans	-	-	-	-	-	-	-	-	-	-	-	-	14,730	3,639	14,730	3,639	18,369	8,170	-	-	15,039	5,408	-	28,617	46,986
Investments	-	-	-	-	-	-	-	-	-	-	-	-	15,443,961	599,579	15,443,961	599,579	16,043,540	232,636	130,954	-	1,524,409	12,347,903	360,237	14,596,139	30,639,679
Deferred taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued investment Income	-	-	-	-	-	-	-	-	-	-	-	-	26,794	3,472	26,794	3,472	30,266	7,780	3,066	-	25,110	166,179	5,077	207,212	237,478
Taxation payments less provision	-	-	-	-	-	-	-	-	-	-	-	-	7,534	-	7,534	-	7,534	68,404	-	-	-	-	-	68,404	75,938
Prepayments - others	-	-	-	-	-	-	-	-	-	-	-	-	83,722	2,146	83,722	2,146	85,868	55,933	1,076	-	90,000	1,090,000	778	1,237,787	1,323,655
Dividend receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19	-	-	2,500	11,897	-	14,416	14,416
Sundry receivables	-	-	-	-	-	-	-	-	-	-	-	-	121,801	63,114	121,801	63,114	184,915	5,149	5	-	-	9,851	-	15,005	199,920
Fixed assets	-	-	-	-	-	-	-	-	-	-	-	-	1,054,883	194,857	1,054,883	194,857	1,249,740	125,886	-	-	-	-	-	125,886	1,375,626
Total assets of Window Takaful Operations - Operator's Fund	-	-	-	-	-	-	-	-	-	-	-	-	99,157	-	99,157	-	99,157	-	-	-	-	-	-	-	99,157
Total assets	6,862,254	103,754	418,138	10,552	975,970	5,292,962	594,381	25,118	1,529,270	16,994	-	-	19,485,729	2,569,890	29,865,742	8,019,270	37,885,012	572,720	333,176	167	2,654,905	19,487,396	464,043	23,512,407	61,397,419
Segment liabilities:																									
Provision for outstanding claims (including IBNR)	3,480,697	70,487	251,631	5,097	439,793	3,894,426	254,376	17,178	1,053,622	8,411	-	-	-	-	5,480,119	3,995,599	9,475,718	-	81,196	-	18,265	138,891	-	238,352	9,714,070
Commission income unearned	169,820	3,954	173	-	5	29,317	-	-	32,688	933	-	-	-	-	202,686	34,204	236,890	-	-	-	-	-	-	-	236,890
Provision for unearned premium	2,292,033	29,412	35,344	11,742	1,079,748	2,898,097	621,104	10,566	487,143	5,875	-	-	-	-	4,515,372	2,955,692	7,471,064	-	-	-	-	-	-	-	7,471,064
Premiums received in advance	99,981	-	17,043	-	46,001	-	33,528	-	29,128	-	-	-	-	-	225,681	-	225,681	-	4,798	9	30,310	139,312	10,334	184,763	410,444
Commission payable	216,675	3,209	36,935	1,310	99,691	287,393	72,661	869	63,124	758	-	-	-	-	489,086	293,540	782,626	-	11,045	36	9,633	304,747	15,712	341,173	1,123,799
Amounts due to other insurers / reinsurers	682,538	-	116,348	-	314,031	-	228,886	-	198,843	-	-	-	-	-	1,540,645	-	1,540,645	-	23,001	-	-	33,107	2,058	58,166	1,598,811
Unallocated liabilities:																									
Accrued expenses	-	-	-	-	-	-	-	-	-	-	-	-	101,928	33,696	101,928	33,696	135,624	9,485	-	-	-	-	30	9,515	145,139
Other creditors and accruals	-	-	-	-	-	-	-	-	-	-	-	-	1,369,108	86,142	1,369,108	86,142	1,455,250	71,702	539	-	419	7,686	492	80,838	1,536,088
Staff retirement benefits	-	-	-	-	-	-	-	-	-	-	-	-	25,744	55,655	25,744	55,655	81,399	14,361	-	-	-	-	-	14,361	95,760
Taxation - provision less payments	-	-	-	-	-	-	-	-	-	-	-	-	34,549	-	34,549	-	34,549	813	-	-	-	-	-	813	35,362
Total liabilities of Window Takaful Operations - Operator's Fund	-	-	-	-	-	-	-	-	-	-	-	-	46,366	-	46,366	-	46,366	-	-	-	-	-	-	-	46,366
Unclaimed dividends	-	-	-	-	-	-	-	-	-	-	-	-	88,969	-	88,969	-	88,969	-	-	-	-	-	-	-	88,969
Total liabilities	6,941,744	107,062	457,474	18,149	1,979,268	7,109,233	1,210,555	28,613	1,864,548	15,977	-	-	1,666,664	175,493	14,120,253	7,454,528	21,574,781	96,361	120,579	45	58,627	623,743	28,626	927,981	22,502,762
Capital expenditure															248,150	54,442	302,592	91,294						91,294	393,886

33.2 For general insurance, each class of business has been identified as reportable segment whereas, for life insurance the statutory funds are treated as reportable segments. Following is a schedule of segment wise revenue and results:

BUSINESS UNDERWRITTEN INSIDE PAKISTAN (Rupees in thousand)

	General Insurance						Life Insurance					Total	
	Fire and Property Damage	Marine, Aviation and Transport	Motor	Accident & Health	Miscellaneous	Treaty	Conventional Business	Accident and Health Business	Non-unitised Investment Link Business	Unit Linked Business	Individual Family Takaful Unit Linked Business	31 December 2017	31 December 2016
Revenue account													
Net premium revenue	922,576	671,704	2,365,027	1,663,063	819,903	-	255,819	-	376,371	11,594,758	1,082,162	19,751,383	16,529,508
Net claims	(404,420)	(179,903)	(1,153,274)	(1,404,546)	(355,392)	-	(212,130)	-	(249,182)	(3,828,996)	(103,293)	(7,891,136)	(6,324,844)
Expenses	(313,220)	(209,315)	(629,587)	(95,295)	(197,118)	-	(63,881)	-	(21,801)	(792,419)	(111,832)	(2,434,468)	(1,878,984)
Net commission	(68,423)	(120,418)	(248,273)	(56,163)	44,798	-	(39,483)	-	(7,897)	(1,698,075)	(176,263)	(2,370,197)	(1,892,610)
Premium deficiency reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Net investment income - statutory fund	-	-	-	-	-	-	15,996	-	(47,386)	(331,228)	(29,627)	(392,245)	2,268,299
Add: Policyholder's liabilities at beginning of the year	-	-	-	-	-	-	110,756	-	2,370,723	18,383,848	385,969	21,251,296	13,855,898
Less: Policyholder's liabilities at end of the year	-	-	-	-	-	-	(119,064)	-	(2,434,663)	(23,433,236)	(1,109,108)	(27,096,071)	(21,251,296)
Surplus of Policyholders' funds	-	-	-	-	-	-	51,987	-	13,835	105,348	61,992	233,162	(396,121)
Underwriting result	136,513	162,068	333,893	107,059	312,191	-	-	-	-	-	-	1,051,724	909,850
Investment income - other												1,394,198	3,450,931
Rental income												7,480	-
Other income												98,520	178,300
												2,551,922	4,539,081
General and administration expenses												(579,901)	(566,251)
Exchange gain												4,391	(1,328)
Profit / (loss) before tax from takaful operations - operator's fund												66,598	4,038
Workers' welfare fund												(63,274)	(82,768)
Profit before tax												1,979,736	3,892,772
Provision for taxation												(891,980)	(561,476)
Profit after tax												1,087,756	3,331,296

BUSINESS UNDERWRITTEN OUTSIDE PAKISTAN and **Aggregate** (Rupees in thousand)

	General Insurance						Life Insurance					Total		Aggregate	
	Fire and Property Damage	Marine, Aviation and Transport	Motor	Accident & Health	Miscellaneous	Treaty	Conventional Business	Accident and Health Business	Non-unitised Investment Link Business	Unit Linked Business	Individual Family Takaful Unit Linked Business	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Revenue account															
Net premium revenue	18,746	29,948	5,033,990	1,984	8,058	-	-	-	-	-	-	5,092,726	3,999,304	24,844,109	20,528,812
Net claims	(3,225)	(3,446)	(3,926,587)	(3,073)	38	-	-	-	-	-	-	(3,936,293)	(3,037,303)	(11,827,429)	(9,362,147)
Expenses	(5,678)	(5,668)	(426,456)	(5,499)	(5,524)	-	-	-	-	-	-	(448,825)	(387,267)	(2,883,293)	(2,266,251)
Net commission	(2,385)	(2,993)	(636,754)	(295)	854	-	-	-	-	-	-	(641,573)	(456,910)	(3,011,770)	(2,349,520)
Premium deficiency reserve	-	-	121,553	-	-	-	-	-	-	-	-	121,553	50,313	121,553	50,313
Net investment income - statutory fund	-	-	-	-	-	-	-	-	-	-	-	-	-	(392,245)	2,268,299
Add: Policyholder's liabilities at beginning of the year	-	-	-	-	-	-	-	-	-	-	-	-	-	21,251,296	13,855,898
Less: Policyholder's liabilities at end of the year	-	-	-	-	-	-	-	-	-	-	-	-	-	(27,096,071)	(21,251,296)
Surplus of Policyholders' funds	-	-	-	-	-	-	-	-	-	-	-	-	-	233,162	(396,121)
Underwriting result	7,458	17,841	165,746	(6,883)	3,426	-	-	-	-	-	-	187,588	168,137	1,239,312	1,077,987
Investment income - other												104,866	74,742	1,499,064	3,525,673
Rental income												1,084	6,447	8,564	6,447
Other income												10,111	8,359	108,631	186,659
												303,649	257,685	2,855,571	4,796,766
General and administration expenses												(192,306)	(94,515)	(772,207)	(660,766)
Exchange gain												742	(345)	5,133	(1,673)
Profit / (loss) before tax from takaful operations - operator's fund												-	-	66,598	4,038
Workers' welfare fund												-	-	(63,274)	(82,768)
Profit before tax												112,085	162,825	2,091,821	4,055,597
Provision for taxation												-	-	(891,980)	(561,476)
Profit after tax												112,085	162,825	1,199,841	3,494,121

34 Financial and insurance risk management objectives and policies

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

The individual risk wise analysis is given below :

34.1 Credit risk and concentration of credit risk

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

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

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

	2017	2016
	Rupees in thousand	
Bank deposits	**16,253,721**	11,497,537
Investments	**31,578,632**	30,639,677
Premium due but unpaid	**5,843,197**	5,099,091
Amount due from other insurers / reinsurers	**1,002,894**	1,062,271
Salvage recoveries accrued	**347,289**	336,163
Loans	**52,109**	38,947
Accrued investment income	**202,838**	251,893
Reinsurance recoveries against outstanding claims	**7,709,161**	6,279,433
Sundry receivables	**796,200**	1,379,876
	63,786,041	56,584,888

Provision for impairment is made for doubtful receivables according to the Group's policy. The impairment provision is written off when the Group expects that it cannot recover the balance due. The movement in the provision for doubtful debt account is shown in note 18.2, 19.1 and 20.1 to these consolidated financial statements.

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

Up to 1 year	**4,565,325**	4,219,959
1-2 & prior years	**1,127,978**	775,129
	5,693,303	4,995,088

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

Up to 1 year	**503,160**	456,773
1-2 & prior years	**22,535**	15,829
	6,218,998	5,467,690
Less: Provision for doubtful balances	**(375,801)**	(375,576)
	5,843,197	5,092,114

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

	Rating		Rating Agency	2017	2016
	Short Term	Long Term			
				Rupees in thousand	
Abu Dhabi Commercial Bank	A1	A	S&P	**450,450**	-
Allied Bank Limited	A1+	AA+	PACRA	**3,000,000**	1,000,000
Askari Bank Limited	A1+	AA+	PACRA	**1,165**	46
Bank Alfalah Limited	A1+	AA+	PACRA	**2,234,482**	1,996,150
Bank Al Habib Limited	A1+	AA+	PACRA	**3,702**	5,344
Bank Al Habib Limited - Islamic	A1+	AA+	PACRA	**8,003**	
Dubai Islamic Bank Pakistan Limited	A1	AA-	JCR-VIS	**255,325**	100,112
Habib Bank Limited of Pakistan	A1+	AAA	JCR-VIS	**3,288,845**	1,865,380
Mobilink Micro Finance Bank	A1	A	PACRA	**18,776**	-
FINCA Micro Finance Bank Limited				**305,157**	132,568
MCB Bank Limited	A1+	AAA	PACRA	**2,495,788**	2,550,531
National Bank of Pakistan	A1+	AAA	PACRA	**1,422**	16,428
The Punjab Provincial Cooperative Bank Limited				**223,305**	206,962
Soneri Bank Limited	A1+	AA-	PACRA	**1**	1
Silk Bank Limited	A-2	A-	JCR-VIS	**321,176**	-
United Bank Limited, Dubai U.A.E	A1+	AAA	JCR-VIS	**-**	-
Emirate Islamic Bank	A1	A+	Capital Intelligence	**-**	491,553
Zarai Taraqiati Bank Limited	A1+	AAA	JCR-VIS	**373,847**	555,284
Habib Metropolitan Bank	A1+	AA+	PACRA	**816,530**	500,000
Bank Islami Pakistan Limited	A1	A+	PACRA	**-**	-
NRSP Micro Finance Bank	A1	A	PACRA	**188,566**	219,476
JS Bank	A1+	AA-	PACRA	**275,000**	1,000,000
Bank of Punjab	A1+	AA	PACRA	**-**	-
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	**85,398**	50,709
United Bank Limited	A1+	AAA	JCR-VIS	**1,563,258**	639,709
Samba Bank Limited	A1	AA	JCR-VIS	**25,020**	83,128
Summit Bank	A-1	A-		**65,000**	-
Waseela Microfinance Bank				**5,807**	7,919
Orix Corporation	A-1	A+	R&I	**125,000**	-
Faysal Bank Limited	A1+	AA	JCR-VIS	**122,698**	76,237
				16,253,721	11,497,537

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

	Amounts due from other insurers / reinsurers	Reinsurance and other recoveries against outstanding claims	2017	2016
	Rupees in thousand			
A or Above (including PRCL)	**1,147,928**	**5,957,575**	**7,105,503**	7,569,316
BBB	**785**	**1,207,854**	**1,208,639**	89,374
Others	**5,483**	**543,732**	**549,215**	104,478
Total	**1,154,196**	**7,709,161**	**8,863,357**	7,763,168

Subsidiary Company's receivable from reinsurers is Rs. 8,271 thousands. (2016: Rs. 5,418 thousands)

34.2 Liquidity Risk

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

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

	2017			
	Carrying amount	Contractual cash flow	Up to one year	More than one year
Financial liabilities	Rupees in thousand			
Provision for outstanding claims (including IBNR)	**11,844,834**	**11,844,834**	**11,844,834**	-
Amount due to insurers / reinsurers	**1,681,093**	**1,681,093**	**1,681,093**	-
Accrued expenses	**141,691**	**141,691**	**141,691**	-
Unclaimed dividend	**106,214**	**106,214**	**106,214**	-
Other creditors and accruals	**2,410,689**	**2,410,689**	**2,410,689**	-
	16,184,521	**16,184,521**	**16,184,521**	-

	2016			
	Carrying amount	Contractual cash flow	Up to one year	More than one year
Financial liabilities	Rupees in thousand			
Provision for outstanding claims (including IBNR)	9,714,070	9,714,070	9,714,070	-
Amount due to insurers / reinsurers	1,598,811	1,598,811	1,598,811	-
Accrued expenses	145,139	145,139	145,139	-
Unclaimed dividend	88,969	88,969	88,969	-
Other creditors and accruals	2,199,335	2,199,335	2,199,335	-
	13,746,324	13,746,324	13,746,324	-

34.3 Market risk

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

(a) Interest / mark - up rate risk

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

	Effective interest rate		Carrying amounts	
	2017	2016	2017	2016
	Percentage		Rupees in thousand	
Fixed rate of financial instruments				
Financial assets:				
Investments- PIBs and Treasury Bills	**5.91% - 12.28 %**	5.91% - 12.35 %	**3,963,782**	7,609,513
Loans	**5%**	5%	**7,014**	6,375
Floating rate financial instruments				
Financial assets:				
Bank deposits	**3.75% - 5.90%**	3.75% - 5.90%	**14,719,453**	10,006,236
Investments - TFCs	**7.72% - 9.26%**	8.62% - 9.03%	**928,568**	708,250

Sensitivity analysis

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

	Profit and Loss	
	Increase	Decrease
	Rupees in thousand	
As at 31 December 2017 - Fluctuation of 100 bps		
Cash flow sensitivity - variable rate financial liabilities	**-**	-
Cash flow sensitivity - variable rate financial assets	**156,480**	(156,480)
As at 31 December 2016 - Fluctuation of 100 bps		
Cash flow sensitivity - variable rate financial liabilities	**-**	-
Cash flow sensitivity - variable rate financial assets	**107,145**	(107,145)

Price risk

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

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

The Group has investments in quoted equity securities amounting to Rs. 21,041,229 thousands (2016: Rs. 16,287,337 thousands) at the reporting date. The carrying value of investments subject to equity price risk are, in almost all instances, based on quoted market prices as of the reporting date. Market prices are subject to fluctuation which may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions.

Sensitivity analysis

Group's investment portfolio has been classified in the 'available-for-sale' category and fair value through profit and loss categories, a 10% increase / decrease in redemption value and share prices at year end would have increased / decreased impairment loss of investment recognized in profit and loss account or in revenue account of both statutory funds of life insurance business as follows:

	Impact on profit before tax	Impact on equity
	Rupees in thousand	
2017		
Effect of increase in share price	**1,074,286**	752,000
Effect of decrease in share price	**(1,754,777)**	(1,228,344)
2016		
Effect of increase in share price	**978,005**	684,604
Effect of decrease in share price	**(1,154,405)**	(808,084)

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's principal transactions are carried out in Pak Rupees and its exposure to foreign exchange risk arises primarily with respect to AED and US dollars in respect of foreign branches. Financial assets and liabilities exposed to foreign exchange risk amounted to Rs. 8,971,954 thousands (2016: Rs. 8,019,270 thousands) and Rs. 8,643,424 thousands (2016: Rs. 7,454,528 thousands), respectively, at the end of the year.

The following significant exchange rates were applied during the year:

	2017	2016
	Rupees	
Rupees per US Dollar		
Average rate	**105.38**	104.49
Reporting date rate	**110.30**	104.60
Rupees per AED		
Average rate	**28.69**	28.45
Reporting date rate	**30.03**	28.48

Insurance risk
Holding Company

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

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

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

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

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

a) Geographical concentration of insurance risk

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

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

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

b) Reinsurance arrangements

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

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

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

	Gross sum insured		Reinsurance		Net	
	2017	2016	2017	2016	2017	2016
	Rupees in thousand					
Fire	**5,090,077,084**	4,429,105,712	**4,115,369,669**	3,719,860,884	**974,707,415**	709,244,828
Marine	**2,642,382,889**	2,232,482,270	**564,418,095**	512,023,380	**2,077,964,794**	1,720,458,890
Motor	**874,811,364**	618,927,023	**33,866,598**	22,377,423	**840,944,766**	596,549,600
Accident & Health	**109,460,234**	114,492,950	**684,224**	302,344	**108,776,010**	114,190,606
Miscellaneous	**326,473,697**	251,705,141	**190,886,936**	127,153,771	**135,586,761**	124,551,370
	9,043,205,268	7,646,713,096	**4,905,225,522**	4,381,717,802	**4,137,979,746**	3,264,995,294

c) Sources of uncertainty in estimation of future claim payments

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

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

d) Neutral assumptions for claim estimation

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

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

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

e) Sensitivity analysis

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

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

	Pre tax profit / (loss)	
	2017	2016
General Insurance	Rupees in thousand	
10% increase in claims liability Net:		
Fire	**(40,765)**	(34,527)
Marine	**(18,335)**	(23,676)
Motor	**(507,986)**	(399,024)
Accident & Health	**(140,762)**	(131,821)
Miscellaneous	**(35,535)**	(32,002)
	(743,383)	(621,050)
10% decrease in claims liability Net:		
Fire	**40,765**	34,527
Marine	**18,335**	23,676
Motor	**507,986**	399,024
Accident & Health	**140,762**	131,821
Miscellaneous	**35,535**	32,002
	743,383	621,050

f) Claims development table

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

	31 December 2013 & Prior	31 December 2014	31 December 2015	31 December 2016	31 December 2017	Total
	Rupees in thousand					
Estimate of the ultimate claim cost:						
At end of accident year	11,773,460	6,298,282	6,857,672	11,678,479	**11,307,403**	**47,915,296**
One year later	5,412,078	3,195,074	5,123,598	7,075,979	**-**	**20,806,729**
Two years later	2,125,938	867,902	1,255,685	-	**-**	**4,249,525**
Three years later	1,385,048	1,947,901	-	-	**-**	**3,332,949**
Four years later	531,663	-	-	-	**-**	**531,663**
Estimate of cumulative claims	531,663	1,947,901	1,255,685	7,075,979	**11,307,403**	**22,118,632**
Less: Cumulative payments to date	49,593	164,072	651,051	4,188,759	**5,579,414**	**10,632,888**
Liability recognized	482,070	1,783,830	604,634	2,887,220	**5,727,989**	**11,485,744**

Subsidiary Company

34.4 Conventional business

Individual Life

The risk underwritten is mainly death and sometimes disability. The risk of death and disability will vary in degree by age, gender, occupation, income group and geographical location of the assured person. The Subsidiary Company's exposure to poor risks may lead to unexpectedly high severity and frequency in claims' experience. This can be a result of anti-selection, fraudulent claims, a catastrophe or poor persistency. The Subsidiary Company may also face the risk of poor investment return, inflation of business expenses and liquidity issues on amount invested in the fund. The Subsidiary Company faces the risk of under-pricing particularly due to the fact that majority of these contracts are long term. Additionally, the risk of poor persistency may result in the Subsidiary Company being unable to recover expenses incurred at policy acquisition.

The Subsidiary Company manages these risks through its underwriting, reinsurance, claims handling policy and other related controls. The Subsidiary Company has a well defined medical underwriting policy and avoids selling policies to high risk individuals. This puts a check on anti-selection. The need for profit testing is reviewed on an annual basis to ensure reasonableness of premiums charged. Reinsurance contracts have been purchased by the Subsidiary Company to limit the maximum exposure on any one insured person. The Subsidiary Company is developing and intends to eventually have a good spread of business throughout the country thereby ensuring diversification of geographical risks. To avoid poor persistency the Subsidiary Company applies quality controls on the standard of service provided to policyholders and has placed checks to control mis-selling and to track improvements in the standard of service provided to policyholders. For this, a regular monitoring of lapsation rates is conducted. On the claims handling side, the Subsidiary Company has procedures in place to ensure that payment of any fraudulent claims is avoided. For this, Claims Committee with variable materiality limits review all claims for verification and specific and detailed investigation of all apparently doubtful claims (particularly of high amounts) is conducted. Further, all payments on account of claims are made after necessary approval of the Chief Executive Officer of the Subsidiary Company. The Subsidiary Company maintains adequate liquidity in its fund to cater for a potentially sudden and high cash requirement.

a) Frequency and severity of claims

The Subsidiary Company measures concentration of risk in terms of exposure by geographical area. Concentration of risk is not currently a factor of concern as the business is developing and aims to achieve a spread of risks across various parts of the country.

There is some concentration by sum assured amounts which may have an impact on the severity of benefit payments on a portfolio basis.

The table below presents the concentration of assured benefits across five bands of assured benefits per individual life assured. The benefit assured figures are shown gross and net of the reinsurance contracts described above.

The amounts presented are showing total exposure of the Subsidiary Company including exposure in respect of riders attached to the main policies.

Benefits assured per life	**Sum assured at the end of 2017**			
	Total benefit assured			
Rupees	**Before reinsurance**		**After reinsurance**	
	Rupees in thousand	%	Rupees in thousand	%
0-200,000	**2,165**	**2.77**	**547**	**3.44**
200,001 - 400,000	**6,136**	**7.86**	**1,671**	**10.49**
400,001 - 800,000	**10,740**	**13.76**	**2,987**	**18.76**
800,001 - 1,000,000	**1,923**	**2.46**	**508**	**3.19**
More than 1,000,000	**57,086**	**73.14**	**10,212**	**64.12**
Total	**78,050**		**15,925**	

Benefits assured per life	**Sum assured at the end of 2016**			
	Total benefit assured			
Rupees	**Before reinsurance**		**After reinsurance**	
	Rupees in thousand	%	Rupees in thousand	%
0-200,000	3,447	4.43	877	5.66
200,001 - 400,000	6,892	8.86	1,840	11.88
400,001 - 800,000	11,288	14.52	3,086	19.92
800,001 - 1,000,000	2,648	3.41	687	4.43
More than 1,000,000	53,473	68.78	9,000	58.10
Total	77,748		15,490	

b) Sources of uncertainty in the estimation of future benefit payments and premium receipts

Uncertainty in the estimation of future benefit payments and premium receipts for long-term conventional assurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and morbidity incidence rates.

The Company assumes the expected mortality to vary between 80% and 120% of SLIC (2001-05) since the current experience for this line of business is not credible. Morbidity incidence rates are taken as a percentage of reinsurer's risk premium rate.

c) Process used to decide on assumptions

For long-term conventional assurance contracts, long-term assumptions are made at the inception of the contract. Keeping the statutory minimum reserving basis in view, the Subsidiary Company determines assumptions on future mortality, morbidity, persistency, administrative expenses and investment returns. At regular intervals, profit testing is conducted on main policies. Assumptions used for profit testing of the main policies are as follows:

- The expected mortality is assumed to vary between 80% and 120% of SLIC (2001-05) since the current experience for this line of business is not credible.

- Morbidity incidence rates for morbidity are taken as a percentage of reinsurer's risk premium rate.

- Persistency: The Subsidiary Company exercises a periodic analysis on recent and historic experience and persistency is calculated by applying statistical methods. Persistency rates vary by products and more importantly the sales distribution channel. An allowance is then made for any trend in the data to arrive at best estimate of future persistency rates for each sales distribution channel.

- Expense levels and inflation: As the business is new, estimates from business projections have been used. Once established, a periodic study will be conducted on the Subsidiary Company's current business expenses and future projections to calculate per policy expenses. Expense inflation is assumed in line with assumed investment return.

- Investment returns: The investment returns are based on the historic performance of the assets and asset types underlying the fund.

d) Changes in assumptions

There have been no changes in assumptions since the last valuation carried out a year ago.

e) Sensitivity analysis

After reinsurance, the overall liability for individual life conventional business stands at less than 1% of the total policyholder liability held in respect of individual life business. Due to its immateriality, sensitivity analysis has not been conducted.

Group Life

The main risk written by the Subsidiary Company is mortality. The Subsidiary Company may be exposed to the risk of unexpected claim severity or frequency. This can be a result of writing business with higher than expected mortality (such as mining or other hazardous industries), writing high cover amounts without adequate underwriting, difficulty of verification of claims, fraudulent claims or a catastrophe. The Subsidiary Company also faces risk such as that of under-pricing to acquire business in a competitive environment and of non-receipt of premium in due time. There also exists a potential risk of asset liability term mismatch due to liabilities being very short term in nature.

The Subsidiary Company manages these risks through underwriting, reinsurance, effective claims handling and other related controls. The Subsidiary Company has a well defined medical under-writing policy and avoids writing business for groups with overly hazardous exposure. Pricing is done in line with the actual experience of the Subsidiary Company. The premium charged takes into account the actual experience of the client and the nature of mortality exposure the group faces. The Management undertakes to write business in line with the limits set by the appointed actuary, especially for large groups having a group assurance policy with annual premium of Rs 2 million or above in accordance with the requirements of Circular 11 of 2013 dated June 14, 2013. The Subsidiary Company also maintains a Management Information System (MIS) to track the adequacy of the premium charged. Reinsurance contracts have been purchased by the Subsidiary Company to limit the maximum exposure to any one life. At the same time, due caution is applied in writing business in areas with a high probability of terrorism. The Subsidiary Company ensures writing business with good geographical spread and tries to maintain a controlled exposure to large groups which generally have poor experience. Writing business of known hazardous groups is also avoided. On the claims handling side, the Subsidiary Company ensures that payment of any fraudulent claims is avoided. For this, Claims Committee with variable materiality limits review all claims for verification and specific and detailed investigation of all apparently doubtful claims (particularly of high amounts) is conducted. Strict monitoring is in place at the Board of Directors level in order to keep the outstanding balances of premium at a minimum, especially the ones that are due for more than 90 days. The bulk of the assets held against liabilities of this line of business are cash to money market with short durations and high liquidity, thus mitigating the risk of asset value deterioration and liability mismatch.

a) Frequency and severity of claims

The Subsidiary Company measures concentration of risk in terms of exposure by geographical area. Concentration of risk arising from geographical area is not a factor of concern as the Subsidiary Company aims to achieve a spread of risks across various parts of the country.

The following table presents the concentration of assured benefits across five bands of assured benefits per individual life assured. The benefit assured figures are shown gross and net of the reinsurance contracts described above.

The amounts presented are showing total exposure of the Subsidiary Company including exposure in respect of riders attached to the main policies.

Benefits assured per life	**Sum assured at the end of 2017**			
	Total benefit assured			
Rupees	**Before reinsurance**		**After reinsurance**	
	Rupees in thousand	%	Rupees in thousand	%
400,001 - 800,000	**3,500**	**0.001**	**3,500**	**0.002**
More than 1,000,000	**524,734,052**	**99.999**	**183,397,452**	**99.998**
Total	**524,737,552**		**183,400,952**	

Benefits assured per life	Sum assured at the end of 2016			
	Total benefit assured			
Rupees	Before reinsurance		After reinsurance	
	Rupees in thousand	%	Rupees in thousand	%
400,001 - 800,000	30,800	0.01	30,800	0.01
800,001 - 1,000,000	1,626,800	0.29	1,626,800	0.62
More than 1,000,000	565,183,994	99.71	216,907,161	99.37
Total	566,841,594		218,564,761	

b) Sources of uncertainty in the estimation of future benefit payments and premium receipts

Other than conducting a liability adequacy for Unexpired Risk Reserves (URR), there is no need to estimate mortality for future years because of the short duration of the contracts.

c) Process used to decide on assumptions

The business is too new for any meaningful investigation into the group's past experience. However, industry experience, the insured group's own past experience and reinsurer risk rates are used to determine the expected level of risk in relation to the SLIC (2001-05) Individual Life Ultimate Mortality Table.

d) Changes in assumptions

There have been no changes in assumptions since the last valuation carried out a year ago.

e) Sensitivity analysis

After reinsurance, the net unearned premium reserve for this business stands at less than 1% of the total policyholder liability. This liability will be on the Company's books for under a year. Due to its immateriality, a sensitivity analysis has not been conducted.

34.4.1 Non unitised Investment Linked Business

The risk underwritten is mainly death and sometimes disability. The risk of death and disability will vary in degree by age, gender, occupation, income group and geographical location of the assured person. The Subsidiary Company's exposure to poor risks may lead to unexpectedly high severity and frequency in claims' experience. This can be a result of anti-selection, fraudulent claims, a catastrophe or poor persistency. The Subsidiary Company may also face the risk of inflation of business expenses and liquidity issues on amount invested in the fund. The Subsidiary Company faces the risk of under-pricing particularly due to the fact that these contracts are long term. Additionally, the risk of poor persistency may result in the Subsidiary Company being unable to recover expenses incurred at policy acquisition.

The Subsidiary Company manages these risks through its underwriting, reinsurance, claims handling policy and other related controls. The Subsidiary Company has a well defined medical underwriting policy and avoids selling policies to high risk individuals. This puts a check on anti-selection. The need for profit testing is reviewed on an annual basis to ensure reasonableness of premiums charged. Reinsurance contracts have been purchased by the Subsidiary Company to limit the maximum exposure on any one insured person. The Subsidiary Company is developing and intends to eventually have a good spread of business throughout the country thereby ensuring diversification of geographical risks. To avoid poor persistency the Subsidiary Company applies quality controls on the standard of service provided to policyholders and has placed checks to control mis-selling and to track improvements in the standard of service provided to policyholders. For this, a regular monitoring of lapsation rates is conducted. On the claims handling side, the Subsidiary Company has procedures in place to ensure that payment of any fraudulent claims is avoided. For this, Claims Committee with variable materiality limits review all claims for verification and specific and detailed investigation of all apparently doubtful claims (particularly of high amounts) is conducted. The Subsidiary Company maintains adequate liquidity in its fund to cater for a potentially sudden and high cash requirement. Further all payments on account of claims are made after necessary approval of the Chief Executive Officer of the Subsidiary Company. The Subsidiary Company reserves the right to review the charges deductible under the contracts, thus limiting the risk of under pricing.

a) Frequency and severity of claims

The Subsidiary Company measures concentration of risk by geographical area. Concentration of risk is not currently a factor of concern as the business is developing and aims to achieve a spread of risks across various parts of the country.

There is some concentration by sum assured amounts which may have an impact on the severity of benefit payments on a portfolio basis.

The Subsidiary Company charges for mortality risk on a monthly basis for all insurance contracts. It has the right to alter these charges based on its mortality experience and hence minimizes its exposure to mortality risk. Delays in implementing increases in charges and market or regulatory restraints over the extent of the increases may hinder its mitigating effect. The Subsidiary Company manages these risks through its underwriting strategy and reinsurance arrangements.

The table below presents the concentration of assured benefits across five bands of assured benefits per individual life assured. The benefit assured figures are shown gross and net of the reinsurance contracts described above. The amounts presented are showing total exposure of the Subsidiary Company including exposure in respect of riders attached to the main policies.

Benefits assured per life	Sum assured at the end of 2017			
	Total benefit assured			
Rupees	Before reinsurance		After reinsurance	
	Rupees in thousand	%	Rupees in thousand	%
0-200,000	**529,068**	**8.85**	**57,628**	**6.53**
200,001 - 400,000	**927,159**	**15.50**	**142,784**	**16.18**
400,001 - 800,000	**1,827,902**	**30.57**	**287,539**	**32.58**
800,001 - 1,000,000	**1,165,490**	**19.49**	**278,909**	**31.60**
More than 1,000,000	**1,530,409**	**25.59**	**115,640**	**13.10**
Total	**5,980,028**		**882,500**	

Benefits assured per life	Sum assured at the end of 2016			
	Total benefit assured			
Rupees	Before reinsurance		After reinsurance	
	Rupees in thousand	%	Rupees in thousand	%
0-200,000	605,863	9.34	63,400	6.12
200,001 - 400,000	1,041,221	16.05	161,318	15.58
400,001 - 800,000	1,977,292	30.48	349,155	33.73
800,001 - 1,000,000	1,244,466	19.18	324,770	31.37
More than 1,000,000	1,618,173	24.94	136,584	13.19
Total	6,487,015		1,035,227	

b) Sources of uncertainty in the estimation of future benefit payments and premium receipts

Uncertainty in the estimation of future benefit payments and premium receipts for long-term Non-unitised Investment Linked assurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and morbidity of the insured population and variability in policyholders' behavior.

Factors impacting future benefit payments and premium receipts are as follows:

- Mortality: The Subsidiary Company assumes the expected mortality to vary between 80% and 120% of SLIC (2001-05) since the current experience for this line of business is not credible.

- Morbidity: Incidence rates for morbidity are taken as a proportion of reinsurer's risk rates.

- Persistency: The Subsidiary Company exercises a periodic analysis on recent and historic experience and persistency is calculated by applying statistical methods. Persistency rates vary by products and more importantly the sales distribution channel. An allowance is then made for any trend in the data to arrive at best estimate of future persistency rates for each sales distribution channel.

c) Process used to decide on assumptions

For long-term Non-unitised Investment Linked assurance contracts, assumptions are made in two stages. At inception of the contract, the Subsidiary Company determines assumptions on future mortality, morbidity, persistency, administrative expenses and investment returns. At regular intervals, profit testing is conducted on main policies. Assumptions used for profit testing of the main policies are as follows:

- Mortality: The expected mortality is assumed to vary between 80% and 120% of SLIC (2001-05) since the current experience for this line of business is not credible.

- Morbidity: Incidence rates for morbidity are taken as a proportion of reinsurer's risk rates.

- Persistency: The Subsidiary Company exercises a periodic analysis on recent and historic experience and persistency is calculated by applying statistical methods. Persistency rates vary by products and more importantly the sales distribution channel. An allowance is then made for any trend in the data to arrive at best estimate of future persistency rates for each sales distribution channel.

- Expense levels and inflation: As the business is new, estimates from business projections have been used. Once established, a periodic study will be conducted on the Subsidiary Company's current business expenses and future projections to calculate per policy expenses. Expense inflation is assumed in line with assumed investment return.

- Investment returns: The investment returns are based on the historic performance of different types of assets underlying the fund.

d) Changes in assumptions

There have been no changes in assumptions since the last valuation carried out a year ago.

e) Sensitivity analysis

Periodic sensitivity analyses of the Subsidiary Company's in-force business determine whether any reserve needs to be created or product prices for new business need to be revised in light of changing or anticipated changes in experience from that expected when pricing the existing book of business. The current nature, volume and age of in-force business does not require a detailed sensitivity analysis at this stage.

34.4.2 Unit Linked Business

The risk underwritten is mainly death and sometimes disability and/or critical illness. The risk of death and disability will vary from region to region. The Subsidiary Company may get exposed to poor risks due to unexpected experience in terms of claim severity or frequency. This can be a result of anti-selection, fraudulent claims, a catastrophe or poor persistency. The Subsidiary Company may also face the risk of poor investment return, inflation of business expenses and liquidity issues on monies invested in the fund. The Subsidiary Company faces the risk of under-pricing particularly due to the fact that these contracts are long term. Additionally, the risk of poor persistency may result in the Subsidiary Company being unable to recover expenses incurred at policy acquisition.

The Subsidiary Company manages these risks through its underwriting, reinsurance, claims handling policy and other related controls. The Subsidiary Company has a well defined medical under-writing policy and avoids selling policies to high risk individuals. This puts a check on anti-selection. The need for profit testing is reviewed on an annual basis to ensure reasonableness of premiums charged. Reinsurance contracts have been purchased by the Subsidiary Company to limit the maximum exposure on any one policyholder. The Subsidiary Company has a good spread of business throughout the country thereby ensuring diversification of geographical risks. To avoid poor persistency the Subsidiary Company applies quality controls on the standard of service provided to policyholders and has placed checks to curb mis-selling and improvement in standard of service provided to the policyholders. For this, a regular branch wise monitoring of lapsation rates is conducted. On the claims handling side, the Subsidiary Company has procedures in place to ensure that payment of any fraudulent claims is avoided. For this, Claims Committee with variable materiality limits review all claims for verification and specific and detailed investigation of all apparently doubtful claims (particularly of high amounts) is conducted. The Subsidiary Company maintains adequate liquidity in each unit fund to cater for potentially sudden and high cash requirement. Further, all payments on account of claims are made after necessary approval of relevant authority as per policy of the Subsidiary Company The Subsidiary Company reserves the right to review the charges deductible under the contracts, thus limiting the risk of under pricing.

Frequency and severity of claims

The Subsidiary Company measures concentration of risk by geographical area. Concentration of risk is not currently a factor of concern as the business is developing and aims to achieve a spread of risks across various parts of the country.

However, undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

The Subsidiary Company charges for mortality risk on a monthly basis for all insurance contracts. It has the right to alter these charges based on its mortality experience and hence minimizes its exposure to mortality risk. Delays in implementing increases in charges and market or regulatory restraints over the extent of the increases may hinder its mitigating effect. The Subsidiary Company manages these risks through its underwriting strategy and reinsurance arrangements.

The table below presents the concentration of insured benefits across five bands of insured benefits per individual life assured. The benefit insured figures are shown gross and net of the reinsurance contracts described above. At year-end, none of these insurance contracts had triggered a recovery under the reinsurance held by the Subsidiary Company.

The amounts presented are showing total exposure of the Subsidiary Company including exposure in respect of riders attached to the main policies.

Benefits assured per life	**Sum assured at the end of 2017**			
	Total benefit assured			
Rupees	**Before reinsurance**		**After reinsurance**	
	Rupees in thousand	%	Rupees in thousand	%
0-200,000	**3,246,604**	**2.71**	**1,269,878**	**3.98**
200,001 - 400,000	**12,896,846**	**10.76**	**5,050,139**	**15.82**
400,001 - 800,000	**27,938,861**	**23.31**	**10,141,800**	**31.77**
800,001 - 1,000,000	**27,286,613**	**22.77**	**8,671,387**	**27.16**
More than 1,000,000	**48,479,318**	**40.45**	**6,794,112**	**21.28**
Total	**119,848,242**		**31,927,316**	

Benefits assured per life	Sum assured at the end of 2016			
	Total benefit assured			
Rupees	Before reinsurance		After reinsurance	
	Rupees in thousand	%	Rupees in thousand	%
0-200,000	2,294,486	2.45	555,423	2.84
200,001 - 400,000	9,559,268	10.20	2,571,816	13.17
400,001 - 800,000	21,823,999	23.29	5,765,259	29.53
800,001 - 1,000,000	22,692,996	24.21	6,091,488	31.20
More than 1,000,000	37,351,150	39.85	4,541,499	23.26
Total	93,721,901		19,525,485	

a) Sources of uncertainty in the estimation of future benefit payments and premium receipts

Uncertainty in the estimation of future benefit payments and premium receipts for long–term unit linked insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and variability in policyholder's behavior.

b) Factors impacting future benefit payments and premium receipts are as follows:

Mortality: The expected mortality is assumed to vary between 80% and 120% of SLIC (2001-05) since the current experience for this line of business is not credible.

Persistency: The business is developing and eventually the Subsidiary Company intends to conduct periodic analysis on its historic book of business, using statistical methods to determine its persistency experience. Persistency rates are expected to vary by product and more importantly the sales distribution channel. Allowance will then be made for any trend in the data to arrive at best estimates of future persistency rates for each sales distribution channel.

c) Process used to decide on assumptions

For long-term unit linked insurance contracts, assumptions are made in two stages. At inception of the contract, the Subsidiary Company determines assumptions on future mortality, persistency, administrative expenses and investment returns. At regular intervals, profit testing is conducted on main policies. Assumptions used for profit testing of the main policies are as follows:

Mortality: The Subsidiary Company assumes the expected mortality to vary between 80% and 120% of SLIC (2001-05) since the current experience for this line of business is not credible.

Persistency: Since the Subsidiary Company has recently started business, it has no own experience to which it can refer. Industry standards for anticipated persistency rates have been used initially. Eventually, a periodic analysis of the Subsidiary Company's recent and historic experience will be performed and persistency will be calculated by applying statistical methods. Persistency rates vary by products and more importantly the sales distribution channel. An allowance will then be made for any trend in the data to arrive at best estimate of future persistency rates for each sales distribution channel.

Expense levels and inflation: As the business is new, estimates from business projections have been used. Once established, a periodic study will be conducted on the Subsidiary Company's current business expenses and future projections to calculate per policy expenses. Expense inflation is assumed in line with assumed investment return.

Investment returns: The investment returns are based on the historic performance of the assets and asset types underlying the fund.

d) Changes in assumptions

There have been no changes in assumptions since the last valuation carried out a year ago.

e) Sensitivity analysis

Periodic sensitivity analyses of the Subsidiary Company's in-force business determine whether any reserve needs to be created or product prices for new business need to be revised in light of changing or anticipated changes in experience from that expected when pricing the existing book of business. The current nature, volume and age of in-force business does not require a detailed sensitivity analysis at this stage.

34.4.3 Individual Family Takaful Unit Linked Business

The risk underwritten is mainly death and sometimes disability and/or critical illness. The risk of death and disability will vary from region to region. The Subsidiary Company may get exposed to poor risks due to unexpected experience in terms of claim severity or frequency. This can be a result of anti-selection, fraudulent claims, a catastrophe or poor persistency. The Subsidiary Company may also face the risk of poor investment return, inflation of business expenses and liquidity issues on monies invested in the fund. The Subsidiary Company faces the risk of under-pricing particularly due to the fact that these contracts are long term. Additionally, the risk of poor persistency may result in the Subsidiary Company being unable to recover expenses incurred at policy acquisition.

The Subsidiary Company manages these risks through its underwriting, retakaful, claims handling policy and other related controls. The Subsidiary Company has a well defined medical under-writing policy and avoids selling policies to high risk individuals. This puts a check on anti-selection. The need for profit testing is reviewed on an annual basis to ensure reasonableness of contribution charged. Retakaful contracts have been purchased by the Subsidiary Company to limit the maximum exposure on any one participant. The Subsidiary Company has a good spread of business throughout the country thereby ensuring diversification of geographical risks. To avoid poor persistency the Subsidiary Company applies quality controls on the standard of service provided to participants and has placed checks to curb mis-selling and improve standards of service provided to the participants. On the claims handling side, the Subsidiary Company has procedures in place to ensure that payment of any fraudulent claims is avoided. The Subsidiary Company maintains adequate liquidity in each unit fund to cater for potentially sudden and high cash requirement. Further, all payments on account of claims are made after necessary approval of relevant authority as per policy of the Subsidiary Company. The Subsidiary Company reserves the right to review the charges deductible under the contracts, thus limiting the risk of under pricing.

Frequency and severity of claims

The Subsidiary Company measures concentration of risk by geographical area. Concentration of risk is not currently a factor of concern as the business is developing and aims to achieve a spread of risks across various parts of the country.

However, undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

Benefits assured per life	**Sum assured at the end of 2017**			
	Total benefit assured			
Rupees	**Before retakaful**		**After retakaful**	
	Rupees in thousand	**%**	**Rupees in thousand**	**%**
0-200,000	**111,623**	**2.69**	**77,377**	**4.22**
200,001 - 400,000	**361,031**	**8.71**	**246,767**	**13.46**
400,001 - 800,000	**833,846**	**20.11**	**593,506**	**32.37**
800,001 - 1,000,000	**904,258**	**21.81**	**472,082**	**25.75**
More than 1,000,000	**1,935,570**	**46.68**	**443,725**	**24.20**
Total	**4,146,328**		**1,833,457**	

Benefits assured per life	Sum assured at the end of 2016			
	Total benefit assured			
Rupees	Before retakaful		After retakaful	
	Rupees in thousand	%	Rupees in thousand	%
0-200,000	16,528	1.62	4,632	2.57
200,001 - 400,000	84,045	8.22	24,245	13.43
400,001 - 800,000	146,312	14.31	42,065	23.29
800,001 - 1,000,000	202,514	19.80	58,354	32.31
More than 1,000,000	573,399	56.06	51,287	28.40
Total	1,022,798		180,583	

a) Sources of uncertainty in the estimation of future benefit payments and contribution receipts

Persistency: The business is developing and eventually the Subsidiary Company intends to conduct periodic analyses on its historic book of business, using statistical methods to determine its persistency experience. Persistency rates are expected to vary by product and more importantly the sales distribution channel. Allowance will then be made for any trend in the data to arrive at best estimates of future persistency rates for each sales distribution channel.

b) Process used to decide on assumptions

For long-term unit linked insurance contracts, assumptions are made in two stages. At inception of the contract, the Subsidiary Company determines assumptions on future mortality, persistency, administrative expenses and investment returns. At regular intervals, profit testing is conducted on main policies. Assumptions used for profit testing of the main policies are as follows:

Mortality: The Subsidiary Company assumes the expected mortality to vary between 80% and 120% of SLIC (2001-05) since the current experience for this line of business is not credible.

Persistency: Since the Subsidiary Company has recently started business, it has no own experience to which it can refer. Industry standards for anticipated persistency rates have been used initially. Eventually, a periodic analysis of the Subsidiary Company's recent and historic experience will be performed and persistency will be calculated by applying statistical methods. Persistency rates vary by products and more importantly the sales distribution channel. An allowance will then be made for any trend in the data to arrive at best estimate of future persistency rates for each sales distribution channel.

Expense levels and inflation: As the business is new, estimates from business projections have been used. Once established, a periodic study will be conducted on the Subsidiary Company's current business expenses and future projections to calculate per policy expenses. Expense inflation is assumed in line with assumed investment return.

Investment returns: The investment returns are based on the historic performance of the assets and asset types underlying the fund.

c) Changes in assumptions

There have been no changes in assumptions since the last valuation carried out a year ago.

d) Sensitivity analysis

Periodic sensitivity analysis of the Subsidiary Company's in-force business determine whether any reserve needs to be created or product prices for new business need to be revised in light of changing or anticipated changes in experience from that expected when pricing the existing book of business. The current nature, volume and age of in-force business does not require a detailed sensitivity analysis at this stage.

35 Liability Adequacy Test

Liability adequacy test is applied to all long term contracts where necessary, especially those products where actuarial liability estimation is based on conservative assumptions. Liability adequacy test is carried out using current best estimates of assumptions and future net cash flows, including premiums receivable, benefits payable and investment income from related assets.

To determine the adequacy of liabilities, assumptions must be based on realistic best estimates. We have compared our valuation mortality assumption (SLIC mortality table) with the mortality of developing Asian countries, namely: India and Malaysia. The comparison suggests that the best estimate assumption is better than the experience reflected in SLIC mortality table.

The table below compares total policyholder liabilities under existing valuation basis with policyholder liabilities calculated using best estimate assumptions:

	Policyholder liabilities on existing valuation basis	Policyholder liabilities using best estimate assumptions
	Rupees in thousand	
Assumptions		
Mortality	**27,096,072**	27,079,247
Investment Returns	**27,096,072**	27,095,158

The liabilities evaluated under the assumptions suggest the recognised liabilities are adequate and no further provision is required.

36 Reinsurance/ Retakaful Risk

In order to minimise the financial exposure arising from large claims, the Subsidiary Company, in the normal course of business, enters into agreement with other reinsurers.

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

In order to manage this risk, the Subsidiary Company obtains reinsurance/ retakaful cover only from companies with sound financial health.

37 Capital risk management

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

- To be an appropriately capitalized institution in compliance with the paid-up capital requirement set by the SECP. Minimum paid-up capital requirement for non-life insurers is Rs. 500,000 thousands while for life insurance it is Rs. 700,000 thousands. The Group's current paid-up capital is well in excess of the limit prescribed by the SECP and is also complying with solvency requirements prescribed by the SECP;

- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for the other stakeholders;

- To provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk;

- To maintain strong ratings and to protect the Group against unexpected events / losses; and

- To ensure a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

38 Non - Adjusting events after the balance sheet date

The Board of Directors of the Holding Company in their meeting held on 21 March 2018 proposed a final cash dividend for the year ended 31 December 2017 @ 10% i.e. Rs.1/- share (2016: 25% i.e. Rupee 2.5/- share). This is in addition to the interim cash dividend @ 15% i.e. Rupees 1.5/- per share (2016: Rupees 1.5/- per share) resulting in a total cash dividend for the year ended 31 December 2017 of Rupees 2.5/- share (2016: Rupees 4/- share). The approval of the members for the final dividend will be obtained at the forthcoming Annual General Meeting. The financial statements for the year ended 31 December 2017 do not include the effect of final dividend which will be accounted for in the financial statements for the year ending 31 December 2018.

39 Provident fund related disclosure

The following information is based on unaudited financial statements for the year ended 31 December 2017 and audited financial statements for the year ended 31 December 2016 of the Holding Company:

	2017	2016
	Rupees in thousand	
Size of the fund - Total assets	**1,015,046**	1,104,857
Cost of investments	**881,799**	880,719
Percentage of investments made	**87%**	80%
Fair value of investments	**994,223**	1,102,258

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

	2017	2016	2017	2016
	Percentage		Rupees in thousand	
Deposits and bank balances	**0.7**	3.8	**7,078**	41,682
Term finance certificates	**0.5**	0.4	**4,583**	4,711
Pakistan Investment Bonds	**0.0**	28.0	**-**	308,170
Treasury Bills	**56.6**	22.1	**563,122**	244,052
Mutual funds	**14.1**	18.8	**139,751**	206,863
Listed securities	**28.1**	26.9	**279,689**	296,780
	100.0%	100.0%	**994,223**	1,102,258

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

40. Number of employees

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

	2017	2016
At year end		
Holding Company	**945**	882
Subsidiary Company	**709**	526
Average during the year		
Holding Company	**914**	859
Subsidiary Company	**534**	392

41 Fair value measurement of financial instruments

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

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

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

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

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

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

	Note	Carrying amount						Fair value			
		Available for sale	Fair Value through P&L	Loans and receivables	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		Rupees in thousand									
31 December 2017											
Financial assets - not measured at fair value											
Cash and other equivalents*	13	-		-	22,021	-	22,021	-	-	-	-
Current and other accounts*		-		-	3,608,227	-	3,608,227	-	-	-	-
Deposits maturing within 12 months*		-		-	12,645,494	-	12,645,494	-	-	-	-
Loans to employees*	14	-	-	83,279	-	-	83,279	-	-	-	-
Investments	16										
- Listed securities		14,161,891	-	-	-	-	14,161,891	17,846,789	-	-	17,846,789
- Unlisted securities		925,360	-	-	-	-	925,360	-	-	1,986,908	1,986,908
- Term Finance Certificates		70,948	-	-	-	-	70,948	-	70,948	-	70,948
- Mutual Fund Certificates		500,345	-	-	-	-	500,345	501,245	-	-	501,245
- NIT Units		161	-	-	-	-	161	885	-	-	885
- Government Securites (T-Bills + PIBs)		714,987	-	-	-	-	714,987	-	408,792	-	408,792
- Ijarah sukuks		-	-	-	-	-	-	-		-	-
Premium due but unpaid*	18	-	-	5,843,197	-	-	5,843,197	-	-	-	-
Amounts due from other insurers / reinsurers*	19	-	-	1,002,894	-	-	1,002,894	-	-	-	-
Salvage recoveries accrued*		-	-	347,289	-	-	347,289	-	-	-	-
Accrued investment income*	21	-	-	202,838	-	-	202,838	-	-	-	-
Reinsurance recoveries against outstanding claims*	22	-	-	7,709,161	-	-	7,709,161	-	-	-	-
Sundry receivables*	24	-	-	821,254	-	-	821,254	-	-	-	-
		16,373,692	-	16,009,912	16,275,742	-	48,659,346	18,348,919	479,740	1,986,908	20,815,567
Financial assets - measured at fair value											
Investments	16										
- Listed shares		-	6,852,338	-	-	-	6,852,338	6,852,338	-	-	-
- Term Finance Certificates		-	857,620	-	-	-	857,620	857,620	-	-	-
- Sukuk Certificates		-	355,212	-	-	-	355,212	355,212	-	-	-
- Mutual Fund Certificates		-	3,640,244	-	-	-	3,640,244	3,640,244	-	-	-
- Government treasury bills		-	3,246,607	-	-	-	3,246,607	3,246,607	-	-	-
- Pakistan Investment Bonds		-	2,188	-	-	-	2,188	2,188	-	-	-
- Ijarah sukuks		-	250,731	-	-	-	250,731	250,731	-	-	-
		-	15,204,940	-	-	-	15,204,940	15,204,940	-	-	-
Financial liabilities - measured at fair value											
Staff retirement benefits		-	-		-	185,903	185,903	-	185,903		185,903
Financial liabilities - not measured at fair value											
Provision for outstanding claims (including IBNR)*	8	-	-	-	-	11,844,834	11,844,834	-	-	-	-
Amounts due to other insurers / reinsurers*		-	-	-	-	1,681,093	1,681,093	-	-	-	-
Accrued expenses*		-	-	-	-	141,691	141,691	-	-	-	-
Other creditors and accruals*	10	-	-	-	-	2,410,689	2,410,689	-	-	-	-
Unclaimed dividend*		-	-	-	-	106,214	106,214	-	-	-	-
		-	-	-	-	16,184,521	16,184,521	-	-	-	-

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

41.1 Fair value measurement of financial instruments

	Note	Carrying amount						Fair value			
		Available for sale	Fair Value through P&L	Loans and receivables	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		Rupees in thousand									
31 December 2016											
Financial assets - not measured at fair value											
Cash and other equivalents*	13	-		-	16,604	-	16,604	-	-	-	-
Current and other accounts*		-		-	5,472,478	-	5,472,478	-	-	-	-
Deposits maturing within 12 months*		-		-	6,025,059	-	6,025,059	-	-	-	-
Loans to employees*	14	-	-	67,565	-	-	67,565	-	-	-	-
Investments	16										
- Listed securities		13,173,395	-	-	-	-	13,173,395	19,539,434	-	-	19,539,434
- Unlisted securities		925,360	-	-	-	-	925,360	-	-	925,360	925,360
- Term Finance Certificates		9,974	-	-	-	-	9,974	-	9,974	-	9,974
- Mutual Fund Certificates		1,661,782	-	-	-	-	1,661,782	1,704,718	-	-	1,704,718
- NIT Units		161	-	-	-	-	161	-	1,098	-	1,098
- Government Securites (T-Bills + PIBs)		640,358	-	-	-	-	640,358	-	562,265	-	562,265
Premium due but unpaid*	18	-	-	5,099,091	-	-	5,099,091	-	-	-	-
Amounts due from other insurers / reinsurers*	19	-	-	1,062,271	-	-	1,062,271	-	-	-	-
Salvage recoveries accrued*		-	-	336,163	-	-	336,163	-	-	-	-
Accrued investment income*	21	-	-	251,893	-	-	251,893	-	-	-	-
Reinsurance recoveries against outstanding claims*	22	-	-	6,279,433	-	-	6,279,433	-	-	-	-
Sundry receivables*	24	-	-	1,400,454	-	-	1,400,454	-	-	-	-
		16,411,030	-	14,496,870	11,514,141	-	42,422,041	21,244,152	573,337	925,360	22,742,849
Financial assets - measured at fair value											
Investments	16										
- Listed shares		-	3,113,942	-	-	-	3,113,942	3,113,942	-	-	-
- Term Finance Certificates		-	630,579	-	-	-	630,579	630,579	-	-	-
- Sukuk Certificates		-	67,697	-	-	-	67,697	67,697	-	-	-
- Mutual Fund Certificates		-	3,184,748	-	-	-	3,184,748	3,184,748	-	-	-
- Government treasury bills		-	2,350,691	-	-	-	2,350,691	2,350,691	-	-	-
- Pakistan Investment Bonds		-	4,618,463	-	-	-	4,618,463	4,618,463	-	-	-
- Ijarah sukuks		-	262,527	-	-	-	262,527	262,527	-	-	-
		-	14,228,647	-	-	-	14,228,647	14,228,647	-	-	-
Financial liabilities - measured at fair value											
Staff retirement benefits		-	-		-	95,761	95,761	-	95,761		95,761
Financial liabilities - not measured at fair value											
Provision for outstanding claims (including IBNR)*	8	-	-	-	-	9,714,070	9,714,070	-	-	-	-
Amounts due to other insurers / reinsurers*		-	-	-	-	1,598,811	1,598,811	-	-	-	-
Accrued expenses*		-	-	-	-	145,139	145,139	-	-	-	-
Other creditors and accruals*	10	-	-	-	-	2,199,335	2,199,335	-	-	-	-
Unclaimed dividend*		-	-	-	-	88,969	88,969	-	-	-	-
		-	-	-	-	13,746,324	13,746,324	-	-	-	-

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

42 Date of authorization for issue

These consolidated financial statements were approved and authorized for issue on 21 March 2018 by the Board of Directors of the Holding Company.

43 General

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

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

Umer Mansha	**Shaikh Muhammad Jawed**	**Muhammad Umar Virk**	**Muhammad Asim Nagi**	**Muhammad Ali Zeb**
Chairman	Director	Director	Chief Financial Officer	Managing Director & Chief Executive Officer

WINDOW TAKAFUL OPERATIONS

Financial Statements
For the Year Ended
31 December 2017

adamjee
TAKAFUL

Statement of Compliance with the Shariah Principles

For the Year Ended 31 December 2017

The financial arrangements, contracts and transactions, entered into by Window Takaful Operations of the Adamjee Insurance Company Limited (`the Company') for the year ended 31 December 2017 are in compliance with the Takaful Rules, 2012.

Further, we confirm that:

- The Company has developed and implemented all the policies and procedures in accordance with the Takaful Rules, 2012 and rulings of the Shariah Advisor along with a comprehensive mechanism to ensure compliance with such rulings and Takaful Rules, 2012 in their overall operations. Further, the governance arrangements including the reporting of events and status to those charged with relevant responsibilities, such as the Audit Committee / Shariah Advisor and the Board of Directors have been implemented;

- The Company has imparted trainings / orientations and ensured availability of all manuals / agreements approved by Shariah Advisor/ Board of Directors to maintain the adequate level of awareness, capacity and sensitization of the staff and management;

- All the products and policies have been approved by Shariah Advisor and the financial arrangements including investments made, policies, contracts and transactions entered into by Window Takaful Operations are in accordance with the polices approved by Shariah Advisor; and

- The assets and liabilities of Window Takaful Operations (Participants' Takaful Fund and Operator's fund) are segregated from its other assets and liabilities, at all times in accordance with the provisions of the Takaful Rules, 2012.

This has been duly confirmed by the Shariah Advisor of the Company.

Muhammad Umar Virk
Director

Muhammad Ali Zeb
Managing Director and Chief Executive Officer

Lahore: 21 March 2018

Independent Reasonable Assurance Report to the Board of Directors on the Statement of Management's Assessment of Compliance with the Shariah Principles

We were engaged by the Board of Directors of Adamjee Insurance Company Limited ("the Company") to report on the management's assessment of compliance of the Window Takaful Operations ("Takaful Operations") of the Company, as set out in the annexed statement prepared by the management for the year ended 31 December 2017, with the Takaful Rules, 2012, in the form of an independent reasonable assurance conclusion about whether the annexed statement presents fairly the status of compliance of the Operations with the Takaful Rules, 2012, in all material respects.

Applicable Criteria

The criteria against which the subject matter information (the Statement) is assessed comprise of the provisions of Takaful Rules, 2012.

Responsibilities of the management

The Board of Directors / management of the Company are responsible for designing, implementing and maintaining internal controls relevant to the preparation of the annexed statement that is free from material misstatement, whether due to fraud or error. It also includes ensuring the overall compliance of the Takaful Operations with the Takaful Rules, 2012.

The Board of Directors / management of the Company are also responsible for preventing and detecting fraud and for identifying and ensuring that the Takaful Operations comply with laws and regulations applicable to its activities. They are also responsible for ensuring that the management, where appropriate, those charged with governance, and personnel involved with the Takaful Operations compliance with the Takaful Rules, 2012 are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by The Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1 "Quality Control for Firms That Perform Audit and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibilities

Our responsibility is to examine the annexed statement and to report thereon in the form of an independent reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the annexed statement presents fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.

The procedures selected depend on our judgment, including the assessment of the risks of material non-compliances with the Takaful Rules, 2012, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the Takaful Operations compliance with the Takaful Rules, 2012, in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Company's internal control over the Takaful Operations' compliance with the Takaful Rules, 2012. Reasonable assurance is less than absolute assurance.

A system of internal control, because of its nature, may not prevent or detect all instances of non-compliance with Takaful Rules, 2012, and consequently cannot provide absolute assurance that the objective of compliance with Takaful Rules, 2012, will be met. Also, projection of any evaluation of effectiveness to future periods is subject to the risk that the controls may become inadequate or fail.

Independent Reasonable Assurance Report to the Board of Directors on the Statement of Management's Assessment of Compliance with the Shariah Principles

The procedures performed included:

Evaluate the systems, procedures and practices in place with respect to the Takaful operations against the Takaful Rules, 2012 and Shariah advisor's guidelines;

Evaluating the governance arrangements including the reporting of events and status to those charged with relevant responsibilities, such as the Audit Committee/ Shariah Advisor and the Board of Directors;

Test for a sample of transactions relating to Takaful operations to ensure that these are carried out in accordance with the laid down procedures and practices including the regulations relating to Takaful operations as laid down in Takaful Rules, 2012; and

Review the statement of management's assessment of compliance of the Takaful transactions during the year ended 31 December 2017 with the Takaful Rules 2012

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. In our opinion, the annexed statement, for the year ended 31 December 2017, presents fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects

KPMG Taseer Hadi & Co.

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

Lahore: 21 March 2018

Shariah Advisor's Report to the Board of Directors

For the Year Ended 31 December 2017

الحمد لله رب العالمين و الصلوة و السلام على سيد الأنبياء و المرسلين و بعد!

I have reviewed Takaful products, details of underwriting and other related documents, as well as, the Participant Takaful Fund (PTF) Policy, PTF pool position, Investment Policy, Re-Takaful arrangements, claims details and the related transactions of Adamjee Insurance – Window Takaful Operations (hereafter referred to as "Takaful Operator").

I acknowledge that as Shariah Advisor of Takaful Operator, it is my responsibility to approve the above mentioned document and ensure that the financial arrangements, contracts and transactions entered into by the Takaful Operator with its participants and stakeholders are in compliance with the requirements of Shariah rules and principles.

It is the responsibility of the Takaful Operator to ensure that the rules, principles and guidelines set by the Shariah Advisor are complied with, and that all policies and services being offered are duly approved by the Shariah Advisor.

The Takaful Operator's activities, operations are periodically checked and monitored by Shariah Advisor.

In my opinion and to the best of my understanding based on the provided information and explanations:

i. Transactions undertaken by the Takaful Operator were in accordance with guidelines issued by Shariah Advisor as well as requirements of Takaful Rules 2012;

ii. The investments have been done from the Participant's Takaful Fund and Operator's Fund into Shariah Compliant avenues with Shariah Approval. Further, all bank accounts related to Window Takaful Operations have been opened in Islamic Banking Institutions (IBIs) with Shariah Approval; and

iii. The transactions and activities of Window Takaful Operations are in accordance with the Shariah principles in respect of the Participant's Takaful Fund (Waqf Fund) and Operator's Fund.

And Allah knows best

Mufti Muhammad Hassaan Kaleem
Shariah Advisor

Date: 21 March, 2018

Auditor’s Report to the Members of Adamjee Insurance Company Limited

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 cash flows;

(v) statement of changes in funds;

(vi) statement of contribution;

(vii) statement of claims;

(viii) statement of expenses; and

(ix) statement of investment income

of **Adamjee Insurance Company Limited - Window Takaful Operations** “(the Company)” as at 31 December 2017 together with the notes forming part thereof, for the year then ended.

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

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

In our opinion:

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

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

c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at 31 December 2017 and of the profit, its comprehensive income, its cash flows and changes in Fund for the year ended December 2017 in accordance with approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and

d) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

KPMG Taseer Hadi & Co.

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

Lahore: 21 March 2018

Window Takaful Operations

Balance Sheet

As at 31 December 2017

	Note	31 December 2017			31 December 2016
		Operator's Fund	Participants' Takaful Fund	Aggregate	Aggregate
		Rupees in thousand			
FUNDS AND LIABILITIES					
Operator's Fund:					
Statutory fund		50,000	-	**50,000**	50,000
Accumulated profit		49,809	-	**49,809**	2,791
		99,809	-	**99,809**	52,791
Waqf / Participants' Takaful Fund:					
Ceded money		-	500	**500**	500
Accumulated deficit		-	(36,179)	**(36,179)**	(5,075)
		-	(35,679)	**(35,679)**	(4,575)
Qard-e-Hasna from Operators' Fund		-	117,000	**117,000**	30,000
Deferred taxation		513	-	**513**	126
Underwriting provisions					
Provision for outstanding claims (including IBNR)		-	153,116	**153,116**	25,705
Provision for unearned contribution		-	194,954	**194,954**	77,140
Contribution deficiency reserve		-	1,919	**1,919**	-
Unearned retakaful rebate		-	10,156	**10,156**	3,510
Total underwriting provisions		-	360,145	**360,145**	106,355
Deferred liabilities					
Staff retirement benefits		1,883	-	**1,883**	-
Creditors and accruals					
Contribution received in advance		-	4,116	**4,116**	1,667
Amounts due to other takaful / retakaful operators		-	59,557	**59,557**	24,843
Taxation - provision less payments		19,504	-	**19,504**	1,121
Wakala and mudarib fee payable		-	8,815	**8,815**	10,863
Provision for unearned wakala fee		89,452	-	**89,452**	36,376
Accrued expenses		3,661	-	**3,661**	589
Other creditors and accruals	5	26,299	10,207	**36,506**	17,224
		138,916	82,695	**221,611**	92,683
Total liabilities		141,312	559,840	**701,152**	229,164
Contingencies and commitments	6				
TOTAL FUND AND LIABILITIES		241,121	524,161	**765,282**	277,380

The annexed notes from 1 to 25 form an integral part of these financial statements.

	Note	31 December 2017			31 December 2016
		Operator's Fund	Participants' Takaful Fund	Aggregate	Aggregate
		Rupees in thousand			
ASSETS					
Cash and bank deposits					
Cash and other equivalents		5	-	**5**	-
Current and other accounts	7	41,114	230,872	**271,986**	83,855
		41,119	230,872	**271,991**	83,855
Qard-e-Hasna to Participants' Takaful Fund		117,000	-	**117,000**	30,000
Investments	8	30,215	-	**30,215**	29,905
Current assets - others					
Contribution due but unpaid		-	152,981	**152,981**	68,972
Amount due from other takaful / re-takaful operators		-	30,613	**30,613**	11,872
Salvage recoveries accrued		-	6,800	**6,800**	-
Accrued investment income		377	578	**955**	115
Retakaful recoveries against outstanding claims	9	-	34,211	**34,211**	9,808
Wakala and mudarib fee receivable		8,815	-	**8,815**	10,863
Deferred commission expense		20,213	-	**20,213**	6,347
Prepayments	10	-	64,631	**64,631**	19,099
Sundry receivables	11	1,200	3,475	**4,675**	3,952
		30,605	293,289	**323,894**	131,028
Fixed assets	12				
Furniture and fixtures		131	-	**131**	-
Motor vehicles		10,410	-	**10,410**	2,375
Machinery and equipment		877	-	**877**	58
Computer and related accessories		764	-	**764**	159
Capital work in progress		10,000	-	**10,000**	-
		22,182	-	**22,182**	2,592
TOTAL ASSETS		241,121	524,161	**765,282**	277,380

Umer Mansha Chairman	**Shaikh Muhammad Jawed** Director	**Muhammad Umar Virk** Director	**Muhammad Asim Nagi** Chief Financial Officer	**Muhammad Ali Zeb** Managing Director & Chief Executive Officer

Window Takaful Operations

Profit and Loss Account

For the Year Ended 31 December 2017

	Note	Fire and Property Damage	Marine, Aviation and Transport	Motor	Accident & Health	Miscellaneous	31 December 2017	31 December 2016
		Rupees in thousand						
Participant Takaful Fund-Revenue account								
Net contribution revenue		(8,090)	(2,070)	150,418	133,639	(12,008)	**261,889**	18,640
Net claims		(4,966)	(978)	(137,372)	(156,533)	(518)	**(300,367)**	(28,531)
Direct expenses		(181)	(29)	(21,248)	(417)	(395)	**(22,270)**	(541)
Retakaful rebate earned		10,918	2,871	-	-	10,776	**24,565**	4,998
Contribution deficiency reserve		-	-	-	(1,919)	-	**(1,919)**	-
(Deficit) / surplus before Investment income		(2,319)	(206)	(8,202)	(25,230)	(2,145)	**(38,102)**	(5,434)
Net investment income							**6,998**	359
Deficit for the year							**(31,104)**	(5,075)
Operator Takaful Fund-Revenue account								
Wakala fee income	13						**175,846**	22,760
Commission expense							**(43,596)**	(6,966)
Management expenses	14						**(63,968)**	(14,902)
							68,282	892
Net investment income							**2,074**	6,584
							70,356	7,476
General and administration expenses	15						**(3,758)**	(3,438)
Profit before tax							**66,598**	4,038
Less: Provision for Taxation	16						**(19,580)**	(1,247)
Profit after tax							**47,018**	2,791

The annexed notes from 1 to 25 form an integral part of these financial statements.

Umer Mansha	Shaikh Muhammad Jawed	Muhammad Umar Virk	Muhammad Asim Nagi	Muhammad Ali Zeb
Chairman	Director	Director	Chief Financial Officer	Managing Director & Chief Executive Officer

Window Takaful Operations

Statement of Comprehensive Income

For the Year Ended 31 December 2017

	31 December 2017	31 December 2016
	Rupees in thousand	
OPERATOR'S FUND		
Profit for the year	**47,018**	2,791
Other comprehensive income for the year	**-**	-
Total comprehensive income for the year	**47,018**	2,791

The annexed notes from 1 to 25 form an integral part of these financial statements.

Umer Mansha	**Shaikh Muhammad Jawed**	**Muhammad Umar Virk**	**Muhammad Asim Nagi**	**Muhammad Ali Zeb**
Chairman	Director	Director	Chief Financial Officer	Managing Director & Chief Executive Officer

Window Takaful Operations

Cash Flow Statement

For the Year Ended 31 December 2017

	31 December 2017			31 December 2016
	Operator's Fund	Participants' Takaful Fund	Aggregate	
	Rupees in thousand			
Operating cash flows				
(a) Takaful activities				
Contributions received	-	661,908	**661,908**	119,702
Wakala fee received / (paid)	230,970	(230,970)	**-**	-
Retakaful / co-takaful payments made	-	(139,443)	**(139,443)**	(36,780)
Claims paid	-	(226,752)	**(226,752)**	(14,320)
Retakaful and other recoveries received	-	8,582	**8,582**	1,686
Commissions paid	(39,751)	-	**(39,751)**	(7,481)
Commissions received	-	31,211	**31,211**	8,508
Other underwriting payments	-	(33,156)	**(33,156)**	(498)
Net cash inflow / (outflow) from takaful activities	191,219	71,380	**262,599**	70,817
(b) Other operating activities				
Income tax paid	(811)	(823)	**(1,634)**	(299)
General, administration and management expenses paid	(60,603)	-	**(60,603)**	(16,257)
Ceded money to participants' takaful fund	-	-	**-**	(500)
Loans disbursed	-	-	**-**	(821)
Loans repaid	-	-	**-**	627
Other Receipts	-	538	**538**	5,500
Net cash inflow / (outflow) from other operating activities	(61,414)	(285)	**(61,699)**	(11,750)
Total cash inflows from operating activities	129,805	71,095	**200,900**	59,067
Investing activities				
Profit received on bank deposits	1,406	6,517	**7,923**	1,923
Qard-e-Hasna paid to Participants' Takaful Fund	(87,000)	-	**(87,000)**	(30,000)
Payment for investments	(60,319)	-	**(60,319)**	(180,957)
Proceeds from disposal of investments	60,319	-	**60,319**	155,957
Fixed capital expenditures	(20,687)	-	**(20,687)**	(2,635)
Total cash inflow / (outflow) from investing activities	(106,281)	6,517	**(99,764)**	(55,712)
Financing activities				
Contribution to Operator's fund	-	-	**-**	50,000
Qard-e-Hasna received from Operator's Fund	-	87,000	**87,000**	30,000
Ceded money	-	-	**-**	500
Total cash inflow from financing activities	-	87,000	**87,000**	80,500
Net cash inflow / (outflow) from all activities	23,524	164,612	**188,136**	83,855
Cash at the beginning of the year	17,595	66,260	**83,855**	-
Cash at the end of the year	41,119	230,872	**271,991**	83,855
Reconciliation to profit and loss account				
Operating cash flows	129,805	71,095	**200,900**	59,067
Depreciation	(1,097)	-	**(1,097)**	(43)
Provision for gratuity	(1,883)	-	**(1,883)**	-
provision for impairment in value of 'available-for-sale' investment	-	-	**-**	-
Increase in loans	-	-	**-**	194
Increase in assets other than cash	11,181	178,396	**189,577**	129,052
Increase in liabilities other than cash	(73,483)	(287,593)	**(361,076)**	(196,250)
Investment income	310	-	**310**	4,905
Contribution deficiency reserve	-	-	**-**	-
Return on bank deposits	1,764	6,998	**8,762**	2,038
Net profit / (deficit) for the period before tax	66,597	(31,104)	**35,493**	(1,037)

Window Takaful Operations

Cash Flow Statement

For the Year Ended 31 December 2017

Definition of cash

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

	31 December 2017			31 December 2016
	Operator's Fund	Participants' Takaful Fund	Aggregate	
	Rupees in thousand			
Cash for the purposes of the statement of cash flows consists of:				
Cash and other equivalents	5	-	**5**	-
Current and other accounts	41,114	230,872	**271,986**	83,855
Total cash and cash equivalents	41,119	230,872	**271,991**	83,855

The annexed notes from 1 to 25 form an integral part of these financial statements.

Umer Mansha	Shaikh Muhammad Jawed	Muhammad Umar Virk	Muhammad Asim Nagi	Muhammad Ali Zeb
Chairman	Director	Director	Chief Financial Officer	Managing Director & Chief Executive Officer

Statement of Changes in Funds

For the Year Ended 31 December 2017

	Operator's Fund		
	Statutory fund	Accumulated surplus	Total
	Rupees in thousand		
Contribution made for year ended 31 December 2016	50,000	-	**50,000**
Total comprehensive income for the year ended 31 December 2016	-	2,791	**2,791**
Balance as at 31 December 2016	50,000	2,791	**52,791**
Total comprehensive income for the year ended 31 December 2017	-	47,018	**47,018**
Balance as at 31 December 2017	50,000	49,809	**99,809**

	Participants' Takaful Fund		
	Ceded money	Accumulated deficit	Total
	Rupees in thousand		
Contribution received during the year from Operator	500	-	**500**
Deficit for the year ended 31 December 2016	-	(5,075)	**(5,075)**
Balance as at 31 December 2016	500	(5,075)	**(4,575)**
Deficit for the year ended 31 December 2017	-	(31,104)	**(31,104)**
Balance as at 31 December 2017	500	(36,179)	**(35,679)**

The annexed notes from 1 to 25 form an integral part of these financial statements.

Umer Mansha	**Shaikh Muhammad Jawed**	**Muhammad Umar Virk**	**Muhammad Asim Nagi**	**Muhammad Ali Zeb**
Chairman	Director	Director	Chief Financial Officer	Managing Director & Chief Executive Officer

Window Takaful Operations

Statement of Contribution

For the Year Ended 31 December 2017

Class	Gross contribution written	Wakala fee	Net contribution written	Unearned contribution reserve		Contribution earned	Retakaful ceded	Prepaid retakaful contribution ceded		Retakaful expense	Net contribution revenue	
				Opening	Closing			Opening	Closing		31 December 2017	31 December 2016
	Rupees in thousand											
Direct and facultative												
Fire and property damage	91,567	29,301	62,266	12,100	27,597	46,769	73,261	14,026	32,428	54,859	**(8,090)**	(2,099)
Marine, aviation and transport	17,694	6,192	11,502	79	251	11,330	13,408	90	98	13,400	**(2,070)**	(299)
Motor	340,258	110,584	229,674	51,208	119,074	161,808	11,390	-	-	11,390	**150,418**	16,731
Accident and health	213,620	58,746	154,874	10,984	32,219	133,639	-	-	-	-	**133,639**	6,202
Miscellaneous	80,329	24,099	56,230	2,769	15,813	43,186	71,368	3,544	19,718	55,194	**(12,008)**	(1,895)
Total	743,468	228,922	514,546	77,140	194,954	396,732	169,427	17,660	52,244	134,843	**261,889**	18,640
Treaty												
Proportional	-	-	-	-	-	-	-	-	-	-	**-**	-
Grand Total	743,468	228,922	514,546	77,140	194,954	396,732	169,427	17,660	52,244	134,843	**261,889**	18,640

The annexed notes from 1 to 25 form an integral part of these financial statements.

Umer Mansha	Shaikh Muhammad Jawed	Muhammad Umar Virk	Muhammad Asim Nagi	Muhammad Ali Zeb
Chairman	Director	Director	Chief Financial Officer	Managing Director & Chief Executive Officer

Window Takaful Operations

Statement of Claims

For the Year Ended 31 December 2017

Class	Claims paid	Outstanding claims		Claims expenses	Retakaful and other recoveries received	Retakaful and other recoveries in respect of outstanding claims		Retakaful and other recoveries revenue	Net claims expense	
		Opening	Closing			Opening	Closing		31 December 2017	31 December 2016
	Rupees in thousand									
Direct and facultative										
Fire and property damage	11,736	11,873	33,208	33,071	9,495	9,700	28,310	28,105	**4,966**	2,575
Marine, aviation and transport	328	77	4,478	4,729	262	5	3,494	3,751	**978**	72
Motor	99,121	10,970	68,316	156,467	12,295	-	6,800	19,095	**137,372**	20,175
Accident and health	114,966	2,486	44,053	156,533	-	-	-	-	**156,533**	5,505
Miscellaneous	601	299	3,061	3,363	541	103	2,407	2,845	**518**	204
Total	226,752	25,705	153,116	354,163	22,593	9,808	41,011	53,796	**300,367**	28,531
Treaty										
Proportional	-	-	-	-	-	-	-	-	**-**	-
Grand Total	226,752	25,705	153,116	354,163	22,593	9,808	41,011	53,796	**300,367**	28,531

The annexed notes from 1 to 25 form an integral part of these financial statements.

Umer Mansha	Shaikh Muhammad Jawed	Muhammad Umar Virk	Muhammad Asim Nagi	Muhammad Ali Zeb
Chairman	Director	Director	Chief Financial Officer	Managing Director & Chief Executive Officer

Window Takaful Operations

Statement of Expenses

For the Year Ended 31 December 2017

Class	Commission paid or payable	Deferred commission		Net commission expense	Other management expenses	Underwriting expense	Rebate from retakaful operators	Net Underwriting expense	
		Opening	Closing					31 December 2017	31 December 2016
	Rupees in thousand								
Direct and facultative									
Fire and property damage	13,847	2,498	6,212	10,133	15,741	25,874	10,918	**14,956**	5,451
Marine, aviation and transport	2,727	18	19	2,726	4,235	6,961	2,871	**4,090**	847
Motor	20,065	3,181	8,479	14,767	22,941	37,708	-	**37,708**	13,600
Accident and health	12,615	273	2,984	9,904	15,386	25,290	-	**25,290**	342
Miscellaneous	8,208	377	2,519	6,066	9,424	15,490	10,776	**4,714**	68
Total	57,462	6,347	20,213	43,596	67,727	111,323	24,565	**86,758**	20,308
Treaty									
Proportional	-	-	-	-	-	-	-	**-**	-
Grand Total	57,462	6,347	20,213	43,596	67,727	111,323	24,565	**86,758**	20,308

The annexed notes from 1 to 25 form an integral part of these financial statements.

Umer Mansha	Shaikh Muhammad Jawed	Muhammad Umar Virk	Muhammad Asim Nagi	Muhammad Ali Zeb
Chairman	Director	Director	Chief Financial Officer	Managing Director & Chief Executive Officer

Window Takaful Operations

Statement of Investment Income

For the Year Ended 31 December 2017

	31 December 2017	31 December 2016
	Rupees in thousand	
Participants' Takaful Fund		
Profit on bank deposits	**6,998**	359
Net investment income	**6,998**	359
Operator's Fund		
Profit on mutual funds	**310**	4,905
Profit on bank deposits	**1,764**	1,679
Net investment income	**2,074**	6,584

The annexed notes from 1 to 25 form an integral part of these financial statements.

Umer Mansha	Shaikh Muhammad Jawed	Muhammad Umar Virk	Muhammad Asim Nagi	Muhammad Ali Zeb
Chairman	Director	Director	Chief Financial Officer	Managing Director & Chief Executive Officer

Notes to the Financial Statements

For the Year Ended 31 December 2017

1 Legal Status and nature of business

Adamjee Insurance Company Limited ("the Operator") is a public limited company incorporated in Pakistan on 28 September 1960 under the Companies Act, 1913 (now the Companies Act, 2017). The Operator is listed on Pakistan Stock Exchange and is engaged in general insurance business. The registered office of the Operator is situated at Tanveer Building, 27-C-III, MM Alam Road, Gulberg III, Lahore.

The Operator was granted authorization on 23 December 2015 under Rule 6 of the Takaful Rules, 2012 to undertake Window Takaful Operations ("WTO") in respect of general takaful products by Securities and Exchange Commission of Pakistan ("SECP").

The Operator created a Waqf of Rs 500,000 for Participants' Takaful Fund by signing a Waqf Deed on 01 January 2016. Waqf Deed governs the relationship of the Operator and participants for management of takaful operations and investments under Participants' Takaful Fund ("PTF") and Operator's Takaful Fund ("OTF") approved by the Shariah Advisor of the Operator.

2 Basis of preparation

2.1 Statement of compliance

2.1.1 These financial statements of the WTO 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 International Accounting Standards Board as are notified under the Companies Ordinance 1984, provisions of and directives issued under the Companies Ordinance, 1984, Insurance Ordinance, 2000, Securities and Exchange Commission (Insurance) Rules, 2002, Takaful Rules, 2012 and Circular 25 of 2015, dated 09 July 2015. In case requirements differ, provisions or derivatives of the Companies Ordinance 1984, provisions of and directives issued under the Companies Ordinance, 1984, Insurance Ordinance, 2000, Securities and Exchange Commission (Insurance) Rules, 2002, Takaful Rules, 2012 and Circular 25 of 2015 shall prevail.

2.1.2 These financial statements reflect the financial position and results of operations of both the PTF and OTF in a manner that the assets, liabilities, income and expenses of the OTF and PTF remain separately identifiable.

2.1.3 During the year, the Insurance Accounting Regulations, 2017 and the Insurance Rules, 2017 were enacted vide SRO 88 and 89 (1)/2017, dated 09 February 2017 by SECP and replaced and repealed the Securities and Exchange Commission (Insurance) Rules, 2002. These newly enacted Rules and Regulations have significantly changed the presentation and disclosure requirements. However, the Operator obtained exemption from SECP to prepare the annual financial statements for the year ended 31 December 2017 in accordance with the requirements of the repealed Securities and Exchange Commission (Insurance) Rules, 2002.

2.1.4 During the year, the Companies Act 2017 ("the Act") was enacted on 30 May 2017 and replaced and repealed the Companies Ordinance, 1984 ("the repealed Ordinance"). However, the Securities and Exchange Commission of Pakistan vide its Circular No. 17 and Circular No. 23 dated 20 July 2017 and 04 October 2017, respectively, and The Institute of Chartered Accountants of Pakistan vide its Circular No. 17, dated 06 October 2017, have advised and clarified that the annual financial statements of the companies whose financial year closes on or before 31 December 2017, shall be prepared in accordance with the repealed Ordinance.

2.2 Basis of measurement

These financial statements have been prepared under historical cost convention. All transactions reflected in these financial statements are on accrual basis except for those reflected in cash flow statements.

2.3 Functional and presentation currency

Items included in these financial statements are measured using the currency of primary economic environment in which the Operator operates ("the functional currency"). The financial statements are presented in Pak Rupees, which is Operator's functional and presentation currency. All financial information presented in Pak Rupees has been rounded off to nearest thousand in rupee, unless otherwise stated.

2.4 Use of estimates and judgments

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

These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

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

	Note
- Classification of Takaful contracts	4.1
- Provision for unearned contributions	4.5
- Contribution deficiency reserve	4.7
- Provision for outstanding claims (including IBNR) and reinsurance recoveries there against	4.10
- Rebate from retakaful operators	4.3
- Residual values and useful lives of fixed assets	4.20
- Segment reporting	4.23

The principal accounting policies applied in the preparation of these financial statements are stated below.

3. New/ revised accounting Standards and IFRIC interpretations

3.1 Standards, amendments or interpretations which became effective during the year

During the year, certain amendments or new interpretations became effective. However, the amendments or interpretation did not have any material effect on the financial statements of the Operator, except for those which has been specifically disclosed in these financial statements.

3.2 New Companies Act, 2017 and new / revised accounting standards, amendments to published accounting standards, and interpretations that are not yet effective

3.2.1 The Companies Act, 2017 applicable for financial year beginning on 01 January 2018 requires certain additional disclosures.

3.2.2 The following amendments, interpretation of approved accounting standards and annual improvement cycle will be effective for accounting periods beginning on or after 01 January 2018:

- Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards.

- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programs.

- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax.

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied.

- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' -effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use.

- Annual Improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture.

- Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements (effective from annual period beginning on or after 01 January 2019) address amendments to following approved accounting standards:

  - IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

  - IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

  - IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

- Amendment to IFRS 4 'Insurance Contracts'- Applying IFRS 9 'Financial Instruments' with IFRS 4 (effective for annual periods beginning on or after 1 July 2018). The amendment address issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts'. The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from 1 July 2018 onwards to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied.

The above amendments and annual improvements are not likely to have material impact on WTO financial statements, except where specifically disclosed.

4 Summary of significant accounting policies

'The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements.

4.1 Takaful Contracts

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

Takaful contracts are those contracts whereby the Participant Takaful Fund (PTF) has accepted significant takaful risk from the participant by agreeing to compensate the participant if a specified uncertain future event (the takaful event) adversely affects the participant. Once a contract has been classified as a takaful contract, it remains a Takaful contract for the remainder of its lifetime, even if takaful risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

Takaful contracts issued by the PTF are generally classified in five basic categories i.e. Fire and property, Marine, Aviation and transport, Motor, Accident and health and Miscellaneous.

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

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

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

- Accident and Health takaful contracts mainly compensate hospitalization and out-patient medical coverage to the participant.

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

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

4.2 Re-takaful contracts held

These are contracts entered into by the Operator with retakaful operators for compensation of losses suffered on takaful contracts issued. These re-takaful contracts include both facultative and treaty arrangement contracts and are classified in same categories of takaful contracts for the purpose of these financial statements. The Operator recognizes the entitled benefits under the contracts as various retakaful assets and liabilities.

Retakaful Contribution is recognized as an expense at the time the retakaful is ceded. Rebate from retakaful is recognized in accordance with the policy of recognizing contribution revenue. The portion of retakaful contribution not recognized as an expense is shown as a prepayment.

Retakaful assets represent balances due from retakaful operators and retakaful recoveries against outstanding claims. Due from retakaful operators are carried at cost less any provision for impairment. Cost represents the fair value of the consideration to be received. Retakaful recoveries against outstanding claims are measured at the amount expected to be received.

Retakaful liabilities represent balances due to retakaful operators and are primarily retakaful contributions payable for retakaful contracts and are recognized at the same time when retakaful contributions are recognized as an expense.

Retakaful assets are not offset against related takaful liabilities. Income or expense from retakaful contracts are not offset against expenses or income from related takaful contracts.

Retakaful assets/liabilities are derecognised when the contractual rights are extinguised or expired.

4.3 Rebate from retakaful operators

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

4.4 Contribution

For all the takaful contracts, contributions including administrative surcharge received / receivable under a takaful policy are recognized as written at the time of issuance of policy. Contribution income under a policy is recognized over the period of insurance from inception to expiry evenly over the period of the policy using 1/365 method as allowed in the Security and Exchange Commission (Insurance) Rules, 2002 except otherwise stated below:

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

- for crop business, as a ratio of the unexpired period to the total period of the takaful policy applied on the gross contribution of the individual takaful policies.

Where contributions for a policy are payable in installments, full contribution for the duration of the policy is recognized as written at the inception of the policy and related assets set up for contributions receivable at a later date. Contributions are stated gross of commission payable to intermediaries and exclusive of taxes and duties levied on contributions.

4.5 Provision for unearned contributions

The unearned contribution reserve is the unexpired portion of the contribution including administrative surcharge which relates to business in force at the balance sheet date. Unearned contributions have been calculated by applying 1/365 method as specified under the Security and Exchange Commission (Insurance) Rules, 2002.

4.6 Receivables and payables related to takaful contracts

Receivables and payables, other than claim payables, relating to takaful contracts are recognized when due. The claim payable is recorded when intimation is received. These include contributions due but unpaid, contribution received in advance, contributions due and claims payable to participants. 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 contribution due but unpaid is impaired, the Operator reduces the carrying amount of that contribution receivable and recognize the loss in profit and loss account.

4.7 Contribution deficiency reserve

The Operator maintains a provision in respect of contribution deficiency (also called unexpired risk reserve) for the class of business where the unearned contribution liability is not adequate to meet the expected future liability, after retakaful, from claims and other supplementary expenses expected to be incurred after the balance sheet date in respect of the unexpired takaful policies in that class of business at the reporting date.

For this purpose, contribution deficiency reserve is determined by independent actuaries. The actuary determines the prospective loss ratios for each class of business and applies factors of unearned and earned contributions and uses assumptions appropriate to arrive at the expected claims settlement cost which when compared with unearned contribution reserve (UCR) shows whether UCR is adequate to cover the unexpired risks. If these ratios are adverse, contribution deficiency is determined.

Based on actuary's advice the management has created a reserve for the same in these financial statements. The movement in the contribution deficiency reserve is recorded as an expense / income in profit or loss account for the year.

4.8 Staff retirement benefits

4.8.1 Defined contribution plan

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

4.8.2 Defined benefit plans

The Operator operates and unfunded gratuity scheme for its employees as end of service benefits. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

4.9 Claims

Claims are charged against PTF income as incurred based on estimated liability for compensation owed under the takaful contracts. It includes claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries and any adjustments to claims outstanding from previous years.

4.10 Provision for outstanding claims (including IBNR)

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

SECP through its circular 9 of 2016, dated 09 March 2016, issued "Guidelines for estimation of incurred but not reported (IBNR) claims reserve 2016" ("Guidelines") and required to comply with all provisions of these guidelines with effect from 01 July 2016.

The Guidelines require that estimation for provision for claims incurred but not reported for each class of business, by using prescribed Method "Chain Ladder Method" and other alternate method as allowed under the provisions of the Guidelines. The Chain Ladder Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level to derive an IBNR estimate.

'The actuarial valuation as at 31 December 2017 has been carried out by independent firm of actuaries for determination of IBNR for each class of business. The actuarial valuation is based on a range of standard actuarial claim projection techniques, based on empirical data and current assumptions (as explained in preceeding paragraph) that may include a margin for adverse deviation as required / allowed by the circular 9 of 2016. The methods used, and the estimates made, are reviewed regularly.

4.11 Commission expense

Commission expenses incurred in obtaining and recording takaful policies is deferred and recognized in Operator Takaful Fund as an expense in accordance with pattern of recognition of contribution revenue by applying the 1/365 method.

4.12 Wakala fees

The Operator manages the general takaful operations for the participants and charge wakala fee to PTF on gross contribution written including administrative surcharge to meet the general and administrative expenses of the operator including commission to agents at following rates:

Class	Percentages
Fire	32%
Marine	35%
Motor	32.5%
Health	27.5%
Misc.	30%

Wakala fee is recognized on issuance of takaful contract. Wakala fee is recognized as income in OTF on the same basis on which the related contribution revenue (net of Wakala expense) is recognized in PTF. Unearned portion of Wakala fee is recognized as a liability in OTF.

4.13 Takaful Surplus

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

4.14 Qard-e-Hasna

If there is a deficit of admissible assets over liabilities in the PTF, the Operator from the Operators Fund may provide Qard-e-Hasna to the PTF so that the PTF may become solvent as per Takaful Rules, 2012.

Qard-e-Hasna from the PTF can be recovered by the Operator over any period of time without charging any profit.

4.15 Mudarib's fee

The Operator manages the participants' investment as Mudarib and charges 20% of the investment income earned by the PTF as Mudarib's fee. It is recognized on the same basis on which related revenue is recognized.

4.16 Investments

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

4.17 Available for sale

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

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

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

4.18 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 goods and/or services received, whether or not billed to the Operator.

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

4.19 Cash and cash equivalents

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

4.20 Fixed assets

4.20.1 Tangible

Owned fixed assets, other than freehold land which is not depreciated and capital work-in-progress, are stated at cost, signifying historical cost, less accumulated depreciation and any provision for accumulated impairment.

Cost comprises of purchase price including import duties and non-refundable purchase taxes after deducting trade discounts, rebates and includes other costs directly attributable to the acquisition or construction including expenditures on the material, labour and overheads directly relating to constructions, errection and installation of operating fixed assets.

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

Depreciation is charged to income applying reducing balance method depending upon the nature of the asset, at the rates specified for calculation of depreciation after taking into account residual value, if any. The useful lives, residual values and depreciation method are reviewed, and adjusted if appropriate, at each reporting date.

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

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

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

4.20.2 Intangible

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

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

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

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

4.21 Management Expenses

Management expense of the Operator are charged to the Operator's Takaful Fund.

4.22 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit and loss account, except to the extent that relates to items recognized in equity or in other comprehensive income, in which case it is recognized in equity or in other comprehensive income respectively.

4.23 Segment reporting

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

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

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

	31 December 2017			31 December 2016
	Operator's Fund	Participants' Takaful Fund	Aggregate	Aggregate
	Rupees in thousand			
5 Other Creditors and Accruals				
Commission payable	23,543	-	**23,543**	5,832
Federal excise duty	-	3,729	**3,729**	7,384
Federal insurance fee	-	1,715	**1,715**	939
Income tax deducted at source	2,182	4,658	**6,840**	1,241
Others	574	105	**679**	1,828
	26,299	10,207	**36,506**	17,224

6 Contingencies and commitments

There are no significant contingencies and commitments as at 31 December 2017 (2016 : Nil).

	31 December 2017			31 December 2016
	Operator's Fund	Participants' Takaful Fund	Aggregate	Aggregate
	Rupees in thousand			
7 Cash and bank deposits				
Cash and other equivalents:				
Cash in hand	5	-	**5**	-
Current and other accounts:				
Saving accounts	41,114	230,872	**271,986**	83,855
	41,119	230,872	**271,991**	83,855

Notes to the Financial Statements

For the Year Ended 31 December 2017

7.1 These carry rate of return ranging from 3.5% to 5% (2016: 3.5% to 5%).

	31 December 2017			31 December 2016
	Operator's Fund	Participants' Takaful Fund	Aggregate	Aggregate
8 Investments	Rupees in thousand			
Available for sale - Mutual fund				
Meezan moderate allocation plan [Nil units (2016: 404,888)]	-	-	**-**	29,905
Meezan islamic income fund [580,826 units (2016: Nil units)]	30,215	-	**30,215**	-
	30,215	-	**30,215**	29,905

9 These are unsecured and considered good as at year end.

	31 December 2017			31 December 2016
	Operator's Fund	Participants' Takaful Fund	Aggregate	Aggregate
10 Prepayments	Rupees in thousand			
Prepaid retakaful contribution ceded	-	52,244	**52,244**	17,660
Prepaid monitoring charges (Tracking device)	-	12,387	**12,387**	1,439
	-	64,631	**64,631**	19,099

	31 December 2017			31 December 2016
	Operator's Fund	Participants' Takaful Fund	Aggregate	Aggregate
11 Sundry receivables	Rupees in thousand			
Sales tax recoverable	249	-	**249**	651
Advance taxes	-	850	**850**	27
Loan to employees - unsecured and considered good	327	-	**327**	194
Advances and deposits - unsecured and considered good	624	2,625	**3,249**	3,080
	1,200	3,475	**4,675**	3,952

Notes to the Financial Statements

For the Year Ended 31 December 2017

12 Fixed assets

12.1 Operating assets - Tangible

	2017									
	Cost				Depreciation				Net Book value	Rate
	As at 01 Jan 2017	Additions	Disposals	As at 31 Dec 2017	As at 01 Jan 2017	On disposal	Charge for the year	As at 31 Dec 2017	As at 31 Dec 2017	
	Rupees in thousand									
Operator's fund										
Motor vehicles	2,405	8,878	-	**11,283**	30	-	843	873	**10,410**	15%
Office equipment	60	883	-	**943**	2	-	64	66	**877**	15%
Computer and related accessories	170	791	-	**961**	11	-	186	197	**764**	30%
Furniture and fixture	-	135	-	**135**	-	-	4	4	**131**	15%
	2,635	**10,687**	**-**	**13,322**	**43**	**-**	**1,097**	**1,140**	**12,182**	

	2016									
	Cost				Depreciation				Net Book value	Rate
	As at 01 Jan 2016	Additions	Disposals	As at 31 Dec 2016	As at 01 Jan 2016	On disposal	Charge for the year	As at 31 Dec 2016	As at 31 Dec 2016	
	Rupees in thousand									
Operator's fund										
Motor vehicles	-	2,405	-	2,405	-	-	30	30	2,375	15%
Office equipment	-	60	-	60	-	-	2	2	58	15%
Computer and related accessories	-	170	-	170	-	-	11	11	159	30%
	-	2,635	-	2,635	-	-	43	43	2,592	

12.2 Capital work in progress

This represent amount advanced to Centegy Technologies (Private) Limited. for implementation of Enterprise Resource Planning software for Takaful Operations.

13 Wakala fee Income

	31 December 2017				31 December 2016
	Wakala fee	Provision for Unearned Wakala fee		Net Wakala fee income	
		Opening	Closing		
	Rupees in thousand				
Fire and property damage	29,301	5,794	12,987	**22,108**	5,787
Marine, aviation and transport	6,192	43	135	**6,100**	830
Motor	110,584	24,832	57,332	**78,084**	11,273
Accident & health	58,746	4,421	12,221	**50,946**	2,098
Miscellaneous	24,099	1,286	6,777	**18,608**	2,772
	228,922	36,376	89,452	**175,846**	22,760

Notes to the Financial Statements

For the Year Ended 31 December 2017

	Note	2017	2016
		Rupees in thousand	
14 Management expenses			
Salaries, allowances and other benefits	14.1	**48,167**	12,307
Depreciation	12	**1,097**	43
Printing, stationery and postage		**828**	458
Communication		**91**	28
Ceded money		**-**	500
Bank charges		**17**	23
Legal and professional expense		**30**	454
Travelling and conveyance expenses		**1,730**	655
Others		**12,008**	434
		63,968	14,902

	Note	2017	2016
		Rupees in thousand	
15 General and administrative expenses			
Shariah advisor's fee		**3,080**	3,080
Auditors remuneration	15.1	**678**	358
		3,758	3,438
15.1 Auditors remuneration			
Audit fee		**350**	200
Interim review fee		**138**	138
Other certifications		**150**	-
Out of pocket expenses		**40**	20
		678	358
16 Taxation			
Current tax		**19,193**	1,121
Deferred tax		**387**	126
		19,580	1,247
17 Remuneration of head of Window Takaful Operations			
Managerial remuneration including bonus		**3,592**	2,967
Other allowances		**1,670**	1,460
		5,262	4,427

Notes to the Financial Statements

For the Year Ended 31 December 2017

18. Segment reporting

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

	2017					
	Fire and Property Damage	Marine, Aviation and Transport	Motor	Accident & Health	Miscellaneous	Total
	Rupees in thousand					
Participant Takaful Fund						
Segment assets	83,349	7,962	90,823	52,752	41,963	**276,849**
Unallocated assets	-	-	-	-	-	**247,312**
Total assets	**83,349**	**7,962**	**90,823**	**52,752**	**41,963**	**524,161**
Segment liabilities	76,261	6,475	220,565	99,019	30,313	**432,633**
Unallocated liabilities	-	-	-	-	-	**127,207**
Total liabilities	**76,261**	**6,475**	**220,565**	**99,019**	**30,313**	**559,840**
Operator's Fund						
Segment assets	7,298	229	12,513	5,517	3,471	**29,028**
Unallocated assets	-	-	-	-	-	**212,093**
Total assets	**7,298**	**229**	**12,513**	**5,517**	**3,471**	**241,121**
Segment liabilities	12,987	135	57,332	12,221	6,777	**89,452**
Unallocated liabilities	-	-	-	-	-	**51,860**
Total liabilities	**12,987**	**135**	**57,332**	**12,221**	**6,777**	**141,312**

	2016					
	Fire and Property Damage	Marine, Aviation and Transport	Motor	Accident & Health	Miscellaneous	Total
	Rupees in thousand					
Participant Takaful Fund						
Segment assets	39,371	1,173	48,026	10,248	9,494	108,312
Unallocated assets	-	-	-	-	-	69,911
Total assets	39,371	1,173	48,026	10,248	9,494	178,223
Segment liabilities	33,988	673	84,379	18,208	6,480	143,728
Unallocated liabilities	-	-	-	-	-	39,070
Total liabilities	33,988	673	84,379	18,208	6,480	182,798
Operator's Fund						
Segment assets	4,600	163	9,634	1,650	1,163	17,210
Unallocated assets	-	-	-	-	-	81,947
Total assets	4,600	163	9,634	1,650	1,163	99,157
Segment liabilities	5,794	43	24,832	4,421	1,286	36,376
Unallocated liabilities	-	-	-	-	-	9,990
Total liabilities	5,794	43	24,832	4,421	1,286	46,366

19 Financial and insurance risk management objectives and policies

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

The individual risk wise analysis is given below :

19.1 Credit risk and concentration of credit risk

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

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

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

	2017	2016
	Rupees in thousand	
Current and other accounts	**271,986**	83,855
Investments	**30,215**	29,905
Contribution due but unpaid	**152,981**	68,972
Amount due from other takaful / re-takaful operators	**30,613**	11,872
Salvage recoveries accrued	**6,800**	-
Accrued investment income	**955**	115
Retakaful recoveries against outstanding claims	**34,211**	9,808
Sundry receivables	**3,249**	3,080
	531,010	207,607

Provision for impairment is made for doubtful receivables according to the WTO's policy. The impairment provision is written off when the Operator expects that it cannot recover the balance due. The movement in the provision for doubtful debt account, if any, is shown in respective notes to these financial statements.

	2017	2016
	Rupees in thousand	
The age analysis of receivables from other than related parties is as follows:		
Up to 1 year	**117,816**	68,534
1-2 & prior years	**5,560**	-
	123,375	68,534

	2017	2016
	Rupees in thousand	
The age analysis of receivables from related parties is as follows:		
Up to 1 year	**29,483**	438
1-2 & prior years	**123**	-
	29,606	438

Notes to the Financial Statements

For the Year Ended 31 December 2017

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

	Rating		Rating agency	2017	2016
	Short Term	Long Term			
				Rupees in thousand	
Dubai Islamic Bank Limited	A-1	AA-	JCR - VIS	**205,971**	83,855
MCB Islamic Bank Limited	A-1	A	PACRA	**51,661**	-
Meezan Bank Limited	A-1+	AA	JCR - VIS	**14,354**	-
Total				**271,986**	83,855

The credit quality of amount due from other takaful operators / retakaful operators can be assessed with reference to external credit rating as follows:

	Amounts due from other takaful operators / retakaful operators	Retakaful and other recoveries against outstanding claims	2017	2016
	Rupees in thousand			
A or Above (including PRCL)	30,613	24,526	**55,138**	19,760
BBB	-	8,175	**8,175**	-
Others	-	1,511	**1,511**	1,920
Total	30,613	34,211	**64,824**	21,680

19.2 Liquidity Risk

Liquidity risk is the risk that the WTO will not be able to meet its financial obligations as they fall due. The Operator's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet WTO's liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the WTO's reputation. The diversified funding sources and assets of the WTO are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities. The Operator also follows an effective cash management program to mitigate the liquidity risk.

Notes to the Financial Statements

For the Year Ended 31 December 2017

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

	2017			
	Carrying amount	Contractual cash flow	Up to one year	More than one year
	Rupees in thousand			
Financial liabilities				
Provision for outstanding claims	153,116	**153,116**	147,614	5,502
Amounts due to other takaful / retakaful operators	59,557	**59,557**	34,749	24,808
Accrued expenses	3,661	**3,661**	3,661	-
Wakala and mudarib fee payable	8,815	**8,815**	8,815	-
Other creditors and accruals	24,222	**24,222**	24,222	-
	249,371	**249,371**	219,061	30,310

	2016			
	Carrying amount	Contractual cash flow	Up to one year	More than one year
	Rupees in thousand			
Financial liabilities				
Provision for outstanding claims	25,705	25,705	25,705	-
Amounts due to other takaful / retakaful operators	24,843	24,843	24,843	-
Accrued expenses	589	589	589	-
Wakala and mudarib fee payable	10,863	10,863	10,863	
Other creditors and accruals	7,660	7,660	7,660	-
	69,660	69,660	69,660	-

19.3 Market risk

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

19.3 (a) Profit rate risk

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

	Effective interest rate (%)		Carrying amounts	
	2017	2016	2017	2016
			Rupees in thousand	
Financial assets				
Bank deposits - variable rate	3.50% - 5.00%	3.50% - 5.00%	271,986	83,855

Notes to the Financial Statements

For the Year Ended 31 December 2017

Sensitivity analysis:

For cash flow sensitivity analysis of variable rate instruments, a hypothetical change of 100 basis points in interest rates at the reporting date would have decreased / (increased) profit for the year by the amounts shown below. It is assumed that the changes occur immediately and uniformly to each category of instrument containing profit rate risk. Variation in market profit rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

	Profit and loss	
	Increase	Decrease
	Rupees in thousand	
As at 31 December 2017 - fluctuation of 100 bps		
Cash flow sensitivity - variable rate financial assets	**2,720**	**(2,720)**
As at 31 December 2016 - Fluctuation of 100 bps		
Cash flow sensitivity - variable rate financial assets	839	(839)

19.3 (b) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Since the principal transactions are carried out in Pak Rupees, the Operations is not materially exposed to currency risk as at year end.

19.3 (c) Price risk

Price risk represents the risk that the fair value of financial instruments will fluctuate because of changes in the market prices (other than those arising from profit rate risk or currency risk), whether those changes are caused by factors specific to individual financial instrument or its issuer, or factors affecting all or similar financial instrument traded in the market. As at year end, the Operator is not materially exposed to price risks.

19.4 Takaful Risk

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

The Operator manages these risks through its underwriting strategy, adequate retakaful arrangements and proactive claims handling.

19.4 (a) Frequency of severity of claims

The frequency and severity of claims can be affected by several factors like political violence, environmental and economical, atmospheric disturbances, natural disasters, concentration of risks, riots etc. The Operator manages these risks by use of underwriting strategy and re-takaful arrangements.

The Operator has exposure in major classes as follows:

	2017		
	Gross sum covered	Re-takaful	Net
	Rupees in thousand		
Fire and property	120,465,857	(91,721,523)	**28,744,334**
Marine, aviation and transport	27,733,678	(21,270,988)	**6,462,690**
Motor	14,918,698	(499,401)	**14,419,297**
Accident and health	15,665,182	-	**15,665,182**
Miscellaneous	2,323,674	(2,064,451)	**259,223**
	181,107,089	(115,556,363)	**65,550,726**

	2016		
	Gross sum covered	Re-takaful	Net
	Rupees in thousand		
Fire and property	36,030,908	(28,378,331)	7,652,577
Marine, aviation and transport	4,160,771	(3,235,990)	924,781
Motor	4,719,793	(299,420)	4,420,373
Accident and health	1,044,060	-	1,044,060
Miscellaneous	1,211,603	(1,087,265)	124,338
	47,167,135	(33,001,006)	14,166,129

The re-takaful arrangements against major risk exposure include excess of loss, quota share arrangements, facultative arrangements and catastrophic coverage. The objective of having such arrangements is to mitigate adverse impacts of severe losses on Operator`s net retentions.

19.4 (b) Uncertainty in the estimation of future claim payments

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

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

19.4 (c) Claim development

The development of claims against takaful contracts written is not disclosed as uncertainty about the amount and timing of claim settlement is usually resolved within one year.

19.5 Re-takaful Risk

Re-takaful ceded does not relieve the Operator from its obligation towards participants and, as a result, the WTO remains liable for the portion of outstanding claims covered through re-takaful to the extent that re-takaful operators fails to meet the obligation under the re-takaful agreements.

To minimize its exposure to significant losses from re-takaful operators' insolvencies, the operations obtain re-takaful rating from a number of re-takaful operators, who are dispersed over several geographical regions. At reporting date, the operator does not have any receivable balance with any re-takaful operator.

20 Fair values of financial instruments

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

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

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

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

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

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

	2017									
		Carrying amount					Fair Value			
31 December 2017	Note	Available-for-sale	Loans and receivables	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	Rupees in thousand									
Financial assets not measured at fair value										
Current and other accounts *	7	-	-	271,986	-	**271,986**	-	-	-	**-**
Investments	8	30,215	-	-	-	**30,215**	30,342	-	-	**30,342**
Contribution due but unpaid *		-	152,981	-	-	**152,981**	-	-	-	**-**
Wakala and mudarib fee receivable *			8,815			**8,815**	-	-	-	**-**
Amount due from other takaful / re-takaful operators *		-	30,613	-	-	**30,613**	-	-	-	**-**
Salvage recoveries accrued *		-	6,800	-	-	**6,800**	-	-	-	**-**
Accrued investment income *		-	955	-	-	**955**	-	-	-	**-**
Retakaful recoveries against outstanding claims *	9	-	34,211	-	-	**34,211**	-	-	-	**-**
Sundry receivables *	11	-	3,249	-	-	**3,249**	-	-	-	**-**
		30,215	237,624	271,986	-	**539,825**	30,342	-	-	**30,342**
Financial liabilities not measured at fair value										**-**
Provision for outstanding claims *		-	-	-	153,116	**153,116**	-	-	-	**-**
Amounts due to other takaful / retakaful operators *		-	-	-	59,557	**59,557**	-	-	-	**-**
Accrued expenses *		-	-	-	3,661	**3,661**	-	-	-	**-**
Wakala and mudarib fee payable *		-	-	-	8,815	**8,815**	-	-	-	**-**
Other creditors and accruals *	5	-	-	-	24,222	**24,222**	-	-	-	**-**
		-	-	-	249,371	**249,371**	-	-	-	**-**

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For the Year Ended 31 December 2017

31 December 2016	Note	2016 Carrying amount Available-for-sale	Loans and receivables	Cash and cash equivalents	Other financial liabilities	Total	Fair Value Level 1	Level 2	Level 3	Total
		Rupees in thousand								
Financial assets not measured at fair value										
Current and other accounts *	7	-	-	83,855	-	83,855	-	-	-	-
Investments	8	29,905	-	-	-	29,905	-	29,905	-	29,905
Contribution due but unpaid *		-	68,972	-	-	68,972	-	-	-	-
Wakala and mudarib fee receivable *		-	10,863	-	-	10,863	-	-	-	-
Amount due from other takaful / re-takaful operators *		-	11,872	-	-	11,872	-	-	-	-
Salvage recoveries accrued *		-	-	-	-	-	-	-	-	-
Accrued investment income *		-	115	-	-	115	-	-	-	-
Retakaful recoveries against outstanding claims *	9	-	9,808	-	-	9,808	-	-	-	-
Sundry receivables *	11	-	3,080	-	-	3,080	-	-	-	-
										-
		29,905	104,710	83,855	-	218,470	-	29,905	-	29,905
Financial liabilities not measured at fair value										-
Provision for outstanding claims *		-	-	-	25,705	25,705	-	-	-	-
Amounts due to other takaful / retakaful operators *		-	-	-	24,843	24,843	-	-	-	-
Accrued expenses *		-	-	-	589	589	-	-	-	-
Wakala and mudarib fee payable *		-	-	-	10,863	10,863	-	-	-	-
Other creditors and accruals *	5	-	-	-	7,660	7,660	-	-	-	-
		-	-	-	69,660	69,660	-	-	-	-

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

Notes to the Financial Statements

For the Year Ended 31 December 2017

21 Transactions with related parties

The Operator has related party relationship with its associates, subsidiary company, employee retirement benefit plans, key management personnel and other parties. All transactions involving related parties arising in the normal course of business are conducted at commercial terms and conditions. Balances and transactions with related party are disclosed in relevant notes to these financial statements.

i) Transactions

	2017	2016
	Rupees in thousand	
Subsidiary Company		
Contribution underwritten	**82**	-
Contribution received	**94**	-
Other related parties		
Contribution underwritten	**39,847**	1,439
Contribution received	**32,002**	
Claims paid	**13,589**	-
Income on bank deposits	**959**	-

ii) Year end balances

	2017	2016
Other related parties		
Balances receivable	**29,606**	438
Balances payable	**3,175**	-
Cash and bank balances	**51,661**	-

22 Subsequent events - non adjusting event

There are no significant events that need to be disclosed for the year ended 31 December 2017.

23 Number of employees

Total average number of employees during the year ended as at 31 December 2017 and 2016, are as follows:

	2017	2016
At year end	**47**	14
Average during the year	**31**	7

24 Date of authorization for issue

These financial statements were authorized for issue on **21 March 2018** by the Board of Directors of the Operator.

25 General

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

Umer Mansha	**Shaikh Muhammad Jawed**	**Muhammad Umar Virk**	**Muhammad Asim Nagi**	**Muhammad Ali Zeb**
Chairman	Director	Director	Chief Financial Officer	Managing Director & Chief Executive Officer

Form 34
The Companies Ordinance 1984
(Section 236(2)(d)) Pattern of Shareholding

1 Incorporation Number 0001190

2 Name of the Company ADAMJEE INSURANCE COMPANY LIMITED.

3 Pattern of holding of the shares held by the shareholders as at 31-DEC-17

4

No. of Shareholders	Shareholdings					Total Shares Held
1,083	Shareholding	From	1	To	100	28,799
1,026	Shareholding	From	101	To	500	321,201
552	Shareholding	From	501	To	1000	457,877
2,046	Shareholding	From	1001	To	100000	24,717,076
120	Shareholding	From	100001	To	485000	25,410,676
25	Shareholding	From	505001	To	1000000	17,607,437
17	Shareholding	From	1050001	To	2935000	26,227,760
7	Shareholding	From	3185001	To	5245000	29,459,521
1	Shareholding	From	10055001	To	10060000	10,059,500
1	Shareholding	From	14350001	To	14355000	14,354,000
1	Shareholding	From	16305001	To	16310000	16,307,396
1	Shareholding	From	19410001	To	19415000	19,413,878
1	Shareholding	From	26985001	To	26990000	26,989,235
1	Shareholding	From	27510001	To	27515000	27,513,851
1	Shareholding	From	35970001	To	35975000	35,970,369
1	Shareholding	From	75160001	To	75165000	75,161,424
4,884						**350,000,000**

Form 34
The Companies Ordinance 1984
(Section 236(2)(d)) Pattern of Shareholding

5 Categories of Shareholders	Shareholders	Shares held	Percentage
5.1 Directors, Chief Executive Officer & their spouses			
Fredrik Coenrard De Beer	1	7,073	0.002
Ibrahim Shamsi	1	16,797	0.005
Imran Maqbool Malik	1	7,073	0.002
Mian Umer Mansha	1	60,335	0.017
Muhammad Anees	1	20,000	0.006
Muhammad Umar Virk	2	43,073	0.012
S.M.Jawed	1	2,500	0.001
Muhammad Ali Zeb	1	7,073	0.002
5.1.1 Executives / Executives' spouse	3	52,024	0.015
5.2 Associated Companies, undertakings & related parties			
a) MCB Bank Ltd. (5.8)	3	76,022,665	21.721
b) Nishat Mills Ltd.	1	102,809	0.029
5.3 Public Sector Companies and Corporations	10	8,873,802	2.535
5.4 Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	28	71,663,966	20.475
5.5 Mutual Funds*	18	10,814,112	3.090
5.6 General Public			
a) Local-Individuals	4617	72,196,872	20.628
b) Foreign Individuals	4	105,000	0.030
c) Foreign Companies/ organizations/ Individuals (on repatriable basis)	35	58,372,105	16.678
5.7 Others	156	51,632,721	14.752
	4,884	**350,000,000**	**100.000**

5.8 Shareholders holding 5% or more voting interest (reflected in relevant category, reference given)

i) MCB Bank Ltd (5.2a)	278,147	0.079
	583,094	0.167
	75,161,424	21.475
ii) Trustee-MCB Employees Pension Fund(5.4)	35,970,369	10.277
iii) Security General Insurance Co Ltd (5.4)	27,513,851	7.861
iv) D.G. Khan Cement Company Limited (5.7)	26,989,235	7.711
v) Anjum Nisar (5.6)	19,413,878	5.547

Lahore: 5 April 2017

MUHAMMAD ALI ZEB
Managing Director & Chief Executive Officer

Form 34
The Companies Ordinance 1984
(Section 236(2)(d)) Pattern of Shareholding

Categories of Shareholders	Shareholders	Shares held	Percentage
*** Mutual Funds**			
AL-MEEZAN MUTUAL FUND LIMITED	1	2,062	0.001
CONFIDENCE MUTUAL FUND LIMITED	1	3,601	0.001
FIRST CAPITAL MUTUAL FUND LTD.	1	67	0.000
GROWTH MUTUAL FUND LIMITED	1	1,901	0.001
CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	1	1,616,500	0.462
MCBFSL - TRUSTEE JS VALUE FUND	1	508,500	0.145
CDC - TRUSTEE JS LARGE CAP. FUND	1	234,500	0.067
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1	485,000	0.139
CDC - TRUSTEE UNIT TRUST OF PAKISTAN	1	588,000	0.168
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	58,240	0.017
CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT	1	75,161	0.021
MC FSL - TRUSTEE JS GROWTH FUND	1	2,932,000	0.838
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	899,580	0.257
CDC - TRUSTEE ABL STOCK FUND	1	3,186,000	0.910
CDC - TRUSTEE PIML STRATEGIC MULTI ASSET FUND	1	32,000	0.009
CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND	1	25,000	0.007
CDC - TRUSTEE PIML VALUE EQUITY FUND	1	110,500	0.032
CDC - TRUSTEE PIML ASSET ALLOCATION FUND	1	55,500	0.016
	18	**10,814,112**	**3.090**


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Online Quizzes
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Jama Punji is an Investor Education Initiative of Securites and Exchange Commission of Pakistan
SECP
*Mobile apps are also available for download for android and ios devices

Notes

FOR YOUR IMMEDIATE ACTION

آپ کی فوری کارروائی کے لیے

E-dividend mandate form for shareholders of Adamjee Insuracne Company Limited in Compliance of Section 242 of the Companies Act 2017

آدمجی انشورنس کمپنی کے شیئر ہولڈرز کے لیے
برقی ذریعہ سے منافع کی ادائیگی کا فارم - کمپنیز ایکٹ ۲۰۱۷ء کے سیکشن ۲۴۲ کے مطابق

Please fill the following details & forward by e-mail/letter to any of the following three **(not to AICL)**:

فارم مکمل کرنے کے بعد ۳ میں سے کسی ایک کو ارسال کریں **(آدمجی انشورنس کو نہیں)**

1. Investor Account Services - Central Depository Company of Pakistan Limited. If you have an investor account in CDC, the email is mentioned below.

(نمبر ۱) اگر آپ کا انویسٹر اکاؤنٹ سی ڈی سی میں ہے تو سی ڈی سی کے شعبۂ انویسٹر اکاؤنٹ کو (ای-میل نیچے درج ہے)

2. In case of a sub account with any of the broker participants, kindly convey information to your broker participant.

(نمبر ۲) اگر آپ کا سب اکاؤنٹ کسی بروکر کے پاس ہے تو ان کے ڈاک/ای-میل کے پتے پر (یہ آپ کے پاس موجود ہوگا)

3. In case of Physical Shares, by post at the following address:

(نمبر ۳) اگر آپ کے پاس فزیکل شیئر سرٹیفکیٹس موجود ہیں تو آدمجی انشورنس کے شیئر رجسٹرار کو دیے ہوئے پتے پر بذریعہ ڈاک ارسال کریں

Central Depository Company of Pakistan Limited
Share Registrar
Adamjee Insurance Company Limited
CDC House, 99-B, Block B, S.M.C.H.S.,
Main Shahrah-e-Faisal, Karachi – 74400.

سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ
شیئر رجسٹرار
آدمجی انشورنس کمپنی لمیٹڈ
سی ڈی سی ہاؤس، 99-بی، ایس ایم سی ایچ ایس، مرکزی شاہراہِ فیصل، کراچی-74400

Participant Id	
Investor / Sub Account No.	
Folio In case of Physical Shareholder	
Title of Account	
IBAN Number	
Bank Name	
Branch	
Branch Address	
Mobile Number	
Email address	

Authorized Signatories
(to be signed as per operating instruction)

آپ کے دستخط ہمارے ریکارڈ کے مطابق ہونے چاہئیں
(آپ کی درج شدہ ہدایات کے تحت)

1) ____________________ 2) ____________________

3) ____________________ 4) ____________________

For information:

A) IBAN Number (24 Digit) : PK37 HABB 0000 0700 3333 9999
B) E-mail Investor Account Services CDC : ias-khi@cdcpak.com
C) CDC Participant : in case of a sub account with any of the broker participants, kindly convey information to your broker participants.

معلومات برائے سہولت:

ا) IBAN نمبر (24 ہندسے)
ب) ای میل انویسٹر اکاؤنٹ سروسز CDC
ج) CDC پارٹیسپینٹ: کسی بروکر پارٹیسپینٹ کے ساتھ سب اکاؤنٹ کی صورت میں براہِ کرم اپنے بروکر پارٹیسپینٹ کو معلومات پہنچائیں۔

For receipt of future dividend, the submission of this form is mandatory.

Form also available on website: **www.adamjeeinsurance.com**

آئندہ منافع کی ادائیگی کے لیے اس فارم کا بھرنا اور فراہم کرنا لازمی ہے۔

فارم ویب سائٹ پر بھی دستیاب ہے: **www.adamjeeinsaurance.com**

Notes

ADAMJEE INSURANCE COMPANY LIMITED

Registered Office: 4th Floor, 27-C-III, Tanveer Building, M.M. Alam Road, Gulberg-III, Lahore.

PROXY FORM

I/We ……………………………………………….......................... of ……………………………………………….......................... being a member of Adamjee Insurance Company Limited and holder of .... shares as per Folio No. .... CDC Participant ID# .... and Sub Account #......................................./ CDC Investors Account #....................................... hereby appoint Mr./Miss/Mrs. ……………........………............................... of ....…………….....…… (Folio No .... CDC Participant ID# .... and Sub Account # ..../ CDC Investors Account # ....) or failing him Mr./Miss/Mrs. ....………………………….... of ………….......................... (Folio No. .... CDC Participant ID# .... and Sub Account # ..../ CDC Investors Account #.................................) as my/our Proxy to attend, speak and vote for me/us and on my/our behalf at the 57 Annual General Meeting of the Company to be held on Monday, April 23, 2018 at 11:00 a.m. and any adjournment there of at The Nishat Hotel, Finance and Trade Centre Block, Near Expo Centre, Abdul Haq Road, Johar Town, Lahore.

Signed this .... day of 2018

WITNESSES:

1- Signature...
Name...
Address ....
CNIC No. ....

2- Signature...
Name...
Address ....
CNIC No. ....

Rupees Five Revenue Stamp

Signature of Member ....

NOTES

1. A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend and vote. The Instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarial attested copy of the power of attorney must be deposited at the registered office of the Company at least 48 hours before the time of the meeting. A proxy must be a member of the company. A Company or a Corporation being a member of the Company may appoint a representative through a resolution of board of directors for attending and voting at the meeting.

2. Members, who have deposited their shares into Central Depositary Company of Pakistan Limited, are being advised to bring their original National Identity Cards along with CDC Participant ID and account number at the meeting venue.

3. Members who have deposited their shares into Central Depository Company of Pakistan Limited ("CDC") will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

A. For Attending the Meeting

i. In case of Individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or, original Passport at the time of attending the Meeting.

ii. In case of corporate entity, the Board's resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. For Appointing Proxies

i. In case of individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.

ii. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.

iii. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.

iv. The proxy shall produce his original CNIC or original passport at the time of the Meeting.

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

آدمجی انشورنس کمپنی لمیٹڈ

رجسٹرڈ آفس: چوتھی منزل، تنویر بلڈنگ، 27-C III، ایم ایم عالم روڈ، گلبرک-III، لاہور

نمائندگی نامہ

میں/ہم .... مقیم .... ، آدمجی انشورنس کمپنی لمیٹڈ کے ایک ممبر اور .... شیئرز کی ملکیت/فولیو نمبر ....

سی ڈی سی پارٹسپنٹ آئی ڈی نمبر.................... اور سب اکاؤنٹ نمبر .... /سی ڈی سی انویسٹرز اکاؤنٹ نمبر .... کے مطابق محترم/محترمہ ....

مقیم .... (فولیو نمبر .... سی ڈی سی پارٹسپنٹ آئی ڈی نمبر .... اور سب اکاؤنٹ نمبر .... /سی ڈی سی انویسٹرز اکاؤنٹ نمبر ....)

یا اُن کے شریک نہ ہونے پر محترم/محترمہ .... مقیم .... (فولیو نمبر ....

سی ڈی سی پارٹسپنٹ آئی ڈی نمبر.................... اور سب اکاؤنٹ نمبر .... /سی ڈی سی انویسٹرز اکاؤنٹ نمبر ....) کو بذریعہ ہٰذا نشاط ہوٹل، فنانس اینڈ ٹریڈ سینٹر بلاک نزد ایکسپو سینٹر، عبدالحق روڈ، جوہر ٹاؤن، لاہور میں بروز پیر مورخہ 23 اپریل 2018ء بوقت صبح 11:00 بجے یا کسی ممکنہ التوائی وقت پر منعقد ہونے والے 57 ویں سالانہ اجلاسِ عام میں شریک ہونے، گفتگو کرنے اور ووٹ دینے کیلئے میرے/ہمارے نمائندے کے طور پر نامزد کرنا چاہتا ہوں/چاہتے ہیں۔

آج بروز .... بتاریخ .... 2018ء دستخط کیے گئے۔

گواہان

1. دستخط ....
   نام ....
   پتہ ....
   کمپیوٹرائزڈ قومی شناختی کارڈ نمبر ....

-/5 روپے کی ریوینیو اسٹیمپ

2. دستخط ....
   نام ....
   پتہ ....
   کمپیوٹرائزڈ قومی شناختی کارڈ نمبر ....

ممبر کے دستخط ....

ملاحظات (نوٹس):

-1 سالانہ اجلاسِ عام میں شرکت اور رائے دہی کا حق رکھنے والا ممبر کسی دوسرے ممبر کو اپنی بجائے شرکت اور حقِ رائے دہی کے استعمال کیلئے اپنا نمائندہ (پروکسی) مقرّر کر سکتا ہے۔ کوئی کارپوریشن یا کمپنی، بحیثیت کمپنی، بحیثیت کمپنی کی ممبر، اپنے افسران میں سے کسی کی تقرّری بورڈ ریزولوشن کے ذریعے کر سکتی ہے۔ نمائندگی نامہ (Proxy(s اِس اجلاس کے انعقاد کے مقرّرہ وقت سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں وصول ہو جانا چاہیے۔

-2 ایسے ممبران جو سینٹرل ڈپازٹری کمپنی آف پاکستان میں شیئرز جمع کروا چکے ہیں وہ اصل قومی شناختی کارڈ اور سی ڈی سی پارٹسپنٹ آئی ڈی نمبر ساتھ لائیں۔

-3 CDC اکاؤنٹ ہولڈرز کو سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے جاری کردہ درج ذیل ہدایات کی مزید پیروی کرنا ہوگی:

(A) اجلاس میں شرکت کیلئے:

i) افراد کی صورت میں، اکاؤنٹ یا سب اکاؤنٹ ہولڈر جس کی رجسٹریشن کی تفصیلات CDC ضوابط کے مطابق اپ لوڈ کی جا چکی ہیں، اجلاس میں شرکت کے وقت اپنی شناخت کی تصدیق کیلئے اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ دکھائے گا۔

ii) کاروباری ادارے کی صورت میں اجلاس کے موقع پر بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ نامزد نمائندے کے دستخط کے نمونے کے ساتھ پیش کرنا ہوگا (ماسوائے اس کے کہ وہ پہلے ہی پیش کیا جا چکا ہو)۔

(B) نمائندوں کی تقرّری کیلئے:

i) افراد کی صورت میں، اکاؤنٹ یا سب اکاؤنٹ ہولڈر جس کی رجسٹریشن کی تفصیلات CDC ضوابط کے مطابق اپ لوڈ کی جا چکی ہیں، اجلاس میں شرکت کے وقت درج بالا تقاضوں کے مطابق نمائندگی نامہ (Proxy Form) جمع کروائے گا۔

ii) نمائندگی نامے پر دو افراد کی گواہی موجود ہونی چاہیے جن کے نام، پتے اور CNIC نمبر تقرّری نامے میں درج ہوں۔

iii) نمائندگی نامے کے ہمراہ اصل مالکان (beneficial owner) اور نمائندے کے CNIC یا پاسپورٹ کی تصدیق شدہ نقول مہیّا کی جائیں۔

iv) نمائندے کو اجلاس کے موقع پر اپنا اصل CNIC یا اصل پاسپورٹ پیش کرنا ہوگا۔

v) کاروباری ادارے کی صورت میں، اجلاس کے موقع پر نمائندگی نامے کے ہمراہ بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ نمائندے/اٹارنی کے دستخط کے نمونے کے ساتھ پیش کرنا ہوگا (ماسوائے اس کے کہ وہ پہلے ہی پیش کیا جا چکا ہو)۔