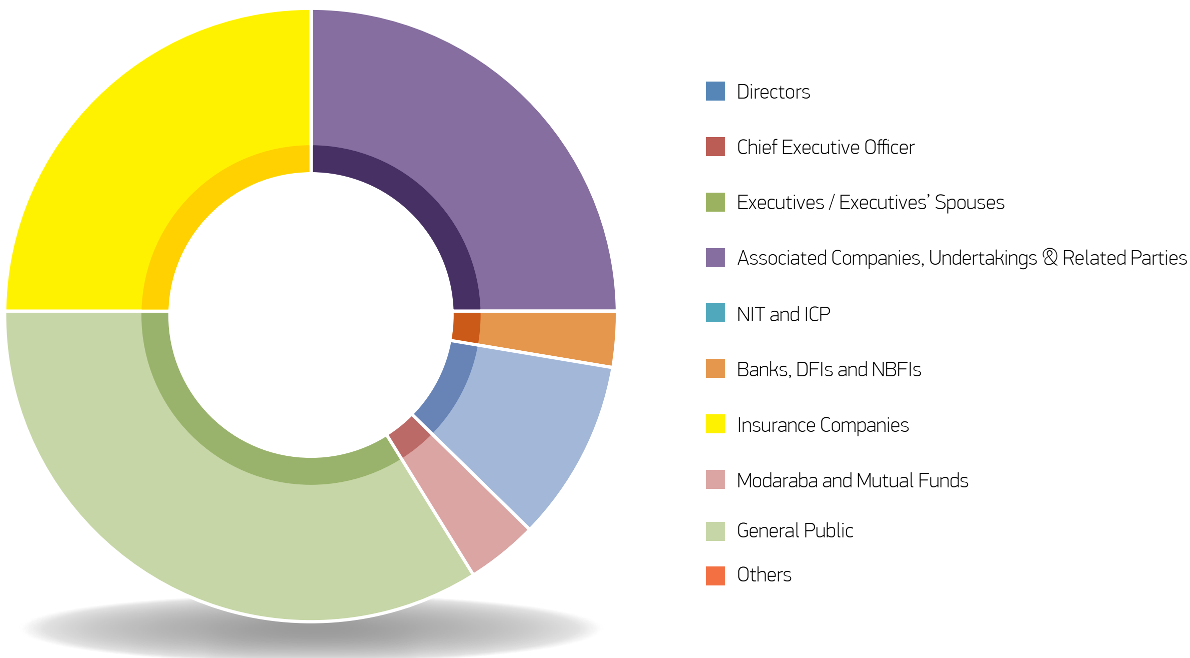
GROWING FROM **STRENGTH** TO **STRENGTH**

"Without continual growth and progress, such words as improvement, achievement, and success have no meaning" - **Benjamin Franklin**

As a values-driven organization, at Adamjee Insurance our corporate values reflect who we are and what we aspire to be in future. As one of the leading insurance companies in Pakistan, we have **grown from strength to strength** with our customers to set industry standards by providing innovative products and solutions to cater to the insurance needs of our customers. We're on the right path towards progress as we explore opportunities and solutions with the aim of reaching greater heights of success in the years to come.

CONTENTS

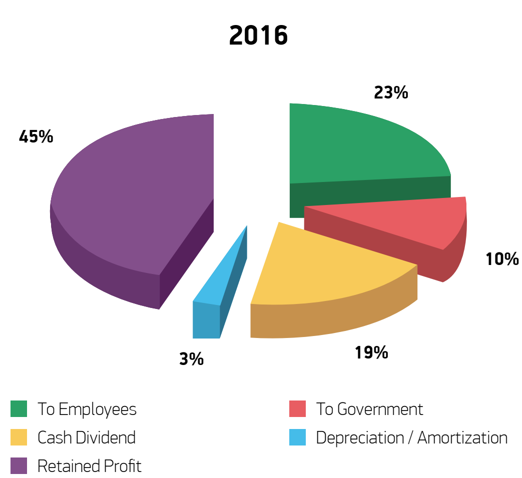
CATEGORIES OF SHAREHOLDERS

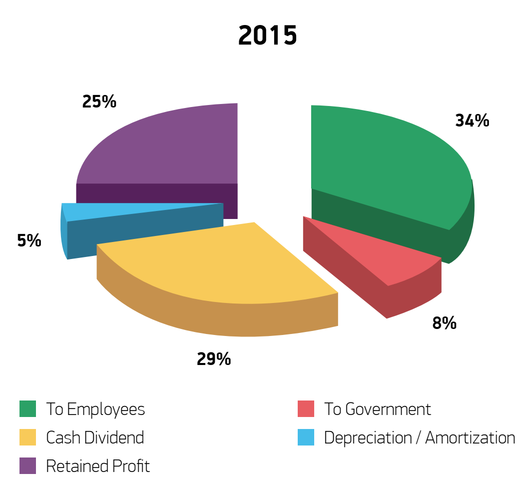


CATEGORIES OF SHAREHOLDERS	Number of Shares	Stake %
Directors	156,851	0.045
Chief Executive Officer	7,073	0.002
Executives / Executives' Spouses	52,024	0.015
Associated Companies, Undertakings & Related Parties	86,629,974	24.751
NIT and ICP	2,606	0.001
Banks, DFIs and NBFIs	10,507,131	3.002
Insurance Companies	33,402,292	9.544
Modaraba and Mutual Funds	13,212,755	3.775
General Public	118,853,253	33.958
Others	87,176,041	24.907
	350,000,000	100.000

STATEMENT OF VALUE ADDITION AND ITS DISTRIBUTION

	2016		2015	
WEALTH GENERATED	(Rupees in '000')	%	(Rupees in '000')	%
Gross Premium Earned	14,850,570		13,040,659	
Investment and Other Income	3,690,441		2,595,370	
	18,541,011		15,636,029	
Management and Other Expenses	(13,063,291)		(12,062,722)	
	5,477,720	100.00	3,573,307	100.00
WEALTH DISTRIBUTED				
To Employees	1,277,346	23.32	1,201,575	33.63
To Government	560,692	10.24	271,812	7.61
	1,838,038	33.55	1,473,387	41.23
To Shareholders				
Cash Dividend	1,050,000	19.17	1,050,000	29.38
Retained in Business				
Depreciation and Amortization	148,602	2.71	161,282	4.51
Retained Profit	2,441,080	44.56	888,638	24.87
	2,589,682	47.28	1,049,920	29.38
	5,477,720	100.00	3,573,307	100.00





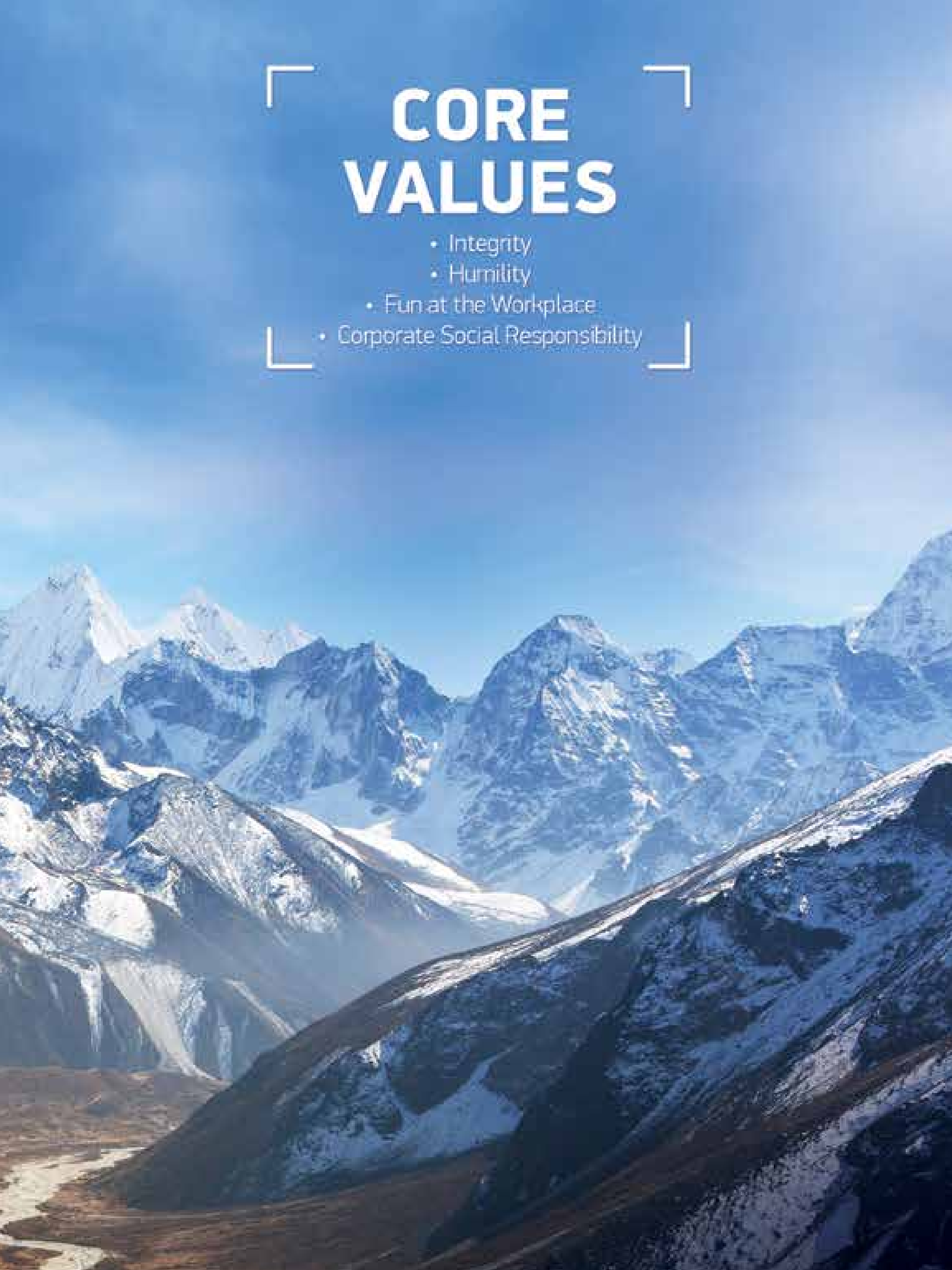
VISION

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
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 & Co.
Chartered Accountants
2nd Floor, Servis House,
2-Main Gulberg, Jail Road,
Lahore - 54000, Pakistan

SHARIAH ADVISOR
Mufti Muhammad Hassan Kaleem

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

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

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

NOTICE OF THE 56TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 56th Annual General Meeting (AGM) of Adamjee Insurance Company Limited (the "Company") will be held at Park Lane Hotel, 107 - B3 - MM Alam Road, Gulberg III, Lahore on Saturday, 29th April, 2017 at 9:30 a.m. to transact the following business:

ORDINARY:

1. To receive, consider and adopt the Audited Annual Unconsolidated and Consolidated Financial Statements of the Company for the year ended December 31, 2016 and the Directors' and Auditors' reports thereon.

2. To declare and approve, as recommended by the directors, the payment of final cash dividend of Rs. 2.50 per share i.e. @ 25% in addition to 15% interim cash dividend already declared and paid i.e., total 40% for the year ended December 31 2016.
3. To appoint auditors and fix their remuneration.

SPECIAL:

4 (a) To consider and if thought fit, to pass the following resolution as special resolution with or without modification(s), addition(s) or deletion(s):

RESOLVED THAT "the validity of special resolution passed in the Annual General Meeting of the Company held on April 28, 2014 for investment of upto Rs. 500 million by way of acquisition of upto 50 million shares of Nishat Hotels and Properties Limited, an associated company be and is hereby extended for further three years till April 28, 2020 to allow the Company to invest till April 28, 2020 with other terms and conditions of the investments to remain unchanged".

RESOLVED FURTHER THAT "the Chief Executive and/or Company Secretary (the "Authorized Officers") of the Company be and are hereby authorized and empowered on behalf of the Company to take all steps and actions necessary, ancillary and incidental for making the investment(s) in Nishat Hotels and Properties Limited and sign, execute and amend such documents, papers, instruments etc., as may be necessary or expedient for the purpose of giving effect to the spirit and intent of the aforesaid resolution".

(b) To consider and if thought fit, to pass the following resolution as ordinary resolution with or without modification(s), addition(s) or deletion(s):

RESOLVED THAT "pursuant to notification S.R.O. 470 (I)/2016 dated 31 May, 2016 issued by the Securities and Exchange Commission of Pakistan, the consent & approval of the members of Adamjee Insurance Company Limited (the "Company") be and is hereby accorded for transmission of annual reports including the annual audited accounts, notices of annual general meetings, and other information contained therein to the members for future years commencing from the year ending December 31, 2017 through CD/DVD/USB at their registered addresses instead of transmitting the same in hardcopies.".

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

By Order of the Board
Tameez-ul-Haque
Secretary

8 April, 2017

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 20 April, 2017 to 29 April, 2017 (both days inclusive). Transfers received in order at the office of the Company's Independent Share Registrar, M/s Technology Trade (Private) Limited, Dagia House, 241-C, Block-2, P.E.C.H.S., Karachi by the close of business (5:00 PM) on 19 April, 2017 will be treated in time for the purposes of entitlement of members to the final cash dividend and for attending and voting at the Annual General Meeting.

3) A member entitled to attend and vote at the Annual General Meeting is entitled to appoint another member as a proxy to attend and vote instead of him/her. A proxy must be a member of the Company. A corporation or a company being a member of the Company may appoint any of its officers through a resolution of its board of directors for attending and voting at the meeting.

4) The instrument appointing a proxy must be received at the Registered Office of the Company not less than 48 hours before the time appointed for the Meeting. A member shall not be entitled to appoint more than one proxy. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with Company, all such instruments of proxy shall be rendered invalid. In case of corporate entity the Board of Directors resolution / power of attorney with specimen signature of nominee shall be submitted with the above time limit.

5) Members who have deposited their shares in the Central Depository System of the Central Depository Company of Pakistan Limited will have to follow the under mentioned guidelines as laid down by Securities and Exchange Commission of Pakistan:

A. For Attending the Meeting

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

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

B. For Appointing Proxies

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

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

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

iv) The proxy shall produce his/her original CNIC or original passport at the time of the Meeting.

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

6. NOTICE to Shareholders who have not provided CNIC:

CNIC number of the shareholders is, mandatory for the issuance of dividend warrants in terms of S.R.O. 831(I)/ 2012 dated July 05 2012 read with SRO NO. 19 (I)/2014 dated January 10 2014 and in the absence of this information, payment of dividend shall be withheld. 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.

7. Mandate for E-Dividends for shareholders:

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

8. Circulation of Annual Financials through e mail:

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

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

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

The Government of Pakistan through Finance Act, 2016 has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

a. For filers of income tax returns	12.5%
b. For non-filers of income tax returns	20.0%

To enable the company to make tax deduction on the amount of cash dividend @ 12.5% instead of 20.0%, 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 @ 20.0% instead @ 12.5%.

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

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

Address of Independent Share Registrar of the Company:

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

10. E-Voting facilities

Company is in the process of setting up the e-voting facility in accordance with the requirements of the Companies (E-Voting) Regulations, 2016 and in this connection, a special resolution for alteration of the Articles of Association to allow e-voting facility was passed by the members. However, the e-voting facility cannot be made available to the members for this meeting as other mandatory conditions prescribed under the aforesaid Regulations including the availability of accredited intermediary could not be satisfied.

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

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on April 29, 2017.

Item 4 (a) of agenda: Revalidation of period of investment in Nishat Hotels & Properties Limited

The members of AICL in their Annual General Meeting held on 28 April 2014 had approved investment in the shares of Nishat Hotels & Properties Limited, an associated company upto an amount of Rs.500 million for the purchase of upto 50 million shares. The company has not so far received any offer for investment.

Regulation 8 (1) of Companies (Investment in Associated Companies or Associated Undertakings) Regulation 2012 issued vide SRO 27 (1)/2012 (SRO 27) dated 16 January 2012 requires that special resolution authorizing investment in associated companies or undertakings shall be valid for a period of twelve months unless specifically authorized by the members in the general meeting.

The members in Annual General Meeting of the Company held on 28 April, 2014 approved the investment to be made up to 28 April 2017. It is now proposed to further extend the period of investment for three years up to 28 April 2020. Section 208 of the Companies Ordinance, 1984 requires that no change in nature and terms and condition of the investment shall be made except under the authority of a special resolution. Accordingly, the change in the period of investment is being presented to the shareholders for approval through passing of special resolution.

Adamjee Insurance Co. Limited is an associated company of Nishat Hotels & Properties Limited due to common directorship of Mr. Umer Mansha.

The directors of the Company are not directly or indirectly concerned or interested in the aforesaid business except to the extent of Mr. Umer Mansha who holds 21.72% shareholding in Nishat Hotels & Properties Limited.

Item 4(b) of Agenda: Transmission of annual reports through CD/DVD/USB

Securities and Exchange Commission of Pakistan has vide S.R.O 470(I)/2016 dated 31 May 2016 allowed the companies to circulate the annual reports including annual audited accounts, notices of annual general meetings and other information contained therein of the Company to its members through CD/DVD/USB subject to consent of the shareholders in the general meeting. This will save time and expenses incurred on printing of the annual report.

The Company shall supply the hard copies of the aforesaid document to the shareholders on demand, free of cost, within one week of such demand. After approval of the shareholders, the Company will place a Standard Request Form on its website to communicate their need of hard copies of the documents along with postal and email address of the Company Secretary/Share Registrar to whom such requests shall be made.

Accordingly, the directors have placed the matter before the shareholders for their approval and to pass the ordinary resolution as proposed in the notice of meeting.

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

BOARD OF DIRECTORS

Umer Mansha
Chairman

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

Ibrahim Shamsi
Director

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

Imran Maqbool
Director

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

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 up gradation by setting up a new value-added towel manufacturing unit. Muhammad Umar Virk did his graduation in Textile Engineering in 1976. He serves as the Director of Hira Textile Mills Ltd. & Hira Terry Mills Ltd.

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 and Chief Executive Officer

Muhammad Ali Zeb is a fellow member of the Institute of Chartered Accountants of Pakistan and has over 21 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 and Chief Executive Officer

Muhammad Ali Zeb is a fellow member of the Institute of Chartered Accountants of Pakistan and has over 21 years of diverse experience in the Manufacturing, Financial and Insurance sectors. He started his professional career from Nishat Mills in 1995 and joined Adamjee Insurance as Chief Financial Officer in 2005 where he was promoted to Executive Director Finance. He was appointed as Chief Executive Officer in 2008 and remained in this position until March, 2011. He has also served as the Chief Financial Officer at City School (Pvt.) Ltd. before rejoining Adamjee Insurance as the Chief Executive Officer in June 2013.

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

Muhammad Asim Nagi

Executive Director Finance & Chief Financial Officer

Muhammad Asim Nagi has over 19 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 23 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 23 years of insurance experience in the areas of Technical, Operations and Sales. He started his career in 1993 with Adamjee Insurance Company Limited and worked for almost 19 years in different functions at mid and senior level positions. He also worked as Chief Operating Officer with Marsh Operations in Pakistan with Unique Insurance Brokers from October, 2012 till July, 2013. Since August, 2013 he is serving at Adamjee Insurance as Executive Director Technical. He is a Chartered Insurer and Associate of Chartered Insurance Institute, London. He is also a Chartered Member of Institute of Logistics and Transport, London.

Muhammad Salim Iqbal

Executive Director Reinsurance

Muhammad Salim Iqbal has over 30 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.

CEO'S MESSAGE

" 2016 has been an incredible year for Adamjee Insurance. I am pleased to announce that we have reached the milestone of written premiums of Rs. 16.27 billion which is the highest mark in the history of Adamjee Insurance. This milestone could not have been achieved without the immense support of our valued customers, talented employees and regulatory authorities, who have been brilliant throughout this journey. **"**

Adamjee Insurance has shown consistent and substantial uplift in its financial performance both operationally and on investment front, and our strong asset base is a testament of our financial strength. Today, we are giving better returns to our shareholders who have supported us in transforming this Company into a sizeable regional player. We are excited and very much eager to continue surpassing our commitments and milestones that we have set for ourselves to elevate the business and financial outlook of the Company. We have transformed this Company in to a financially sound and a profitable venture for our shareholders.

Our exemplary customer service and bespoke customer solutions to cater for the evolving business needs have been greatly appreciated by our customers. Our customer retention is evident of our high customer service standards as we value our customers like our business partners. We, together, endeavor to make Adamjee Insurance, the premium insurance solutions provider in the region.

With the commencement of our Window Takaful Operations this year, like conventional insurance, we are now spreading our roots in Islamic Financial market to cater for those customers who seek Shariah compliant insurance products and look forward to a flourishing business segment.

On behalf of the Board and Management Committee, I would like to express my sincerest gratitude to the shareholders of the Company for the immense confidence they have placed in us.

I greatly appreciate the continuous support and guidance provided to us by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan, which has enabled us to prosper and work for the betterment of this industry.

I extend my deepest gratitude to my team for their hard-work and unfaltering dedication to the Company, whose technical and operational depth has enabled us to achieve our strategic goals.

The year 2017 is likely to unfold new business challenges and opportunities for the Company. However, our aspirations remain - to excel further in customer service standards and delivery and to make Adamjee Insurance, the leading premium insurance brand for its customers.

Muhammad Ali Zeb
Managing Director & CEO

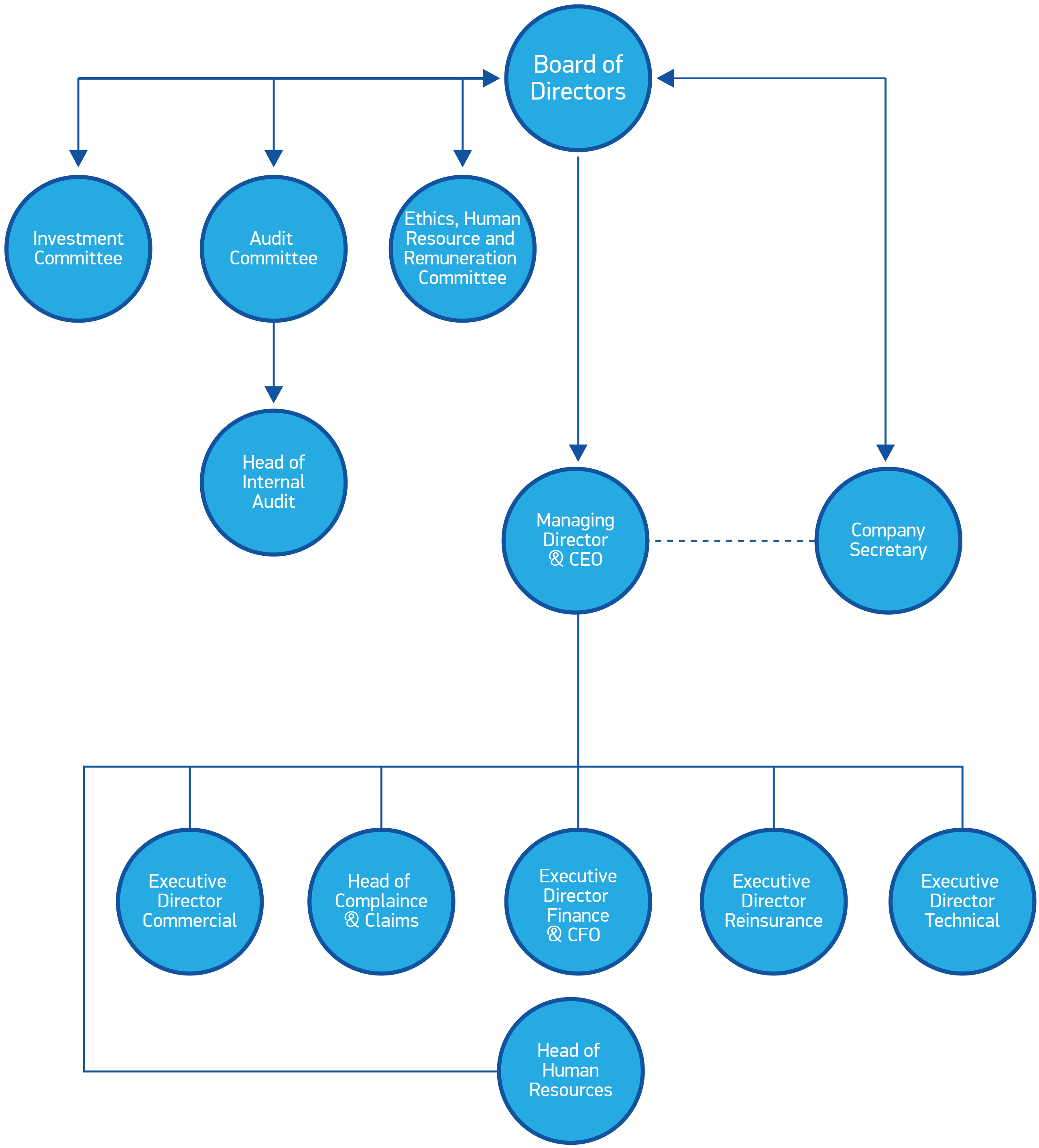
QUALITY POLICY

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

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

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

ORGANIZATIONAL STRUCTURE



COMPANY PROFILE

Adamjee Insurance Company Limited (AICL) is one of the largest insurance companies in Pakistan incorporated as a Public Limited Company on September 28, 1960 and is listed on Pakistan Stock Exchange Limited. AICL has 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 competency is achieved by combinations of voluminous assets, notable paid-up capital, sizable reserves as well as 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 potential available in the UAE market along with the consolidation of business in Dubai & Abu Dhabi. AICL collaborated with Hollard International, based in South Africa, to commence Life Assurance operations under a separate entity name, today known as 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
- Health
- Miscellaneous Insurance

AICL's well-founded 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. 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 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.

Looking back at a year of achievements

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

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 Rotary Metropolitan Trust, Educations Leaders' Development, Pakistan Institute of International Affairs, Muhammad Ali Jinnah University, City School Network, Roshni Helpline (NGO), AIESEC and others

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

SIX YEARS AT A GLANCE

PARTICULARS	2016	2015*	2014*	2013	2012	2011
	Rupees in million					
Balance Sheet						
Paid Up Capital	3,500	3,500	3,500	3,500	1,237	1,237
Reserves	1,407	1,409	1,397	1,440	1,442	1,242
Equity	17,001	14,561	13,661	13,047	11,486	10,835
Investments (Book Value)	16,738	15,393	13,482	11,360	9,948	9,452
Investments (Market Value)	22,738	20,780	23,500	18,391	13,189	9,557
Fixed Assets	1,250	1,301	1,114	1,197	1,118	1,063
Cash & Bank Deposits	4,336	2,898	2,877	2,546	2,507	2,379
Other Assets	16,256	12,787	11,456	12,099	11,034	11,173
Total Assets	38,580	32,380	28,929	27,202	24,607	24,067
Total Liabilities	21,579	17,819	15,268	14,155	13,121	13,232
Operating Data						
Gross Premium	16,270	13,639	12,145	10,077	10,059	11,064
Net Premium	9,615	7,747	6,303	5,507	5,672	6,983
Net Claims	6,210	5,223	4,088	3,487	4,143	4,626
Net Commission	763	558	362	348	359	476
Underwriting Result	1,078	242	369	137	(412)	166
Underwriting Expenses	1,615	1,556	1,483	1,535	1,583	1,715
General and Administrative Expenses	715	623	527	445	411	1,202
Financial Charges	-	-	-	2	6	15
Total Management Expenses	2,329	2,178	2,011	1,973	2,000	2,932
Investment Income	3,502	2,404	2,061	2,357	1,332	852
Profit / (Loss)Before Tax	4,054	2,214	2,030	2,210	670	(42)
Profit After Tax	3,492	1,943	1,879	1,966	628	132
Share Information						
Break-Up Value Per Share (Rs.)	48.57	41.60	39.03	37.3	92.8	87.6
No. of Shares (Million)	350	350	350	350	123.7	123.7
Share Price at Year End (Rs.)	74.1	56.5	49.4	37.40	68.10	46.50
Highest Share Price During Year (Rs.)	79.79	61.12	53.60	106.40	81.60	96.40
Lowest Share Price During Year (Rs.)	46.70	38.08	36.90	37.00	45.00	42.10
KSE-100 Index	47,807	32,816	32,131	25,284	16,905	11,347
Market Price to Break-Up Value (Times)	1.53	1.36	1.27	1.0	0.7	0.5
Face Value (per share)	10	10	10	10	10	10
Market Capitalization - Amount	25,949	19,779	17,325.00	13,090	8,424	5,752
Distribution						
Dividend Per Share (Rs.)	3.00	3.00	2.25	3.5	1.5	2.5
Total Dividend - Amount	1,050	1,050	787.50	2,695.92	185.56	309.26
Cash Dividend %	30	30	22.5	35.0	15.0	25.0
Bonus Shares %	-	-	-	182.9	-	-
Total Dividend %	30	30	22.5	217.9	15.0	25.0

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

FINANCIAL RATIOS

PARTICULARS	2016	2015*	2014*	2013	2012	2011
Profitabilty						
Profit / (Loss) Before Tax / Gross Premium (%)	24.9	16.2	16.7	21.9	6.7	(0.4)
Profit / (Loss) Before Tax / Net Premium (%)	42.2	28.6	32.2	40.1	11.8	(0.6)
Profit After Tax / Gross Premium (%)	21.5	14.2	15.5	19.5	6.2	1.2
Profit After Tax / Net Premium (%)	36.3	25.1	29.8	35.7	11.1	1.9
Combined Ratio (%)	88.8	96.9	94.1	97.5	107.3	97.6
Management Expenses / Gross Premium (%)	14.3	16.0	16.6	19.7	19.9	26.5
Management Expenses / Net Premium (%)	24.2	28.1	31.9	36.0	35.3	42.0
Underwriting Result / Net Premium (%)	11.2	3.1	5.9	2.5	(7.3)	2.4
Net Claims / Net Premium (%)	64.6	67.4	64.9	63.3	73.0	66.3
Investment Income / Net Premium (%)	36.4	31.0	32.7	42.8	23.5	12.2
Underwriting Result / Written Premium (%)	6.6	1.8	3.0	1.4	(4.1)	1.5
Profit / (Loss) Before Tax / Total Income (%)	30.5	21.4	23.9	27.6	9.3	(0.5)
Profit / (Loss) After Tax / Total Income (%)	26.3	18.8	22.1	24.5	8.8	1.7
Net Commission / Net Premium (%)	7.9	7.2	5.7	6.3	6.3	6.8
Return To Shareholders						
Return On Equity - PBT(%)	23.8	15.2	14.4	16.9	5.8	(0.4)
Return On Equity - PAT (%)	20.5	13.3	13.3	15.1	5.5	1.2
Earnings Per Share (Rs.)	9.98	5.55	5.4	5.6	5.1	1.1
P/E Ratio (Times)	7.4	10.2	9.2	6.7	13.4	43.6
Return On Capital Employed (%)	20.5	13.3	13.3	15.1	5.5	1.2
Dividend Yield (%)	4.0	5.3	4.6	9.4	2.2	5.4
Dividend Payout (%)	30.1	54.1	41.9	62.3	29.5	234.3
Dividend Cover (Times)	3.3	1.9	2.4	4.5	3.4	0.4
Return On Total Assets (%)	9.1	6.0	6.5	7.2	2.6	0.5
Earnings Growth (%)	79.8	2.8	(3.6)	9.8	363.6	(71.8)
Liquidity / Leverage						
Current Ratio (Times)	1.7	1.8	1.8	1.8	1.8	1.7
Cash / Current Liabilities (%)	20.2	16.4	19.0	18.0	19.2	18.1
Earning Assets / Total Assets (%)	45	50.1	50.3	46.0	44.6	43.2
Liquid Ratio (Times)	1.0	1.0	1.1	1.0	1.0	0.9
Liquid Assets / Total Assets (%)	54.6	56.5	56.5	51.1	50.6	49.2
Total Assets Turnover (Times)	0.2	0.2	0.2	0.2	0.2	0.3
Fixed Assets Turnover (Times)	7.7	6.0	5.7	4.6	5.1	6.6
Total Liabilities / Equity (%)	126.9	122.4	111.8	108.5	114.2	122.1
Paid Up Capital / Total Assets (%)	9.1	10.8	12.1	12.9	5.0	5.1
Equity / Total Assets (%)	44.1	45.0	47.2	48.0	46.7	45.0

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

VERTICAL ANALYSIS
Balance Sheet and Income Statement

	2016		2015*		2014*		2013		2012		2011	
	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	4,336	11.2	2,898	8.9	2,877	8.9	2,546	8.8	2,507	9.2	2,379	9.7
Loans to Employees	18	0.0	17	0.1	14	0.0	16	0.1	13	0.0	17	0.1
Investments	16,738	43.4	15,393	47.5	13,482	41.6	11,360	39.3	9,948	36.6	9,452	38.4
Defferred Taxation	-	-	84	0.3	97	0.3	105	0.4	241	0.9	195	0.8
Current Assets-others	16,138	41.8	12,686	39.2	11,344	35.0	11,978	41.4	10,780	39.6	10,962	44.5
Fixed Assets	1,250	3.2	1,301	4.0	1,114	3.4	1,197	4.1	1,118	4.1	1,063	4.3
Total assets of Window Takaful	99	0.3	-	-	-	-	-	-	-	-	-	-
Total Assets	**38,580**	**100.0**	**32,380**	**100.0**	**28,929**	**100.0**	**27,202**	**100.0**	**24,607**	**100.0**	**24,068**	**100.0**
Total Equity	17,001	44.1	14,561	45.0	13,661	47.2	13,046	48.0	11,486	46.7	10,835	45.0
Underwriting Provisions	17,184	44.5	13,125	40.5	11,747	36.3	11,550	42.5	10,636	43.2	10,248	42.6
Defferred Taxation	35	0.1	-	-	-	-	-	-	-	-	-	-
Deferred Liabilities	81	0.2	116	0.4	106	0.3	98	0.4	31	0.1	23	0.1
Creditors and Accruals	4,144	10.7	4,502	13.9	3,319	10.3	2,456	9.0	2,393	9.7	2,870	11.9
Other Liabilitites	89	0.2	75	0.2	95	0.3	52	0.2	61	0.2	92	0.4
Total liabilities of Window Takaful	46	0.1	-	-	-	-	-	-	-	-	-	-
Total Equity and Liabilities	**38,580**	**100.0**	**32,380**	**100.0**	**28,929**	**100.0**	**27,202**	**100.0**	**24,607**	**100.0**	**24,068**	**100.0**
Profit and Loss Account												
Revenue account												
Net Premium Revenue	9,615	100.0	7,747	100.0	6,303	100.0	5,507	100.0	5,672	100.0	6,983	100.0
Net Claims	6,210	64.6	5,223	67.4	4,533	71.9	3,487	63.3	4,143	73.0	4,626	66.2
Underwriting Expenses	1,615	16.8	1,556	20.1	1,483	23.5	1,535	27.9	1,583	27.9	1,715	24.6
Net Commission	763	7.9	558	7.2	362	5.7	348	6.3	359	6.3	476	6.8
Unexpired risk reserve	(50)	(0.5)	169	2.2	-	-		-				-
Underwriting Result	**1,078**	**11.2**	**242**	**3.1**	**(75)**	**(1.2)**	**137**	**2.5**	**(413)**	**(7.3)**	**166**	**2.4**
Investment Income	3,502	36.4	2,404	31.0	2,061	32.7	2,357	42.8	1,332	23.5	852	12.2
Rental Income	6	0.1	6	0.1	6	0.1	5	0.1	1	0.0	1	0.0
Other income	178	1.9	185	2.4	122	1.9	148	2.7	164	2.9	157	2.2
General And Administration Expenses	630	6.6	571	7.4	485	7.7	400	7.3	398	7.0	1,184	17.0
Exchange Gain / (Loss)	(2)	(0.0)	6	0.1	0	0.0	10	0.2	3	0.1	0	0.0
Finance Charges on Lease Liabilities	-	-	-	-	0	-	2	0.0	6	0.1	15	0.2
Workers' Welfare Fund	83	0.9	58	0.7	42	0.7	45	0.8	13	0.2	18	0.3
Profit before tax from takaful	4	0.0		-		-		-		-		-
Profit Before Tax	**4,054**	**42.2**	**2,214**	**28.6**	**1,587**	**25.2**	**2,210**	**40.1**	**670**	**11.8**	**(41)**	**(0.6)**
Provision for Taxation	561	5.8	272	3.5	151	2.4	244	4.4	42	0.7	174	2.5
Profit After Tax	**3,493**	**36.3**	**1,942**	**25.1**	**1,436**	**22.8**	**1,966**	**35.7**	**628**	**11.1**	**132**	**1.9**

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

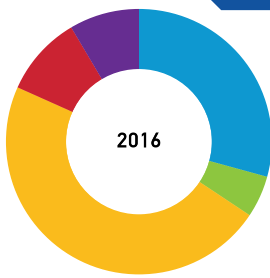
HORIZONTAL ANALYSIS
Balance Sheet and Income Statement

	2016	2015*	2014*	2013	2012	2011	2016	2015*	2014*	2013	2012	2011
	Rupees in million						% increase /(decrease) over preceding year					
Balance sheet												
Assets												
Cash and Bank Deposits	4,336	2,898	2,877	2,546	2,507	2,379	49.6	0.7	13.0	1.6	5.4	10.3
Loans to Employees	18	17	14	16	13	17	8.1	19.5	(11.1)	23.1	(23.5)	(39.3)
Investments	16,738	15,393	13,482	11,360	9,948	9,452	8.7	14.2	18.7	14.2	5.2	(2.1)
Defferred Taxation	-	84	97	105	241	195	(100.0)	(13.4)	(7.6)	(56.4)	-	-
Current Assets-others	16,138	12,686	11,344	11,978	10,780	10,962	27.2	11.8	(5.3)	11.1	(1.7)	25.7
Fixed Assets	1,250	1,301	1,114	1,197	1,118	1,063	(3.9)	16.8	(6.9)	7.1	5.2	1.2
Total assets of Window Takaful	99	-	-	-	-	-	100.0	-	-	-	-	-
Total Assets	**38,580**	**32,380**	**28,929**	**27,202**	**24,607**	**24,068**	**19.1**	**11.9**	**6.3**	**10.5**	**2.2**	**11.4**
Total Equity	17,001	14,561	13,661	13,046	11,486	10,835	16.8	6.6	4.7	13.6	6.0	0.5
Underwriting Provisions	17,184	13,125	11,747	11,550	10,636	10,248	30.9	11.7	1.7	8.6	3.8	24.8
Defferred Taxation	35	-	-				100.0	-	-	-	-	-
Deferred Liabilities	81	116	106	98	31	23	(30.1)	9.6	8.4	216.1	34.8	(77.2)
Creditors and Accruals	4,144	4,502	3,319	2,456	2,393	2,870	(8.0)	35.6	35.1	2.6	(16.6)	22.4
Other Liabilitites	89	75	95	52	61	92	19.0	(21.6)	83.5	(14.8)	(33.7)	(47.4)
Total liabilities of Window Takaful	46	-	-				100.0	-	-	-	-	-
Total Equity and Liabilities	**38,580**	**32,380**	**28,929**	**27,202**	**24,607**	**24,068**	**19.2**	**11.9**	**6.3**	**10.5**	**2.2**	**11.4**
Profit and Loss Account												
Revenue account												
Net Premium Revenue	9,615	7,747	6,303	5,507	5,672	6,983	24.1	22.9	14.5	(2.9)	(18.8)	2.6
Net claims	6,210	5,223	4,533	3,487	4,143	4,626	18.9	15.2	30.0	(15.8)	(10.4)	3.9
Underwriting Expenses	1,615	1,556	1,483	1,535	1,583	1,715	3.8	4.9	(3.4)	(3.0)	(7.7)	46.0
Net Commission	763	558	362	348	359	476	36.7	54.1	4.0	(3.1)	(24.6)	(4.8)
Unexpired risk reserve	(50)	169	-	-	-	-	(129.8)	100.0	-	-	-	-
Underwriting Result	**1,078**	**242**	**(75)**	**137**	**(413)**	**166**	**346.0**	**(422.2)**	**(154.7)**	**(133.2)**	**(348.8)**	**(75.6)**
Investment Income	3,502	2,404	2,061	2,357	1,332	852	45.7	16.7	(12.6)	77.0	56.3	(65.6)
Rental Income	6	6	6	5	1	1	1.7	5.7	20.0	900.0	(28.6)	40.0
Other income	178	185	122	148	164	157	(3.7)	51.4	(17.6)	(9.8)	4.5	1.9
General And Administration Expenses	630	571	485	400	398	1,184	10.4	17.7	21.3	0.5	(66.4)	79.9
Exchange Gain / (Loss)	(2)	6	-	10	3	0	(127.1)	-	(100.0)	233.3	900.0	(92.5)
Finance Charges on Lease Liabilities	-	-	-	2	6	15	-	-	(100.0)	(66.7)	(60.0)	25.0
Workers' welfare fund	83	58	42	45	13	18	43.4	37.3	(6.7)	246.2	(27.8)	(66.0)
Profit before tax from takaful	4	-	-	-	-	-	100.0	-	-	-	-	-
Profit Before Tax	**4,054**	**2,214**	**1,587**	**2,210**	**670**	**(41)**	**83.1**	**39.5**	**(28.2)**	**230.1**	**(1,732.9)**	**(101.6)**
Provision for taxation	561	272	151	244	42	174	106.3	80.1	(38.1)	481.0	(75.9)	8.1
Profit after Tax	**3,493**	**1,942**	**1,436**	**1,966**	**628**	**(215)**	**79.8**	**35.3**	**(27.0)**	**213.3**	**(391.9)**	**(108.8)**

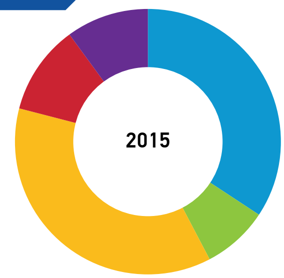
(*) Figures for 2014 and 2015 have been restated.

ANALYSIS OF FINANCIAL STATEMENTS

Gross Premium

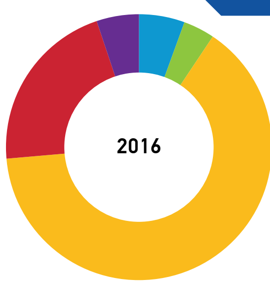


- Fire and property damage 29%
- Marine, aviation and transport 5%
- Motor 47%
- Accident & Health 10%
- Miscellaneous 9%

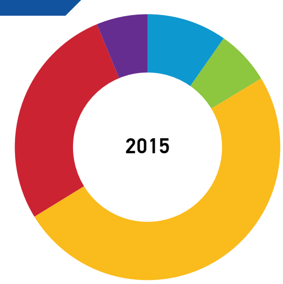


- Fire and property damage 34%
- Marine, aviation and transport 8%
- Motor 37%
- Accident & Health 11%
- Miscellaneous 10%

Net Claims

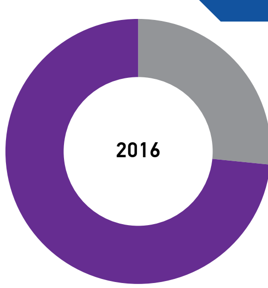


- Fire and property damage 6%
- Marine, aviation and transport 4%
- Motor 64%
- Accident & Health 21%
- Miscellaneous 5%

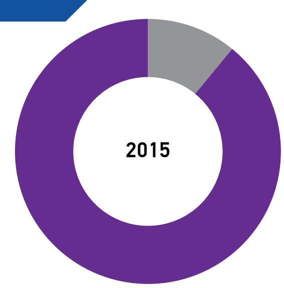


- Fire and property damage 10%
- Marine, aviation and transport 7%
- Motor 50%
- Accident & Health 28%
- Miscellaneous 6%

Analysis of Income

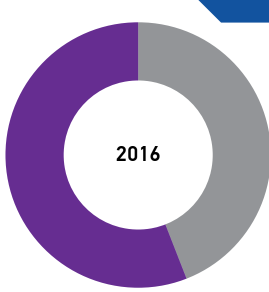


- Underwriting profit 27%
- Other income 73%

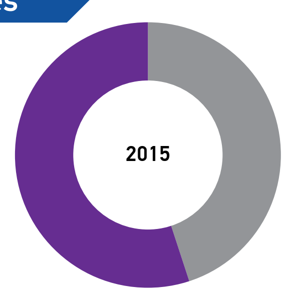


- Underwriting profit 11%
- Other income 89%

Total Equity and Liabilities



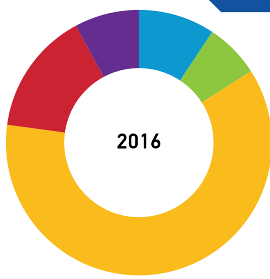
- Equity 44%
- Liabilities 56%

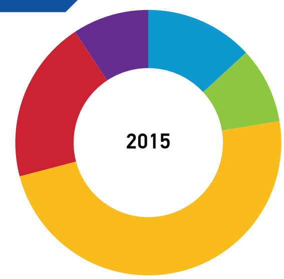


- Equity 45%
- Liabilities 55%

ANALYSIS OF FINANCIAL STATEMENTS

Net Premium Revenue

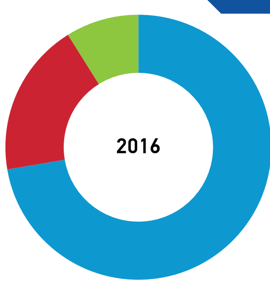


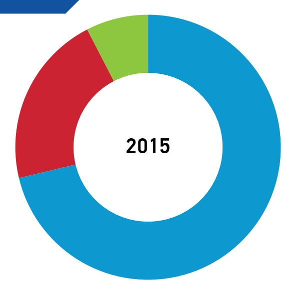


Fire and property damage	9%	Accident & Health	15%
Marine, aviation and transport	7%	Miscellaneous	8%
Motor	61%		

Fire and property damage	13%	Accident & Health	20%
Marine, aviation and transport	9%	Miscellaneous	9%
Motor	48%		

Combined Expenses

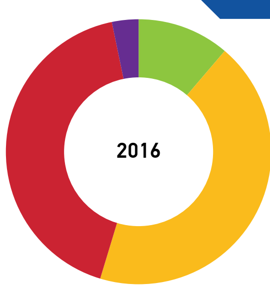


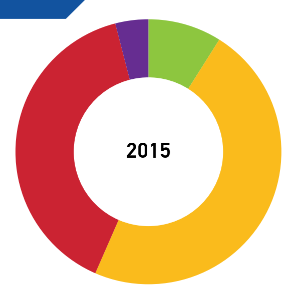


Net claims	72%	Net commission	9%
Expenses	19%		

Net claims	71%	Net commission	8%
Expenses	21%		

Total Assets

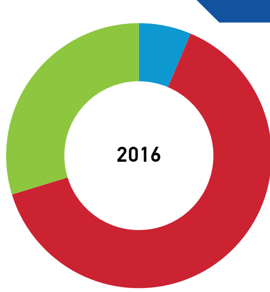


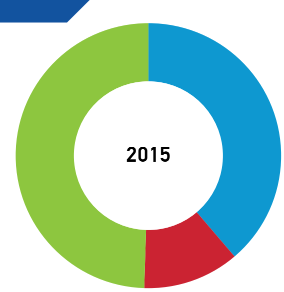


Cash and bank deposits	11%	Other Assets	42%
Investments and loans	43%	Fixed assets	3%

Cash and bank deposits	9%	Other Assets	39%
Investments and loans	48%	Fixed assets	4%

Cash Flow Analysis

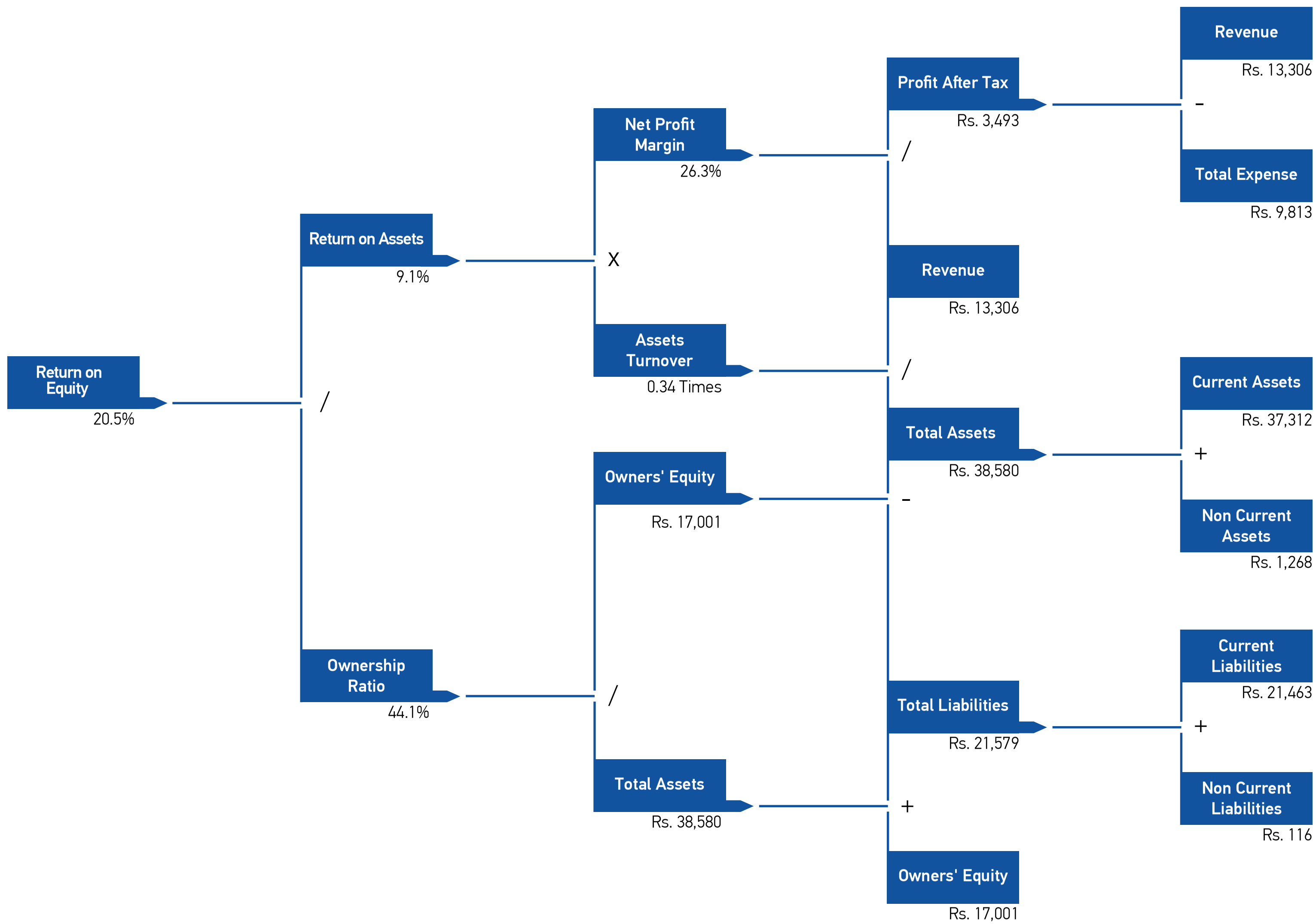




Operating activities	6%	Financing activities	30%
Investing activities	64%		

Operating activities	39%	Financing activities	50%
Investing activities	12%		

DUPONT ANALYSIS 2016
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, I am pleased to present the 56th Annual Report of your Company together with the audited unconsolidated financial statements for the year ended 31 December 2016.

ECONOMIC OVERVIEW

In the year 2016, Pakistan's economy grew with a GDP growth of 4.7%. This growth is observed to be broadly contributed by commodity and service sectors.

Our Country's fiscal deficit has continued to improve by 0.2% as compared to last year. The core inflation has decreased to 4.1% this year as compared to 6.9% in last fiscal year.

Despite a major setback in agricultural growth this year, the industrial sector recorded a remarkable growth of 6.8% which to some extent compensated the loss from agricultural sector.

The Pakistan Stock Exchange has taken a quantum leap with a growth of 46% in 2016 depicting strong market fundamentals to join the MSCI Emerging Markets Index in June 2017. The reclassification is likely to change the dynamics of Pakistan's equity market.

Standard & Poor`s has improved Pakistan`s credit rating from "B –" to "B" with stable outlook.

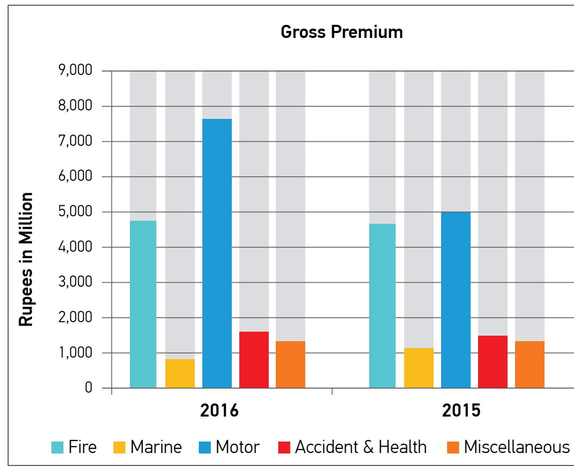
COMPANY PERFORMANCE REVIEW

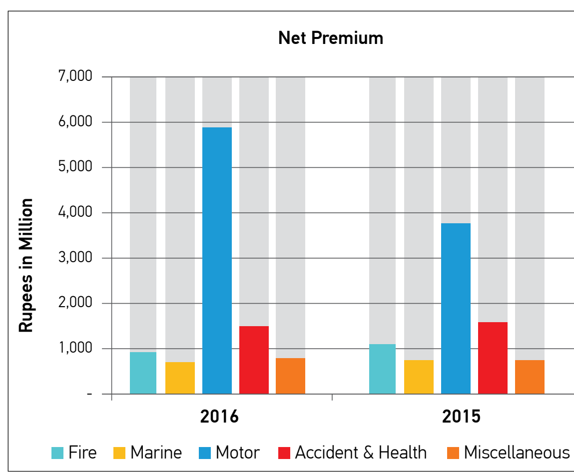
In 2016, the pressure on pricing continued; however, the Company was able to grow its business substantially, especially in Motor segment, both in UAE and Pakistan.

In 2016, the gross premium increased by 19% to Rs. 16,270 million as compared to Rs. 13,639 million in 2015. The net premium retention was 59% amounting Rs. 9,615 million of total gross premium underwritten as compared to the net premium retention of 57% amounting Rs. 7,747 million in last year.

The total expenses have increased to Rs. 2,245 million in 2016 as compared to Rs. 2,127 million during last year showing an increase of 6%. The net claim ratio has decreased by 2% to 65% compared to 67% (restated) last year.

The underwriting profit increased to Rs. 1,078 million from Rs. 242 million (restated) in the preceding year. During the year, the Company has adopted a change in accounting policy for determining its technical reserves as per Circular 9 of 2016 of SECP and new Financial Regulations issued by Insurance Authority, UAE. Consequently, the Company`s financials for the year 2015 and 2014 were restated and their effect has been fully incorporated and explained in note 2.2 and 22 to the financial statements.





This year, the return on the investment portfolio has increased to 20% as compared to 16% last year.

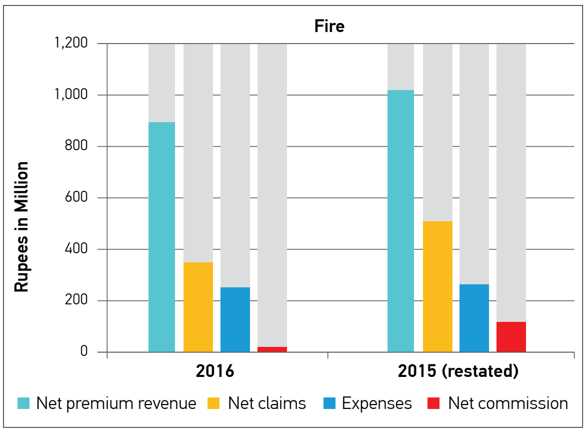
Profit before tax is reported at Rs. 4,054 million compared to profit before tax at Rs. 2,214 million (restated) last year, while profit after tax is Rs. 3,492 million against profit after tax of Rs. 1,943 million (restated) in 2015.

PORTFOLIO ANALYSIS

Fire & Property

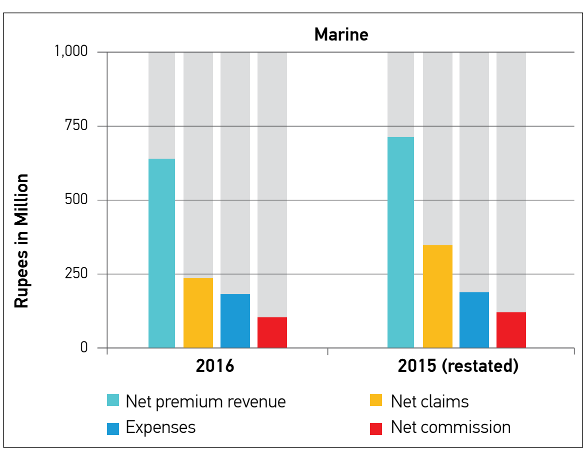
Fire and property class of business constitutes 29% of the total portfolio. During the year, the Company has underwritten a gross premium of Rs. 4,762 million (2015:

Rs. 4,675 million). The ratio of net claims to net premium is 39% this year as compared to 50% (restated) last year. The Company earned an underwriting profit of Rs. 280 million as compared to Rs. 129 million (restated) in 2015.



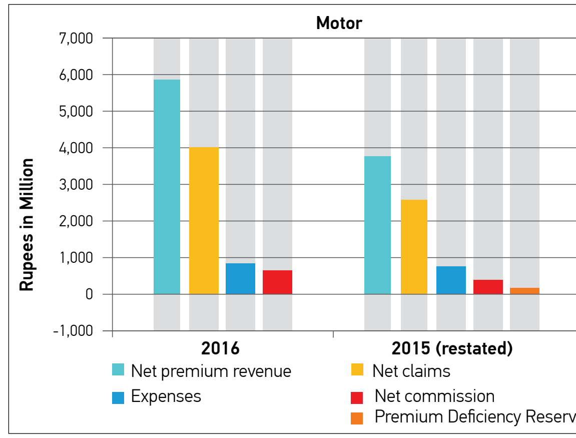
Marine, Aviation & Transport

This class of business constitutes 5% of the total portfolio. The Company has underwritten a gross premium of Rs. 826 million in current year as compared to Rs. 1,098 million in the last year. The net claims ratio is 37% as against 48% (restated) last year, which resulted in an underwriting profit of Rs. 116 million against Rs. 63 million (restated) in 2015.



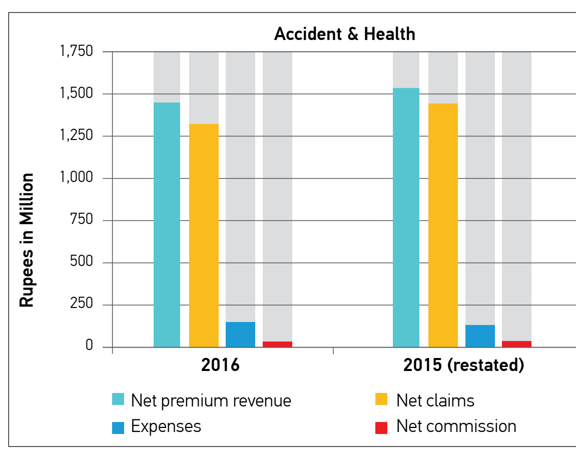
Motor

This class of business constitutes 47% of the total portfolio. During the year, the Company has underwritten a Gross Premium of Rs. 7,705 million as compared to Rs. 5,008 million in 2015. The ratio of net claims to net premium for the current year is 68% as compared to 70% (restated) in 2015. Prudent management of motor class of business has resulted in an underwriting profit of Rs. 476 million as compared to loss of Rs. 155 million (restated) in 2015.



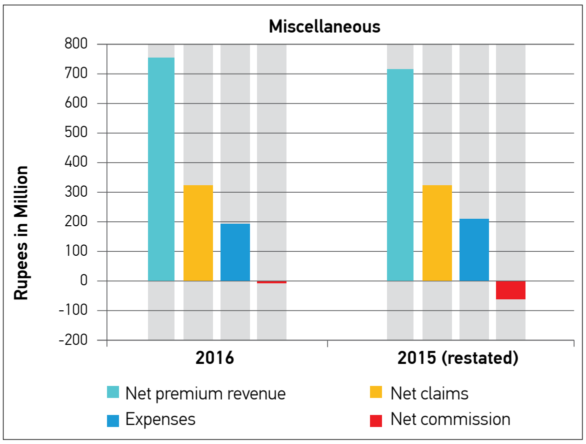
Accident & Health

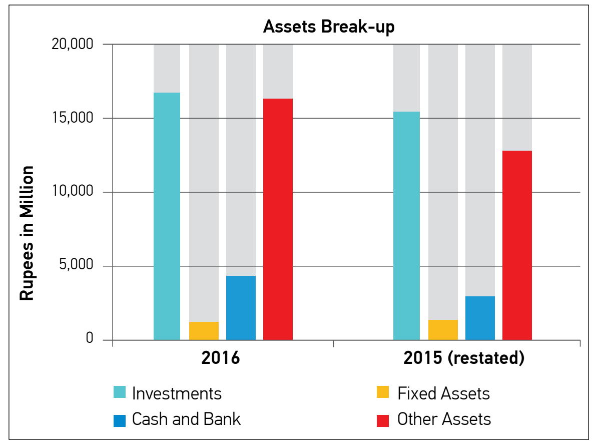
The Accident & Health class of business constitutes 10% of the total portfolio. The gross premium showed increase of 7% over last year with a gross premium written of Rs. 1,593 million (2015: Rs. 1,489 million). The ratio of net claims to net premium was 91% as against 94% (restated) last year. The portfolio showed an underwriting loss of Rs. 42 million in current year against the underwriting loss of Rs. 59 million (restated) in 2015.



Miscellaneous

The miscellaneous class of business constitutes 9% of the total portfolio. The gross premium showed an increase of 1% over last year with a gross premium written of Rs. 1,384 million (2015: Rs. 1,371 million). The ratio of net claims to net premium was 42% as against 45% (restated) last year. The portfolio showed an underwriting profit of Rs. 249 million in the current year as compared to Rs. 244 million (restated) in 2015.





INVESTMENT INCOME

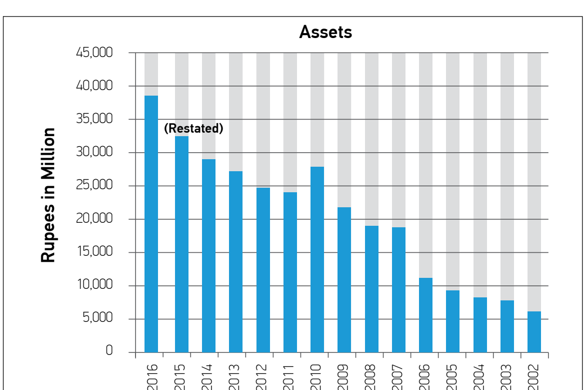
During the year, market capitalization and the trading volumes in KSE-100 index phenomenally increased both on account of foreign and local investors. The KSE-100 index increased by 46%, closing at 47,806 in 2016 as compared to 32,816 in 2015.

Income from investments increased from Rs. 2,404 million to Rs. 3,502 million.

	2016	2015
	(Rupees in million)	
Dividend income	1,244	1,133
Return on fixed income securities	44	49
Gain on sale of 'available-for-sale' investments (net of impairment)	2,214	1,222
Net investment income	**3,502**	**2,404**

COMPANY'S ASSETS

The total assets of the Company as on 31 December 2016 stood at Rs. 38,580 million against Rs. 32,380 million (restated) last year showing an increase of 19%. Total investments stood at Rs. 16,738 million as compared to Rs. 15,393 million in 2015, an increase of 9%. The management ensures optimum utilization of funds to maximize investment returns.



WINDOW TAKAFUL OPERATIONS

Company's Window Takaful Operations (WTO) has completed first year of its operations and has written gross contribution of Rs. 187 million and made a profit after tax of Rs. 2.8 million. The Company foresees significant growth in WTO in the year 2017.

RISK MITIGATION

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

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

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

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

HUMAN RESOURCE

At Adamjee "It's all about People", as we truly believe that our employees are the greatest strength we have. Talent Management is a continuous process and we ensure that we hire right people on right jobs. Rewards are based on performance 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 2016 are encouraging.

ISO 9001 CERTIFICATION

All Department of Adamjee Insurance 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 third Certification of ISO 9001: 2008 in November 2016.

U.A.E. OPERATIONS

UAE operations showed an increase of 70% in gross premium underwritten which stood at Rs. 5,661 million against Rs. 3,329 million in the previous year. UAE operations made a profit of Rs. 163 million as compared to a loss of 492 million (restated) last year. The restatement of profits was required due to the introduction of new Financial Regulations in UAE, especially on account of determining the technical provisions for claims in UAE. The growth in UAE business came from Motor segment which despite the introduction of new regulatory regime resulted in providing great opportunities to grow business.

CSR activities

The CSR initiatives taken during the year 2016 have been separately mentioned in the report on page 27.

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.

SUBSIDIARY COMPANY

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

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

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

APPROPRIATIONS

An interim dividend @ 15% (Rupees 1.50 per share) (2015: @ 15% [Rupees 1.50 per share]) was paid during the year. The Board recommended final cash dividend @ 25% (Rupees 2.5 per share) (2015: @15% [Rupees 1.50 per share]).

EARNINGS PER SHARE

During the year under review, earnings per share were Rs. 9.98 (2015: Rs. 5.55 (restated)). Detailed working has been reported in Note 27 to the financial statements in this regard.

STATEMENT OF CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Corporate laws, rules and regulations framed there under spell out the overall functions of the Board of Directors of the Company. The Board is fully aware of its corporate responsibilities as envisaged under the Code of Corporate Governance 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 Companies Ordinance, 1984.
- The Company has followed consistently appropriate accounting policies in preparation of the financial statements. Changes wherever made, have been disclosed and accounting estimates are on the basis of prudent and reasonable judgment.
- Financial Statements have been prepared by the Company in accordance with the International 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.
- Key operating and financial data for the last six years in summarized form, is included in this annual report on page 29.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as at December 31, 2016, 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, 2016 is as follows:

	(Rupees in '000')
Provident Fund	1,102,258
Gratuity Fund	241,970

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

Three meetings each of Claim Settlement, Reinsurance & Coinsurance Committee and Underwriting Committee were held, while one meeting of Human Resource & Remuneration Committee were held during the year 2016.

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

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

	Board of Director		Audit Committee		HR Resource & Remuneration Committee		Claim Settlement		Reinsurance & Coinsurance Committee		Underwriting Committee	
	Meetings held 5		Meetings held 5		Meetings held 1		Meetings held 3		Meetings held 3		Meetings held 3	
	Member	Attended	Member	Attended	Member	Attended	Member	Attended	Member	Attended	Member	Attended
Umer Mansha	√	5	√	5	√	1	-	-	-	-	√	3
*Ali Muhammad Mahoon	√	1	-	-	-	-	-	-	-	-	-	-
Fredrik Coenrard de Beer	√	5	-	-	-	-	-	-	-	-	√	3
Ibrahim Shamsi	√	5	√	5	√	1	-	-	-	-	-	-
Imran Maqbool	√	4	-	-	-	-	-	-	-	-	-	-
*Kamran Rasool	√	2	-	-	√	x	-	-	-	-	-	-
Muhammad Anees	√	4	-	-	√	x	-	-	-	-	-	-
Muhammad Umer Virk	√	5	√	4	-	-	-	-	√	3	-	-
*Shahid Malik	√	2	-	-	-	-	-	-	-	-	-	-
Sheikh Muhammad Jawed	√	3	√	3	-	-	√	3	-	-	-	-
Muhammad Ali Zeb	√	5	-	-	√	1	√	3	√	3	√	3

*Meetings attended during the tenure of the board till May 28, 2016.

On the recommendation of the Management the board of directors has formed the following Management Committees as directed in the Code of Corporate Governance for Insurers 2016. The Committees are functional from January 1, 2017 as shall follow the guidelines given in the Code:

Underwriting Committee

1.	Umer Mansha	NED/Chairman
2.	Muhammad Ali Zeb	Member
3.	Asif Jabbar	Member

Reinsurance & Co-insurance Committee

1.	Muhammad Ali Zeb	ED/Chairman
2.	Muhammad Salim Iqbal	Member
3.	Asif Jabbar	Member
4.	Adnan Ahmad Chaudhry	Member

Claim Settlement Committee

1.	Muhammad Ali Zeb	ED/Chairman
2.	Muhammad Asim Nagi	Member
3.	Syed Ameer Hassan Naqvi	Member

Risk Management & Compliance Committee

1.	Muhammad Ali Zeb	ED/Chairman
2.	Asif Jabbar	Member
3.	Muhammad Asim Nagi	Member
4.	Tameez ul Haque	Member
5.	Muhammad Furqan Uddin	Member

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 holding of the shares is reported at page no 256.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 2016 and executives in the cadre of General Manager and above are included in it in addition to CEO, CFO, Head of Internal Audit and Company Secretary. The threshold is reviewed by Board annually.

DIRECTORS

During the year the election of directors was held on expiry of 3 years tenure of the Board on May 28, 2016. The Board pursuant to Section 178(1) of the Companies Ordinance 1984 fixed the number of elected directors as (eight) 8. The following 8 persons gave notice of their intention to offer for the election of directors in terms of Section 178(3) of the Companies Ordinance 1984 and were elected for 3 years tenure in the Extraordinary General Meeting of the Company held on May 28, 2016: 1) Frederik Coenrard de Beer 2) Ibrahim Shamsi 3) Imran Maqbool 4) Muhammad Ali Zeb 5) Muhammad Anees 6) Muhammad Umer Virk 7) Shaikh Muhammad Jawed and 8) Umer Mansha.

After the election of directors under the Companies Ordinance 1984, the insurance companies have to seek the approval of the appointment of directors from Securities and Exchange Commission of Pakistan under SRO 15(1)/2012 dated January 9, 2012. SECP approved the appointment of all the 8 directors.

Trading in Company's Shares

Except as stated below, during the year 2016, no trading in the shares of the Company was carried out by the Directors, CEO, CFO, Secretary, Head of Internal Audit and Executive and their spouses and minor children.

Name of Director	Shares sold during the year
Muhammad Umar Virk	16,000
Shaikh Muhammad Jawed	14,617

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

REGULATORY MATTERS

Securities and Exchange Commission of Pakistan revisited/introduced new regulatory requirements for compliance by insurance companies. SECP involved active participation before finalization of directives by users including insurance companies. The board of directors is of the view that the information on this subject be shared with the members of the Company. The following were some of the important measures.

a) 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 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 chief executive officer and two directors with certification by external auditors is filed annually with SECP along with financial statements and regulatory returns.

b) The Companies (Compliance with Licensing Conditions) General Order 2016

SECP has selected 18 classes of companies, including insurance, to submit annually compliance report with respect to its status of compliance with the applicable licensing conditions imposed by the relevant licensing authority. The report shall be signed by Chief Executive of the Company or at least by two directors. The external auditors shall certify the report. The Compliance Report shall be filed with the registrar with the annual return under section 156 of the Companies Ordinance 1984.

c) Code of Corporate Governance for Insurers 2016

The Code was promulgated by way of SRO issued on November 9, 2016 superseding earlier Code issued in 2003.

It covers various important aspects of insurance business including Investment, Risk Management, Compliance, Grievances etc.

The time lines have been given in the Code and the Management ensures that all efforts shall be made that within the time limit the provisions shall be complied with. If for some valid reasons the compliance within time limit could not be achieved we assure that by the end of accounting year 2017 AICL shall be in compliance.

Insurance Companies have to follow two Codes, the above one as well as Code of Corporate Governance 2012 which is part of regulations of the Rule Book of Pakistan Stock Exchange Ltd.

d) Insurance Rules 2017

Securities & Exchange Commission of Pakistan has issued Insurance Rules 2017 on February 9th, 2017 superseding Insurance Rules 2002 & Securities & Exchange Commission (Insurance) Rules 2002.

We shall like to inform the readers of the Annual Report 2016 that an important policy has been incorporated in Rule 58. All general insurance companies shall issue insurance policy after receipt of full premium or upon receipt of first installment of mutually agreed installments. These installments have to be mentioned on policies with due date of payments. In case of non-payment of installment by due date policy shall be suspended, not cancelled. The cover note can be issued without receipt of premium but its validity for Motor shall be 7 days and for Non Motor 30 days.

The Insurance companies have welcomed the decision taken by SECP.

e) Insurance Act

SECP has circulated the draft of Insurance Act. Insurance Companies and other stakeholders have studied the proposed Act and comments have been submitted to SECP. The Act shall repeal Insurance Ordinance 2000 and we hope before the end of 2017 it shall be enacted.

AUDITORS

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

STATUS OF PENDING INVESTMENT DECISION

The decision to make investment in MCB Bank Ltd, Nishat Hotels and Properties Ltd and Nishat Mills Ltd under the authority of resolution passed on July 8, 2008, 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 2012.

Description	MCB Bank Limited	Nishat Hotels & Properties Ltd.	Nishat Mills Ltd
Date of Approval	July 8, 2008	April 28, 2014	May 28, 2016
Total Investment	Rs. 6 billion	Rs. 500 million	Rs. 625 million
Investment made up to 31.12.2016	Rs. 4.95 billion	-	Rs.161.05 million
Reason for not having made complete investment so far	The members in annual general meeting held on April 29, 2015 approved to invest up to Rs. 6 billion by May 31, 2020 in terms of Regulation 8(1) of the above referred Regulation. The remaining amount of Rs. 1.05 billion shall be invested when overall economic situation further improves and depending upon market price of shares.	The Company has not received offer of shares	Remaining amount of Rs.463.95 million should be invested depending upon market price of shares
Material changes in financial statement since date of resolution passed:			
a. Breakup value	Dec 2007 Rs. 54.31	Jun 2013 Rs. 12.26	Jun 2015 Rs. 216.56
	Dec 2016 Rs. 105.97	Jun 2016 Rs. 9.83	Jun 2016 Rs. 233.66
b. Earnings per share	Dec 2007 Rs. 18.26	Jun 2013 Rs. (0.37)	Jun 2015 Rs. 11.13
	Dec 2016 Rs. 19.67	Jun 2016 Rs. (0.11)	Jun 2016 Rs. 14.00
c. Balance Sheet Footing	Dec 2007 Rs. 55.12 billion	Jun 2013 Rs. 2.86 billion	Jun 2015 Rs. 101.14 billion
	Dec 2016 Rs. 141.62 billion	Jun 2016 Rs. 22.43 billion	Jun 2016 Rs. 106.60 billion

ACKNOWLEDGEMENT

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

On behalf of the Board

Muhammad Ali Zeb
Managing Director &
Chief Executive Officer

Lahore: 5 April 2017

مندرجات	ایم سی بی بینک لمیٹڈ	نشاط ہوٹلز اینڈ پراپرٹیز لمیٹڈ	نشاط ملز لمیٹڈ
منظوری کی تاریخ	8 جولائی 2008ء	28 اپریل 2014ء	28 مئی 2016
منظور شدہ سرمایہ کاری	6 بلین روپے	500 ملین روپے	625 ملین روپے
31 دسمبر 2015ء تک سرمایہ کاری	4.95 بلین روپے	-	161.05 ملین روپے
منظور شدہ حد تک سرمایہ کاری نہ کرنے کی وجہ	اوپر دیے گئے ریگولیشن کی شق (1)8 کے تحت ممبران نے 29 اپریل 2015ء کے سالانہ اجلاس میں 6 بلین روپے کی سرمایہ کاری 31 مئی 2020ء تک کرنے کی منظوری دی ہے۔ بقایا 1.05 بلین روپے کی سرمایہ کاری معاشی صورتِ حال بہتر ہونے اور شیئر کی قیمت پر منحصر ہوگی۔	کمپنی نے حصص خریداری کے لیے پیش نہیں کیے۔	463.95 ملین روپے کی بقیہ رقم انویسٹ کی جانی چاہیے جس کا انحصار شیئرز کی مارکیٹ پرائس پر ہے۔
منظوری کے بعد سے نمایاں تبدیلی، مالیاتی امور میں			
(i) بریک اپ ویلیو	دسمبر 2007ء 54.31 روپے	جون 2013ء 12.26 روپے	جون 2015ء 216.56 روپے
	دسمبر 2016ء 105.97 روپے	جون 2016ء 9.83 روپے	جون 2016ء 233.66 روپے
(ii) فی حصص آمدنی	دسمبر 2007ء 18.26 روپے	جون 2013ء (0.37) روپے	جون 2015ء 11.13 روپے
	دسمبر 2016ء 19.67 روپے	جون 2016ء (0.11) روپے	جون 2016ء 14.00 روپے
(iii) بیلنس شیٹ کا مجموعہ	دسمبر 2007ء 55.12 بلین روپے	جون 2013ء 2.86 بلین روپے	جون 2015ء 101.14 بلین روپے
	دسمبر 2016ء 141.62 بلین روپے	جون 2016ء 22.43 بلین روپے	جون 2016ء 106.60 بلین روپے

اعتراف

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

منجانب بورڈ

محمد علی زیب
مینجنگ ڈائریکٹر اور چیف ایگزیکٹو آفیسر

لاہور: 05 اپریل، 2017

ریگولیٹری معاملات

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے انشورنس کمپنیز کی طرف کمپلائنس کے لیے ریگولیٹری تقاضوں پر نظرِ ثانی/ نئے متعارف کرائے ہیں۔SECP نے ہدایات کو حتمی شکل دینے سے پہلے استعمال کنندگان بشمول انشورنس کمپنیز کی طرف سے فعال شرکت یقینی بنائی تھی۔ بورڈ آف ڈائریکٹرز کی رائے ہے کہ اس موضوع پر معلومات میں کمپنی کے ممبران کو شامل کیا جائے۔ چند اہم اقدامات درج ذیل ہیں۔

a) انشورنس آرڈیننس 2000 کے سیکشن 11 اور 12 کے ساتھ کمپلائنس کا سالانہ گوشوارہ

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

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

b) کمپنیز (کمپلائنس ودھ لائسنسنگ کنڈیشنز) جنرل آرڈر 2016

SECP نے متعلقہ لائسنس اتھارٹی کی طرف سے لاگو قابل اطلاق لائسنس کی شرائط کی تعمیل کی کیفیت کے حوالے سے سالانہ کمپلائنس رپورٹ جمع کرانے کے لیے کمپنیز کی 18 کلاسز بشمول انشورنس کا انتخاب کیا ہے۔

اس رپورٹ پر کمپنی کے چیف ایگزیکٹیو یا کم از کم دو ڈائریکٹرز کے دستخط ہوں گے۔ ایکسٹرنل آڈیٹر رپورٹ کی تصدیق کرے گا۔ کمپنی آرڈیننس 1984 کے سیکشن 156 کے تحت کمپلائنس رپورٹ، سالانہ ریٹرن کے ہمراہ جمع کرائی جائے گی۔

c) کوڈ آف کارپوریٹ گورننس فار انشوررز 2016

یہ کوڈ 9 نومبر 2016 کو جارہ کردہ SRO کے ذریعے لاگو کیا گیا تھا جو 2003 میں جاری کردہ سابقہ کوڈ پر فوقیت رکھتا ہے۔

یہ انشورنس کے کاروبار کے مختلف اہم پہلوؤں کا احاطہ کرتا ہے جن میں انویسٹمنٹ، رسک منیجمنٹ، کمپلائنس، گریوینسز وغیرہ شامل ہیں۔

نظام الاوقات کوڈ میں دیا گیا ہے انتظامیہ یہ یقینی بنانے کے لیے تمام کوششیں کرتی ہے کہ ضوابط کی اوقات کی حد کے اندر کمپلائنس کے لیے تمام تر کوششیں کی جائیں۔ اگر کسی قابلِ قبول وجہ سے وقت کی مقررہ حد کے اندر کمپلائنس حاصل نہ کی جاسکے تو ہم یقینی بناتے ہیں کہ شماریاتی سال 2017 کے اختتام تک AICL کمپلائنس کرسکے۔ جیسا کہ کوڈ آف کارپوریٹ گورننس فار انشوررز 2016 کے گوشوارے میں بیان کیا گیا ہے۔

انشورنس کمپنیز کو دو کوڈز کی پیروی کرنی ہوتی ہے، مندرجہ بالا کے ساتھ ساتھ کوڈ آف کمپلائنس گورننس 2012 کی جو پاکستان اسٹاک ایکسچینج لمیٹڈ کی رُول بُک کے ضوابط کا ایک حصہ ہے۔

d) انشورنس رُولز 2017

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے 9 فروری 2017ء کو انشورنس رُولز 2017 جاری کیے ہیں جنہیں رولز 2002 اور سیکیورٹیز اینڈ ایکسچینج کمیشن (انشورنس) رُولز 2002 پر فوقیت حاصل ہے۔

ہم سالانہ رپورٹ 2016 کے قارئین کو مطلع کرنا چاہیں گے کہ رُول 58 میں ایک اہم پالیسی شامل کی گئی ہے۔ تمام جنرل انشورنس کمپنیز پورے پریمیم یا باہم رضامندی سے یہ طے شدہ قسطوں کی پہلی قسط کی وصولی کے بعد انشورنس پالیسی جاری کریں گی۔ یہ اقساط ادائیگی کی مقررہ تاریخ کے ساتھ پالیسی پر درج ہونی چاہئیں۔ قسط کی مقررہ تاریخ پر عدم ادائیگی کی صورت میں پالیسی منسوخ نہیں، معطل ہوجائے گی۔ کورنوٹ پریمیم کی وصولی کے بغیر جاری کیا جاسکتا ہے لیکن وہ موٹر کے لیے 7 دن اور نان موٹر کے لیے 30 دن مؤثر رہے گا۔

انشورنس کمپنیز نے SECP کے اس فیصلے کا خیرمقدم کیا ہے۔

e) انشورنس ایکٹ

SECP انشورنس ایکٹ کا متن جاری کیا ہے۔ انشورنس کمپنیز اور دیگر اسٹیک ہولڈرز نے مجوزہ ایکٹ کا مشاہدہ کیا ہے اور تاثرات SECP کے پاس جمع کرادیے گئے ہیں۔

یہ ایکٹ انشورنس آرڈیننس 2000 کو منسوخ کردے گا اور ہم امید کرتے ہیں کہ 2017 کے اختتام سے پہلے اس پر عمل درآمد کرلیا جائے گا۔

آڈیٹرز

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

انویسٹمنٹ کے زیرِ التوا فیصلے کی موجودہ کیفیت

بالترتیب 8 جولائی 2008ء، 28 اپریل 2014ء اور 28 مئی 2016ء کو منظور کی گئی قرارداد کی اجازت کے تحت MCB بینک لمیٹڈ اور نشاط ہوٹلز اینڈ پراپرٹیز لمیٹڈ میں سرمایہ کاری کے فیصلے کو پوری طرح عملی جامہ نہیں پہنایا جاسکا اور کیفیت کمپنیز (ایسوسی ایٹڈ کمپنیز یا ایسوسی ایٹڈ انڈرٹیکنگز) ریگولیشن 2012 کی شق (2)4 کے تحت درج ذیل جدول میں پیش کی جاتی ہے۔

بورڈ آف ڈائریکٹرز نے انتظامیہ کی سفارش پر درج ذیل منیجمنٹ کمیٹیز تشکیل دی ہیں، جیسا کہ کوڈ آف کارپوریٹ گورننس فار انشوررز 2016 کی ہدایات ہیں۔ یہ کمیٹیز یکم جنوری 2017ء سے فعال ہیں جو کوڈ میں دی گئی رہنما ہدایات کی پیروی کریں گی:

انڈر رائٹنگ کمیٹی

-1	عمر منشا	نان ایگزیکٹیو ڈائریکٹر/ چیئرمین
-2	محمد علی زیب	ممبر
-3	آصف جبار	ممبر

ری انشورنس اینڈ کوانشورنس کمیٹی

-1	محمد علی زیب	ایگزیکٹیو ڈائریکٹر/ چیئرمین
-2	سلیم اقبال	ممبر
-3	آصف جبار	ممبر
-4	عدنان احمد چوہدری	ممبر

کلیم سیٹلمنٹ کمیٹی

-1	محمد علی زیب	ایگزیکٹیو ڈائریکٹر/ چیئرمین
-2	محمد عاصم ناگی	ممبر
-3	سید امیر حسن نقوی	ممبر

رسک منیجمنٹ اینڈ کمپلائنس کمیٹی

-1	محمد علی زیب	ایگزیکٹیو ڈائریکٹر/ چیئرمین
-2	محمد عاصم ناگی	ممبر
-3	تمیز الحق	ممبر
-4	محمد فرقان الدین	ممبر

ڈائریکٹرز ٹریننگ پروگرام

اس سے قبل چار ڈائریکٹرز ٹریننگ پروگرام میں شریک ہو چکے ہیں۔ دو ڈائریکٹرز 14 سالہ تعلیم اور لسٹڈ کمپنی کے بورڈ پر 15 سالہ تجربے کی وجہ سے مستثنیٰ ہیں۔ بقیہ دو ڈائریکٹر مقررہ 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 کے لیے 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 صفحہ نمبر 256 پر رپورٹ کیا گیا ہے۔ رپورٹنگ کے فارمیٹ، فارم 34 میں، کوڈ ز کے تحت رپورٹنگ کے تقاضوں کی تعمیل میں تھوڑی سی ترمیم کی گئی ہے۔
ایگزیکٹیوز کی کیٹیگری کے لیے بورڈ آف ڈائریکٹرز نے سال 2016ء کے لیے حد (Threshold) طے کی ہے اور CEO، CFO، ہیڈ آف انٹرنل آڈٹ اور کمپنی سیکرٹری کے علاوہ جنرل منیجر کے کیڈر میں ایگزیکٹیوز اس میں شامل ہیں۔ اس حد (Threshold) کا بورڈ کی طرف سے سالانہ جائزہ لیا جاتا ہے۔

ڈائریکٹرز

سال کے دوران بورڈ کی 3 سالہ میعاد ختم ہونے پر 28 مئی 2016ء کو ڈائریکٹرز کا انتخاب منعقد ہوا۔ بورڈ نے کمپنیز آرڈیننس 1984 کے سیکشن (1)178 کی پیروی میں منتخب ڈائریکٹرز کی تعداد آٹھ (8) طے کر رکھی ہے۔ درج ذیل 8 افراد نے 28 کمپنیز آرڈیننس 1984 کے سیکشن (1)178 کے مطابق ڈائریکٹرز کے انتخاب کے لیے خود کو پیش کرنے کے ارادے کا نوٹس دیا تھا اور مئی 2016ء کو منعقدہ کمپنی کے غیر معمولی اجلاس عام میں 3 سال کی معیاد کے لیے منتخب کر لیے گئے تھے: 1) فریڈرک کوئنز ارڈ ڈی بیئر 2) ابراہیم شمسی 3) عمران مقبول 4) محمد علی زیب 5) محمد انیس 6) محمد عمر ورک 7) شیخ محمد جاوید 8) عمر منشا۔
کمپنیز آرڈیننس 1984 کے تحت ڈائریکٹرز کے انتخاب کے بعد انشورنس کمپنیز کو SRO 15(1)/2012 بتاریخ 9 جنوری 2012ء کے تحت سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان سے ڈائریکٹرز کی تقرری کی منظوری لینی ہوتی ہے۔ SECP نے تمام 8 ڈائریکٹرز کی تقرری کی منظوری دے دی۔

کمپنی کے شیئرز میں لین دین

ماسوائے اس کے کہ جیسا ذیل میں بیان کیا گیا ہے، 2016ء کے دوران ڈائریکٹرز، CEO، CFO، سیکرٹری، ہیڈ آف انٹرنل آڈٹ اور ایگزیکٹیو اور ان کی/ کے شریک حیات اور چھوٹے بچوں نے کمپنی کے شیئرز کی خرید و فروخت میں حصہ نہیں لیا۔

ڈائریکٹر کا نام	سال 2016ء کے دوران فروخت گئے شیئرز
محمد عمر ورک	16,000
شیخ محمد جاوید	14,617

کمپنی کے شیئرز کی خرید و فروخت کے بارے میں معلومات ایسے ہر لین دین کے بعد بورڈ کے اجلاس میں پیش کی گئی ہیں۔

- کمپنی کی طرف سے تیار کردہ مالیاتی گوشوارے اس کے معاملات، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلوز اور ایکویٹی میں تبدیلی کی مناسب عکاسی کرتے ہیں۔
- کمپنی نے اپنے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں، جیسا کہ کمپنیز آرڈیننس 1984 کے تحت مطلوب ہے۔
- کمپنی نے مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی ہے۔ جہاں کہیں بھی تبدیلیاں کی گئی ہیں، ان کی نشان دہی کردی گئی ہے اور شماریاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔
- کمپنی کی طرف سے تیار کردہ مالیاتی گوشوارے اکاؤنٹنگ کے بین الاقوامی معیار کے مطابق ہے، جہاں تک وہ پاکستان میں قابل اطلاق ہیں۔ اس حوالے سے کی گئی پہلوتہی کی (اگر کوئی ہو) مناسب انداز میں نشاندہی اور وضاحت کردی گئی ہے۔
- انٹرنل کنٹرول کا نظام مستحکم ہے اور اس کا اطلاق کیا جاتا ہے۔ رسک کا جائزہ لیا جاتا رہتا ہے تاکہ ممکنہ حد تک بڑے نقصان سے بچا 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۔
- گزشتہ 6 سال کا اہم آپریٹنگ اور فائنانشل ڈیٹا اس سالانہ رپورٹ میں صفحہ 29 پر شامل ہے۔
- 31دسمبر 2016ءکو واجب الادا ٹیکسز، ڈیوٹیز، لیویز اور چارجز کے حوالے سے کوئی قانونی ذمہ داری نہیں، ماسوائے ان کے جو مالیاتی گوشواروں میں ظاہر کی جاچکی ہیں۔
- غیر آڈٹ شدہ اکاؤنٹس کی بنیاد پر انویسٹمنٹس کی قدر بشمول پروویڈنٹ اور گریجویٹی فنڈز کی جمع شدہ آمدنی 31دسمبر 2016 کو درج ذیل ہے:

	(روپے '000' میں)
پروویڈنٹ فنڈ	1,102,258
گریجویٹی فنڈ	241,970

- بورڈ آف ڈائریکٹرز اور آڈٹ کمیٹیز کے اجلاس ہر سہ ماہی میں کم از کم ایک بار منعقد ہوتے ہیں۔ سال 2016ء کے دوران بورڈ آف ڈائریکٹرز کے 5اجلاس اور آڈٹ کمیٹیز کے 5اجلاس منعقد ہوئے۔

سال 2016 کے دوران کلیم سیٹلمنٹ، ری انشورنس اینڈ کوانشورنس کمیٹی اور انڈر رائٹنگ کمیٹی میں سے ہر ایک کے تین اجلاس، جب کہ ہیومن ریسورس اینڈ ریمیونیریشن کمیٹی کا ایک اجلاس منعقد ہوا۔

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

ہر ڈائریکٹر/ممبر کی حاضری حسب ذیل ہے:

	بورڈ آف ڈائریکٹرز (5اجلاس منعقد ہوئے)		آڈٹ کمیٹی (5اجلاس منعقد ہوئے)		ہیومن ریسورس اینڈ ریمیونیریشن کمیٹی (1اجلاس منعقد ہوا)		کلیم سیٹلمنٹ (3اجلاس منعقد ہوئے)		ری انشورنس کمیٹی اینڈ کوانشورنس (3اجلاس منعقد ہوئے)		انڈر رائٹنگ کمیٹی (3اجلاس منعقد ہوئے)	
	ممبر	شرکت	ممبر	شرکت	ممبر	شرکت	ممبر	شرکت	ممبر	شرکت	ممبر	شرکت
عمر منشا	√	5	√	5	√	1	-	-	-	-	√	3
علی محمد ماہون	√	1	-	-	-	-	-	-	-	-	-	-
فریڈرک کونٹزارڈ ڈی بیئر	√	5	-	-	-	-	-	-	-	-	√	3
ابراہیم شمسی	√	5	√	5	√	1	-	-	-	-	-	-
عمران مقبول	√	4	-	-	-	-	-	-	-	-	-	-
کامران رسول*	√	2	-	-	√	x	-	-	-	-	-	-
محمد انیس	√	4	-	-	√	x	-	-	-	-	-	-
محمد عمر ورک	√	5	√	4	-	-	-	-	√	3	-	-
شاہد ملک*	√	2	-	-	-	-	-	-	-	-	-	-
شیخ محمد جاوید	√	3	√	3	-	-	√	3	-	-	-	-
محمد علی زیب	√	5	-	-	√	1	√	3	√	3	√	3

*28 مئی 2016 تک بورڈ کی میعاد کے دوران اجلاسوں میں شرکت۔

طرح سرانجام دیے جاتے ہیں۔ یہ ڈپارٹمنٹ مارکیٹ میں سب سے زیادہ تعداد میں سروے کرتا ہے اور انڈر رائٹرز کو رسک کے بارے میں رہنمائی فراہم کر کے صحیح فیصلے کرنے میں ان کی مدد کرتا ہے۔

افرادی وسائل

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

2016 کے نتائج کارکنان کے اطمینان کے تمام اشاریے ظاہر کرتے ہیں، یعنی ان کی کام کرنے کی استعداد، تمام امور میں خواتین کی شرکت وغیرہ۔

ISO 9001 سرٹیفکیشن

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 منظم 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 کے لیے کام کرتے ہیں۔

ہم نے نومبر 2016ء میں ISO9001:2008 کی تیسری سرٹیفکیشن کامیابی سے مکمل کر لی ہے۔

یو اے ای آپریشنز

یو اے ای آپریشنز نے انڈر رائٹ کیے گئے مجموعی پریمیم میں 70 فی صد اضافہ دکھایا جو گزشتہ سال میں 3,329 ملین روپے کے مقابلے میں 5,661 ملین روپے رہا۔ یو اے ای آپریشنز نے گزشتہ سال میں 492 ملین روپے (نو مرتب شدہ) نقصان کے مقابلے میں 163 ملین روپے منافع حاصل کیا۔

منافع جات کو از سرِ نو مرتب کرنا، یو اے ای میں متعارف کردہ نئے مالیاتی ضوابط، خصوصاً یو اے ای میں کلیمز کے لیے تکنیکی دفعات کے تعین کے حوالے سے، کا تقاضا تھا۔ یو اے ای میں کاروبار میں اضافہ موٹر سیگمنٹ سے ہوا جو نئے ضوابط کا نظام متعارف کرائے جانے کے باوجود کاروبار کو بڑھانے کے شاندار مواقع فراہم کرنے کا سبب بنا ہے۔

سماجی اور معاشرتی سرگرمیاں

سال 2016ء میں سماجی اور معاشرتی اُمور کے متعلق اقدامات رپورٹ میں علیحدہ سے صفحہ 27 پر بتائے گئے ہیں۔

IFS ریٹنگز

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

AM بیسٹ نے بھی کمپنی کے لیے اسٹیبل آؤٹ لُک کے ساتھ "B+" IFS ریٹنگ برقرار رکھی ہے۔

ذیلی کمپنی

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

ALAC کو 4 اگست 2008 کو کمپنیز آرڈیننس 1984 کے تحت پاکستان میں ایک پبلک اَن لسٹڈ کمپنی کے طور پر قائم کیا گیا اور اس نے 24 اپریل 2009ء سے کاروبار کا آغاز کیا۔ ALAC، AIC کا ایک ذیلی ادارہ اور IVM انٹرشورر BV کی ایک ایسوسی ایٹ ہے جو ALAC کے کیپیٹل میں بالترتیب 74.28 فی اور 25.72 فی صد ہولڈنگ کے حامل ہیں۔

تخصیص APPROPRIATIONS

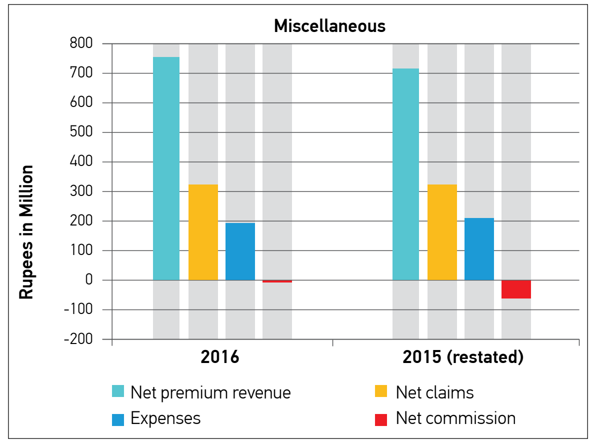
اس سال کے دوران 15 فی صد (1.50 روپے فی شیئر) کی شرح سے ایک عبوری ڈیویڈنڈ ادا کیا گیا۔ (2015ء میں بحساب 15 فی صد 1.50 روپے فی شیئر)۔ بورڈ نے 25 فی صد (2.50 روپے فی شیئر) کی شرح سے حتمی کیش ڈیویڈنڈ کی ادائیگی کی سفارش کی ہے۔ (2015ء میں بحساب 15 فی صد 1.50 روپے فی شیئر)۔

فی شیئر آمدنی

زیرِ جائزہ سال کے دوران فی شیئر آمدنی 9.98 روپے رہی (2015ء میں 5.55 روپے (نو مرتب شدہ))۔ اس حوالے سے تفصیلی ورکنگ مالیاتی گوشواروں کے نوٹ 27 میں درج ہے۔

کارپوریٹ اور فائنانشل رپورٹنگ فریم ورک کی اسٹیٹمنٹ

کمپنی کے بورڈ آف ڈائریکٹرز کے مجموعی افعال کارپوریٹ قوانین، قواعد وضوابط کے تحت ہوتے ہیں۔ بورڈ پاکستان اسٹاک ایکسچینج لمیٹڈ (Codes) کی رُول بُک میں شامل کوڈ آف کارپوریٹ گورننس فار انشوررز 2016 اور کوڈ آف کارپوریٹ گورننس کے تحت اپنی کاروباری ذمہ داریوں سے پوری طرح باخبر اور عمل پیرا ہے اور بصد مسرت درج ذیل گزارشات پیش کرتا ہے:



انویسٹمنٹ سے آمدنی

اس سال کے دوران KSE-100 انڈیکس میں مارکیٹ کیپیٹلائزیشن اور تجارتی حجم، دونوں اعتبار سے غیر معمولی اضافہ ہوا۔ KSE-100 انڈیکس 2015ء میں 32,816 کے مقابلے میں 46 فی صد اضافے کے ساتھ 2016ء میں 47,806 پر بند ہوا۔

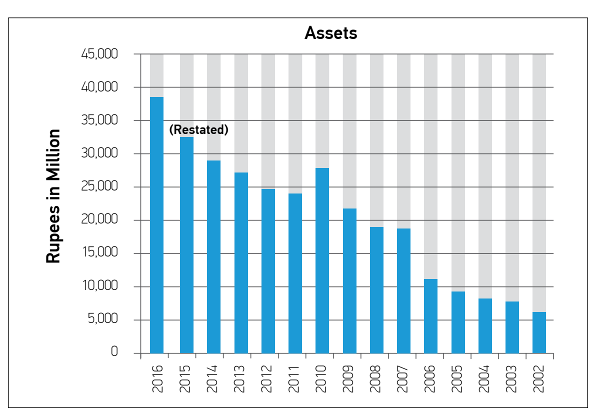
انویسٹمنٹس سے آمدنی 2,404 ملین روپے سے بڑھ کر 3,502 ملین روپے ہوگئی۔

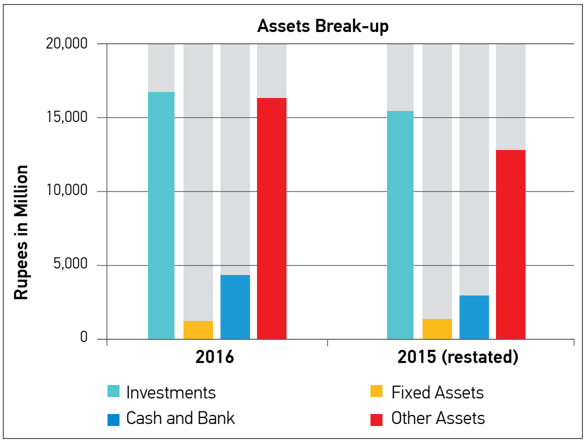
انویسٹمنٹ سے آمدنی کی تفصیل حسب ذیل ہے:

	2016	2015
	(ملین روپوں میں)	
ڈیویڈنڈ آمدنی	1,244	1,133
فکسڈ انکم سیکیورٹیز پر منافع	44	49
’’دستیاب برائے فروخت‘‘		
انویسٹمنٹ کی فروخت پر فائدہ	2,214	1,222
سرمایہ کاری سے خالص آمدنی	**3,502**	**2,404**

کمپنی کے اثاثے

31 دسمبر 2016ء کو کمپنی کے مجموعی اثاثے 38,580 ملین روپے رہے جو گزشتہ سال 32,380 ملین روپے (نومرتب شدہ) تھے، اس طرح 19 فی صد اضافہ ہوا۔ مجموعی





انویسٹمنٹ 2015ء میں 15,393 ملین روپے کے مقابلے میں 9 فی صد اضافے کے ساتھ 16,738 ملین روپے رہی۔ انتظامیہ سرمایہ کاری کے بہتر مواقع کے استعمال سے فنڈز سے زیادہ سے زیادہ استفادے کا یقین دلاتی ہے۔

تکافل ونڈو آپریشنز

کمپنی کے تکافل ونڈو آپریشن (WTO) نے اپنی کاروباری سرگرمیوں کا ایک سال مکمل کرلیا ہے اور 187 ملین روپے کا مجموعی حصہ رائٹ کیا اور 2.8 ملین روپے کا بعد از ٹیکس منافع کمایا ہے۔ کمپنی 2017ء میں WTO میں نمایاں اضافہ کی توقع رکھتی ہے۔

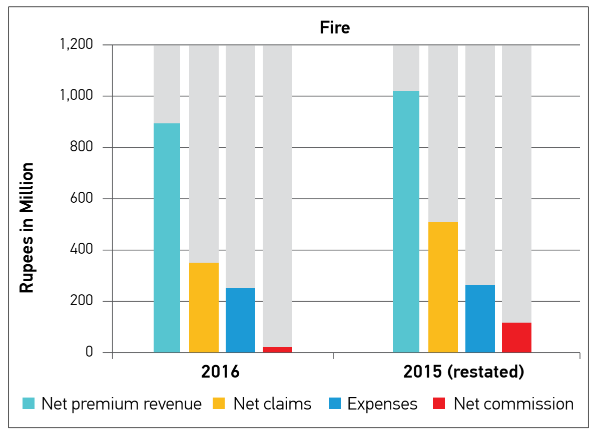
خطرے کی تخفیف (Risk Mitigation)

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

ہر ڈپارٹمنٹ کے سربراہان اپنے دائرہ کار میں انڈر رائٹنگ کی سرگرمیوں کے انتظام اور کنٹرول کے ذمہ دار ہیں۔ انڈر رائٹنگ متعدد ٹیکنیکل کنٹرولنگ پروٹوکولز کے مطابق سرانجام دی جاتی ہے۔ اس میں معین انڈر رائٹنگ اتھارٹیز، ہر بزنس کلاس کے لیے رہنمائی، ریٹ کی نگرانی، انڈر رائٹنگ کے معاصرین (peers) کے جائزے اور REG (رسک ایکسپوژر گروپ) کی طرف سے بڑے اور پیچیدہ رسک کی ہدایات کی جستجو کی مشق شامل ہے۔ یہ گروپ ایگزیکٹیو ڈائریکٹر ٹیکنیکل، ایگزیکٹیو ڈائریکٹر کمرشل، ایگزیکٹیو ڈائریکٹر کلیم اینڈ کمپلائنس اور ایگزیکٹیو ڈائریکٹر ری انشورنس پر مشتمل ہے۔ کریسٹا زونز (Cresta Zones) اور جیوکوڈنگ (Geo Coding) کے استعمال کے ذریعے کمپنی خراب اثرات کے حامل واقعات سے ابھرنے والے معاملات کے خطرے کی نگرانی کرتی ہے۔ ان امور سے ایک جامع ری انشورنس پروگرام کے ذریعے بچا جاتا ہے جو مختلف امور کا جواب دینے کی صلاحیت رکھتا ہے۔

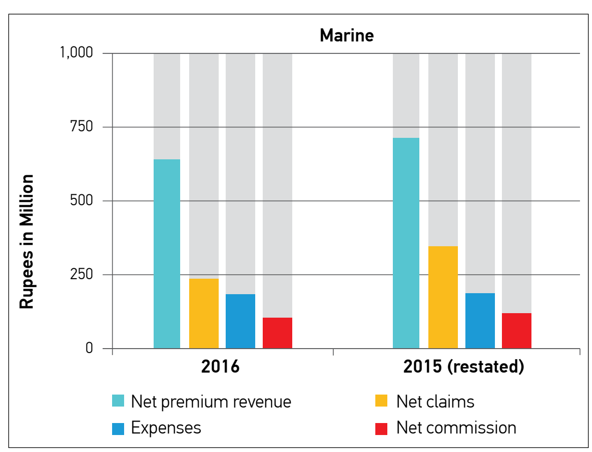
کمپنی میں ایک فزیکل انسپیکشن ڈپارٹمنٹ بھی ہے جو بڑی تعداد میں مختلف سطح کے رسک کے، ان کی انڈر رائٹنگ سے پہلے سرویز سرانجام دیتا ہے۔ سرویز طے شدہ نظام الاوقات اور حسب معاملہ، دونوں

دوران کمپنی نے 4,762 ملین روپے کا مجموعی پریمیم انڈر رائٹ کیا ہے (4,675:2015 ملین روپے)۔ اس سال خالص پریمیم پر خالص کلیمز کی شرح گزشتہ سال کے 50 فی صد (نومرتب شدہ) کے مقابلے میں 39 فی صد رہی۔ کمپنی نے 2015ء میں 129 ملین روپے (نومرتب شدہ) کے انڈر رائٹنگ منافع کے مقابلے میں 280 ملین روپے انڈر رائٹنگ منافع حاصل کیا۔



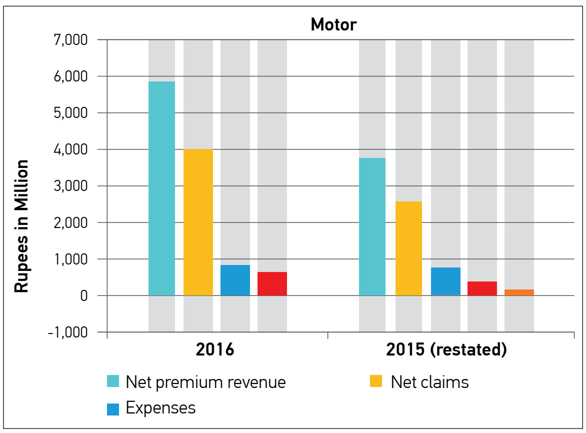
میرین، ایوی ایشن اینڈ ٹرانسپورٹ (جہاز رانی، ہوابازی اور نقل وحمل)

بزنس کی یہ کلاس مجموعی پورٹ فولیو کے 5 فی صد پر مشتمل ہے۔ اس سال کے دوران کمپنی نے گزشتہ سال میں 1098 ملین روپے کے مقابلے میں 826 ملین روپے کا مجموعی پریمیم انڈر رائٹ کیا ہے۔ خالص پریمیم پر خالص کلیمز کی شرح گزشتہ سال کی 48 فی صد (نومرتب شدہ) شرح کے مقابلے میں 37 فی صد رہی، جس کے نتیجے میں 2015ء میں 63 ملین روپے (نومرتب شدہ) کے مقابلے میں اس سال انڈر رائٹنگ منافع 116 ملین روپے رہا۔



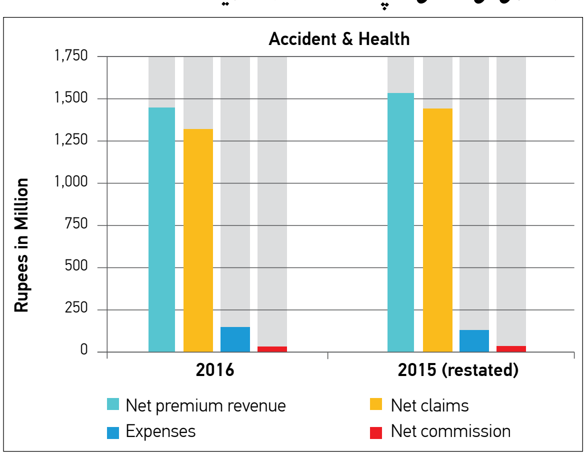
موٹر

بزنس کی یہ کلاس مجموعی پورٹ فولیو کے 47 فی صد پر مشتمل ہے۔ اس سال کے دوران کمپنی نے 2015ء میں 5,008 ملین روپے کے مقابلے میں 7,705 ملین روپے کا مجموعی پریمیم انڈر رائٹ کیا ہے۔ خالص پریمیم پر خالص کلیمز کی شرح 2015ء میں 70 فی صد (نومرتب شدہ) کے مقابلے میں 68 فی صد ہے۔ بزنس کی موٹر کلاس کے دانش مندانہ نظم ونسق کا نتیجہ 2015ء میں 155 ملین روپے (نومرتب شدہ) کے نقصان کے مقابلے میں 476 ملین روپے کے انڈر رائٹنگ کے منافع کی صورت میں نکلا ہے۔



ایکسیڈنٹ اینڈ ہیلتھ (حادثہ اور صحت)

بزنس کی ایکسیڈنٹ اینڈ ہیلتھ کلاس مجموعی پورٹ فولیو کے 10 فی صد پر مشتمل ہے ۔ مجموعی پریمیم نے رائٹ کیے گئے 1,593 ملین روپے کے مجموعی پریمیم کے ساتھ گزشتہ سال کے مقابلے میں 7 فی صد اضافہ دکھایا (1489:2015 ملین روپے)۔ خالص پریمیم پر خالص کلیمز کی شرح گزشتہ سال کی 94 فی صد شرح (نومرتب شدہ) کے مقابلے میں 91 فی صد رہی۔ 2015ء کے انڈر رائٹنگ خسارے 59 ملین روپے (نومرتب شدہ) کے مقابلے میں پورٹ فولیو نے موجودہ سال میں 42 ملین روپے کا انڈر رائٹنگ خسارہ دکھایا۔



متفرق

بزنس کی متفرق کلاس مجموعی پورٹ فولیو کے 9 فی صد پر مشتمل ہے ۔ مجموعی پریمیم نے رائٹ کیے گئے 1,384 ملین روپے کے مجموعی پریمیم کے ساتھ گزشتہ سال کے مقابلے میں 1 فی صد اضافہ دکھایا (2015: 1,371 ملین روپے) ۔ خالص پریمیم پر خالص کلیمز کی شرح گزشتہ سال کی 45 فی صد (نومرتب شدہ) شرح کے مقابلے میں 42 فی صد رہی۔ 2015ء میں انڈر رائٹنگ منافع 244 ملین روپے (نومرتب شدہ) کے مقابلے میں پورٹ فولیو نے اس سال 249 ملین روپے کا انڈر رائٹنگ منافع دکھایا۔

ڈائریکٹرز کی رپورٹ

غیر مجتمع مالیاتی گوشواروں پر ارکان کو ڈائریکٹر کی رپورٹ

بورڈ آف ڈائریکٹرز کی طرف سے کمپنی کی 56ویں سالانہ رپورٹ مع 31 دسمبر 2016ء کو ختم ہونے والے سال کے لیے آڈٹ شدہ غیر مجتمع مالیاتی گوشوارے پیش کرنا میرے لیے باعث مسرت ہے۔

معاشی جائزہ

سال 2016ء میں 4.7 فی صد GDP نمو کے ساتھ پاکستان کی اقتصادی ترقی میں اضافہ ہوا۔ یہ ترقی زیادہ تر اشیائے صرف اور خدمات کے شعبوں کی طرف اہم کردار کا نتیجہ تصور کی جاتی ہے۔ ہمارے ملک کے مالیاتی خسارے میں بہتری کا سلسلہ جاری رہا جیسا کہ گزشتہ سال کے مقابلے میں 0.2% بہتری آئی۔ مرکزی افراط زر میں گزشتہ مالی سال میں 6.9 فیصد کے مقابلے میں اس سال 4.1 فیصد تک کمی آئی ہے.

زرعی ترقی میں بڑے دھچکے کے باوجود، صنعتی شعبے میں 6.8 فی صد کا قابل ذکر اضافہ ہوا جس سے کچھ حد تک زرعی شعبے سے نقصان کا ازالہ ہوا۔

پاکستان اسٹاک ایکسچینج نے 2016ء میں 46 فی صد اضافے کے ساتھ ایک تاریخ ساز جست لگائی ہے جو جون 2017 میں MSCI ایمرجنگ مارکیٹ انڈیکس میں شمولیت کے لیے مارکیٹ کی مستحکم بنیادوں کی عکاسی کرتی ہے۔اس نئید رجہ بندی ممکنہ طور پر پاکستان کی ایکویٹی مارکیٹ کی حرکیات تبدیل ہونے کا امکان ہے۔

اسٹینڈرڈ اینڈ پورز (Standard & Poor`s) نے پاکستان کی کریڈٹ ریٹنگ اسٹیبل آؤٹ لُک (table outlook) کے ساتھ "- B" سے تبدیل کر کے "B" کردی ہے۔

کمپنی کی کارکردگی کا جائزہ

سال 2016ء میں قیمتوں پر دباؤ جاری رہا، تاہم کمپنی اپنے کاروبار میں خاطر خواہ اضافے میں کامیاب رہی، خصوصاً UAE اور پاکستان، دونوں میں اپنے موٹر سیگمنٹ میں۔

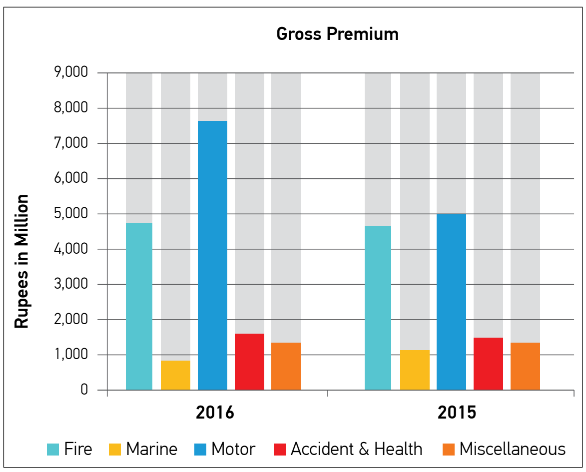
2016ء میں مجموعی پریمیم، 2015ء کے 13,639 روپے کے مقابلے میں 19 فی صد اضافے کے ساتھ 16,270 ملین روپے ہوگیا۔ خالص برقراری پریمیم (net premium retention) 9,615 ملین روپے مالیت کے ساتھ انڈر رائٹ کیے جانے والے مجموعی پریمیم کا 59 فی صد تھا، جب کہ اس کے مقابلے میں 2015ء کا خالص برقراری پریمیم 7,747 ملین روپے مالیت کے ساتھ 57 فی صد تھا۔

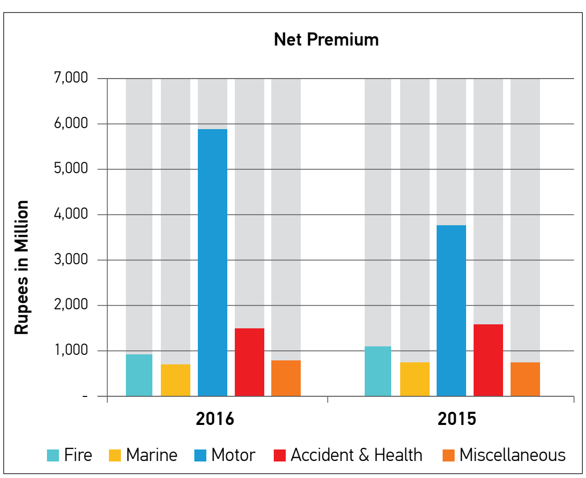
مجموعی اخراجات گزشتہ سال کے دوران 2,127 ملین روپے کے مقابلے میں بڑھ کر 2,245 ملین روپے ہوگئے ہیں اور اس طرح 6 فی صد اضافہ دکھایا۔ کلیم کی خالص شرح گزشتہ سال کی 67 فی صد شرح (نومرتب شدہ) کے مقابلے میں 2 فی صد کم ہو کر 65 فی صد ہوگئی۔

انڈر رائٹنگ کا منافع گزشتہ سال کے 242 ملین روپے (نومرتب شدہ) سے 1,078 ملین روپے تک بڑھ گیا۔

اس سال کمپنی نے SECP کے سرکولر 9 ، 2016 انشورنس اتھارٹی، UAE کے جاری کردہ نئے مالیاتی ضوابط کے مطابق اکاؤنٹنگ پالیسی میں ایک تبدیلی اختیار کی ہے۔جس کے نتیجے میں 2015ء اور 2014ء کے لیے کمپنی کے مالیاتی نتائج ازسرِ نو مرتب کیے گئے اور ان کے نتائج کی مالیاتی گوشواروں کے نوٹ 2.2 اور 22 میں پوری طرح تشریح کردی گئی ہے۔

اس سال انویسٹمنٹ پورٹ فولیو کا منافع گزشتہ سال کے 16 فی صد کے مقابلے میں بڑھ کر 20 فی صد ہوگیا۔





قبل از ٹیکس منافع 4,054 ملین روپے رہا جو گزشتہ سال 2,214 ملین روپے (نومرتب شدہ) تھا، جب کہ بعد از ٹیکس منافع 3,492 ملین روپے رہا جو 2015ء میں 1,943 ملین روپے (نومرتب شدہ) تھا۔

پورٹ فولیو کا تجزیہ

فائر اینڈ پراپرٹی (آگ اور جائیداد)

بزنس فائر اینڈ پراپرٹی کلاس کا بزنس مجموعی پورٹ فولیو کے 29 فی صد پر مشتمل ہے۔ اس سال کے

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 2016 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 2016.

Date: 5 April 2017
Lahore

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

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 2016

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 Code in the following manner:

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

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

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 Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the 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 at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the 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 shall adopt and comply 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.

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

12. The directors' report for this year has been prepared in compliance with the requirements of the Code 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

Claims Settlement Committee:

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

17. The Board has formed following Board Committee:

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 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 Committees except Ethics, Human Resource and Remuneration Committee, will be held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code of Corporate Governance for Insurers, 2016. 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 ensures that the investment policy of the Company shall be aligned in accordance with the provisions of the Code of Corporate Governance for Insurers, 2016.

25. The Board shall ensure that the risk management system of the Company is 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 shall carry 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 2016 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 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 designated 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 with except those as specifically mentioned above in relevant clause.

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

Date: 5 April 2017
Lahore

Muhammad Ali Zeb
Managing Director &
Chief Executive Officer

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

The incharge of the management of the business was Mr. Muhammad Ali Zeb, Managing Director & Chief Executive Officer and the report on the affairs of business during the year 2016 signed by Mr. Muhammad Ali Zeb and approved by the Board of Directors is part of the Annual Report 2016 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 Ali Zeb**
Chairman	Director	Director	Managing Director & Chief Executive Officer

UNCONSOLIDATED

Financial Statements
for the Year Ended
31 December 2016

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 2016 together with the notes forming part thereof, for the year then ended, in which are incorporated the results and balances of UAE branch, audited by another firm of auditors.

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

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

in our opinion;

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

b) the unconsolidated financial statements together with the notes thereon have been drawn up in conformity with the insurance ordinance, 2000 and the Companies Ordinance, 1984 and accurately reflect the books and records of the Company and further in accordance with accounting policies consistently applied except for the change in accounting policies as referred to in note 2.2 with which we concur;

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

d) 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.
Chartered Accountants
(Bilal Ali)

Lahore: 05 April 2017

Unconsolidated Balance Sheet

As at 31 December 2016

	Note	31 December 2016	31 December 2015	31 December 2014
		Rupees in thousand		
			Restated	Restated
EQUITY AND LIABILITIES				
Share capital and reserves				
Authorized share capital				
375,000,000 (2015: 375,000,000) ordinary shares of Rs. 10 each		**3,750,000**	3,750,000	3,750,000
Issued, subscribed and paid up capital	4	**3,500,000**	3,500,000	3,500,000
Reserves	5	**1,406,834**	1,408,626	1,396,934
Retained Earnings		**12,093,769**	9,652,689	8,764,051
		17,000,603	14,561,315	13,660,985
Deferred taxation		**34,549**	-	-
Underwriting provisions				
Provision for outstanding claims (including IBNR)	6	**9,475,718**	6,811,195	6,246,263
Provision for unearned premium		**7,349,511**	5,928,944	5,269,848
Premium deficiency reserve		**121,553**	171,933	-
Commission income unearned		**236,890**	213,398	231,121
Total underwriting provisions		**17,183,672**	13,125,470	11,747,232
Deferred liabilities				
Staff retirement benefits	7	**81,399**	116,452	106,248
Creditors and accruals				
Premiums received in advance		**225,681**	213,202	204,539
Amounts due to other insurers / reinsurers		**1,540,645**	2,013,872	1,226,375
Taxation - provision less payments		**-**	53,706	-
Accrued expenses		**135,624**	163,244	68,841
Other creditors and accruals	8	**2,242,403**	2,057,975	1,819,006
		4,144,353	4,501,999	3,318,761
Other liabilities				
Unclaimed dividends		**88,969**	74,793	95,416
		21,498,393	17,818,714	15,267,657
Total liabilities of Window Takaful Operations - Operator's Fund	9	**46,366**	-	-
Contingencies and Commitments	10			
TOTAL EQUITY AND LIABILITIES		**38,579,911**	32,380,029	28,928,642

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

	Note	31 December 2016	31 December 2015	31 December 2014
		Rupees in thousand		
			Restated	Restated
ASSETS				
CASH AND BANK DEPOSITS	11			
Cash and other equivalents		**7,274**	10,704	8,820
Current and other accounts		**3,803,897**	2,061,098	1,808,107
Deposits maturing within 12 months		**525,059**	826,330	1,059,703
		4,336,230	2,898,132	2,876,630
Loans - secured, considered good				
To employees	12	**18,369**	16,998	14,225
Investments	13	**16,738,435**	15,393,433	13,482,064
Deferred taxation		**-**	83,936	97,694
Current assets - others				
Premiums due but unpaid	14	**5,063,481**	4,539,734	3,627,920
Amounts due from other insurers / reinsurers	15	**1,056,853**	814,284	817,282
Salvage recoveries accrued		**336,163**	250,602	207,471
Premium and claim reserves retained by cedants	16	**-**	-	-
Accrued investment income	17	**30,266**	23,601	26,214
Reinsurance recoveries against outstanding claims	18	**6,279,433**	4,090,207	3,765,863
Taxation - payments less provision		**7,534**	-	49,843
Deferred commission expense		**737,281**	538,268	477,296
Prepayments	19	**2,442,050**	2,255,149	2,116,209
Sundry receivables	20	**184,919**	174,488	256,133
		16,137,980	12,686,333	11,344,231
Operating fixed assets - Tangible & intangible	21			
Owned				
Land and buildings		**568,644**	701,882	410,689
Furniture and fixtures		**88,948**	105,726	124,024
Motor vehicles		**286,112**	296,657	313,417
Machinery and equipment		**77,790**	80,081	106,180
Computers and related accessories		**56,368**	76,391	109,056
Intangible asset - computer software		**49,687**	33,684	48,711
Capital work in progress		**122,191**	6,776	1,721
		1,249,740	1,301,197	1,113,798
Total assets of Window Takaful Operations - Operator's Fund	9	**99,157**	-	-
TOTAL ASSETS		**38,579,911**	32,380,029	28,928,642

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

Unconsolidated Profit and Loss Account

For the Year Ended 31 December 2016

	Note	Fire and Property Damage	Marine, Aviation and Transport	Motor	Accident & Health	Miscellaneous	Treaty	31 December 2016	31 December 2015
		Rupees in thousands							
									Restated
Revenue account									
Net premium revenue		894,373	639,362	5,884,982	1,442,132	754,532	-	**9,615,381**	7,747,391
Net claims		(345,265)	(236,764)	(3,990,241)	(1,318,208)	(320,021)	-	**(6,210,499)**	(5,223,103)
Expenses	23	(249,722)	(186,978)	(846,320)	(137,168)	(194,441)	-	**(1,614,629)**	(1,555,751)
Net commission		(19,899)	(99,871)	(623,127)	(28,273)	8,591	-	**(762,579)**	(557,997)
Premium deficiency reserve		-	-	50,313	-	-	-	**50,313**	(168,855)
Underwriting result		279,487	115,749	475,607	(41,517)	248,661	-	**1,077,987**	241,685
Investment income								**3,502,042**	2,404,312
Rental income								**6,447**	6,339
Other income	24							**177,914**	184,719
								4,764,390	2,837,055
General and administration expenses	25							**(630,392)**	(570,908)
Exchange (loss) / gain								**(1,673)**	5,910
Workers' welfare fund								**(82,727)**	(57,686)
								(714,792)	(622,684)
Profit before tax from Window Takaful Operations	9							**4,038**	-
Profit before tax								**4,053,636**	2,214,371
Provision for taxation	26							**(560,692)**	(271,812)
Profit after tax								**3,492,944**	1,942,559
Profit and loss appropriation account:									
Balance at the commencement of the year								**9,652,689**	8,764,051
Profit after tax for the year								**3,492,944**	1,942,559
Other comprehensive (loss) - remeasurement of defined benefit obligation								**(1,864)**	(3,921)
Final dividend for the year ended 31 December 2015 @ 15% (Rupees 1.5/- per share) [2014: @ 15% (Rupees 1.5/- per share)]								**(525,000)**	(525,000)
Interim dividend for the period ended 30 June 2016 @ 15% (Rupees 1.5/- per share) [2015: @ 15% (Rupees 1.5/- per share)]								**(525,000)**	(525,000)
Balance unappropriated profit at the end of the year								**12,093,769**	9,652,689
								Rupees	
									Restated
Earnings per share - Basic and diluted (Note 27)								**9.98**	**5.55**

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

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

Unconsolidated Profit and Loss Account

For the Year Ended 31 December 2016

Business underwritten Inside Pakistan

	Fire and Property Damage	Marine, Aviation and Transport	Motor	Accident & Health	Miscellaneous	Treaty	31 December 2016	31 December 2015
	Rupees in thousand							
								Restated
Revenue account								
Net premium revenue	866,407	620,280	1,954,976	1,428,206	746,208	-	**5,616,077**	5,546,232
Net claims	(358,417)	(225,189)	(966,376)	(1,303,807)	(319,407)	-	**(3,173,196)**	(3,317,681)
Expenses	(235,662)	(175,114)	(504,601)	(129,152)	(182,833)	-	**(1,227,362)**	(1,256,276)
Net commission	(19,021)	(95,755)	(177,022)	(25,501)	11,630	-	**(305,669)**	(314,119)
Underwriting result	253,307	124,222	306,977	(30,254)	255,598	-	**909,850**	658,156
Investment income							**3,427,300**	2,404,312
Rental income							**-**	-
Other income							**169,555**	165,306
							4,506,705	3,227,774
General and administration expenses							**(535,877)**	(470,047)
Exchange (loss) / gain							**(1,328)**	6,232
Workers' welfare fund							**(82,727)**	(57,686)
							(619,932)	(521,501)
Profit before tax from Window Takaful Operations							**4,038**	-
Profit before tax							**3,890,811**	2,706,273

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

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

Unconsolidated Profit and Loss Account

For the Year Ended 31 December 2016

Business underwritten Outside Pakistan

	Fire and Property Damage	Marine, Aviation and Transport	Motor	Accident & Health	Miscellaneous	Treaty	31 December 2016	31 December 2015
	Rupees in thousand							
								Restated
Revenue account								
Net premium revenue	27,966	19,082	3,930,006	13,926	8,324	-	**3,999,304**	2,201,159
Net claims	13,152	(11,575)	(3,023,865)	(14,401)	(614)	-	**(3,037,303)**	(1,905,422)
Expenses	(14,060)	(11,864)	(341,719)	(8,016)	(11,608)	-	**(387,267)**	(299,475)
Net commission	(878)	(4,116)	(446,105)	(2,772)	(3,039)	-	**(456,910)**	(243,878)
Premium deficiency reserve	-	-	50,313	-	-	-	**50,313**	(168,855)
Underwriting result	26,180	(8,473)	168,630	(11,263)	(6,937)	-	**168,137**	(416,471)
Investment Income							**74,742**	-
Rental income							**6,447**	6,339
Other income							**8,359**	19,413
							257,685	(390,719)
General and administration expenses							**(94,515)**	(100,861)
Exchange loss							**(345)**	(322)
Profit before tax / (loss)							**162,825**	(491,902)

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

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

Unconsolidated Statement of Comprehensive Income

For the Year Ended 31 December 2016

	31 December 2016	31 December 2015
	Rupees in thousand	
		Restated
Profit after taxation	**3,492,944**	1,942,559
Other comprehensive income		
Items that will not be reclassified to profit and loss:		
Remesurement of defined benefit obligation	**(1,864)**	(3,921)
Items that may be reclassified subsequently to profit and loss:		
Effect of translation of investment in foreign branches - net	**(1,792)**	11,692
	(3,656)	7,771
Total comprehensive income for the year	**3,489,288**	1,950,330

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

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

Unconsolidated Cash Flow Statement

For the Year Ended 31 December 2016

	31 December 2016	31 December 2015
	Rupees in thousand	
Cash flows from operating activities		**Restated**
a) Underwriting activities		
Premiums received	**15,767,626**	12,772,055
Reinsurance premiums paid	**(5,885,679)**	(4,622,608)
Claims paid	**(9,583,832)**	(8,143,077)
Surrenders paid	**(8,863)**	(35,838)
Reinsurance and other recoveries received	**3,520,070**	3,080,390
Commissions paid	**(1,425,155)**	(1,043,983)
Commissions received	**600,040**	550,335
Other underwriting payments	**(1,587,046)**	(1,283,787)
Net cash generated from underwriting activities	**1,397,161**	1,273,487
b) Other operating activities		
Income tax paid	**(502,200)**	(154,505)
General and management expenses paid	**(682,334)**	(356,122)
Loans disbursed	**(50,433)**	(51,522)
Loans repayments received	**50,487**	45,214
Other receipts	**9,765**	81,636
Net cash used in other operating activities	**(1,174,715)**	(435,299)
Total cash generated from all operating activities	**222,446**	838,188
Cash flows from investing activities		
Profit / return received on bank deposits	**81,224**	82,132
Return on Pakistan Investment Bonds	**33,879**	44,408
Income received from TFCs	**4,550**	4,568
Income from treasury bills	**10,760**	-
Dividends received	**1,231,254**	1,136,677
Rentals received	**5,474**	3,672
Payments for investments	**(14,244,988)**	(12,047,298)
Proceeds from disposal of investments	**15,114,407**	11,360,606
Fixed capital expenditure - tangible assets	**(259,526)**	(384,507)
Fixed capital expenditure - intangible assets	**(43,066)**	(3,501)
Proceeds from disposal of operating fixed assets	**291,259**	57,180
Total cash generated from investing activities	**2,225,227**	253,937
Cash flows from financing activities		
Finance lease rentals paid	**-**	-
Dividends paid	**(1,035,824)**	(1,070,623)
Net cash used in financing activities	**(1,035,824)**	(1,070,623)
Net cash generated from all activities	**1,411,849**	21,502
Cash at the beginning of the year	**2,889,056**	2,867,554
Cash at the end of the year	**4,300,905**	2,889,056

Unconsolidated Cash Flow Statement

For the Year Ended 31 December 2016

	31 December 2016	31 December 2015
	Rupees in thousand	
		Restated
Reconciliation to Profit and Loss Account		
Operating cash flows	**222,446**	838,188
Depreciation expense	**(121,511)**	(142,751)
Provision for gratuity	**35,053**	(24,221)
Other income - bank deposits	**80,716**	82,980
Gain on disposal of operating fixed assets	**85,759**	26,013
Finance charge on lease obligations	**-**	-
Rental income	**6,447**	6,339
Increase in assets other than cash	**3,569,816**	1,314,160
(Increase) in liabilities other than running finance	**(2,385,658)**	(1,855,471)
	1,493,068	245,237
Others		
Profit on sale of investments	**1,992,318**	1,298,816
Amortization expense	**(27,091)**	(18,531)
Increase in unearned premium	**(1,420,567)**	(659,096)
Amortization of income on Government securities - net	**-**	-
(Decrease) / Increase in loans	**(54)**	6,308
Income taxes paid	**502,200**	154,505
Provision for impairment in value of 'available-for-sale' investments	**222,109**	(76,696)
Dividend and other income	**1,243,807**	1,215,278
Income from treasury bills	**8,833**	4,034
Return on Pakistan Investment Bonds	**31,182**	39,803
Income from TFCs	**3,793**	4,713
Profit from Window Takaful Operations	**4,038**	-
	2,560,568	1,969,134
Profit before taxation	**4,053,636**	2,214,371

Definition of cash

Cash comprises cash in hand, bank balances excluding Rs. 35,325 thousands (2015: Rs. 9,076 thousands) held under lien, and other deposits which are readily convertible to cash and which are used in the cash management function on a day-to-day basis.

	31 December 2016	31 December 2015
	Rupees in thousand	
Cash for the purposes of the statement of cash flows consists of:		
Cash and other equivalents	**7,274**	10,704
Current and other accounts	**3,803,897**	2,061,098
Deposits maturing within 12 months	**489,734**	817,254
Total cash and cash equivalents	**4,300,905**	2,889,056

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

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

Unconsolidated Cash Flow Statement

For the Year Ended 31 December 2016

Business underwritten Inside Pakistan	31 December 2016	31 December 2015
	Rupees in thousand	
		Restated
Cash flows from operating activities		
a) Underwriting activities		
Premiums received	**10,677,725**	9,939,783
Reinsurance premiums paid	**(5,168,656)**	(3,965,114)
Claims paid	**(4,697,799)**	(4,991,218)
Surrenders paid	**(8,863)**	(35,838)
Reinsurance and other recoveries received	**1,266,317**	1,474,066
Commissions paid	**(865,727)**	(710,733)
Commissions received	**521,760**	488,298
Other underwriting payments	**(1,308,052)**	(1,095,896)
Net cash generated from underwriting activities	**416,705**	1,103,348
Other operating activities		
b) Income taxes paid	**(502,200)**	(154,505)
General and management expenses paid	**(630,308)**	(295,022)
Loans disbursed	**(43,880)**	(45,314)
Loans repayments received	**43,840**	40,252
Other receipts	**9,765**	76,507
Net cash used in other operating activities	**(1,122,783)**	(378,082)
Total cash used in / generated from all operating activities	**(706,078)**	725,266
Cash flows from investing activities		
Profit / return received on bank deposits	**77,216**	66,372
Return on Pakistan Investment Bonds	**33,879**	44,408
Income received from TFCs	**4,550**	4,568
Income from treasury bills	**10,760**	-
Dividends received	**1,231,254**	1,136,677
Rentals received	**-**	-
Payments for investments	**(14,244,988)**	(12,047,298)
Proceeds from disposal of investments	**15,114,407**	11,360,606
Fixed capital expenditure - tangible assets	**(215,840)**	(378,258)
Fixed capital expenditure - intangible assets	**(32,310)**	(3,501)
Proceeds from disposal of fixed assets	**281,493**	56,017
Total cash generated from investing activities	**2,260,421**	239,591
Cash Flow from financing activities		
Finance lease rentals paid	**-**	-
Dividends paid	**(1,035,824)**	(1,070,623)
Repatriation of funds from business outside Pakistan	**524,497**	-
Net cash used in financing activities	**(511,327)**	(1,070,623)
Net cash generated from all activities	**1,043,016**	(105,766)
Cash at the beginning of the year	**1,554,806**	1,660,572
Cash at the end of the year	**2,597,822**	1,554,806

Unconsolidated Cash Flow Statement

For the Year Ended 31 December 2016

	31 December 2016	31 December 2015
	Rupees in thousand	
Reconciliation to Profit and Loss Account		Restated
Operating cash flows	**(706,078)**	725,266
Depreciation expense	**(100,819)**	(121,236)
Provision for gratuity	**34,015**	(17,702)
Other income - bank deposits	**80,716**	66,888
Gain on disposal of operating fixed assets	**77,400**	27,499
Finance charge on lease obligations	**-**	-
Rental income	**-**	-
Increase in assets other than cash	**2,273,027**	337,297
(Increase) in liabilities other than running finance	**(1,219,109)**	(898,849)
	439,152	119,163
Others		
Profit on sale of investments	**1,992,318**	1,298,816
Amortization expense	**(15,304)**	(18,293)
Increase in unearned premium	**(466,615)**	(40,112)
Amortization of income on Government securities - net	**-**	-
Increase in loans	**40**	5,062
Income taxes paid	**502,200**	154,505
Provision for impairment in value of 'available-for-sale' investments	**222,109**	(76,696)
Dividend, investment and other income	**1,169,065**	1,215,278
Income from treasury bills	**8,833**	4,034
Return on Pakistan Investment Bonds	**31,182**	39,803
Income from TFCs	**3,793**	4,713
Profit from Window Takaful Operations	**4,038**	-
	3,451,659	2,587,110
Profit before taxation	**3,890,811**	2,706,273

Definition of cash

Cash comprises cash in hand, bank balances excluding Rs. 35,325 thousands (2015: Rs 9,076 thousands) held under lien, and other deposits which are readily convertible to cash and which are used in the cash management function on a day-to-day basis.

	31 December 2016	31 December 2015
	Rupees in thousand	
Cash for the purposes of the statement of cash flows consists of:		
Cash and other equivalents	**7,274**	10,476
Current and other accounts	**2,589,813**	1,543,595
Deposits maturing within 12 months	**735**	735
Total cash and cash equivalents	**2,597,822**	1,554,806

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

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

Unconsolidated Cash Flow Statement

For the Year Ended 31 December 2016

Business underwritten Outside Pakistan	31 December 2016	31 December 2015
	Rupees in thousand	
		Restated
Cash flows from operating activities		
a) Underwriting activities		
Premiums received	**5,089,901**	2,832,272
Reinsurance premiums paid	**(717,023)**	(657,494)
Claims paid	**(4,886,033)**	(3,151,859)
Reinsurance and other recoveries received	**2,253,753**	1,606,324
Commissions paid	**(559,428)**	(333,250)
Commissions received	**78,280**	62,037
Other underwriting payments	**(278,994)**	(187,891)
Net cash generated from underwriting activities	**980,456**	170,139
b) Other operating activities		
General and management expenses paid	**(52,026)**	(61,100)
Loans disbursed	**(6,553)**	(6,208)
Loans repayments received	**6,647**	4,962
Other receipts	**-**	5,129
Net cash used in other operating activities	**(51,932)**	(57,217)
Total cash generated from all operating activities	**928,524**	112,922
Cash flows from investing activities		
Profit / return received on bank deposits	**4,008**	15,760
Return on Pakistan Investment Bonds	**-**	-
Income received from TFCs	**-**	-
Income from treasury bills	**-**	-
Dividends received	**-**	-
Rentals received	**5,474**	3,672
Payments for investments	**-**	-
Proceeds from disposal of investments	**-**	-
Fixed capital expenditure - tangible assets	**(43,686)**	(6,249)
Fixed capital expenditure - intangible assets	**(10,756)**	-
Proceeds from disposal of operating fixed assets	**9,766**	1,163
Total cash (used in) / generated from investing activities	**(35,194)**	14,346
Cash flows from financing activities		
Finance lease rentals paid	**-**	-
Dividends paid	**-**	-
Repatriation of funds to Pakistan Business	**(524,497)**	-
Net cash (used in) financing activities	**(524,497)**	-
Net cash generated from in all activities	**368,833**	127,268
Cash at the beginning of the year	**1,334,250**	1,206,982
Cash at the end of the year	**1,703,083**	1,334,250

Unconsolidated Cash Flow Statement

For the Year Ended 31 December 2016

	31 December 2016	31 December 2015
	Rupees in thousand	
		Restated
Reconciliation to profit and loss account		
Operating cash flows	**928,524**	112,922
Depreciation expense	**(20,692)**	(21,515)
Provision for gratuity	**1,038**	(6,519)
Other income - bank deposits	**-**	16,092
Gain / (Loss) on disposal of operating fixed assets	**8,359**	(1,486)
Finance charge on lease obligations	**-**	-
Rental income	**6,447**	6,339
Increase in assets other than cash	**1,296,789**	976,863
(Increase) in liabilities other than running finance	**(1,166,549)**	(956,622)
	1,053,916	126,074
Others		
Profit on sale of investments	**-**	-
Amortization expense	**(11,787)**	(238)
Increase in unearned premium	**(953,952)**	(618,984)
Increase / (decrease) in loans	**(94)**	1,246
Income taxes paid	**-**	-
Reversal of provision for impairment in value of 'available-for-sale' investments	**-**	-
Dividend and other income	**74,742**	-
Income from treasury bills	**-**	-
Return on Pakistan Investment Bonds	**-**	-
Income from TFCs	**-**	-
	(891,091)	(617,976)
Profit / (loss) before taxation	**162,825**	(491,902)

Definition of cash:

Cash comprises cash in hand, bank balances excluding Rs. Nil (2015: 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 2016	31 December 2015
Cash for the purposes of the statement of cash flows consists of:	Rupees in thousand	
Cash and other equivalents	**-**	228
Current and other accounts	**1,214,084**	517,503
Deposits maturing within 12 months	**488,999**	816,519
Total cash and cash equivalents	**1,703,083**	1,334,250

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

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

Unconsolidated Statement of Changes in Equity

For the Year Ended 31 December 2016

	Note	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 2014 - as previously reported		3,500,000	22,859	3,764	432,027	936,500	9,209,094	**14,104,244**
Effect of change in accounting policies	22	-	-	-	1,784	-	(445,043)	**(443,259)**
Balance as at 31 December 2014 - restated		3,500,000	22,859	3,764	433,811	936,500	8,764,051	**13,660,985**
Comprehensive income for the year ended 31 December 2015								
Profit for the year - restated		-	-	-	-	-	1,942,559	**1,942,559**
Other comprehensive income - restated		-	-	-	11,692	-	(3,921)	**7,771**
Total comprehensive income for the year		-	-	-	11,692	-	1,938,638	**1,950,330**
Transactions with owners of the Company								
Final dividend for the year ended 31 December 2014 @ 15% (Rupees 1.5/- per share)		-	-	-	-	-	(525,000)	**(525,000)**
Interim dividend for the period ended 30 June 2015 @ 15% (Rupees 1.5/- per share)		-	-	-	-	-	(525,000)	**(525,000)**
		-	-	-	-	-	(1,050,000)	**(1,050,000)**
Balance as at 31 December 2015 - restated		3,500,000	22,859	3,764	445,503	936,500	9,652,689	**14,561,315**
Comprehensive income for the year 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% (Rupees 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**

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

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

Unconsolidated Statement of Premiums

For the Year Ended 31 December 2016

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 2016	31 December 2015
	Rupees in thousand											
Direct and facultative												
Fire and property damage	4,762,072	2,320,296	2,321,445	(15)	4,760,908	3,819,884	1,828,498	1,781,837	(10)	3,866,535	**894,373**	1,018,826
Marine, aviation and transport	826,472	39,224	47,086	7	818,617	182,965	2,729	6,439	-	179,255	**639,362**	717,583
Motor	7,704,617	2,630,869	3,856,292	1,134	6,480,328	839,470	161,452	405,840	264	595,346	**5,884,982**	3,757,455
Accident & Health	1,592,948	498,615	631,670	(16)	1,459,877	9,895	14,096	6,237	(9)	17,745	**1,442,132**	1,534,201
Miscellaneous	1,383,922	439,940	493,018	(4)	1,330,840	560,238	171,901	155,829	(2)	576,308	**754,532**	719,326
Total	16,270,031	5,928,944	7,349,511	1,106	14,850,570	5,412,452	2,178,676	2,356,182	243	5,235,189	**9,615,381**	7,747,391
Treaty												
Proportional	-	-	-	-	-	-	-	-	-	-	**-**	-
Total	-	-	-	-	-	-	-	-	-	-	**-**	-
Grand Total	16,270,031	5,928,944	7,349,511	1,106	14,850,570	5,412,452	2,178,676	2,356,182	243	5,235,189	**9,615,381**	7,747,391

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

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

Unconsolidated Statement of Premiums

For the Year Ended 31 December 2016

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 2016	31 December 2015
	Rupees in thousand											
Direct and facultative												
Fire and property damage	4,700,187	2,276,188	2,292,033	-	4,684,342	3,780,441	1,800,461	1,762,967	-	3,817,935	**866,407**	986,886
Marine, aviation and transport	801,209	33,670	35,344	-	799,535	182,965	2,729	6,439	-	179,255	**620,280**	693,426
Motor	2,162,522	902,200	1,079,748	-	1,984,974	30,043	297	342	-	29,998	**1,954,976**	1,639,054
Accident & Health	1,576,184	473,126	621,104	-	1,428,206	-	-	-	-	-	**1,428,206**	1,517,184
Miscellaneous	1,369,304	430,046	487,143	-	1,312,207	552,069	166,445	152,515	-	565,999	**746,208**	709,682
Total	10,609,406	4,115,230	4,515,372	-	10,209,264	4,545,518	1,969,932	1,922,263	-	4,593,187	**5,616,077**	5,546,232
Treaty												
Proportional	-	-	-	-	-	-	-	-	-	-	**-**	-
Total	-	-	-	-	-	-	-	-	-	-	**-**	-
Grand Total	10,609,406	4,115,230	4,515,372	-	10,209,264	4,545,518	1,969,932	1,922,263	-	4,593,187	**5,616,077**	5,546,232

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

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

Unconsolidated Statement of Premiums

For the Year Ended 31 December 2016

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 2016	31 December 2015
	Rupees in thousand											
Direct and facultative												
Fire and property damage	61,885	44,108	29,412	(15)	76,566	39,443	28,037	18,870	(10)	48,600	**27,966**	31,940
Marine, aviation and transport	25,263	5,554	11,742	7	19,082	-	-	-	-	-	**19,082**	24,157
Motor	5,542,095	1,728,669	2,776,544	1,134	4,495,354	809,427	161,155	405,498	264	565,348	**3,930,006**	2,118,401
Accident & Health	16,764	25,489	10,566	(16)	31,671	9,895	14,096	6,237	(9)	17,745	**13,926**	17,017
Miscellaneous	14,618	9,894	5,875	(4)	18,633	8,169	5,456	3,314	(2)	10,309	**8,324**	9,644
Total	5,660,625	1,813,714	2,834,139	1,106	4,641,306	866,934	208,744	433,919	243	642,002	**3,999,304**	2,201,159
Treaty												
Proportional	-	-	-	-	-	-	-	-	-	-	**-**	-
Total	-	-	-	-	-	-	-	-	-	-	**-**	-
Grand Total	5,660,625	1,813,714	2,834,139	1,106	4,641,306	866,934	208,744	433,919	243	642,002	**3,999,304**	2,201,159

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

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

Unconsolidated Statement of Claims

For the Year Ended 31 December 2016

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 2016	31 December 2015
	Rupees in thousand											
		Restated					Restated					Restated
Direct and facultative												
Fire and property damage	2,028,994	2,105,577	3,551,184	(30)	3,474,631	1,316,245	1,373,761	3,186,906	24	3,129,366	**345,265**	510,639
Marine, aviation and transport	279,818	212,995	256,728	2	323,549	64,088	94,260	116,957	-	86,785	**236,764**	347,229
Motor	5,558,220	3,479,564	4,334,219	754	6,412,121	2,141,812	2,155,311	2,435,652	273	2,421,880	**3,990,241**	2,615,580
Accident & Health	1,227,246	150,815	271,554	6	1,347,979	29,645	11,705	11,832	1	29,771	**1,318,208**	1,443,394
Miscellaneous	489,554	862,244	1,062,033	1	689,342	210,849	705,772	864,249	5	369,321	**320,021**	326,593
Total	9,583,832	6,811,195	9,475,718	733	12,247,622	3,762,639	4,340,809	6,615,596	303	6,037,123	**6,210,499**	5,243,435
Treaty												
Proportional	-	-	-	-	-	-	-	-	-	-	**-**	(20,332)
Total	-	-	-	-	-	-	-	-	-	-	**-**	(20,332)
Grand Total	9,583,832	6,811,195	9,475,718	733	12,247,622	3,762,639	4,340,809	6,615,596	303	6,037,123	**6,210,499**	5,223,103

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

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

Unconsolidated Statement of Claims

For the Year Ended 31 December 2016

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 2016	31 December 2015
	Rupees in thousand											
		Restated										Restated
Direct and facultative												
Fire and property damage	1,899,261	2,006,666	3,480,697	-	3,373,292	1,224,703	1,341,207	3,131,379	-	3,014,875	**358,417**	413,445
Marine, aviation and transport	269,664	209,321	251,631	-	311,974	64,088	94,260	116,957	-	86,785	**225,189**	346,049
Motor	862,339	283,157	439,793	-	1,018,975	13,967	76,499	115,131	-	52,599	**966,376**	822,822
Accident & Health	1,183,016	133,585	254,376	-	1,303,807	-	-	-	-	-	**1,303,807**	1,429,985
Miscellaneous	483,519	858,656	1,053,622	-	678,485	206,128	704,120	857,070	-	359,078	**319,407**	325,712
Total	4,697,799	3,491,385	5,480,119	-	6,686,533	1,508,886	2,216,086	4,220,537	-	3,513,337	**3,173,196**	3,338,013
Treaty												
Proportional	-	-	-	-	-	-	-	-	-	-	**-**	(20,332)
Total	-	-	-	-	-	-	-	-	-	-	**-**	(20,332)
Grand Total	4,697,799	3,491,385	5,480,119	-	6,686,533	1,508,886	2,216,086	4,220,537	-	3,513,337	**3,173,196**	3,317,681

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

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

Unconsolidated Statement of Claims

For the Year Ended 31 December 2016

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 2016	31 December 2015
	Rupees in thousand											
		Restated					Restated					Restated
Direct and facultative												
Fire and property damage	129,733	98,911	70,487	(30)	101,339	91,542	32,554	55,527	24	114,491	**(13,152)**	97,194
Marine, aviation and transport	10,154	3,674	5,097	2	11,575	-	-	-	-	-	**11,575**	1,180
Motor	4,695,881	3,196,407	3,894,426	754	5,393,146	2,127,845	2,078,812	2,320,521	273	2,369,281	**3,023,865**	1,792,758
Accident & Health	44,230	17,230	17,178	6	44,172	29,645	11,705	11,832	1	29,771	**14,401**	13,409
Miscellaneous	6,035	3,588	8,411	1	10,857	4,721	1,652	7,179	5	10,243	**614**	881
Total	4,886,033	3,319,810	3,995,599	733	5,561,089	2,253,753	2,124,723	2,395,059	303	2,523,786	**3,037,303**	1,905,422
Treaty												
Proportional	-	-	-	-	-	-	-	-	-	-	**-**	-
Total	-	-	-	-	-	-	-	-	-	-	**-**	-
Grand Total	4,886,033	3,319,810	3,995,599	733	5,561,089	2,253,753	2,124,723	2,395,059	303	2,523,786	**3,037,303**	1,905,422

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

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

Unconsolidated Statement of Expenses

For the Year Ended 31 December 2016

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 2016	31 December 2015
	Rupees in thousand									
Direct and facultative										
Fire and property damage	465,041	222,472	271,619	(2)	415,892	249,722	665,614	395,993	**269,621**	379,399
Marine, aviation and transport	102,370	4,156	5,204	-	101,322	186,978	288,300	1,451	**286,849**	307,491
Motor	856,343	252,451	411,277	152	697,669	846,320	1,543,989	74,542	**1,469,447**	1,128,081
Accident & Health	41,756	10,871	24,351	(3)	28,273	137,168	165,441	-	**165,441**	149,860
Miscellaneous	72,484	48,318	24,830	(1)	95,971	194,441	290,412	104,562	**185,850**	148,917
Total	1,537,994	538,268	737,281	146	1,339,127	1,614,629	2,953,756	576,548	**2,377,208**	2,113,748
Treaty										
Proportional	-	-	-	-	-	-	-	-	**-**	-
Total	-	-	-	-	-	-	-	-	**-**	-
Grand Total	1,537,994	538,268	737,281	146	1,339,127	1,614,629	2,953,756	576,548	**2,377,208**	2,113,748

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

Umer Mansha
Chairman

Shaikh Muhammad Jawed
Director

Muhammad Umar Virk
Director

Muhammad Ali Zeb
Managing Director & Chief Executive Officer

Unconsolidated Statement of Expenses

For the Year Ended 31 December 2016

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 2016	31 December 2015
	Rupees in thousand									
Direct and facultative										
Fire and property damage	455,620	216,140	267,204	-	404,556	235,662	640,218	385,535	**254,683**	364,741
Marine, aviation and transport	98,559	3,481	4,834	-	97,206	175,114	272,320	1,451	**270,869**	297,945
Motor	195,657	59,416	78,015	-	177,058	504,601	681,659	36	**681,623**	620,268
Accident & Health	40,920	8,639	24,058	-	25,501	129,152	154,653	-	**154,653**	140,229
Miscellaneous	70,828	47,201	24,220	-	93,809	182,833	276,642	105,439	**171,203**	147,212
Total	861,584	334,877	398,331	-	798,130	1,227,362	2,025,492	492,461	**1,533,031**	1,570,395
Treaty										
Proportional	-	-	-	-	-	-	-	-	**-**	-
Total	-	-	-	-	-	-	-	-	**-**	-
Grand Total	861,584	334,877	398,331	-	798,130	1,227,362	2,025,492	492,461	**1,533,031**	1,570,395

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

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

Unconsolidated Statement of Expenses

For the Year Ended 31 December 2016

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 2016	31 December 2015
	Rupees in thousand									
Direct and facultative										
Fire and property damage	9,421	6,332	4,415	(2)	11,336	14,060	25,396	10,458	**14,938**	14,658
Marine, aviation and transport	3,811	675	370	-	4,116	11,864	15,980	-	**15,980**	9,546
Motor	660,686	193,035	333,262	152	520,611	341,719	862,330	74,506	**787,824**	507,813
Accident & Health	836	2,232	293	(3)	2,772	8,016	10,788	-	**10,788**	9,631
Miscellaneous	1,656	1,117	610	(1)	2,162	11,608	13,770	(877)	**14,647**	1,705
Total	676,410	203,391	338,950	146	540,997	387,267	928,264	84,087	**844,177**	543,353
Treaty										
Proportional	-	-	-	-	-	-	-	-	**-**	-
Total	-	-	-	-	-	-	-	-	**-**	-
Grand Total	676,410	203,391	338,950	146	540,997	387,267	928,264	84,087	**844,177**	543,353

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

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

Unconsolidated Statement of Investment Income

For the Year Ended 31 December 2016

	31 December 2016	31 December 2015
	Rupees in thousand	
Business underwritten inside Pakistan		
Income from non-trading investments		
'Available-for-sale'		
Return on term finance certificates	3,793	4,713
Return on treasury bills	8,833	4,034
Return on Pakistan Investments Bonds	31,182	39,803
Dividend income:		
- related parties	653,659	698,384
- others	590,148	435,258
	1,243,807	1,133,642
	1,287,615	1,182,192
Gain on sale of 'available-for-sale' investments:		
- related parties	1,210	-
- others	1,916,366	1,298,816
	1,917,576	1,298,816
	3,205,191	2,481,008
Reversal / (Provision) of impairment in value of 'available-for-sale' investments - net	222,109	(76,696)
Net investment income	3,427,300	2,404,312
Business underwritten outside Pakistan		
Income from non-trading investment		
Gain on sale of 'available-for-sale' investments - others	74,742	-
Net investment income	3,502,042	2,404,312

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

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

1. Legal status and nature of business

Adamjee Insurance Company Limited ("the Company") is a public limited Company incorporated in Pakistan on 28 September 1960 under the Companies Act, 1913 (now the Companies Ordinance, 1984). The Company is listed on 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

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 Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000, SEC (Insurance) Rules, 2002 and Takaful Rules, 2012. In case requirements differ, the provisions or directives issued under the Companies Ordinance, 1984, Insurance Ordinance, 2000, SEC (Insurance) Rules, 2002 and Takaful Rules, 2012 shall prevail.

2.1.2 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.

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

2.1.4 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 Change in accounting policy

2.2.1 Provision for Incurred But Not Reported claims (IBNR)

The 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'' (the Guidelines) for non-life insurance Companies and required to comply with all provisions of these guidelines with effect from 1 July 2016.

Up to previous year, the provision for IBNR was based on the best management estimate which takes into account the past trend, expected future patterns of reporting claims and the claims actually incurred subsequent to the balance sheet date.

The Guidelines require that estimation for provision for claims incurred but not reported for each class of business by using "Chain Ladder Method" or other alternate methods 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.

In view of the SECP guidelines, the change in methodology from application of management's estimate for IBNR reserve to actuarial valuation as mentioned in preceding paragraph is considered as change in accounting policy.

2.2.2 Premium Deficiency Reserve (PDR)

Previously, the Company maintained a provision in respect of PDR, if any, for each class of business where the unexpired premium liability was not adequate to meet the expected future liability, after reinsurance, from claim and other supplementary expenses expected to be incurred after the balance sheet date in respect of unexpired policies based on historical claim development. Management used its best estimate in assessing the extent to which past trends might not apply in case of one-off claims.

During the year, the management has engaged an independent actuary to determine PDR instead of using it's own judgment. 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.

Management believes that the aforementioned changes should be reflected as a change in accounting policies to provide more relevant and reliable information of the Company's financial performance and its financial position to the economic decision makers and users. These changes have been accounted for as change in accounting policies in accordance with the requirements of International Accounting Standard (IAS-8) 'Accounting Policies, Changes in Estimates and Errors' whereby the effects of these changes are recognized retrospectively by including the same in determination of profit and loss in the current and previous years. The effect of changes are described in note 22 to the financial statements.

2.3 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.

2.4 Functional and presentation currency

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

2.5 Use of estimates and judgments

The preparation of these unconsolidated 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 unconsolidated financial statements or judgment was exercised in application of accounting policies, are as follows:

	Notes
- 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

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

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2017:

- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have a material impact on Company's financial statements.

- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are not likely to have a material impact on Company's financial statements.

- Amendments to IFRS 2 - Share-based Payment 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. The amendments are not likely to have an impact on Company's financial statements.

- 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. The amendments are not likely to have an impact on Company's financial statements.

Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:

- Amendments to IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2017) clarify that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 – 'Non-current Assets Held for Sale and Discontinued Operations'.

- 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.

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

3 Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these unconsolidated financial statements, except for change in accounting policies as disclosed in notes 3.4 below.

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 SEC (Insurance) Rules, 2002 except otherwise stated below:

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

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

Previously, the Company used twenty fourth method for recognizing premium income evenly over the period of policy. This change has been accounted for as change in accounting estimate in accordance with the "IAS 8 Accounting Policies and Changes in Accounting Estimates & Errors" whereby the change has been applied prospectively. Had the Company's accounting estimate not been changed, profit for the year would have been lower by Rs 30,771 thousands with a corresponding increase of Rs. 30,771 thousands in unearned premium reserve.

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

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

3.3 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.

As explained in note 2.2, 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 2016 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.

As explained in note 2.2, for this purpose, premium deficiency reserve is now 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.

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.

(a) an approved funded gratuity scheme for all its permanent employees in Pakistan. Annual contribution are made to this scheme on the basis of actuarial recommendations. The Company recognizes expense in accordance with IAS 19 'Employee Benefits'. The contributions have been made to pension and gratuity funds in accordance with the actuary's recommendations based on the actuarial valuation of these funds as at 31 December 2016.

(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 2016.

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. The valuation uses a discount rate of 6.50% (2015: 7.25%) and assumes a salary increase average of 4.50% (2015: 5.25%) in the long term.

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 Investment

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 SEC (Insurance) Rules, 2002. The Company uses stock exchange quotations at the reporting date to determine the market value of its quoted investments. The Company uses appropriate valuation techniques to estimate the fair value of the unquoted investments in delisted / unlisted companies. Such valuation is obtained from independent valuers. If such estimated fair value is lesser than the cost, the Company recognizes the impairment adjustments.

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

3.13 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

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 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 2016.

4. SHARE CAPITAL

2016	2015		2016	2015
Number of Shares			Rupees in thousand	
4.1 Authorised share capital				
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				
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 2016, MCB Bank Limited and Nishat Mills Limited, associated undertakings held 86,527,165 (2015: 97,433,165) and 102,809 (2015: 102,809) ordinary shares of the Company of Rs. 10 each, respectively.

		Note	2016	2015
			Rupees in thousand	
5.	**Reserves**			Restated
	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	**443,711**	445,503
			470,334	472,126
	Revenue reserves			
	General reserves		**936,500**	936,500
			1,406,834	1,408,626

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

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

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

		Note	2016	2015
			Rupees in thousand	
				Restated
6	**Provision for outstanding claims (including IBNR)**			
	Related parties		**615,335**	620,095
	Others		**8,860,383**	6,191,100
			9,475,718	6,806,710
7	**Staff retirement benefit**			
	Unfunded gratuity scheme	7.1	**55,655**	56,693
	Funded gratuity scheme	7.2	**25,744**	59,759
			81,399	116,452

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 2016 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:

	2016	2015
	Rupees in thousand	
Present value of defined benefit obligation at the start of the year	**56,693**	44,772
Charge for the year	**7,549**	6,519
Benefits paid	**(10,500)**	-
Remeasurement loss on obligation	**1,965**	3,340
Exchange loss / (gain)	**(52)**	2,062
Present value of defined benefit obligation at the end of the year	**55,655**	56,693

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

	2016	2015
	Rate per annum	
- Valuation discount rate	**2.20%**	2.20%
- Expected rate of increase in salary level	**2.00%**	4.00%

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

	2016	2015
	Rupees in thousand	
Current service cost	**6,368**	5,076
Interest on obligation	**1,181**	1,443
Expense for the year	**7,549**	6,519

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

	2016	2015
	Rupees in thousand	
Remeasurement of the present value of defined benefit obligation due to:		
- Changes in financial assumptions	**(4,098)**	1,916
- Experience adjustments	**6,062**	1,424
	1,964	3,340

7.2 Funded gratuity scheme

7.2.1 The Company operates an approved funded gratuity scheme for all employees. The latest actuarial valuation of gratuity scheme was carried out as at 31 December 2016 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:

	2016	2015
	Rate per annum	
- Valuation discount rate	**6.50%**	7.25%
- Expected rate of increase in salary level	**4.50%**	5.25%
- Rate of return on plan assets	**6.50%**	7.25%

		2016	2015
		Rupees in thousand	
7.2.3	**Movement in the net assets/ (liabilities) recognized in the balance sheet are as follows:**		
	Net liabilities/ assets at the beginning of the year	**59,759**	61,476
	Expenses recognized	**16,085**	17,702
	Contribution paid during the year	**(50,000)**	(20,000)
	Remeasurement (gain) / loss recognized - net	**(100)**	581
	Net liabilities at the end of the year	**25,744**	59,759
7.2.4	**The amounts recognized in the profit and loss account are as follows:**		
	Current service cost	**13,564**	12,554
	Interest cost	**16,939**	21,011
	Interest income on plan assets	**(14,418)**	(15,863)
		16,085	17,702
7.2.5	**The amounts recognised in other comprehensive income are as follows:**		
	Remeasurement of plan obligation from:		
	- Experience on obligation	**13,154**	8,155
	Remeasurement of plan assets:		
	- Actual net return on plan assets	**(27,672)**	(23,437)
	- Interest income on plan assets	**14,418**	15,863
		(13,254)	(7,574)
		(100)	581
7.2.6	**The amounts recognized in the balance sheet are as follows:**		
	Present value of the obligation	**267,714**	243,203
	Fair value of plan assets	**(241,970)**	(183,444)
	Net asset	**25,744**	59,759
7.2.7	**Movement in present value of defined benefit obligation**		
	Present value of defined benefit obligation as at the beginning of the year	**243,203**	218,736
	Current service cost	**13,564**	12,554
	Interest cost	**16,939**	21,011
	Actual benefits paid during the year	**(19,146)**	(17,253)
	Remeasurement loss / (gain) on obligation	**13,154**	8,155
	Present value of defined benefit obligation as at the end of the year	**267,714**	243,203
7.2.8	**Movement in fair value of plan assets**		
	Fair value of plan asset as at the beginning of the year	**183,444**	157,260
	Interest income on plan assets	**14,418**	15,863
	Actual benefits paid during the year	**(19,146)**	(17,253)
	Contribution paid during the year	**50,000**	20,000
	Net return on plan assets over interest income	**13,254**	7,574
	Fair value of plan asset as at the end of the year	**241,970**	183,444

	2016	2015
	Rupees in thousand	
7.2.9 Actual return on plan assets		
Expected return on plan assets	**14,418**	15,863
Net return on plan assets over interest income	**13,254**	7,574
	27,672	23,437

	2016	2015	2016	2015
	Percentage		Rupees in thousand	
7.2.10 Plan assets consist of the following:				
Government Bonds	**39.70%**	48.80%	**96,050**	89,523
Shares and deposits	**30.18%**	30.62%	**73,016**	56,172
Unit Trusts	**31.06%**	22.07%	**75,167**	40,485
Benefits due	**-0.94%**	-1.49%	**(2,263)**	(2,736)
	100.00%	100.00%	**241,970**	183,444

7.2.11 Plan assets do not include any investment in the Company's ordinary shares as at 31 December 2016 (2015: Nil).

7.2.12 Expected service cost for the year ending 31 December 2017 is Rs. 16,084 thousands.

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

7.2.14 The weighted average duration of the defined benefit obligation for gratuity plan is 3.5 years (2015: 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 year
- A member shall be entitled to gratuity on resignation, termination, retirement, early retirement, retrenchment, death and dismissal based on the Company's Service rules.
- The scheme is subject to the regulations laid down under the Income Tax Rules, 2002.

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

7.4 Sensitivity analysis

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

		Impact on Gratuity plans			
		Unfunded		Funded	
	Change in assumptions	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
	Rupees in thousand				
Discount rate	1%	(1,852)	2,004	(8,308)	8,888
Salary growth rate	1%	1,988	(1,873)	8,975	(8,541)

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

		Note	2016	2015
			Rupees in thousand	
8	**Other creditors and accruals**			
	Cash margin against performance bonds		**806,387**	818,985
	Sundry creditors		**190,949**	181,483
	Commission payable		**782,626**	666,866
	Workers' welfare fund	8.1	**328,163**	245,436
	Federal insurance fee		**19,797**	52,441
	Federal excise duty and sales tax		**111,659**	90,311
	Payable to Employees' Provident Fund	8.2	**2,822**	2,453
			2,242,403	2,057,975

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

The Honourable Supreme Court of Pakistan vide its judgment dated 10 November 2016, has upheld the view of 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 328,163 thousands as at 31 December 2016 against WWF until the outcome of the filed Civil Review Petition.

8.2 During the year, an amount of Rs. 27,497 thousands (2015 : Rs. 26,470 thousands) has been charged to the profit and loss account in respect of the Company's contribution to the Employees' Provident Fund.

		2016
		Rupees in thousand
9	**Windows Takaful Operations - operator's fund**	
	Assets	
	Qard-e-Hasna	30,000
	Cash and bank deposits	17,595
	Investments	29,905
	Current assets - others	19,065
	Fixed assets	2,592
		99,157
	Total liabilities - current	**46,366**
	Profit before tax for the year	**4,038**

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 2016.

10 Contingencies and commitments

10.1 Contingencies

The income tax assessments of the Company have been finalized up to and including the tax year 2015. However, the Company has filed appeals in respect of certain assessment years mainly on account of the following:

(a) Deputy Commissioner Inland Revenue passed order u/s 161/205 of the Ordinance for tax year 2013 raising an income tax demand of Rs. 9.07 million. 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) While finalizing the assessment for the assessment year 2002-2003, DCIR has reduced the business loss for the year by Rupees 88.180 million by adjusting the dividend income against this loss. The Company maintains that it is entitled to carry the gross loss forward for adjustment against the future taxable income and dividend income for the year should be taxed separately at reduced rate. The appeals of the Company in this respect have been rejected by the Commissioner Inland Revenue (Appeals), the ATIR and the Sindh High Court. The Company has filed a reference application with the Supreme Court of Pakistan. The management is confident that the matter will eventually be decided in favor of the Company and has consequently not made any provision against the additional tax liability of Rupees 26.46 million which may arise in this respect.

(c) The Tax Authorities have also 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 has filed constitutional petition in the Honorable Sindh High Court against the amendment in the assessment order. The Company may be liable to pay Rupees 5.881 million in the event of decision against the Company, out of which Rupees 2.727 million have been provided resulting in a shortfall of Rupees 3.15 million.

(d) 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 Rupees 38.358 million. 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.

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

Pending resolution of the above-mentioned appeals filed by the Company, no provision has been made in these unconsolidated financial statements for the aggregate amount of Rupees 77.03 million (2015: 94.63 million) 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. 36,371 thousands (AED 1,277 thousands) [2015: Rs. 39,248 thousands (AED 1,378 thousands)] relating to its UAE branch.

11 Cash and Bank deposits

	Note	2016	2015
		Rupees in thousand	
Cash and other equivalents			
Cash in hand		**7,274**	10,704
Current and other accounts			
Current accounts		**1,464,298**	1,200,253
Savings accounts	11.1	**2,339,599**	860,845
		3,803,897	2,061,098
Deposits maturing within 12 months			
Fixed and term deposits	11.1	**525,059**	826,330
		4,336,230	2,898,132

11.1 These include fixed deposits amounting to Rs. 197,962 thousands (AED 6,951 thousands) [2015: Rs. 197,962 thousands (AED 6,951 thousands)] kept in accordance with the requirements of Insurance Regulations applicable to the UAE branches for the purpose of carrying on business in United Arab Emirates. These also include liens against cash deposits of Rs.35,325 thousands (2015: Rs. 9,076 thousands) with banks in Pakistan essentially in respect of guarantees issued by the banks on behalf of the Company for claims under litigation filed against the Company.

11.2 Cash and bank deposits include an amount of Rs. 1,142,972 thousands (2015: Rs. 1,983,209 thousands) held with related parties.

12 Loans - considered good

	Note	2016	2015
Secured		Rupees in thousand	
Executives	11.2	**13,850**	15,882
Employees	11.2	**25,097**	23,119
		38,947	39,001
Less: Recoverable within one year shown under sundry receivables			
Executives		**11,109**	11,147
Employees		**9,469**	10,856
		20,578	22,003
		18,369	16,998

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 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% (2015: 5%) per annum.

12.2 Reconciliation of carrying amount of loans

	2016		
	Executives	Others	Total
	Rupees in thousand		
Opening balance	**15,882**	**23,119**	**39,001**
Disbursements	**18,857**	**31,575**	**50,432**
Repayments	**(20,889)**	**(29,597)**	**(50,486)**
Closing balance	**13,850**	**25,097**	**38,947**

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

13 Investment

	Note	2016	2015
		Rupees in thousand	
In related parties			
'Available-for-sale':	13.3		
Marketable securities			
Listed		**7,014,434**	6,641,429
		7,014,434	6,641,429
Investment in Subsidary - Adamjee Life Assurance Company Limited		**694,895**	694,895
		7,709,329	7,336,324
Others	13.3		
'Available-for-sale':			
Marketable securities			
Listed		**7,808,125**	7,063,251
Unlisted		**925,360**	924,535
Less: Provision for impairment in value of investments	13.2	**(81,031)**	(303,140)
		8,652,454	7,684,646
Fixed income securities		**376,652**	372,463
		16,738,435	15,393,433

13.1 On 31 December 2016, the fair value of 'available-for-sale' securities was Rs. 22,738,048 thousands (2015: Rs. 20,780,440 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 2016 would have been higher by Rs. 5,999,613 thousands (2015: Rs. 5,387,007 thousands).

	2016	2015
	Rupees in thousand	
13.2 Reconciliation of provision for impairment in value of investments		
Balance as at 01 January	**303,140**	226,444
(Reversal) / Impairment for the year	**(222,109)**	76,696
Balance as at 31 December	**81,031**	303,140

	Note	2016 Cost	2016 Provision there against	2016 Carrying value	2015 Carrying value
		Rupees in thousand			
13.3 'Available-for-sale'					
In related parties:	13.3.1				
- Listed shares		**7,014,434**	-	**7,014,434**	6,641,429
- Investment in Subsidary - Adamjee Life Assurance Company Limited		**694,895**	-	**694,895**	694,895
		7,709,329	-	**7,709,329**	7,336,324
Others					
- Listed shares	13.3.2	**6,216,340**	**(81,031)**	**6,135,309**	4,032,054
- Unlisted shares	13.3.3	**925,360**	-	**925,360**	924,535
- Term Finance Certificates	13.3.4	**9,974**	-	**9,974**	61,739
- Mutual Fund Certificates	13.3.5	**1,581,650**	-	**1,581,650**	2,666,157
- NIT Units		**161**	-	**161**	161
- Government treasury bills		**145,705**	-	**145,705**	93,670
- Pakistan Investment Bonds		**230,947**	-	**230,947**	278,793
		9,110,137	**(81,031)**	**9,029,106**	8,057,109
		16,819,466	**(81,031)**	**16,738,435**	15,393,433

Notes to the Unconsolidated Financial Statements

For the Year Ended 31 December 2016

13.3.1 Related parties

Listed Shares:

No. of Shares / Certificates 2016	No. of Shares / Certificates 2015	Face Value Rupees	Company's Name	2016 Rupees in thousand	2015 Rupees in thousand
1,402,950	1,258,650	10	Nishat Mills Limited [Equity held 0.40% (2015: 0.36%)]	**98,254**	34,211
42,965,187	38,122,387	10	MCB Bank Limited [Equity held 4% (2015: 3.43%)]	**6,916,180**	5,875,254
-	484,000	10	Hira Textile Mills Limited [Equity held 0% (2015: 0.56%)]	-	5,000
-	25,631,181	10	Pakgen Power Limited [Equity held 0 % (2015: 6.89%)]	-	355,448
-	27,348,388	10	Lalpir Power Limited [Equity held 0 % (2015: 7.20%)]	-	371,516
				7,014,434	6,641,429
Investment in Subsidary Company					
69,489,545	69,489,545	10	Adamjee Life Assurance Company Limited [Equity held 74.28% (2015: 74.28%)]	**694,895**	694,895

13.3.2 Others - listed shares

No. of Shares / Certificates 2016	No. of Shares / Certificates 2015	Face Value Rupees	Company's Name	2016 Rupees in thousand	2015 Rupees in thousand
			Commercial Banks		
2,773,000	4,143,128	10	Allied Bank Limited	**289,690**	213,480
-	5,725,178	10	Bank Al-Habib Limited	-	122,610
3,901,899	3,901,899	10	Habib Metropolitan Bank Limited	**87,327**	87,327
5,685,450	5,385,450	10	National Bank of Pakistan	**323,123**	300,887
-	2,550,000	10	Bank Alfalah Limited	-	73,549
-	6,010,504	10	United Bank Limited	-	637,722
			Non Banking Financial Institutions		
-	617,840	10	MCB-Arif Habib Savings & Investment Limited	-	12,071
			Insurance		
4,800	3,840	10	EFU General Insurance Company Limited	**211**	211
-	146,606	10	International General Insurance Company of Pakistan	-	23,536
286,843	286,843	10	Pakistan Reinsurance Company Limited	**6,326**	6,326
			Power Generation & Distribution		
5,731,000	309,500	10	Kot Addu Power Company Limited	**491,086**	27,142
25,631,181	-	10	Pakgen Power Limited	**355,448**	
27,348,388	-	10	Lalpir Power Limited	**371,516**	
31,500	931,500	10	Nishat Power Limited	**1,697**	52,426
4,935,882	2,756,382	10	Saif Power Limited	**163,072**	94,479
			Oil And Gas Marketing Companies		
-	247,200	10	Attock Refinery Limited	-	48,942
10,045,095	2,213,095	10	Sui Northern Gas Pipelines Limited	**461,931**	127,666
			Oil And Gas Exploration Companies		
2,174,300	610,000	10	Oil and Gas Development Company Limited	**349,665**	91,418
-	563,485	10	Pakistan Oilfields Limited	-	247,635
-	1,708,428	10	Pakistan Petroleum Limited	-	256,246
			Automobile Assembler		
-	353,760	5	Al-Ghazi Tractors Limited	-	37,414
902,896	452,896	10	Millat Tractors Limited	**345,773**	93,508

No. of Shares / Certificates 2016	No. of Shares / Certificates 2015	Face Value Rupees	Company's Name	2016 Rupees in thousand	2015 Rupees in thousand
			Cables And Electrical Goods		
148,131	148,131	10	Siemens (Pakistan) Engineering Company Limited	**116,770**	116,770
1,300,500	1,000,000	10	Pak Elektron Limited	**91,211**	75,122
			Industrial Metals and Mining		
88,000	88,000	10	Aisha Steel Mills Limited	**-**	-
1,490,000	-	10	Crescent Steel & Allied Products Ltd.	**189,226**	-
			Paper & Board		
-	98,250	10	Packages Limited	**-**	64,781
			Fertilizer		
3,562,500	-	10	Fauji Fertilizer Bin Qasim Limited	**257,508**	-
10,711,240	8,664,140	10	Fauji Fertilizer Company Limited	**1,112,218**	897,066
1,970,100	249,500	10	Dawood Hercules Limited	**288,417**	32,418
			Pharmaceutical		
125,000	3,646	10	Abbott Laboratories Pakistan Limited	**106,289**	446
			Chemical		
1,317,300	-	10	Engro Corporation Limited	**394,266**	-
-	110,401	10	Archroma Pakistan Limited	**-**	11,762
			Food And Personal Care Products		
-	65,808	10	Murree Brewery Company Limited	**-**	2,797
940,000	-	10	Al Shaheer Corporation Limited	**55,565**	-
50,290	50,290	10	Rafhan Maize Products Limited	**68,483**	68,483
			Cement		
2,067,544	6,280,944	10	D.G. Khan Cement Company Limited	**168,195**	510,954
200,000	-	10	Bestway Cement Limited	**43,793**	-
645,100	-	10	Fecto Cement Limited	**77,534**	-
				6,216,340	4,335,194

13.3.3 Others - Unlisted shares

9,681,374	9,681,374	10	Security General Insurance Company Limited	**925,360**	924,535

13.3.4 Others-Term Finance Certificates

3,000	3,000	5,000	Bank Alfalah Limited	**9,974**	14,967
-	50	1,000,000	Pak Electron (Commercial Paper)	**-**	46,772
				9,974	61,739

13.3.5 Others-Mutual Fund Certificates

Open-Ended-Mutual Funds

-	6,185,152	100	MCB Dynamic Cash Fund	**-**	657,432
1,153,292	-	100	UBL Liquidity Plus Fund	**118,840**	-
26,647,078	-	50	MCB Pakistan Sovereign Fund	**1,416,026**	-
-	16,283,742	50	Metro Bank Pakistan Sovereign Fund	**-**	870,529
2,135,181	1,996,856	10	ABL Income Fund	**21,389**	19,988
-	9,314,488	50	Pakistan Income Enhancement Fund	**-**	500,000
-	11,171,104	50	Pakistan Income Enhancement Fund (Investment)	**-**	600,000
373,394	355,897	50	Meezan Islamic Income Fund	**19,140**	18,208
60,868	-	100	UBL Money Market Fund	**6,255**	-
				1,581,650	2,666,157

Notes to the Unconsolidated Financial Statements

For the Year Ended 31 December 2016

		Note	2016	2015
			Rupees in thousand	
14	**Premium due but unpaid - Unsecured**			
	Considered good	14.1	**5,063,481**	4,539,734
	Considered doubtful		**368,729**	368,729
			5,432,210	4,908,463
	Less: Provision for doubtful balances	14.2	**(368,729)**	(368,729)
			5,063,481	4,539,734

14.1 Premium due but unpaid include an amount of Rs. 462,259 thousands (2015: Rs. 453,486 thousands) held with related parties.

14.2 Reconciliation of provision for doubtful balances

	2016	2015
Balance as at 01 January	**368,729**	363,482
Exchange loss	**-**	5,247
Charge for the year	**-**	-
Balance as at 31 December	**368,729**	368,729

		Note	2016	2015
15	**Amounts due from Other Insurers / Reinsurers - Unsecured**			
	Considered good		**1,056,853**	814,284
	Considered doubtful		**85,302**	299,558
			1,142,155	1,113,842
	Less: Provision for doubtful balances	15.1	**(85,302)**	(299,558)
			1,056,853	814,284

15.1 Reconciliation of provision for doubtful balances

	2016	2015
Balance as at 01 January	**299,558**	299,558
Write off against provision for the year	**(214,256)**	-
Balance as at 31 December	**85,302**	299,558

		Note	2016	2015
16	**Premium and claim reserves retained by cedants**			
	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

	2016	2015
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

	Note	2016	2015
		Rupees in thousand	
Return accrued on Term Finance Certificates		**69**	826
Return accrued on Treasury Bills		**2,107**	4,034
Return accrued on Pakistan Investment Bonds		**11,890**	14,587
Dividend income			
- related parties		**-**	-
- others		**12,553**	-
		12,553	-
Return on deposit accounts			
- related parties		**-**	3,662
- others		**3,647**	492
		3,647	4,154
		30,266	23,601

18 Reinsurance recoveries against outstanding claims

These are unsecured and considered to be good.

19 Prepayments

Prepaid reinsurance premium ceded		**2,356,182**	2,178,676
Others		**85,868**	76,473
		2,442,050	2,255,149

20 Sundry receivables

Considered good			
Current portion of long-term loans			
Executives	12	**11,109**	11,147
Employees	12	**9,469**	10,856
Other advances		**117,024**	95,747
Security deposits		**38,101**	36,680
Miscellaneous		**9,216**	20,058
		184,919	174,488

21 Operating fixed assets - Tangible & intangible

Owned assets - tangibles		**1,077,862**	1,260,737
Owned assets - intangibles		**49,687**	33,684
	21.1	**1,127,549**	1,294,421
Capital work in progress	21.2	**122,191**	6,776
		1,249,740	1,301,197

Notes to the Unconsolidated Financial Statements

For the Year Ended 31 December 2016

21.1 Property, plant and equipment

	2016											
	Cost					Depreciation					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**	**10.00%**
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**	**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**	

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

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					
Buildings						
Land Gulberg Lahore	145,692	-	145,692	235,000	Negotiation	101 Group (Pvt) Limited
Building Gulberg Lahore	58,963	24,384	34,579	25,000	Negotiation	101 Group (Pvt) Limited
	204,655	**24,384**	**180,271**	**260,000**		
Furniture & fixtures						
Items having book value below Rs. 50,000	18,713	11,180	7,533	4,699	Negotiation	
	18,713	**11,180**	**7,533**	**4,699**		
Motor vehicles						
Owned						
Toyota Corolla Gli (AXK-285)	1,515	688	827	1,150	Insurance claim recovery	IGI Insurance Ltd
Toyota Corolla Gli (AXK-596)	1,515	688	827	1,202	Auction	Shakeel Ahmed Afaqi
Honda Citi (AVQ-685)	1,379	730	649	1,480	Auction	Ch Adeel Masood
Toyota Corolla Gli (AVQ-468)	1,399	758	641	1,026	Auction	Allah Ditta Ranjha
Toyota Corolla Gli (AUL-802)	1,358	815	543	974	Auction	Muhammad Asif
Toyota Corolla Gli (AUL-803)	1,358	844	514	1,004	Auction	Muhammad Aon Ali
Toyota Corolla Gli (ASP-781)	1,389	891	498	914	Auction	Muhammad Nasir Khan
Toyota Corolla Gli (ASP-783)	1,389	936	453	878	Auction	Abid Ali
honda Citi automatic (ASM-643)	1,365	920	445	627	Auction	Shokat Ali Akbar
Suzuki bolan (CU-4307)	698	267	431	607	Auction	Shokat Ali Akbar
Toyota Corolla Gli (ASD-140)	1,464	1,047	417	667	Auction	Syed Masroor Ali
Honda Citi (ASF-268)	1,252	838	414	707	Auction	Muhammad Usman
Suzuki Cultus (AVH-942)	964	581	383	515	Auction	Muhammad Sabir Ali
Honda Citi (ARU-970)	1,059	730	329	747	Auction	Ch Adeel Masood
Suzuki Cultus (ASL-762)	795	508	287	554	Auction	Samina Siddiqui
Suzuki Cultus (LED-09-6252)	824	544	280	550	Auction	Muhammad Usman
Honda Citi (ARH-157)	1,119	848	271	601	Auction	Imtiaz Ahmed khan
Suzuki Cultus (LEC-09-1958)	850	580	270	507	Auction	Syed Masroor Ali
Suzuki Cultus (ASH-970)	816	551	265	489	Auction	Muhammad Asif
Suzuki Cultus (ASA-594)	844	583	261	487	Auction	Muhammad Farhan Ali
Toyota Corolla Gli (AQT-265)	925	666	259	857	Auction	Syed Masoor Ali
Honda Citi (AQY-938)	887	667	220	824	Auction	Muhammad Abbas Akram
Honda Civic (LZV-8197)	1,287	1,097	190	865	Auction	Rafiq Khan
Suzuki Mehran (ASA-378)	534	355	179	360	Auction	Bahadur Zaman
Toyota Corolla Gli (AKG-632)	885	707	178	553	Auction	Nazeer Iqbal
Suzuki Cultus (AQR-233)	665	490	175	280	Auction	Syed Masroor Ali
Suzuki Cultus (AQW-106)	652	479	173	485	Auction	Maha Arshad
honda Citi Vario (AKE-358)	885	722	163	668	Auction	Muhammad Awais
Suzuki Cultus (LEH-2669)	632	471	161	508	Auction	Syed Masroor Ali
Honda Citi (AJJ-046)	888	731	157	579	Auction	Ch Adeel Masood
Suzuki Cultus (AQN-379)	625	480	145	232	Auction	Syed Masroor Ali
Suzuki Cultus (BRL-2453)	590	476	114	342	Auction	Fazal Sattar
Suzuki Cultus (AJL-022)	590	506	84	290	Auction	Muhammad Asif Rana
Honda CD 70 (KJG-3347)	64	2	62	61	Insurance claim recovery	IGI Insurance Ltd
Chevrolet Terras	1,337	338	999	541	Negotiation	Lisa Pinto - Employee
Honda Accord	1,110	702	408	200	Negotiation	Asad Khan - Employee
IItems having book value below Rs. 50,000	69	66	3	22		
	35,977	**23,302**	**12,675**	**23,353**		
Machinery & equipment						
Items having book value below Rs. 50,000	14,321	10,667	3,654	2,395	Negotiation	
	14,321	**10,667**	**3,654**	**2,395**		
Computer						
Items having book value below Rs. 50,000	29,033	27,667	1,366	811		
	29,033	**27,667**	**1,366**	**811**		
Grand Total	**302,699**	**97,200**	**205,499**	**291,258**		

21.2 Capital work in progress includes the following:

	2016	2015
	Rupees in thousand	
Building	**111,321**	2,880
Civil & electrical works	**616**	-
ERP software	**10,254**	3,896
	122,191	6,776

22. Effect of change in accounting policies

As disclosed in note 2.2, the Company has changed its accounting policy for recognising IBNR related to underwriting activities and premium deficiency reserve.

(a) Impact of change in accounting policies on the balance sheet as at 31 December 2014:

	As previously reported	Adjustment	Restated
	Rupees in thousand		
Retained earnings	9,209,094	(445,043)	8,764,051
Exchange translation reserve	432,027	1,784	433,811
Provision for outstanding claims (including IBNR)	5,706,373	539,890	6,246,263
Reinsurance recoveries against outstanding claims	3,669,232	96,631	3,765,863

(b) Impact of change in accounting policies on the balance sheet as at 31 December 2015:

	As previously reported	Adjustment	Restated
	Rupees in thousand		
Retained earnings	10,709,983	(1,057,294)	9,652,689
Exchange translation reserve	473,463	(27,960)	445,503
Provision for outstanding claims (including IBNR)	5,773,824	1,037,371	6,811,195
Reinsurance recoveries against outstanding claims	3,966,157	124,050	4,090,207
Premium deficiency reserve	-	171,933	171,933

(c) Impact of change in accounting policies on the statement of profit or loss for the year ended 31 Decmeber 2015:

	As previously reported	Adjustment	Restated
	Rupees in thousand		
Claim expense	4,779,707	443,396	5,223,103
Premium deficiency reserve	-	168,855	168,855
Profit before taxation	2,826,622	(612,251)	2,214,371
Profit after taxation	2,554,810	(612,251)	1,942,559
Basic/diluted earnings per share	7.30	(1.75)	5.55

(d) Change in accounting policy resulted in decrease in previously reported profit for the year ended 31 December 2014 of Rs. 2,030,472 thousands by Rs. 445,043 thousands and consequently reduced the profit before tax to Rs. 1,585,429 thousands.

Notes to the Unconsolidated Financial Statements

For the Year Ended 31 December 2016

		Note	2016	2015
			Rupees in thousand	
23	**Expenses**			
	Salaries and wages	25.1	**998,232**	968,469
	Rent, rates and taxes		**73,929**	62,061
	Utilities		**33,307**	44,379
	Communication and computer expenses		**35,090**	32,566
	Printing and stationery		**28,377**	25,400
	Traveling and entertainment		**43,527**	39,763
	Repairs and maintenance		**63,745**	79,969
	Advertisement and sales promotion		**36,523**	49,489
	Depreciation	21.1	**88,885**	94,596
	Tracking and monitoring charges		**138,896**	99,865
	Legal and professional		**29,451**	34,233
	Others		**44,667**	24,961
			1,614,629	1,555,751
24	**Other income**			
	Income from financial assets			
	Return on bank deposits		**80,717**	82,980
	Interest on loans to employees		**365**	375
	Income from non financial assets			
	Gain on sale of fixed assets		**85,759**	26,013
	Miscellaneous		**11,073**	75,351
			177,914	184,719
25	**General and administration expenses**			
	Salaries and wages	25.1	**277,250**	229,185
	Rent, rates and taxes		**27,136**	22,780
	Depreciation	21.1	**32,626**	48,155
	Communication and computer expenses		**41,084**	38,763
	Utilities		**9,742**	10,946
	Repairs and maintenance		**17,428**	16,214
	Advertisement and sales promotion		**13,406**	31,836
	Traveling and entertainment		**21,130**	14,888
	Directors' fee		**280**	390
	Legal and professional		**81,897**	80,918
	Auditors' remuneration	25.2	**7,199**	6,906
	Donations	25.3	**1,953**	400
	Amortization of intangible asset	21.1	**27,091**	18,531
	Others		**72,170**	50,996
			630,392	570,908

25.1 Management expenses and general and administration expenses include Rs. 51,128 thousands (2015: Rs. 50,691 thousands) in respect of staff retirement benefits.

Notes to the Unconsolidated Financial Statements

For the Year Ended 31 December 2016

25.2 Auditor's remuneration

	Note	2016	2015
		Rupees in thousand	
Inside Pakistan			
Audit fee		**2,380**	2,380
Half yearly review		**469**	469
Other certifications		**325**	320
Out of pocket expenses		**590**	590
		3,764	3,759
Outside Pakistan			
Audit & other certifications		**2,730**	2,517
Half yearly review		**420**	420
Out of pocket expenses		**285**	210
		3,435	3,147
		7,199	6,906

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

26 Provision for taxation

	Note	2016	2015
Current tax			
For the year		**383,900**	221,204
Prior year		**58,307**	36,850
Deferred tax			
For the year	26.2	**118,485**	13,758
		560,692	271,812

26.1 Tax charge reconciliation

	2016	2015
	(Effective tax rate)	
	(Percentage)	
		Restated
Tax at the applicable rate of 31% (2015: 32%)	**31.00**	32.00
Tax effect of income subject to lower rate	**-**	(14.90)
Tax effect of change in tax rate and others	**-**	0.62
Tax effect of business losses and tax credits previously unrecognized	**(18.59)**	-
Super tax	**1.44**	1.66
Tax effect of income exempt from tax	**-**	(7.11)
	13.84	12.27

26.2 Deferred tax effect due to temporary differences of:

	Note	2016	2015
		Rupees in thousand	
Tax depreciation allowance		**(51,246)**	(59,165)
Provision for gratuity		**16,697**	17,575
Carried forward tax losses		**-**	125,526
		(34,549)	83,936
Less: Opening balance of deferred tax asset		**83,936**	97,694
		(118,485)	(13,758)

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

During the year, the Company has paid an interim dividend of Rs. 1.5/- per share representing 15% of its after tax profits for the year. Further as explained in note 34 to the financial statements, the Board of Directors in their meeting held on 05 April 2017 has recommended a final dividend of Rs. 2.5/- per ordinary share for the year ended 31 December 2016 which complies with the above stated requirements. Accordingly, no provision for tax on undistributed reserves has been made in these consolidated financial statements.

27 Earnings per share - Basic and diluted

	2016	2015
	Rupees in thousand	
		Restated
There is no dilutive effect on the basic earnings per share which is based on: Net profit after tax for the year	**3,492,944**	1,942,559
	Number of Shares	
Weighted average number of shares	**350,000,000**	350,000,000
	Rupees	
Basic earning per share - restated	**9.98**	5.55

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

	Chief Executive Officer / Executive Director		Non Executive Director		Executive		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	Rupees in thousand							
Fee	**-**	-	**280**	390	**-**	-	**280**	390
Managerial remuneration	**8,593**	7,841	**-**	-	**214,096**	186,419	**222,689**	194,260
Allowances and perquisites	**12,438**	10,390	**-**	-	**320,920**	257,329	**333,358**	267,719
	21,031	18,231	**280**	390	**535,016**	443,748	**556,327**	462,369
Number	**1**	1	**10**	10	**203**	169	**214**	180

28.1 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.

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

28.3 The retirement benefits paid by the Company for CEO are Rs. 661 thousands (2015: Rs. 551 thousands).

29 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 28 of these unconsolidated financial statements. Particulars of transactions with the Company's staff retirement benefit schemes are disclosed in note 7 and 8.2. 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:

i Transactions	2016	2015
	Rupees in thousand	
Subsidiary Company		
Premium underwritten	**5,538**	5,209
Premium received	**5,827**	5,803
Claims paid	**4,019**	3,354
Premiums paid	**4,256**	3,967
Service charges received	**4,481**	8,484
Other related parties		
Premium underwritten	**1,102,393**	1,009,702
Premium received	**1,090,508**	1,002,714
Claims paid	**591,740**	356,758
Investments made	**1,199,219**	927,723
Rent paid	**5,992**	8,172
Rent received	**6,447**	3,672
Dividends received	**653,659**	698,384
Dividend paid	**276,533**	292,608
Income on deposit account	**19,398**	39,512

	2016	2015
	Numbers of share	
Bonus shares received	**-**	44,000

ii Year end balances	2016	2015
	Rupees in thousand	
Subsidiary Company		
Balances receivable	**427**	566
Balances payable	**1,411**	44
Other related parties		
Balances receivable	**462,259**	456,582
Balances payable	**615,514**	623,245
Cash and bank balances	**1,142,972**	1,983,209

30 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 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**

	31 December 2015 (Restated)														
	Fire and Property Damage		Marine, Aviation and Transport		Motor		Accident & Health		Miscellaneous		Treaty		Total		Aggregate
	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	
	Rupees in thousand														
Other Information															
Segment assets	5,013,068	109,740	488,093	12,081	803,539	3,983,136	532,160	46,523	1,404,303	19,128	-	-	8,241,163	4,170,608	12,411,771
Unallocated corporate assets	-	-	-	-	-	-	-	-	-	-	-	-	18,380,169	1,588,089	19,968,258
Total assets	5,013,068	109,740	488,093	12,081	803,539	3,983,136	532,160	46,523	1,404,303	19,128	-	-	26,621,332	5,758,697	32,380,029
Segment liabilities	5,402,845	149,948	471,834	9,459	1,578,931	5,160,653	915,449	43,094	1,604,978	15,355	-	-	9,974,037	5,378,509	15,352,546
Unallocated corpoarte liabilities	-	-	-	-	-	-	-	-	-	-	-	-	2,140,170	325,998	2,466,168
Total liabilities	5,402,845	149,948	471,834	9,459	1,578,931	5,160,653	915,449	43,094	1,604,978	15,355	-	-	12,114,207	5,704,507	17,818,714
Capital expenditure													381,759	6,249	388,008

31 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 :

31.1 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:

	2016	2015
	Rupees in thousand	
		Restated
Bank deposits	**4,336,230**	2,898,132
Investments	**16,738,435**	15,393,433
Premium due but unpaid	**5,063,481**	4,539,734
Amount due from other insurers / reinsurers	**1,056,853**	814,284
Salvage recoveries accrued	**336,163**	250,602
Loans	**38,947**	39,001
Accrued investment income	**30,266**	23,601
Reinsurance recoveries against outstanding claims	**6,279,433**	4,090,207
Sundry receivables	**164,341**	152,485
	34,044,149	28,201,479

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 14.1, 15.1 and 16.1 to these unconsolidated financial statements.

	2016	2015
	Rupees in thousand	
The age analysis of receivables from other than related parties is as follows:		
Up to 1 year	**4,217,248**	3,546,574
1-2 & prior years	**752,276**	908,403
	4,969,524	4,454,977

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

	2016	2015
	Rupees in thousand	
Up to 1 year	**447,214**	411,061
1-2 & prior years	**15,471**	42,425
	462,685	453,486

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

	Rating		Rating Agency	2016	2015
	Short Term	Long Term		Rupees in thousand	
Askari Bank Limited	A1+	AA	PACRA	**46**	46
Bank Alfalah Limited	A1+	AA+	JCR-VIS	**1,136,971**	68,568
Bank Al Habib Limited	A1+	AA+	PACRA	**5,344**	31,550
Dubai Islamic Bank Pakistan Limited	A1	A+	JCR-VIS	**-**	50,491
Habib Bank Limited of Pakistan	A1+	AAA	JCR-VIS	**165,380**	134,033
FINCA Micro Finance Bank Limited	A-1	A	JCR-VIS	**4**	1,043
MCB Bank Limited	A1+	AAA	PACRA	**1,142,972**	1,983,209
National Bank of Pakistan	Al+	AAA	PACRA/JCR-VIS	**16,428**	428
The Punjab Provincial Cooperative Bank Limited	Not Available	Not Available	Not Available	**206,962**	155,799
Soneri Bank Limited	A1+	AA-	PACRA	**1**	1
United Bank Limited, Dubai U.A.E	A1+	AA+	JCR-VIS	**608,011**	162,732
Emirate Islamic Bank	-	-	-	**491,553**	-
Zarai Taraqiati Bank Limited	A1+	AAA	JCR-VIS	**555,284**	299,528
				4,328,956	2,887,428

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	2016	2015
	Rupees in thousand			
A or Above (including PRCL)	**1,113,614**	**6,450,284**	**7,563,898**	4,974,454
BBB	**13,158**	**76,216**	**89,374**	48,233
Others	**15,382**	**89,096**	**104,478**	57,312
Total	**1,142,154**	**6,615,596**	**7,757,750**	5,079,999

31.2 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:

	2016			
	Carrying amount	Contractual cash flow	Up to one year	More than one year
	Rupees in thousand			
Financial liabilities				
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**	**-**

	2015 (Restated)			
	Carrying amount	Contractual cash flow	Up to one year	More than one year
	Rupees in thousand			
Financial liabilities				
Provision for outstanding claims	6,811,195	6,811,195	6,811,195	-
Amount due to insurers / reinsurers	2,013,872	2,013,872	2,013,872	-
Accrued expenses	163,244	163,244	163,244	-
Unclaimed dividend	74,793	74,793	74,793	-
Other creditors and accruals	1,669,787	1,669,787	1,669,787	-
	10,732,891	10,732,891	10,732,891	-

31.3 Market risk

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

(a) Interest / mark - up rate risk

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

	Effective interest rate (%)		Carrying amounts	
	2016	2015	2016	2015
	Percentage		Rupees in thousand	
Fixed rate of financial instruments				
Financial assets:				
Investments- PIBs and Treasury Bills	5.91% - 12.35 %	6.78% - 12.35 %	376,652	372,463
Loans	5%	5%	6,375	6,580
Floating rate financial instruments				
Financial assets:				
Bank deposits	3.75% - 5.90%	4% - 8%	2,864,658	1,687,175
Investments - TFCs	8.62% - 9.03%	9.26% - 15.00%	9,974	61,739

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 2016 - Fluctuation of 100 bps		
Cash flow sensitivity - variable rate financial liabilities	**-**	**-**
Cash flow sensitivity - variable rate financial assets	**(28,746)**	**28,746**
As at 31 December 2015 - Fluctuation of 100 bps		
Cash flow sensitivity - variable rate financial liabilities	-	-
Cash flow sensitivity - variable rate financial assets	17,489	(17,489)

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. 13,230,774 thousands (2015: Rs. 10,976,623 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	
2016		
Effect of increase in share price	**81,031**	**19,180**
Effect of decrease in share price	**(255,631)**	**(270,937)**
2015		
Effect of increase in share price	21,311	19,180
Effect of decrease in share price	(301,041)	(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. 8,036,558 thousands (2015: Rs. 5,596,580 thousands) and Rs. 7,471,784 thousands (2015: Rs. 4,499,688 thousands), respectively, at the end of the year.

The following significant exchange rates were applied during the year:

	2016	2015
Rupees per US Dollar		
Average rate	**104.49**	102.74
Reporting date rate	**104.60**	104.60
Rupees per AED		
Average rate	**28.45**	27.97
Reporting date rate	**28.48**	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.

a) Geographical concentration of insurance risk

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

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

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

b) Reinsurance arrangements

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

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

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

	Gross sum insured		Reinsurance		Net	
	2016	2015	2016	2015	2016	2015
	Rupees in thousand					
Fire	**4,429,105,712**	3,860,665,985	**3,719,860,884**	3,290,836,162	**709,244,828**	569,829,823
Marine	**2,232,482,270**	1,733,996,888	**512,023,380**	626,827,947	**1,720,458,890**	1,107,168,941
Motor	**225,378,668**	159,430,086	**22,377,423**	14,742,616	**203,001,245**	144,687,470
Accident & Health	**114,492,950**	75,144,653	**302,344**	2,896,569	**114,190,606**	72,248,084
Miscellaneous	**251,705,141**	179,820,918	**127,153,771**	2,896,569	**124,551,370**	106,788,748
	7,253,164,741	6,009,058,530	**4,381,717,802**	4,008,335,464	**2,871,446,939**	2,000,723,066

c) Sources of uncertainty in estimation of future claim payments

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

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

d) Neutral assumptions for claim estimation

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

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

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

e) Sensitivity analysis

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

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

	Pre tax profit / (loss)	
	2016	2015
	Rupees in thousand	
10% increase in claims liability		
Net:		
Fire	**(34,527)**	(51,064)
Marine	**(23,676)**	(34,723)
Motor	**(399,024)**	(261,558)
Accident & Health	**(131,821)**	(144,339)
Miscellaneous	**(32,002)**	(32,659)
	(621,050)	(524,343)
10% decrease in claims liability		
Net:		
Fire	**34,527**	51,064
Marine	**23,676**	34,723
Motor	**399,024**	261,558
Accident & Health	**131,821**	144,339
Miscellaneous	**32,002**	32,659
	621,050	524,343

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 2014	31 December 2015	31 December 2016	Total
	Rupees in thousand			
Estimate of the ultimate claim cost:				
At end of accident year	6,298,282	6,857,672	**11,678,479**	**24,834,433**
One year later	3,195,074	5,123,598	**-**	**8,318,672**
Two years later	867,902	-	**-**	**867,902**
Estimate of cumulative claims	867,902	5,123,598	**11,678,479**	**17,669,979**
Less: Cumulative payments to date	586,724	2,946,426	**5,166,784**	**8,699,934**
Liability recognized	281,178	2,177,172	**6,511,695**	**8,970,045**

32 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
31 December 2016		Rupees in thousand								
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	-	-	1,781,986	1,781,986
- 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	20,730,427	387,724	1,781,986	22,900,137
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.

	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								
		Restated								
31 December 2015										
Financial Assets - not Measured at fair value										
Cash and other equivalents*	11	-	-	10,704	-	10,704	-	-	-	-
Current and other accounts*		-	-	2,061,098	-	2,061,098	-	-	-	-
Deposits maturing within 12 months*		-	-	826,330	-	826,330	-	-	-	-
Loans to employees*	12	-	37,576	-	-	37,576	-	-	-	-
Investments	13									
- Listed securities		10,673,483	-	-	-	10,673,483	15,969,117	-	-	15,969,117
- Unlisted securities		1,619,430	-	-	-	1,619,430	-	-	2,240,101	2,240,101
- Term Finance Certificates		61,739	-	-	-	61,739	-	61,739	-	61,739
- Mutual Fund Certificates		2,666,157	-	-	-	2,666,157	2,753,690	-	-	2,753,690
- NIT Units		161	-	-	-	161	-	793	-	793
- Government treasury bills		93,670	-	-	-	93,670	-	100,121	-	100,121
- Pakistan Investment Bonds		278,793	-	-	-	278,793	-	298,822	-	298,822
Premium due but unpaid*	14	-	4,539,734	-	-	4,539,734	-	-	-	-
Amounts due from other insurers / reinsurers*	15	-	814,284	-	-	814,284	-	-	-	-
Salvage recoveries accrued*		-	250,602	-	-	250,602	-	-	-	-
Accrued investment income*	17	-	23,601	-	-	23,601	-	-	-	-
Reinsurance recoveries against outstanding claims*	18	-	4,090,207	-	-	4,090,207	-	-	-	-
Sundry receivables*	20	-	152,485	-	-	152,485	-	-	-	-
		15,393,433	9,908,489	2,898,132	-	28,200,054	18,722,807	461,475	2,240,101	21,424,383
					Restated					
Financial liabilities - not measured at fair value										
Provision for outstanding claims (including IBNR)*	6	-	-	-	6,811,195	6,811,195	-	-	-	-
Amounts due to other insurers / reinsurers*		-	-	-	2,013,872	2,013,872	-	-	-	-
Accrued expenses*		-	-	-	163,244	163,244	-	-	-	-
Other creditors and accruals*	8	-	-	-	1,669,787	1,669,787	-	-	-	-
Unclaimed dividend*		-	-	-	74,793	74,793	-	-	-	-
		-	-	-	10,732,891	10,732,891	-	-	-	-

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

33 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. 400,000 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.

34 Non - Adjusting events after the balance sheet date

The Board of Directors of the Company in their meeting held on 05 April 2017 proposed a final cash dividend for the year ended 31 December 2016 @ 25% i.e. Rupees 2.5/- per share (2015: 15% i.e. Rupee 1.5/- share). This is in addition to the interim cash dividend @ 15% i.e. Rupees 1.5/- per share (2015: Rupees 1.5/- per share) resulting in a total cash dividend for the year ended 31 December 2016 of Rupees 4/- per share (2015: Rupees 3/- 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 2016 do not include the effect of final dividend which will be accounted for in the financial statements for the year ending 31 December 2017.

35 Provident fund related disclosure

The following information is based on unaudited financial statements for the Year Ended 31 December 2016 and audited financial statements for the year ended 31 December 2015:

	2016	2015
	Rupees in thousand	
Size of the fund - Total assets	**1,104,857**	850,682
Cost of investments	**880,719**	829,482
Percentage of investments made	**80%**	98%
Fair value of investments	**1,102,258**	1,026,669

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

	2016	2015	2016	2015
	Percentage		Rupees in thousand	
Deposits and bank balances	**3.8%**	1.1%	**41,682**	11,310
Term finance certificates	**0.4%**	0.5%	**4,711**	4,730
Pakistan Investment Bonds	**28.0%**	49.0%	**308,170**	503,488
Treasury Bills	**22.1%**	0.0%	**244,052**	-
Mutual funds	**18.8%**	38.4%	**206,863**	394,637
Listed securities	**26.9%**	11.0%	**296,780**	112,504
	100.0%	100.0%	**1,102,258**	1,026,669

35.2 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.

36 Number of employees

The total average number of employees during the year and as at 31 December 2016 and 2015, are as follows:

	2016	2015
At year end	**882**	835
Average during the year	**859**	838

37 Date of authorization for issue

These unconsolidated financial statements were approved and authorized for issue on 05 April 2017 by the Board of Directors of the Company.

38 General

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

38.2 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 Ali Zeb
Chairman	Director	Director	Managing Director & Chief Executive Officer

CONSOLIDATED

Financial Statements for the Year Ended 31 December 2016

adamjee insurance

Directors' Report to the Members on Consolidated Financial Statements

For the Year Ended 31 December 2016

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 2016.

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

	31 December 2016	31 December 2015
	Rupees in thousand	
		Restated
Profit before tax	**4,055,597**	2,218,530
Taxation	**(561,476)**	(275,100)
Profit after tax	**3,494,121**	1,943,430
Profit attributable to non-controlling interest	**(303)**	(224)
Profit attributable to ordinary shareholders	**3,493,818**	1,943,206
Unappropriated profit brought forward	**9,303,568**	8,424,534
Profit available for appropriation	**12,797,386**	10,367,740
Appropriation		
Final dividend for the year ended 31 December 2015 @15% (Rupees 1.5/- per share) [2014: @ 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) [2015: @ 15% (Rupees 1.5/- per share)]	**(525,000)**	(525,000)
Other comprehensive loss: Remeasurement of defined benefit obligation	**(1,864)**	(3,921)
Capital contribution to statutory funds	**52,292**	(10,251)
Total appropriation	**(999,572)**	(1,064,172)
Profit after appropriation	**11,797,814**	9,303,568

	31 December 2016	31 December 2015
	Rupees	
		Restated
Earnings per share	**9.98**	5.55

On Behalf of Board of Directors

Muhammad Ali Zeb
Managing Director and Chief Executive Officer

Lahore: 05 April 2017

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 2016 and the related consolidated Profit and Loss Account, consolidated Statement of Comprehensive Income, consolidated Statement of Changes in Equity, consolidated Cash Flow Statement, consolidated Statement of Premiums, consolidated Statement of Claims, consolidated Statement of Expenses and consolidated Statement of Investment Income together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of Adamjee Insurance Company Limited and its subsidiary company Adamjee Life Assurance Company Limited. These consolidated financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the consolidated financial statements present fairly the financial position of the Adamjee Insurance Company Limited and its subsidiary company as at 31 December 2016 and the results of their operations for the year then ended.

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

Lahore: 05 April 2017

Consolidated Balance Sheet

As at 31 December 2016

	Note	31 December 2016	31 December 2015	31 December 2014
		Rupees in thousand		
			Restated	Restated
EQUITY AND LIABILITIES				
Share capital and reserves				
Authorized share capital				
375,000,000 (2015: 375,000,000) ordinary shares of Rs. 10 each		**3,750,000**	3,750,000	3,750,000
Issued, subscribed and paid up capital	4	**3,500,000**	3,500,000	3,500,000
Reserves	5	**1,406,834**	1,408,626	1,396,934
Retained earnings		**11,797,814**	9,303,568	8,424,534
Equity attributable to equity holders of the parent		**16,704,648**	14,212,194	13,321,468
Non-controlling interest	6	**23,610**	5,201	8,526
		16,728,258	14,217,395	13,329,994
Balance of statutory funds (including policy holders' liabilities of Rs. 21.251 billion (2015: Rs. 13.856 billion)	7	**22,166,399**	14,444,777	8,256,341
Deferred taxation		**35,362**	-	-
Underwriting provisions				
Provision for outstanding claims (including IBNR)	8	**9,714,070**	7,009,376	6,359,762
Provision for unearned premium		**7,349,511**	5,928,944	5,269,848
Premium deficiency reserve		**121,553**	171,933	-
Commission income unearned		**236,890**	213,398	231,121
Total underwriting provisions		**17,422,024**	13,323,651	11,860,731
Deferred liabilities				
Staff retirement benefits	9	**95,761**	125,595	112,547
Creditors and accruals				
Premiums received in advance		**410,443**	449,151	346,706
Amounts due to other insurers / reinsurers		**1,598,811**	2,047,672	1,245,594
Taxation - provision less payments		**-**	31,183	-
Accrued expenses		**145,139**	168,584	72,803
Other creditors and accruals	10	**2,659,887**	2,358,342	2,058,253
		4,814,280	5,054,932	3,723,356
Other liabilities				
Unclaimed dividends		**88,969**	74,793	95,416
Total liabilities		**22,421,034**	18,578,971	15,792,050
Total liabilities of Window Takaful				
Operations - Operator's Fund (Holding Company)	11	**46,366**	-	-
Contingencies and commitments	12			
TOTAL EQUITY AND LIABILITIES		**61,397,419**	47,241,143	37,378,385

The annexed notes 1 to 42 form an integral part of these consolidated financial statements.

	Note	31 December 2016	31 December 2015	31 December 2014
		Rupees in thousand		
			Restated	Restated
ASSETS				
Cash and bank deposits	13			
Cash and other equivalents		**16,604**	10,749	8,893
Current and other accounts		**5,472,478**	3,040,848	2,380,695
Deposits maturing within 12 months		**6,025,059**	1,186,330	1,059,703
		11,514,141	4,237,927	3,449,291
Loans - secured, considered good				
To employees	14	**18,369**	16,998	14,225
Loans secured against life insurance policies	15	**20,447**	10,347	3,523
Loans - unsecured		**8,171**	3,271	-
Investments	16	**30,639,677**	28,381,412	20,886,884
Deferred taxation		**-**	83,221	98,873
Current assets - others				
Premiums due but unpaid	17	**5,099,091**	4,563,443	3,652,444
Amounts due from other insurers / reinsurers	18	**1,062,271**	854,329	820,933
Salvage recoveries accrued		**336,163**	250,602	207,471
Premium and claim reserves retained by cedants	19	**-**	-	-
Accrued investment income	20	**251,893**	307,237	357,131
Reinsurance recoveries against outstanding claims	21	**6,279,433**	4,090,207	3,765,863
Taxation - payments less provision		**75,938**	-	57,714
Deferred commission expense		**737,281**	538,268	477,296
Prepayments	22	**2,479,305**	2,288,893	2,147,235
Sundry receivables	23	**1,400,454**	243,075	267,025
		17,721,829	13,136,054	11,753,112
Operating fixed assets - Tangible and intangible	24			
Owned				
Land and buildings		**568,644**	701,882	410,689
Furniture and fixtures		**117,983**	129,199	140,439
Motor vehicles		**290,042**	303,121	323,015
Machinery and equipment		**89,297**	89,750	112,986
Computers and related accessories		**76,910**	91,171	126,425
Leasehold Improvements		**7,482**	-	-
Intangible asset - computer software		**102,565**	50,014	57,202
Capital work in progress		**122,705**	6,776	1,721
		1,375,628	1,371,913	1,172,477
Total assets of Window Takaful				
Operations - Operator's Fund (Holding Company)	11	**99,157**	-	-
TOTAL ASSETS		**61,397,419**	47,241,143	37,378,385

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

Consolidated Profit and Loss Account

For the Year Ended 31 December 2016

	Note	General Insurance						Life Insurance					Total	
		Fire and Property Damage	Marine, Aviation and Transport	Motor	Accident & Health	Miscellaneous	Treaty	Conventional Business	Accident & Health Business	Non-Unitised Investment Link Business	Unit Linked Business	Individual Family Takaful Unit Linked Business	31 December 2016	31 December 2015
		Rupees in thousand												
Revenue account														**Restated**
Net premium revenue		894,373	639,362	5,884,982	1,442,132	754,532	-	183,062	-	449,833	9,819,915	460,621	**20,528,812**	16,585,082
Net claims		(345,265)	(236,764)	(3,990,241)	(1,318,208)	(320,021)	-	(110,729)	-	(187,241)	(2,851,576)	(2,102)	**(9,362,147)**	(7,001,395)
Expenses	26	(249,722)	(186,978)	(846,320)	(137,168)	(194,441)	-	(30,648)	-	(29,324)	(545,572)	(46,078)	**(2,266,251)**	(2,113,981)
Net commission		(19,899)	(99,871)	(623,127)	(28,273)	8,591	-	(32,014)	-	(14,197)	(1,466,498)	(74,232)	**(2,349,520)**	(2,054,240)
Premium deficiency reserve		-	-	50,313	-	-	-						**50,313**	(168,855)
Net Investment income - statutory funds		-	-	-	-	-	-	15,308	9	230,266	2,009,010	13,706	**2,268,299**	1,169,710
Add: Policyholders' liabilities at beginning of the year		-	-	-	-	-	-	104,896	-	2,057,292	11,693,710	-	**13,855,898**	7,986,455
Less: Policyholders' liabilities at end of the year		-	-	-	-	-	-	(110,756)	-	(2,370,723)	(18,383,848)	(385,969)	**(21,251,296)**	(13,855,898)
Surplus / (deficit) of Policyholders' funds		-	-	-	-	-	-	(19,119)	(9)	(135,906)	(275,141)	34,054	**(396,121)**	(305,193)
Underwriting result		279,487	115,749	475,607	(41,517)	248,661	-	-	-	-	-	-	**1,077,987**	241,685

	Note	31 December 2016	31 December 2015
Investment income - other		**3,525,673**	2,431,856
Rental income		**6,447**	6,339
Other income	27	**186,659**	176,332
		4,796,766	2,856,212
General and administration expenses	28	**(660,766)**	(585,821)
Exchange (loss) / gain		**(1,673)**	5,910
Workers' welfare fund		**(82,768)**	(57,771)
		(745,207)	(637,682)
Profit before tax from Window Takaful Operations	11	**4,038**	-
Profit before tax		**4,055,597**	2,218,530
Provision for taxation	29	**(561,476)**	(275,100)
Profit after tax		**3,494,121**	1,943,430
Profit attributable to:			
Equity holders of the parent		**3,493,818**	1,943,206
Non-controlling interest		**303**	224
		3,494,121	1,943,430
Profit and loss appropriation account - Parent Company			
Balance at the commencement of the year		**9,303,568**	8,424,534
Profit after tax for the year		**3,493,818**	1,943,206
Other comprehensive (loss) - remeasurement of defined benefit obligation		**(1,864)**	(3,921)
Final dividend for the year ended 31 December 2015 @ 15% (Rupees 1.5/- per share) [2014: @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) [2015: @ 15% (Rupees 1.5/- per share)]		**(525,000)**	(525,000)
Capital contribution to statutory funds		**52,292**	(10,251)
Balance unappropriated profit at the end of the year		**11,797,814**	9,303,568

	Rupees	
		Restated
Earnings per share - Basic and diluted (Note 30)	**9.98**	5.55

The annexed notes 1 to 42 form an integral part of these consolidated financial statements.

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

Consolidated Statement of Comprehensive Income

For the Year Ended 31 December 2016

	31 December 2016	31 December 2015
	Rupees in thousand	
		Restated
Profit after tax for the year	**3,494,121**	1,943,430
Other comprehensive income		
Items that will not be reclassified to profit and loss:		
Remeasurement of defined benefit obligation	**(1,864)**	(3,921)
Items that may be reclassified subsequently to profit and loss:		
Effect of translation of investment in foreign branches - net	**(1,792)**	11,692
	(3,656)	7,771
Total comprehensive income for the year	**3,490,465**	1,951,201
Total comprehensive income attributable to:		
Equity holders of the parent	**3,490,162**	1,950,977
Non-controlling interest	**303**	224
	3,490,465	1,951,201

The annexed notes 1 to 42 form an integral part of these consolidated financial statements.

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

Consolidated Cash Flow Statement

For the Year Ended 31 December 2016

	31 December 2016	31 December 2015
	Rupees in thousand	
Cash flows from operating activities		
a) Underwriting activities		
Premiums received	**27,006,818**	22,017,691
Reinsurance premiums paid	**(5,885,679)**	(4,698,764)
Claims paid	**(13,024,597)**	(10,095,293)
Surrenders paid	**(8,863)**	(35,838)
Reinsurance and other recoveries received	**3,520,070**	3,080,390
Commissions paid	**(2,795,094)**	(2,517,962)
Commissions received	**600,040**	550,335
Other underwriting payments	**(1,587,049)**	(1,283,787)
Net cash generated from underwriting activities	**7,825,646**	7,016,772
b) Other operating activities		
Income tax paid	**(555,633)**	(170,551)
General and management expenses paid	**(2,425,489)**	(925,800)
Loans disbursed	**(50,433)**	(51,522)
Loans repayments received	**50,487**	45,214
Other receipts	**9,765**	81,636
Net cash used in other operating activities	**(2,971,303)**	(1,021,023)
Total cash generated from all operating activities	**4,854,343**	5,995,749
Cash flows from investing activities		
Profit / return received on bank deposits	**1,137,250**	1,053,029
Return on Pakistan Investment Bonds	**33,879**	44,408
Income received from TFCs	**4,550**	4,568
Income from treasury bills	**10,760**	-
Dividends received	**1,290,015**	1,172,274
Rentals received	**5,474**	3,672
Disbursement of policy loans	**(19,181)**	(10,323)
Settlement of policy loans	**10,626**	4,141
Payments for investments	**(73,456,418)**	(36,031,636)
Proceeds from disposal of investments	**74,515,997**	29,992,241
Fixed capital expenditure - tangible assets	**(350,820)**	(424,450)
Fixed capital expenditure - intangible assets	**(43,066)**	(3,501)
Proceeds from disposal of fixed assets	**292,380**	59,087
Total cash generated from / (used in) investing activities	**3,431,446**	(4,136,490)
Cash flows from financing activities		
Finance lease rentals paid	**-**	-
Dividends paid	**(1,035,824)**	(1,070,623)
Net cash used in financing activities	**(1,035,824)**	(1,070,623)
Net cash generated from all activities	**7,249,965**	788,636
Cash at the beginning of the year	**4,228,851**	3,440,215
Cash at the end of the year	**11,478,816**	4,228,851

Consolidated Cash Flow Statement

For the Year Ended 31 December 2016

	31 December 2016	31 December 2015
	Rupees in thousand	
		Restated
Reconciliation to profit and loss account		
Operating cash flows	**4,854,345**	5,995,749
Depreciation expense	**(144,253)**	(163,296)
Provision for gratuity	**35,053**	(24,221)
Provision for bad and doubtful debts	**2,671**	(4,910)
Other income - bank deposits	**80,716**	82,980
Gain on disposal of operating fixed assets	**86,253**	25,937
Finance charge on lease obligations	**-**	-
Rental income	**6,447**	6,339
Increase in assets other than cash	**4,761,905**	1,458,494
(Increase) in liabilities other than running finance	**(10,396,372)**	(8,333,329)
	(713,235)	(956,257)
Others		
Profit on sale of investments	**2,288,826**	1,480,518
Amortization expense	**(40,360)**	(23,910)
Increase in unearned premium	**(70,398)**	13,800
Amortization of income on Government securities - net	**(1,420,567)**	(659,096)
(Decrease) / increase in loans	**(54)**	6,308
Income taxes paid	**502,200**	154,505
Provision for impairment in value of 'available-for-sale' investments	**222,109**	(77,403)
Dividend, investment and other income	**3,239,230**	2,231,515
Income from treasury bills	**8,833**	4,034
Return on Pakistan Investment Bonds	**31,182**	39,803
Income from TFCs	**3,793**	4,713
Profit from Window Takaful Operations	**4,038**	-
	4,768,832	3,174,787
Profit before taxation	**4,055,597**	2,218,530

Definition of cash

Cash comprises cash in hand, bank balances excluding Rs. 35,325 thousands (2015: Rs. 9,076 thousands) held under lien, and other deposits which are readily convertible to cash and which are used in the cash management function on a day-to-day basis.

	31 December 2016	31 December 2015
	Rupees in thousand	
Cash for the purposes of the statement of cash flows consists of:		
Cash and other equivalents	**16,604**	10,749
Current and other accounts	**5,472,478**	3,040,848
Deposits maturing within 12 months	**5,989,734**	1,177,254
Total cash and cash equivalents	**11,478,816**	4,228,851

The annexed notes 1 to 42 form an integral part of these consolidated financial statements.

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

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2016

	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 statutory fund	Retained earnings	Net Retained earnings			
		Rupees in thousand										
Balance as at 31 December 2014 - as previously reported		3,500,000	22,859	3,764	432,027	936,500	(383,728)	9,253,305	8,869,577	13,764,727	8,526	13,773,253
Effect of change in accounting policy	25				1,784			(445,043)	(445,043)	(443,259)		(443,259)
Balance as at 31 December 2014 - restated		3,500,000	22,859	3,764	433,811	936,500	(383,728)	8,808,262	8,424,534	13,321,468	8,526	13,329,994
Comprehensive income for the year ended 31 December 2015												
Profit for the year - restated		-	-	-	-	-	-	1,943,206	1,943,206	1,943,206	224	1,943,430
Other comprehensive income - restated		-	-	-	11,692	-	-	(3,921)	(3,921)	7,771	-	7,771
Capital contribution to statutory funds		-	-	-	-	-	(10,251)	-	(10,251)	(10,251)	(3,549)	(13,800)
Total comprehensive income for the year		-	-	-	11,692	-	(10,251)	1,939,285	1,929,034	1,940,726	(3,325)	1,937,401
Transactions with owners of the Company												
Final dividend for the year ended 31 December 2014 @ 15% (Rupees 1.5/- per share)		-	-	-	-	-	-	(525,000)	(525,000)	(525,000)	-	(525,000)
Interim dividend for the period ended 30 June 2015 @ 15% (Rupees 1.5/- per share)		-	-	-	-	-	-	(525,000)	(525,000)	(525,000)	-	(525,000)
		-	-	-	-	-	-	(1,050,000)	(1,050,000)	(1,050,000)	-	(1,050,000)
Balance as at 31 December 2015 - restated		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**

The annexed notes 1 to 42 form an integral part of these consolidated financial statements.

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

Consolidated Statement of Premiums

For the Year Ended 31 December 2016

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 2016	31 December 2015
	Rupees in thousand											
General insurance:												
Direct and facultative												
Fire and property damage	4,762,072	2,320,296	2,321,445	(15)	4,760,908	3,819,884	1,828,498	1,781,837	(10)	3,866,535	**894,373**	1,018,826
Marine, aviation and transport	826,472	39,224	47,086	7	818,617	182,965	2,729	6,439	-	179,255	**639,362**	717,583
Motor	7,704,617	2,630,869	3,856,292	1,134	6,480,328	839,470	161,452	405,840	264	595,346	**5,884,982**	3,757,455
Accident & Health	1,592,948	498,615	631,670	(16)	1,459,877	9,895	14,096	6,237	(9)	17,745	**1,442,132**	1,534,201
Miscellaneous	1,383,922	439,940	493,018	(4)	1,330,840	560,238	171,901	155,829	(2)	576,308	**754,532**	719,326
Total	16,270,031	5,928,944	7,349,511	1,106	14,850,570	5,412,452	2,178,676	2,356,182	243	5,235,189	**9,615,381**	7,747,391
Treaty												
Proportional	-	-	-	-	-	-	-	-	-	-	**-**	-
	-	-	-	-	-	-	-	-	-	-	**-**	-
Total	16,270,031	5,928,944	7,349,511	1,106	14,850,570	5,412,452	2,178,676	2,356,182	243	5,235,189	**9,615,381**	7,747,391
Life insurance:												
Conventional business	419,732	-	-	-	419,732	236,670	-	-	-	236,670	**183,062**	150,495
Accident and Health Business	-	-	-	-	-	-	-	-	-	-	**-**	-
Non-unitised Investment Link Business	457,772	-	-	-	457,772	7,939	-	-	-	7,939	**449,833**	503,951
Unit Linked Business	9,961,530	-	-	-	9,961,530	141,615	-	-	-	141,615	**9,819,915**	8,183,245
Individual Family Takaful Unit Linked Business	462,679	-	-	-	462,679	2,058	-	-	-	2,058	**460,621**	-
Total	11,301,713	-	-	-	11,301,713	388,282	-	-	-	388,282	**10,913,431**	8,837,691
Grand Total	27,571,744	5,928,944	7,349,511	1,106	26,152,283	5,800,734	2,178,676	2,356,182	243	5,623,471	**20,528,812**	16,585,082

The annexed notes 1 to 42 form an integral part of these consolidated financial statements.

Umer Mansha
Chairman

Shaikh Muhammad Jawed
Director

Muhammad Umar Virk
Director

Muhammad Ali Zeb
Managing Director & Chief Executive Officer

Consolidated Statement of Premiums

For the Year Ended 31 December 2016

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 2016	31 December 2015
	Rupees in thousand											
General insurance:												
Direct and facultative												
Fire and property damage	4,700,187	2,276,188	2,292,033	-	4,684,342	3,780,441	1,800,461	1,762,967	-	3,817,935	**866,407**	986,886
Marine, aviation and transport	801,209	33,670	35,344	-	799,535	182,965	2,729	6,439	-	179,255	**620,280**	693,426
Motor	2,162,522	902,200	1,079,748	-	1,984,974	30,043	297	342	-	29,998	**1,954,976**	1,639,054
Accident & Health	1,576,184	473,126	621,104	-	1,428,206	-	-	-	-	-	**1,428,206**	1,517,184
Miscellaneous	1,369,304	430,046	487,143	-	1,312,207	552,069	166,445	152,515	-	565,999	**746,208**	709,682
Total	10,609,406	4,115,230	4,515,372	-	10,209,264	4,545,518	1,969,932	1,922,263	-	4,593,187	**5,616,077**	5,546,232
Treaty												
Proportional	-	-	-	-	-	-	-	-	-	-	**-**	-
	-	-	-	-	-	-	-	-	-	-	**-**	-
Total	10,609,406	4,115,230	4,515,372	-	10,209,264	4,545,518	1,969,932	1,922,263	-	4,593,187	**5,616,077**	5,546,232
Life insurance:												
Conventional business	419,732	-	-	-	419,732	236,670	-	-	-	236,670	**183,062**	150,495
Accident and Health Business	-	-	-	-	-	-	-	-	-	-	**-**	-
Non-unitised Investment Link Business	457,772	-	-	-	457,772	7,939	-	-	-	7,939	**449,833**	503,951
Unit Linked Business	9,961,530	-	-	-	9,961,530	141,615	-	-	-	141,615	**9,819,915**	8,183,245
Individual Family Takaful Unit Linked Business	462,679	-	-	-	462,679	2,058	-	-	-	2,058	**460,621**	-
Total	11,301,713	-	-	-	11,301,713	388,282	-	-	-	388,282	**10,913,431**	8,837,691
Grand Total	21,911,119	4,115,230	4,515,372	-	21,510,977	4,933,800	1,969,932	1,922,263	-	4,981,469	**16,529,508**	14,383,923

The annexed notes 1 to 42 form an integral part of these consolidated financial statements.

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

Consolidated Statement of Premiums

For the Year Ended 31 December 2016

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 2016	31 December 2015
	Rupees in thousand											
Direct and facultative												
Fire and property damage	61,885	44,108	29,412	(15)	76,566	39,443	28,037	18,870	(10)	48,600	**27,966**	31,940
Marine, aviation and transport	25,263	5,554	11,742	7	19,082	-	-	-	-	-	**19,082**	24,157
Motor	5,542,095	1,728,669	2,776,544	1,134	4,495,354	809,427	161,155	405,498	264	565,348	**3,930,006**	2,118,401
Accident & Health	16,764	25,489	10,566	(16)	31,671	9,895	14,096	6,237	(9)	17,745	**13,926**	17,017
Miscellaneous	14,618	9,894	5,875	(4)	18,633	8,169	5,456	3,314	(2)	10,309	**8,324**	9,644
Total	5,660,625	1,813,714	2,834,139	1,106	4,641,306	866,934	208,744	433,919	243	642,002	**3,999,304**	2,201,159
Treaty												
Proportional	-	-	-	-	-	-	-	-	-	-	**-**	-
Total	-	-	-	-	-	-	-	-	-	-	**-**	-
Grand Total	5,660,625	1,813,714	2,834,139	1,106	4,641,306	866,934	208,744	433,919	243	642,002	**3,999,304**	2,201,159

The annexed notes 1 to 42 form an integral part of these consolidated financial statements.

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

Consolidated statement of Claims

For the Year Ended 31 December 2016

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 2016	31 December 2015
	Rupees in thousand											
		(Restated)					(Restated)					(Restated)
General Insurance:												
Direct and facultative												
Fire and property damage	2,028,994	2,105,577	3,551,184	(30)	3,474,631	1,316,245	1,373,761	3,186,906	24	3,129,366	**345,265**	510,639
Marine, aviation and transport	279,818	212,995	256,728	2	323,549	64,088	94,260	116,957	-	86,785	**236,764**	347,229
Motor	5,558,220	3,479,564	4,334,219	754	6,412,121	2,141,812	2,155,311	2,435,652	273	2,421,880	**3,990,241**	2,615,580
Accident & Health	1,227,246	150,815	271,554	6	1,347,979	29,645	11,705	11,832	1	29,771	**1,318,208**	1,443,394
Miscellaneous	489,554	862,244	1,062,033	1	689,342	210,849	705,772	864,249	5	369,321	**320,021**	326,593
Total	9,583,832	6,811,195	9,475,718	733	12,247,622	3,762,639	4,340,809	6,615,596	303	6,037,123	**6,210,499**	5,243,435
Treaty												
Proportional	-	-		-	-	-	-	-	-	-	**-**	(20,332)
	-	-	-	-	-	-	-	-	-	-	**-**	(20,332)
Total	9,583,832	6,811,195	9,475,718	733	12,247,622	3,762,639	4,340,809	6,615,596	303	6,037,123	**6,210,499**	5,223,103
Life Insurance:												
Conventional Business	345,696	68,695	81,196	-	358,197	247,468	-	-	-	247,468	**110,729**	99,652
Accident and Health Business	-	-	-	-	-	-	-	-	-	-	**-**	-
Non-unitised Investment Link Business	189,993	13,436	18,265	-	194,822	7,581	-	-	-	7,581	**187,241**	91,320
Unit Linked Business	2,902,974	116,050	138,891	-	2,925,815	74,239	-	-	-	74,239	**2,851,576**	1,587,320
Individual Family Takaful Unit Linked Business	2,102	-	-	-	2,102	-	-	-	-	-	**2,102**	-
Total	3,440,765	198,181	238,352	-	3,480,936	329,288	-	-	-	329,288	**3,151,648**	1,778,292
Grand Total	13,024,597	7,009,376	9,714,070	733	15,728,558	4,091,927	4,340,809	6,615,596	303	6,366,411	**9,362,147**	7,001,395

The annexed notes 1 to 42 form an integral part of these consolidated financial statements.

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

Consolidated statement of Claims

For the Year Ended 31 December 2016

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 2016	31 December 2015
	Rupees in thousand											
		(Restated)										(Restated)
General insurance:												
Direct and facultative												
Fire and property damage	1,899,261	2,006,666	3,480,697	-	3,373,292	1,224,703	1,341,207	3,131,379	-	3,014,875	**358,417**	413,445
Marine, aviation and transport	269,664	209,321	251,631	-	311,974	64,088	94,260	116,957	-	86,785	**225,189**	346,049
Motor	862,339	283,157	439,793	-	1,018,975	13,967	76,499	115,131	-	52,599	**966,376**	822,822
Accident & Health	1,183,016	133,585	254,376	-	1,303,807	-	-	-	-	-	**1,303,807**	1,429,985
Miscellaneous	483,519	858,656	1,053,622	-	678,485	206,128	704,120	857,070	-	359,078	**319,407**	325,712
Total	4,697,799	3,491,385	5,480,119	-	6,686,533	1,508,886	2,216,086	4,220,537	-	3,513,337	**3,173,196**	3,338,013
Treaty												
Proportional	-			-	-	-	-	-	-	-	**-**	(20,332)
	-	-	-	-	-	-	-	-	-	-	**-**	(20,332)
Total	4,697,799	3,491,385	5,480,119	-	6,686,533	1,508,886	2,216,086	4,220,537	-	3,513,337	**3,173,196**	3,317,681
Life Insurance:												
Conventional Business	345,696	68,695	81,196	-	358,197	247,468	-	-	-	247,468	**110,729**	99,652
Accident and Health Business	-	-	-	-	-	-	-	-	-	-	**-**	-
Non-unitised Investment Link Business	189,993	13,436	18,265	-	194,822	7,581	-	-	-	7,581	**187,241**	91,320
Unit Linked Business	2,902,974	116,050	138,891	-	2,925,815	74,239	-	-	-	74,239	**2,851,576**	1,587,320
Individual Family Takaful Unit Linked Business	2,102	-	-	-	2,102	-	-	-	-	-	**2,102**	-
Total	3,440,765	198,181	238,352	-	3,480,936	329,288	-	-	-	329,288	**3,151,648**	1,778,292
Grand Total	8,138,564	3,689,566	5,718,471	-	10,167,469	1,838,174	2,216,086	4,220,537	-	3,842,625	**6,324,844**	5,095,973

The annexed notes 1 to 42 form an integral part of these consolidated financial statements.

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

Consolidated statement of Claims

For the Year Ended 31 December 2016

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 2016	31 December 2015
	Rupees in thousand											
		(Restated)					(Restated)					(Restated)
Direct and facultative												
Fire and property damage	129,733	98,911	70,487	(30)	101,339	91,542	32,554	55,527	24	114,491	**(13,152)**	97,194
Marine, aviation and transport	10,154	3,674	5,097	2	11,575	-	-	-	-	-	**11,575**	1,180
Motor	4,695,881	3,196,407	3,894,426	754	5,393,146	2,127,845	2,078,812	2,320,521	273	2,369,281	**3,023,865**	1,792,758
Accident & Health	44,230	17,230	17,178	6	44,172	29,645	11,705	11,832	1	29,771	**14,401**	13,409
Miscellaneous	6,035	3,588	8,411	1	10,857	4,721	1,652	7,179	5	10,243	**614**	881
Total	4,886,033	3,319,810	3,995,599	733	5,561,089	2,253,753	2,124,723	2,395,059	303	2,523,786	**3,037,303**	1,905,422
Treaty												
Proportional	-	-	-	-	-	-	-	-	-	-	**-**	-
Total	-	-	-	-	-	-	-	-	-	-	**-**	-
Grand Total	4,886,033	3,319,810	3,995,599	733	5,561,089	2,253,753	2,124,723	2,395,059	303	2,523,786	**3,037,303**	1,905,422

The annexed notes 1 to 42 form an integral part of these consolidated financial statements.

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

Consolidated Statement of Expenses

For the Year Ended 31 December 2016

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 2016	31 December 2015
	Rupees in thousand									
General Insurance:										
Direct and facultative										
Fire and property damage	465,041	222,472	271,619	(2)	415,892	249,722	665,614	395,993	**269,621**	379,399
Marine, aviation and transport	102,370	4,156	5,204	-	101,322	186,978	288,300	1,451	**286,849**	307,491
Motor	856,343	252,451	411,277	152	697,669	846,320	1,543,989	74,542	**1,469,447**	1,128,081
Accident & Health	41,756	10,871	24,351	(3)	28,273	137,168	165,441	-	**165,441**	149,860
Miscellaneous	72,484	48,318	24,830	(1)	95,971	194,441	290,412	104,562	**185,850**	148,917
Total	1,537,994	538,268	737,281	146	1,339,127	1,614,629	2,953,756	576,548	**2,377,208**	2,113,748
Treaty										
Proportional	-	-	-	-	-	-	-	-	**-**	-
	-	-	-	-	-	-	-	-	**-**	-
Total	1,537,994	538,268	737,281	146	1,339,127	1,614,629	2,953,756	576,548	**2,377,208**	2,113,748
Life Insurance:										
Conventional Business	32,014	-	-	-	32,014	30,648	62,662	-	**62,662**	70,558
Accident and Health Business	-	-	-	-	-	-	-	-	**-**	(1)
Non-unitised Investment Link Business	14,197	-	-	-	14,197	29,324	43,521	-	**43,521**	77,005
Unit Linked Business	1,466,498	-	-	-	1,466,498	545,572	2,012,070	-	**2,012,070**	1,906,911
Individual Family Takaful Unit Linked Business	74,232	-	-	-	74,232	46,078	120,310	-	**120,310**	-
Total	1,586,941	-	-	-	1,586,941	651,622	2,238,563	-	**2,238,563**	2,054,473
Grand Total	3,124,935	538,268	737,281	146	2,926,068	2,266,251	5,192,319	576,548	**4,615,771**	4,168,221

The annexed notes 1 to 42 form an integral part of these consolidated financial statements.

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

Consolidated Statement of Expenses

For the Year Ended 31 December 2016

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 2016	31 December 2015
	Rupees in thousand									
General insurance:										
Direct and facultative										
Fire and property damage	455,620	216,140	267,204	-	404,556	235,662	640,218	385,535	**254,683**	364,741
Marine, aviation and transport	98,559	3,481	4,834	-	97,206	175,114	272,320	1,451	**270,869**	297,945
Motor	195,657	59,416	78,015	-	177,058	504,601	681,659	36	**681,623**	620,268
Accident & Health	40,920	8,639	24,058	-	25,501	129,152	154,653	–	**154,653**	140,229
Miscellaneous	70,828	47,201	24,220	-	93,809	182,833	276,642	105,439	**171,203**	147,212
Total	861,584	334,877	398,331	-	798,130	1,227,362	2,025,492	492,461	**1,533,031**	1,570,395
Treaty										
Proportional	-	-	-	-	-	-	-	-	**-**	-
	-	-	-	-	-	-	-	-	**-**	-
Total	861,584	334,877	398,331	-	798,130	1,227,362	2,025,492	492,461	**1,533,031**	1,570,395
Life Insurance:										
Conventional Business	32,014	-	-	-	32,014	30,648	62,662	-	**62,662**	70,558
Accident and Health Business	-	-	-	-	-	-	-	-	**-**	(1)
Non-unitised Investment Link Business	14,197	-	-	-	14,197	29,324	43,521	-	**43,521**	77,005
Unit Linked Business	1,466,498	-	-	-	1,466,498	545,572	2,012,070	-	**2,012,070**	1,906,911
Individual Family Takaful Unit Linked Business	74,232	-	-	-	74,232	46,078	120,310	-	**120,310**	-
Total	1,586,941	-	-	-	1,586,941	651,622	2,238,563	-	**2,238,563**	2,054,473
Grand Total	2,448,525	334,877	398,331	-	2,385,071	1,878,984	4,264,055	492,461	**3,771,594**	3,624,868

The annexed notes 1 to 42 form an integral part of these consolidated financial statements.

Umer Mansha
Chairman

Shaikh Muhammad Jawed
Director

Muhammad Umar Virk
Director

Muhammad Ali Zeb
Managing Director & Chief Executive Officer

Consolidated Statement of Expenses

For the Year Ended 31 December 2016

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 2016	31 December 2015
	Rupees in thousand									
Direct and facultative										
Fire and property damage	9,421	6,332	4,415	(2)	11,336	14,060	25,396	10,458	**14,938**	14,658
Marine, aviation and transport	3,811	675	370	-	4,116	11,864	15,980	-	**15,980**	9,546
Motor	660,686	193,035	333,262	152	520,611	341,719	862,330	74,506	**787,824**	507,813
Accident & Health	836	2,232	293	(3)	2,772	8,016	10,788	-	**10,788**	9,631
Miscellaneous	1,656	1,117	610	(1)	2,162	11,608	13,770	(877)	**14,647**	1,705
Total	676,410	203,391	338,950	146	540,997	387,267	928,264	84,087	**844,177**	543,353
Treaty										
Proportional	-	-	-	-	-	-	-	-	**-**	-
Total	-	-	-	-	-	-	-	-	**-**	-
Grand Total	676,410	203,391	338,950	146	540,997	387,267	928,264	84,087	**844,177**	543,353

The annexed notes 1 to 42 form an integral part of these consolidated financial statements.

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

Consolidated Statement Of Investment Income

For the Year Ended 31 December 2016

	Note	31 December 2016	31 December 2015
		Rupees in thousand	
General insurance:			
Income from non-trading investment			
Available-for-sale			
Return on term finance certificates		3,793	4,713
Return on treasury bills		8,833	4,034
Return on Pakistan Investments Bonds		31,182	39,803
Dividend income:			
- associated undertakings		653,659	698,384
- others		590,148	435,258
		1,243,807	1,133,642
		1,287,615	1,182,192
Gain on sale of 'available-for-sale' investments:			
- associated undertakings		1,210	-
- others		1,916,366	1,298,816
		1,917,576	1,298,816
Reversal / (provision) for impairment in value of 'available-for-sale' investments	16.2	222,109	(76,696)
		3,427,300	2,404,312
Life insurance:			
Share holders' fund			
Unrealised (dimunition) / appreciation in value of quoted securities		(159)	855
Return on Government Securities		13,529	19,188
Return on bank deposit		1,748	1,211
Dividend income		2,767	2,809
Gain on sale of non trading investments		5,772	4,108
(Provision) for impairment in value of 'available-for-sale' investments	16.2	(26)	(627)
		23,631	27,544
Statutory Funds:			
Return on Government Securities		7,800	13,184
Investment income on bank deposits		6,721	7,067
Gain on sale of disposal of open-end non trading investments		1,099	22
Provision for impairment in value of 'available-for-sale' investments	16.2	(312)	(80)
		15,308	20,193
Accident and Health Business			
Return on Government Securities		6	7
Return on bank deposits		3	4
		9	11

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

Consolidated Statement of Investment Income

For the Year Ended 31 December 2016

	31 December 2016	31 December 2015
	Rupees in thousand	
Non-unitised Investment Link Business		
Appreciation in value of quoted securities	**66,298**	17,922
Return on fixed income securities	**6,024**	3,851
Return on Government Securities	**122,406**	160,485
Return on bank deposits	**17,083**	6,448
Mark-up on policy loans	**1,333**	-
Dividend income	**3,857**	347
Gain on sale of disposal of trading investments	**13,265**	42,870
	230,266	231,923
Unit Linked Business		
Appreciation in value of quoted securities	**873,890**	42,262
Return on Government Securities	**708,107**	668,038
Return on fixed income securities	**14,060**	8,235
Dividend income	**65,992**	28,843
Investment income on bank deposits	**78,444**	35,481
Gain on disposal of open-end trading / non trading investments	**275,382**	134,724
Provision for impairment in value of 'available-for-sale' investments	**(6,865)**	-
	2,009,010	917,583
Individual Family Takaful Unit Linked Business		
Appreciation in value of quoted securities	**8,225**	-
Return on Government Securities	**2,903**	-
Investment income on bank deposits	**1,587**	-
Gain on disposal of open-end trading / non trading investments	**991**	-
	13,706	-
	5,719,230	3,601,566
Business underwritten outside Pakistan		
Income from non-trading investment		
Gain on sale of 'available-for-sale' investments - others	**74,742**	-
Net investment income	**5,868,714**	3,601,566
Net investment income - statutory funds	**2,268,299**	1,169,710
Net investment income - other	**3,525,673**	2,431,856
	5,793,972	3,601,566

The annexed notes 1 to 42 form an integral part of these consolidated financial statements.

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

1 The group and its operations

1.1 The group comprises of:

	2016	2015
	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 Ordinance, 1984). The Company is listed on Karachi, Lahore and Islamabad stock exchanges (subsequent to year end due to demutualization, all stock exchanges are integrated into Pakistan Stock Exchange) and is engaged in the general insurance business. The registered office of the Company is situated at Tanveer Building, 27-C-III, MM Alam Road, Gulberg III, Lahore.

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

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

- Conventional Business
- Accident and Health Business
- Individual Life Non-unitised Investment Linked Business
- Individual Life Unit Linked Business
- 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 Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002. In case requirements differ, the provisions or directives issued under the Companies Ordinance, 1984, Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 shall prevail.

2.1.2 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.

2.1.3 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.

2.2 Change in accounting policies

2.2.1 Provision for Incurred But Not Reported claims (IBNR)

The 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'' (the Guidelines) for non-life insurance Companies and required to comply with all provisions of these guidelines with effect from 1 July 2016.

Up to previous year, the provision for IBNR was based on the best management estimate which takes into account the past trend, expected future patterns of reporting claims and the claims actually incurred subsequent to the balance sheet date.

The Guidelines require that estimation for provision for claims incurred but not reported for each class of business by using "Chain Ladder Method" or other alternate methods 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.

In view of the SECP guidelines, the change in methodology from application of management's estimate for IBNR reserve to actuarial valuation as mentioned in preceding paragraph is considered as change in accounting policy.

2.2.2 Premium Deficiency Reserve (PDR)

Previously, the Holding Company maintained a provision in respect of PDR, if any, for each class of business where the unexpired premium liability was not adequate to meet the expected future liability, after reinsurance, from claim and other supplementary expenses expected to be incurred after the balance sheet date in respect of unexpired policies based on historical claim development. Management used its best estimate in assessing the extent to which past trends might not apply in case of one-off claims.

During the year, the management of the Holding Company has engaged an independent actuary to determine PDR instead of using it's own judgment. 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.

Management believes that the aforementioned changes should be reflected as a change in accounting policies to provide more relevant and reliable information of the Holding Company's financial performance and its financial position to the economic decision makers and users. These changes have been accounted for as change in accounting policies in accordance with the requirements of International Accounting Standard (IAS-8) 'Accounting Policies, Changes in Estimates and Errors' whereby the effects of these changes are recognized retrospectively by including the same in determination of profit and loss in the current and previous years. The effect of changes are described in note 25 to the financial statements.

2.3 Consolidation

2.3.1 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.

2.3.2 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.

2.4 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 statement.

2.5 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.

2.6 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 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	3.6
-	Classification of investments	3.1
-	Provision for taxation including the amount relating to tax contingency	3.12
-	Useful lives, pattern of economic benefits and impairments - Fixed assets	3.13

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

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2017:

- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have a material impact on Group's financial statements.

- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are not likely to have a material impact on Group's financial statements.

- Amendments to IFRS 2 - Share-based Payment 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. The amendments are not likely to have an impact on Group's financial statements.

- 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. The amendments are not likely to have an impact on Group's financial statements.

Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:

- Amendments to IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2017) clarify that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 – 'Non-current Assets Held for Sale and Discontinued Operations'.

- 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.

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

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, except for change in accounting policies as disclosed in notes 3.2.3 and 3.2.6 below.

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

Holding Company - Non Life Business

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

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

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

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

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

In addition to direct insurance, the Holding 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 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 hospitalisation and death by accidental means. This business is written through direct sales by the head office as well as through tele-sales.

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

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

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

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

3.2 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 twenty-fourths methods as specified in the SEC (Insurance) Rules, 2002 except otherwise stated below:

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

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

Previously, the Holding Company used twenty fourth method for recognizing premium income evenly over the period of policy. This change has been accounted for as change in accounting estimate in accordance with the "IAS 8 Accounting Policies and Changes in Accounting Estimates & Errors" whereby the change has been applied prospectively. Had the Holding Company's accounting estimate not been changed, profit for the year would have been lower by Rs 30,771 thousands with a corresponding increase of Rs. 30,771 thousands in unearned premium reserve.

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

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

3.2.2 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 offset against expenses or income from related insurance assets.

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

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

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

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

3.2.3 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.

As explained in note 2.2, 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 2016 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.

As explained in note 2.2, for this purpose, premium deficiency reserve is now 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 has created 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 recognised once the related policies have been issued and the premiums have been received.

Recognition of policyholders' liabilities

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

Claim expenses

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

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

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

3.3.1.2 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.

Revenue recognition

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

Recognition of policyholders' liabilities

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

Claim expenses

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

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

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

Experience refund of premium

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

3.3.2 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 hospitalisation and death by accidental means. This business is written through direct sales by the head office as well as through tele-sales.

Revenue recognition

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

Recognition of policyholders' liabilities

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

Claim expenses

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

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

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

3.3.3 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 and brokers.

Revenue recognition

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

Recognition of policyholders' liabilities

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

Claim expense

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

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

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

3.3.4 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 recognised once the resulted policies have been issued / renewed against receipt and realization of premiums.

Recognition of policyholders' liabilities

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

Claim expenses

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

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

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

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

3.3.5 Reinsurance contracts held

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

Reinsurance premium

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

Claim recoveries

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

Experience refund

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

Amount due from / to reinsurer

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

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

3.3.6 Receivables and payables related to insurance contracts

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

- during days of grace as specified in the policy; or

- where actuarial valuation assumes that all the premium due have been received.

3.4 Statutory funds

Subsidiary Company - Life business

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

3.5 Policyholders' liabilities

3.5.1 Subsidiary Company - Life business

3.5.1.1 Conventional business

Individual life

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

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

Incurred But Not Reported (IBNR) claims

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

Unearned premium and premium deficiency reserve

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

Group Life and Group Credit Life

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

Accident and Health Business

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

Non-unitised Investment Linked Business

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

Incurred But Not Reported Claims

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

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

Unearned premium and premium deficiency reserve

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

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

Unit Linked Business

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

Incurred But Not Reported Claims

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

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

Unearned premium and premium deficiency reserve

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

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

3.6 Staff retirement benefits

3.6.1 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 2016;

(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 2016.

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.

3.6.2 Subsidiary Company

Defined benefit scheme

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

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

3.7 Employees' compensated absences

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

3.8 Creditors, accruals and provisions

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

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

3.9 Cash and cash equivalents

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

3.10 Investments

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

The above investments are classified into following categories:

3.10.1 Financial assets at fair value through profit or loss

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

3.10.2 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.

3.10.3 Loans and receivables

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

3.10.4 'Available-for-sale'

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

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

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

Fair / market value measurements

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

Impairment against financial assets

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

Derecognition

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

Offsetting of financial assets and liabilities

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

3.11 Financial liabilities

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

3.12 Taxation

(a) Current

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

(b) Deferred

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

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

3.13 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 varying methods depending upon the nature of the asset, at the rates specified for calculation of depreciation after taking into account residual value, if any. The useful lives, residual values and depreciation method are reviewed, and adjusted if appropriate, at each reporting date.

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

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

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

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

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

Intangible

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

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

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

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

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

3.14 Expenses of management

Holding Company

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

Subsidiary Company

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

3.15 Investment income

3.15.1 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.

3.15.2 From held-to-maturity investments

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

3.15.3 From investments at fair value through profit or loss

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

3.16 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).

3.17 Financial instruments

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

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

3.18 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.

3.19 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.

3.20 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.

3.21 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.

3.22 Segment reporting

3.22.1 Holding Company

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

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

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

3.22.2 Subsidiary Company

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

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

3.23 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.

3.24 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 2016.

4. SHARE CAPITAL

4.1 Authorized share capital

31 December 2016	31 December 2015		31 December 2016	31 December 2015
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

31 December 2016	31 December 2015		31 December 2016	31 December 2015
			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 2016, MCB Bank Limited and Nishat Mills Limited , associated undertakings held 86,527,165 (2015: 97,433,165) and 102,809 (2015: 102,809) ordinary shares of the Holding Company of Rs. 10 each, respectively.

5 Reserves

	Note	2016	2015
		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	**443,711**	445,503
		470,334	472,126
Revenue reserve			
General reserve		**936,500**	936,500
		1,406,834	1,408,626

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

	2016	2015
	Rupees in thousand	
Share capital	**240,599**	240,599
Profit for the year	**303**	224
Capital contribution to statutory funds	**(243,526)**	(261,632)
Opening retained earnings	**26,234**	26,010
	23,610	5,201

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 2016	31 December 2015
	Rupees in thousand						
Life insurance:							
7.1 Gross of reinsurance							
Actuarial liability relating to future events	226,660	-	2,401,360	18,485,912	389,366	**21,503,298**	14,011,272
Provision for incurred but not reported claims	37,177	-	-	-	-	**37,177**	14,786
	263,837	-	2,401,360	18,485,912	389,366	**21,540,475**	14,026,058
7.2 Net of reinsurance							
Actuarial liability relating to future events	96,473	-	2,370,723	18,383,848	385,969	**21,237,013**	13,849,330
Provision for incurred but not reported claims	14,283	-	-	-	-	**14,283**	6,568
	110,756	-	2,370,723	18,383,848	385,969	**21,251,296**	13,855,898
7.3 Balance of statutory funds							
Policyholders' liabilities							
Balance at beginning of the year	104,896	-	2,057,292	11,693,710	-	**13,855,898**	7,986,455
Increase during the year	5,860	-	313,431	6,690,138	385,969	**7,395,398**	5,869,443
Balance at end of the year	110,756	-	2,370,723	18,383,848	385,969	**21,251,296**	13,855,898

	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 2016	31 December 2015
	Rupees in thousand						
Retained earnings on other than participating business							
Balance at beginning of the year	(118,872)	(1,395)	28,195	25,340	-	**(66,732)**	(371,924)
Surplus / (deficit) for the year	19,120	9	135,907	275,141	(34,055)	**396,122**	305,192
Surplus appropriated to shareholders' fund	-	-	-	-	-	**-**	-
Balance at end of the year	(99,752)	(1,386)	164,102	300,481	(34,055)	**329,390**	(66,732)
Capital contributed by shareholders' fund							
Balance at beginning of the year	178,123	1,512	226,732	249,245	-	**655,612**	641,811
Money ceded to Waqf Fund	-	-	-	-	500	**500**	-
Capital contribution during the year	31,600	-	-	-	83,001	**114,601**	13,800
Capital returned during the year	-	-	(95,000)	(90,000)		**(185,000)**	-
Qard-e-Hasna from Operator's Sub Fund to PTF	-	-	-	-	(5,000)	**(5,000)**	-
Qard-e-Hasna received from Operator's Sub Fund by PTF	-	-	-	-	5,000	**5,000**	-
Balance at end of the year	209,723	1,512	131,732	159,245	83,501	**585,713**	655,611
Balance of statutory funds at year end	220,727	126	2,666,557	18,843,574	435,415	**22,166,399**	14,444,777

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

The details of the significant assumptions used by the appointed actuary in computation of policyholders' liability will be specified in the Financial Condition Report for the year ended 31 December 2016 to be issued by the appointed actuary of the Subsidiary Company in accordance with the requirements set out in section 50 of the Insurance Ordinance, 2000.

	Note	2016	2015
		Rupees in thousand	
8 Provision for outstanding claims (including IBNR)			**Restated**
General insurance			
Related parties		**620,336**	620,095
Others		**8,860,383**	6,191,100
		9,480,719	6,811,195
Life insurance		**233,351**	198,181
		9,714,070	7,009,376
9 Staff retirement benefit			
Unfunded Gratuity Scheme - Holding Company	9.1	**55,655**	56,693
Funded Gratuity Scheme - Holding Company	9.2	**25,744**	59,759
Funded Gratuity Scheme - Subsidiary Company	9.3	**14,362**	9,143
		95,761	125,595

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 2016 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:

	2016	2015
	Rupees in thousand	
Present value of defined benefit obligation at the start of the year	**56,693**	44,772
Charge for the year	**7,549**	6,519
Benefits paid	**(10,500)**	-
Remeasurement loss / (gain) on obligation	**1,965**	3,340
Exchange loss / (gain)	**(52)**	2,062
Present value of defined benefit obligation at the end of the year	**55,655**	56,693

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

	2016	2015
	Rate per annum	
- Valuation discount rate	**2.20%**	2.20%
- Expected rate of increase in salary level	**2.00%**	4.00%

	2016	2015
	Rupees in thousand	
9.1.4 The amount charged in profit and loss is as follows:		
Current service cost	**6,368**	5,076
Interest on obligation	**1,181**	1,443
Expense for the year	**7,549**	6,519
9.1.5 The amounts charged to Other Comprehensive Income are as follows:		
Remeasurement of the present value of defined benefit obligation due to:		
- Changes in financial assumptions	**(4,098)**	1,916
- Experience adjustments	**6,062**	1,424
	1,964	3,340

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 2016 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:

	2016	2015
	Rate per annum	
- Valuation discount rate	**6.50%**	7.25%
- Expected rate of increase in salary level	**4.50%**	5.25%
- Rate of return on plan assets	**6.50%**	7.25%

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

	2016	2015
	Rupees in thousand	
Net liabilities / assets at the beginning of the year	**59,759**	61,476
Expenses recognized	**16,085**	17,702
Contribution paid during the year	**(50,000)**	(20,000)
Remeasurement (gain) / loss recognized - net	**(100)**	581
Net liabilities at the end of the year	**25,744**	59,759

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

	2016	2015
Current service cost	**13,564**	12,554
Interest cost	**16,939**	21,011
Interest income on plan assets	**(14,418)**	(15,863)
	16,085	17,702

		2016	2015
		Rupees in thousand	
9.2.5	**The amounts recognised in other comprehensive income are as follows:**		
	Remeasurement of plan obligation from:		
	- Experience on obligation	**13,154**	8,155
	Remeasurement of plan assets:		
	- Actual net return on plan assets	**(27,672)**	(23,437)
	- Interest income on plan assets	**14,418**	15,863
		(13,254)	(7,574)
		(100)	581
9.2.6	**The amounts recognized in the balance sheet are as follows:**		
	Present value of the obligation	**267,714**	243,203
	Fair value of plan assets	**(241,970)**	(183,444)
	Net asset	**25,744**	59,759
9.2.7	**Movement in present value of defined benefit obligation**		
	Present value of defined benefit obligation as at the beginning of the year	**243,203**	218,736
	Current service cost	**13,564**	12,554
	Interest cost	**16,939**	21,011
	Actual benefits paid during the year	**(19,146)**	(17,253)
	Remeasurement loss on obligation	**13,154**	8,155
	Present value of defined benefit obligation as at the end of the year	**267,714**	243,203
9.2.8	**Movement in fair value of plan assets**		
	Fair value of plan asset as at the beginning of the year	**183,444**	157,260
	Interest income on plan assets	**14,418**	15,863
	Actual benefits paid during the year	**(19,146)**	(17,253)
	Contribution paid during the year	**50,000**	20,000
	Net return on plan assets over interest income	**13,254**	7,574
	Fair value of plan asset as at the end of the year	**241,970**	183,444
9.2.9	**Actual return on plan assets**		
	Expected return on plan assets	**14,418**	15,863
	Net return on plan assets over interest income	**13,254**	7,574
		27,672	23,437

9.2.10 Plan assets consist of the following:

	2016	2015	2016	2015
	Percentage		Rupees in thousand	
Government Bonds	**39.70%**	48.80%	**96,050**	89,523
Shares and deposits	**30.18%**	30.62%	**73,016**	56,172
Unit Trusts	**31.06%**	22.07%	**75,167**	40,485
Benefits due	**-0.94%**	-1.49%	**(2,263)**	(2,736)
	100.00%	100.00%	**241,970**	183,444

9.2.11 Plan assets do not include any investment in the Company's ordinary shares as at 31 December 2016 (2015: Nil).

9.2.12 Expected service cost for the year ending 31 December 2017 is Rs. 16,084 thousands.

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

9.2.14 The weighted average duration of the defined benefit obligation for gratuity plan is 3.5 years (2015: 3.5 years).

9.2.15 These defined benefit plans expose the Holding 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 Scheme - Subsidiary Company

	Note	2016	2015
		Rupees in thousand	
Present value of defined benefit obligations at 31 December	9.3.3	**61,604**	41,888
Fair value of plan assets at 31 December	9.3.4	**(47,242)**	(32,559)
Impact of uncleared cheques		**-**	(186)
Net liability at end of the year	9.3.6	**14,362**	9,143

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

9.3.2 Plan assets held in trust are governed by local regulations which mainly includes Trust Act, 1882; the Companies Ordinance, 1984, Income Tax Rules 2002 and Rules under the trust deed of the plan. Responsibility for governance of the plans, including investment decisions and contribution schedules, lies with the Board of Trustees. The Company appoints the Trustees and all trustees are employees of the Company. Company's obligation under the staff gratuity scheme is determined on the basis of an actuarial valuation carried out by an independent actuary as at 31 December 2016 under the Projected Unit Credit Method.

		Note	2016	2015
			Rupees in thousand	
9.3.3	**Movement in present value of defined benefit obligations**			
	Present value of defined benefit obligations at beginning of the year		**41,888**	28,341
	Current service cost	9.3.5	**10,956**	7,765
	Interest cost on defined benefit obligation	9.3.5	**5,575**	4,021
	Benefits paid during the year	9.3.4	**(7,865)**	(4,029)
	Remeasurement loss / (gain) on obligation:			
	- due to unexpected experience		**8,660**	811
	- due to changes in financial assumptions		**2,390**	4,979
		9.3.5	**11,050**	5,790
	Present value of defined benefit obligations at end of the year		**61,604**	41,888
9.3.4	**Movement in fair value of plan assets**			
	Fair value of plan assets at beginning of the year		**32,745**	22,042
	Contributions made by the Company to the Fund		**16,742**	13,031
	Interest income on plan assets		**3,967**	3,058
	Benefits paid during the year	9.3.3	**(7,865)**	(4,029)
	Remeasurement gain on plan assets	9.3.5	**1,653**	(1,357)
	Fair value of plan assets at end of the year		**47,242**	32,745
9.3.5	**Expense recognised in profit and loss / revenue account**			
	Current service cost		**10,956**	7,765
	Net interest cost		**5,575**	4,021
	Remeasurement losses / (gains) on obligation		**11,050**	5,790
	Remeasurement gain on fair value of plan assets		**(1,653)**	1,357
	Interest income on plan assets		**(3,967)**	(3,058)
	Expense for the year		**21,961**	15,875
9.3.6	**Net recognised liability**			
	Net liability at beginning of the year		**9,143**	6,299
	Expense recognised in profit and loss account / revenue account		**21,961**	15,875
	Contributions made to the fund during the year		**(16,742)**	(12,845)
	Impact of uncleared cheques		**-**	(186)
	Net liability at end of the year		**14,362**	9,143

9.3.7 Estimated Gratuity Cost for the year ending 31 December 2017, is as follows:

	2017
	Rupees in thousand
Current service cost	**20,488**
Net interest cost	**2,626**
Total expense to be recognised in profit and loss / revenue account	**23,114**

9.3.7.1 The gratuity cost for the year ending 31 December 2017 is estimated excluding the effect of the actuarial gain/loss, which will be known as at 31 December 2017.

	Note	2016		2015	
		Rupees in thousand	%	Rupees in thousand	%
9.3.8 Plan assets comprise of following:					
Bank balance		**4,914**	**10%**	17,701	53%
Mutual Funds	9.3.8.1	**42,329**	**90%**	15,547	47%
Fair value of plan assets at end of the year		**47,243**	**100%**	33,248	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 2016, using the 'Projected Unit Credit' method, are as follows:

	2016	2015
	Gratuity fund	
Discount rate per annum	**10.75%**	11.00%
Expected per annum rate of return on plan assets	**10.75%**	11.00%
Expected per annum rate of increase in salary level	**11.00%**	11.00%
Expected mortality rate	**LIC 94-96 Mortality table for males (rated down by 3 years for females)**	LIC 94-96 Mortality table for males (rated down by 3 years for females)
Expected withdrawal rate	**Age dependent**	Age dependent

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

Salary risks

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

Discount risks

The risk of volatile discount rates over the funding life of the scheme. The final effect could go either way depending on the relative of salary increases, timing of contributions, performance of investments and outgo of benefits.

Mortality / withdrawal risks

The risks that the actual mortality / withdrawal experience is different from expected. The effect depends upon the beneficiaries' service / age distribution and the benefit.

Investment risks

The risk of the investment underperforming and not being sufficient to meet the liabilities. This is managed by formulating an investment policy and guidelines based on which investments are made after obtaining approval of trustees of funds.

In case of the funded plan, the investment positions are managed within an Asset-Liability Matching (ALM) framework to ensure that long-term investments are in line with the obligation under the retirement benefit plan. The Company actively monitors the duration and the expected yield of the investments matching the same with expected cash outflows arising from the retirement benefit plan obligations. The Company does not use derivatives to mange the risk. Investments are well diversified.

The expected return on plan assets is assumed to be the same as the discount rate (as required by International Accounting Standard IAS19). The actual return depends on the assets underlying the current investment policy and their performance. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected return on equity investments reflect long-term real rates of return experienced in the market.

9.3.11 Sensitivity analysis - Subsidiary Company

	Impact on Funded Gratuity plan		
	Change in assumptions	Increase in assumption	Decrease in assumption
	Rupees in thousand		
Discount rate	1%	(9,329)	11,597
Salary growth rate	1%	11,402	9,342

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.

9.3.12 The weighted average duration of the defined benefit obligation is 19.56 years

9.3.13 The expected maturity analysis of undiscounted retirement benefit plan is between 4-5 years and the amount involved is Rs. 885 thousands.

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

9.5 Sensitivity analysis - Holding Company

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

	Change in assumptions	Impact on Gratuity plans			
		Unfunded		Funded	
		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
	Rupees in thousand				
Discount rate	1%	(1,852)	2,004	(8,308)	8,888
Salary growth rate	1%	1,988	(1,873)	8,975	(8,541)

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

	Note	2016	2015
		Rupees in thousand	
10 Other creditors and accruals			
Cash margin against performance bond		**806,387**	818,985
Sundry creditors	10.1	**266,327**	242,315
Commission payable		**1,123,799**	905,508
Workers' welfare fund		**329,096**	246,329
Federal insurance fee		**19,797**	52,441
Federal excise duty		**111,659**	90,311
Payable to Employees' Provident Fund	10.2	**2,822**	2,453
		2,659,887	2,358,342

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, Honorable Sindh High Court and Honorable Peshawar High Court.

The Honorable 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 329,096 thousands as at 31 December 2016 against WWF until the outcome of the filed Civil Review Petition.

10.2 During the year, an amount of Rs. 27,497 thousands (2015 : Rs. 26,470 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)	2016
	Rupees in thousand
Assets	
Qard-e-Hasna	30,000
Cash and bank deposits	17,595
Investments	29,905
Current assets - others	19,065
Fixed assets	2,592
	99,157
Total liabilities - current	**46,366**
Profit before tax for the year	**4,038**

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 2016.

12 Contingencies and commitments

12.1 Contingencies

Holding Company

The income tax assessments of the Holding Company have been finalized up to and including the tax year 2015. However, the Holding Company has filed appeals in respect of certain assessment years mainly on account of the following:

(a) Deputy Commissioner Inland Revenue passed order u/s 161/205 of the Ordinance for tax year 2013 raising an income tax demand of Rs. 9.07 million. The Holding Company agitated the order before Commissioner Inland Revenue (Appeals). Commissioner Inland Revenue (Appeals) decided the case in the favor of the Holding 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) 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. 88.18 million by adjusting the dividend income against this loss. The Holding Company maintains that it is entitled to carry the gross loss forward for adjustment against the future taxable income and dividend income for the year should be taxed separately at reduced rate. The appeals of the Holding Company in this respect have been rejected by the Commissioner Inland Revenue (Appeals), the ATIR and the Honorable Sindh High Court. The Holding Company has filed a reference application with the Honorable Supreme Court of Pakistan. The management is confident that the matter will eventually be decided in favor of the Holding Company and has consequently not made any provision against the additional tax liability of Rs. 26.46 million which may arise in this respect.

(c) The Tax Authorities have also amended the assessments for tax years 2003 to 2005 on the ground that the Holding Company has not apportioned management and general administration expenses against capital gain and dividend income. The Holding Company has filed constitutional petition in the Honorable Sindh High Court against the amendment in the assessment order. The Holding Company may be liable to pay Rs. 5.88 million in the event of decision against the Holding Company, out of which Rs. 2.73 million have been provided resulting in a shortfall of Rs. 3.15 million.

(d) 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. 38.36 million. An appeal was filed before the Commissioner Inland Revenue (Appeals) who upheld the order of the Taxation Officer. The Holding Company has filed an appeal before the ATIR which is yet to be heard.

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

Pending resolution of the above-mentioned appeals filed by the Holding Company, no provision has been made in these unconsolidated financial statements for the aggregate amount of Rs 77.03 million (2015: 94.63 million) 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. 16,308 thousands (2015: Rs. 12,904 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.

12.2 Commitments

Holding Company

The Holding Company has issued letter of guarantees amounting to Rs. 36,371 thousands (AED 1,277 thousands) [2015: Rs. 39,248 thousands (AED 1,378 thousands)] relating to its UAE branch.

Subsidiary Company

Commitments in respect of Ijarah rentals payable in future period as at 31 December 2016 amounted to Rs. 33,550 thousands (2015: Rs. 16,187 thousands) for vehicles. Commitment in respect of capital expenditure amounting to Rs. 6,049 thousands (2015: Nil)

13 Cash and Bank deposits

	Note	2016	2015
		Rupees in thousand	
Cash and other equivalents			
Cash in hand		**16,604**	10,749
Current and other accounts			
Current accounts		**1,491,301**	1,217,924
Savings accounts	13.1	**3,981,177**	1,822,924
		5,472,478	3,040,848
Deposits maturing within 12 months			
Fixed and term deposits	13.1	**6,025,059**	1,186,330
		11,514,141	4,237,927

13.1 These include fixed deposits amounting to Rs. 197,962 thousands (AED 6,951 thousands) [2015: Rs. 197,962 thousands (AED 6,951 thousands)] kept in accordance with the requirements of Insurance Regulations applicable to the UAE branches of the Holding Company for the purpose of carrying on business in United Arab Emirates. These also include liens against cash deposits of Rs. 35,325 thousands (2015: Rs. 9,076 thousands) with banks in Pakistan essentially in respect of guarantees issued by the banks on behalf of the Holding Company for claims under litigation filed against the Holding Company.

13.2 Cash and bank deposits include an amount of Rs. 2,550,531 thousands (2015: Rs. 3,073,236 thousands) held with related parties.

	Note	2016	2015
		Rupees in thousand	
14 Loans - considered good			
Secured			
Executives	14.2	**13,850**	15,882
Employees	14.2	**25,097**	23,119
		38,947	39,001
Less: Recoverable within one year shown under sundry receivables			
Executives		**11,109**	11,147
Employees		**9,469**	10,856
		20,578	22,003
		18,369	16,998

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 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% (2015: 5%) per annum.

14.2 Reconciliation of carrying amount of loans

	2016			2016		
	Executive	Others	Total	Executives	Others	Total
	Rupees in thousand					
Opening balance	**15,882**	**23,119**	**39,001**	5,676	27,017	32,693
Disbursements	**18,857**	**31,575**	**50,432**	27,990	23,532	51,522
Repayments	**(20,889)**	**(29,597)**	**(50,486)**	(17,784)	(27,430)	(45,214)
Closing balance	**13,850**	**25,097**	**38,947**	15,882	23,119	39,001

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.

	Note	2016	2015
		Rupees in thousand	
16. Investments			
In related parties			
'Available-for-sale':	16.3		
Marketable securities			
Listed		**7,014,434**	6,641,429
At fair value through profit or loss:			
Marketable securities			
Listed		**-**	-
		7,014,434	6,641,429
Others	16.3		
'Available-for-sale':			
Marketable securities			
Listed		**7,912,278**	7,169,946
Unlisted		**925,360**	924,535
Less: Provision for impairment in value of investments	16.2	**(81,400)**	(303,847)
		8,756,238	7,790,634
Fixed income securities	16.3	**640,358**	745,510
At fair value through profit or loss:	16.4		
Marketable securities			
Listed		**6,996,966**	1,889,035
Unlisted		**-**	-
Less: Provision for impairment in value of investments		**-**	-
		6,996,966	1,889,035
Fixed income securities	16.4	**7,231,681**	11,314,804
		23,625,243	21,739,983
		30,639,677	28,381,412

16.1 On 31 December 2016, the fair value of 'available-for-sale' securities was Rs. 22,484,536 thousands (2015: Rs. 20,590,909 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 2016 would have been higher by Rs. 8,255,890 thousands (2015: Rs. 5,413,336 thousands).

16.2 Reconciliation of provision for impairment in value of investments

	2016	2015
	Rupees in thousand	
Balance as at 01 January	**303,847**	226,444
Impairment / (reversal) for the year	**(222,447)**	77,403
Balance as at 31 December	**81,400**	303,847

	Note	2016 Cost	2016 Provision there against	2016 Carrying value	2015 Carrying value
		Rupees in thousand			
16.3 'Available-for-sale'					
- Listed shares	16.3.1	**7,014,434**	**-**	**7,014,434**	6,641,429
Others					
- Listed shares	16.3.2	**6,240,234**	**(81,273)**	**6,158,961**	4,055,947
- Unlisted shares	16.3.3	**925,360**	**-**	**925,360**	924,535
- Term Finance Certificates	16.3.4	**9,974**	**-**	**9,974**	61,739
- Mutual Fund Certificates	16.3.5	**1,661,909**	**(127)**	**1,661,782**	2,748,252
- NIT Units		**161**	**-**	**161**	161
- Government treasury bills		**160,592**	**-**	**160,592**	286,320
- Pakistan Investment Bonds		**479,766**	**-**	**479,766**	459,190
		9,477,996	**(81,400)**	**9,396,596**	8,536,144
		16,492,430	**(81,400)**	**16,411,030**	15,177,573

16.3.1 'Available-for-sale'

Listed Shares:

No. of Shares / Certificates		Face value	Company's Name	2016	2015
2016	2015	Rupees		Rupees in thousand	
1,402,950	1,258,650	10	Nishat Mills Limited [Equity held 0.40% (2015: 0.36%)]	**98,254**	34,211
42,965,187	38,122,387	10	MCB Bank Limited [Equity held 4% (2015: 3.43%)]	**6,916,180**	5,875,254
-	484,000	10	Hira Textile Mills Limited [Equity held 0% (2015: 0.56%)]	-	5,000
-	25,631,181	10	Pakgen Power Limited [Equity held 0 % (2015: 6.89%)]	-	355,448
-	27,348,388	10	Lalpir Power Limited [Equity held 0 % (2015: 7.20%)]	-	371,516
				7,014,434	6,641,429

16.3.2 Others - listed shares

			Commercial Banks		
2,773,000	4,143,128	10	Allied Bank Limited	**289,690**	213,480
-	5,725,178	10	Bank Al-Habib Limited	-	122,610
58,807	58,807	10	Habib Bank Limited	**8,050**	8,050
3,901,899	3,901,899	10	Habib Metropolitan Bank Limited	**87,327**	87,327
5,764,512	5,464,512	10	National Bank of Pakistan	**326,113**	303,877
-	2,550,000	10	Bank Alfalah Limited	-	73,549
29,400	6,039,904	10	United Bank Limited	**2,500**	640,222
			Non Banking Financial Institutions		
-	617,840	10	MCB-Arif Habib Savings & Investment Limited	-	12,071
			Insurance		
4,800	3,840	10	EFU General Insurance Company Limited	**211**	211
-	146,606	10	International General Insurance Company of Pakistan	-	23,536
286,843	286,843	10	Pakistan Reinsurance Company Limited	**6,326**	6,326
			Power Generation & Distribution		
5,743,000	321,500	10	Kot Addu Power Company Limited	**492,058**	28,124
-	-	10	Hub Power Company Limited	-	-
25,631,181	-	10	Pakgen Power Limited	**355,448**	
27,348,388	-	10	Lalpir Power Limited	**371,516**	
71,500	971,500	10	Nishat Power Limited	**3,752**	54,481
4,960,882	2,781,382	10	Saif Power Limited	**163,891**	95,438
130,000	130,000	10	K-Electric Limited	**967**	975
			Oil And Gas Marketing Companies		
-	247,200	10	Attock Refinery Limited	-	48,942
10,045,095	2,213,095	10	Sui Northern Gas Pipelines Limited	**461,931**	127,666
			Oil And Gas Exploration Companies		
2,174,300	610,000	10	Oil and Gas Development Company Limited	**349,665**	91,418
500	563,985	10	Pakistan Oilfields Limited	**134**	247,847
36	1,708,464	10	Pakistan Petroleum Limited	**3**	256,249

No. of Shares / Certificates		Face value	Company's Name	2016	2015
2016	2015	Rupees		Rupees in thousand	
			Automobile Assembler		
-	353,760	5	Al-Ghazi Tractors Limited	**-**	37,414
902,896	452,896	10	Millat Tractors Limited	**345,773**	93,508
			Cables And Electrical Goods		
148,131	148,131	10	Siemens (Pakistan) Engineering Company Limited	**116,770**	116,770
1,300,500	1,000,000	10	Pak Elektron Limited	**91,211**	75,122
			Industrial Metals and Mining		
91,300	91,300	10	Aisha Steel Mills Limited	**-**	-
1,490,000	-	10	Crescent Steel & Allied Products Ltd.	**189,226**	-
			Paper & Board		
-	98,250	10	Packages Limited	**-**	64,781
			Fertilizer		
3,562,500	-	10	Fauji Fertilizer Bin Qasim Limited	**257,508**	-
10,748,740	8,701,640	10	Fauji Fertilizer Company Limited	**1,114,267**	899,115
9,000	9,000	10	Fatima Fertilizer Company Limited	**-**	-
1,970,100	249,500	10	Dawood Hercules Limited	**288,417**	32,418
			Pharmaceutical		
125,000	3,646	10	Abbott Laboratories Pakistan Limited	**106,289**	446
			Chemical		
1,317,300	-	10	Engro Corporation Limited	**394,266**	-
-	110,401	10	Archroma Pakistan Limited	**-**	11,762
			Food And Personal Care Products		
-	65,808	10	Murree Brewery Company Limited	**-**	2,797
940,000	-	10	Al Shaheer Corporation Limited	**55,565**	
50,290	50,290	10	Rafhan Maize Products Limited	**68,483**	68,483
			Cement		
2,067,544	6,280,944	10	D.G. Khan Cement Company Limited	**168,195**	510,954
20,000	20,000	10	Attock Cement Limited	**3,355**	3,724
200,000	-	10	Bestway Cement Limited	**43,793**	-
645,100	-	10	Fecto Cement Limited	**77,534**	-
				6,240,234	4,359,693

16.3.3 Others - Unlisted shares

No. of Shares / Certificates 2016	No. of Shares / Certificates 2015	Face value Rupees	Company's Name	2016 Rupees in thousand	2015 Rupees in thousand
9,681,374	9,681,374	10	Security General Insurance Company Limited	**925,360**	924,535

16.3.4 Others-Term Finance Certificates

No. of Shares / Certificates 2016	No. of Shares / Certificates 2015	Face value Rupees	Company's Name	2016 Rupees in thousand	2015 Rupees in thousand
3,000	3,000	5,000	Bank Alfalah Limited	**9,974**	14,967
-	50	1,000,000	Pak Electron (Commercial Paper)	**-**	46,772
				9,974	61,739

16.3.5 Others-Mutual Fund Certificates

Open-Ended-Mutual Funds

No. of Shares / Certificates 2016	No. of Shares / Certificates 2015	Face value Rupees	Company's Name	2016 Rupees in thousand	2015 Rupees in thousand
-	6,185,152	100	MCB Dynamic Cash Fund	**-**	657,432
1,153,292	-	100	UBL Liquidity Plus Fund	**118,840**	-
26,647,078	-	50	MCB Pakistan Sovereign Fund	**1,416,364**	-
-	16,283,742	50	Metro Bank Pakistan Sovereign Fund	**-**	870,529
2,135,181	1,996,856	10	ABL Income Fund	**21,389**	19,988
198,375	9,498,379	50	Pakistan Income Enhancement Fund	**10,510**	510,000
-	11,171,104	50	Pakistan Income Enhancement Fund (Investment)	**-**	600,000
772,060	717,602	100	ABL Government Securities Fund	**7,737**	7,196
463,323	442,357	50	Meezan Islamic Income Fund	**24,370**	23,208
959,609	1,366,120	10	Meezan Balanced Fund	**15,404**	20,000
535,939	518,192	50	MCB Pakistan Asset Allocation Fund	**41,040**	40,000
60,868	-	100	UBL Money Market Fund	**6,255**	-
				1,661,909	2,748,353

	Note	2016 Cost	2016 Provision there against	2016 Carrying value	2015 Carrying value
		Rupees in thousand			
16.4 At fair value through profit or loss					
Others					
- Listed shares	16.4.1	**3,113,942**	**-**	**3,113,942**	64,493
- Term Finance Certificates		**698,276**	**-**	**698,276**	122,171
- Mutual Fund Certificates	16.4.3	**3,184,748**	**-**	**3,184,748**	1,702,371
- Government treasury bills		**2,350,691**	**-**	**2,350,691**	5,254,410
- Pakistan Investment Bonds		**4,618,463**	**-**	**4,618,463**	5,959,264
- Ijarah sukuks		**262,527**	**-**	**262,527**	101,130
		14,228,647	**-**	**14,228,647**	13,203,839
Total at fair value through profit or loss		**14,228,647**	**-**	**14,228,647**	13,203,839

16.4.1 Others - listed shares

No. of Shares / Certificates 2016	No. of Shares / Certificates 2015	Face value Rupees	Company's Name	2016 Rupees in thousand	2015 Rupees in thousand
			Industrial Metals and Mining		
599,500	8,864	10	Amreli Steel Limited	**39,936**	532
50,000	-	10	Aisha Steel Limited	**787**	-
262,000	-	10	Mughal Iron and Steel Industries	**23,098**	-
17,500	-	10	International Steels Limited	**1,710**	-
260,000	-	10	International Industries Limited	**52,970**	-
58,500	-	10	Crescent Steel and Allied Products	**9,020**	-
			Chemical		
36,300	36,300	10	Arif Habib Corporation Limited	**1,597**	1,855
202,800	6,300	10	Engro Corporation Limited	**64,103**	1,760
250,000	-	10	Engro Polymer and Chemicals Limited	**4,615**	-
50,000	-	10	Dawood Herceules Corporation Limited	**7,217**	-
4,500	2,200	10	ICI Pakistan Limited	**4,472**	1,065
			Cables And Electrical Goods		
917,500	-	10	Pak Elektron Limited	**65,399**	-
10,000	-	10	Pakistan Cables Limited	**3,499**	-
			Telecommunications		
500	-	10	Pakistan Telecommunication Company Limited	**9**	-
			Transportation		
40,000	-	10	Pakistan National Shiping Corporation	**6,455**	-
			Textile		
225,000	-	10	Nishat Chunian Limited	**14,047**	-
			Pharmaceuticals		
100,000	-	10	Abbot Laboratories (Pakistan) Limited	**95,709**	-
10,000	-	10	GlaxosmithKline (Pakistan) Limited	**2,333**	-
			Information Technology		
433,500	-	10	Systems Limited	**36,674**	-
470,000	-	10	Avancon Limited	**16,380**	-
716,500	-	10	Netsol Technologies Limited	**38,892**	-
			Food And Personal Care Products		
50,000	-	10	Pace (Pakistan) Limited	**564**	-
2,000	-	10	Service Industries Limited	**2,994**	-
8,000	-	10	Murree Brewery Company Limited	**7,421**	-
63,000	-	10	Fauji Foods Limited	**5,528**	-
			Fertilizer		
3,896,000	18,000	10	Engro Fertilizer Limited	**264,850**	1,514
202,700	-	10	Fauji Fertilizer Company Limited	**20,630**	-
			Oil And Gas Marketing Companies		
-	2,800	10	Attock Petroleum Limited	**-**	1,414

No. of Shares / Certificates 2016	No. of Shares / Certificates 2015	Face value Rupees	Company's Name	2016 Rupees in thousand	2015 Rupees in thousand
163,200	-	10	Attock Refinery Limited	**69,409**	-
80,000	-	10	National Refinery Limited	**45,690**	-
30,000	-	10	Hescol Petroleum Limited	**10,126**	-
98,050	-	10	Mari Petroleum Limited	**134,810**	-
984,900	-	10	Sui Northern Gas Pipelines Limited	**136,425**	-
500,000	-	10	Sui Southern Gas Pipelines Limited	**18,175**	-
242,400	5,000	10	Pakistan State Oil Company Limited	**105,253**	1,629
			Oil And Gas Exploration Companies		
189,600	5,000	10	Pakistan Oilfields Limited	**101,364**	1,340
1,003,700	-	10	Oil and Gas Development Company Limited	**165,962**	-
800	18,500	10	Pakistan Petroleum Limited	**151**	2,254
			Paper & Board		
35,400	4,000	10	Packages Limited	**30,092**	2328
			Automobile Assembler		
-	3,400	10	Pak Suzuki Motor Company Limited	**-**	1,684
2,500	1,300	10	Indus Motors Company Limited	**4,036**	1,315
2,000	7,500	10	Honda Atlas Cars (Pakistan) Limited	**1,337**	1,792
			Commercial Banks		
1,964	1,964	10	Askari Bank Limited	**49**	43
1,400,000	-	10	National Bank of Pakistan	**104,846**	-
600,000	-	10	Faysal Bank Limited	**13,068**	-
335,000	158,793	10	Habib Bank Limited	**91,539**	31,778
-	200,000	10	Habib Metropolitan Bank Limited	**-**	6,094
50,000	-	10	Summit Bank Limited	**220**	-
1,042,200	-	10	MCB Bank Limited	**247,856**	-
642,700	-	10	United Bank Limited	**153,541**	-
			Power Generation & Distribution		
4,059,000	-	10	Kot Addu Power Company Limited	**319,849**	-
5,547,500	-	10	K-Electric Limited	**51,980**	-
1,133,700	29,000	10	Hub Power Company Limited	**139,989**	2,975
			Cement		
20,000	-	10	DG Khan Cement Company Limited	**4,435**	-
282,500	-	10	Deewan Cement Limited	**11,029**	-
-	22,000	10	Fauji Cement Company Limited	**-**	810
813,500	25,000	10	Maple Leaf Cement Company Limited	**103,786**	1,865
297,850	900	10	Lucky Cement Limited	**258,016**	446
				3,113,942	64,493

16.4.2 Others-Term Finance Certificates

139,655	24,434	5000	Bank Alfalah Limited	**698,276**	122,171

No. of Shares / Certificates 2016	No. of Shares / Certificates 2015	Face value Rupees	Company's Name	2016 Rupees in thousand	2015 Rupees in thousand
16.4.3 Others-Mutual Fund Certificates					
Open-Ended-Mutual Funds					
104,431	368,054		MCB Islamic Income Fund	**10,799**	37,966
52,097,387	28,252,889		MCB Pakistan Islamic Stock Fund	**698,626**	270,603
2,971,480	-		Faysal Saving Growth Fund	**307,192**	-
14,459	-		Faysal Islamic Savings Growth Fund	**1,501**	-
49,397	-		Faysal MTS Fund	**5,076**	-
319,328	-		Faysal Balance Growth Fund	**23,273**	-
93,650	-		Faysal Income and Growth Fund	**10,007**	-
134,608	-		Faysal Asset Allocation Fund	**10,195**	-
2,032,118	-		Pakistan International Element Islamic Asset Allocation Fund	**159,481**	-
138,541	-		Meezan Islamic Fund	**11,538**	-
482,191	-		Meezan Balanced Fund	**8,800**	-
16,805,373	7,497,526		MCB Pakistan Stock Market Fund	**1,884,695**	600,848
-	426,322		MCB Dynamic Cash Fund	**-**	46,601
-	13,461,628		Metrobank-Pakistan Sovereign Fund	**-**	743,759
667,235	-		Nafa Islamic Stock Fund	**9,952**	-
721,483	-		Nafa Islamic Energy Fund	**10,126**	-
800,712	-		NIT - Islamic Equity Fund	**10,273**	-
16,854	-		Atlas Islamic Stock Fund	**10,240**	-
589,229	-		ABL Islamic Stock Fund	**10,293**	-
26,553	25,019		Alfalah GHP Money Market Fund	**2,681**	2,594
				3,184,748	1,702,371

	Note	2016	2015
		Rupees in thousand	
17 Premium due but unpaid - Unsecured			
Considered good	71.1	**5,099,091**	4,563,443
Considered doubtful		**375,576**	373,639
		5,474,667	4,937,082
Less: Provision for doubtful balances	17.2	**(375,576)**	(373,639)
		5,099,091	4,563,443

17.1 Premium due but unpaid include an amount of Rs. 467,295 thousands (2015: Rs. 459,320 thousands) held with related parties.

17.2 Reconciliation of provision for doubtful balances			
Balance as at 01 January		**373,639**	363,482
Exchange loss		**-**	5,247
Charge for the year		**1,937**	4,910
Balance as at 31 December		**375,576**	373,639

18 Amounts due from Other Insurers / Reinsurers - Unsecured			
Considered good		**1,062,271**	854,329
Considered doubtful		**85,302**	299,558
		1,147,573	1,153,887
Less: Provision for doubtful balances	18.1	**(85,302)**	(299,558)
		1,062,271	854,329

	Note	2016	2015
		Rupees in thousand	
18.1 Reconciliation of provision for doubtful balances			
Balance as at 01 January		**299,558**	299,558
Write off against provision for the year		**(214,256)**	-
Balance as at 31 December		**85,302**	299,558
19 Premium and claim reserves retained by cedants			
Considered doubtful		**23,252**	23,252
		23,252	23,252
Less: Provision for doubtful balances	19.1	**(23,252)**	(23,252)
		-	-
19.1 Reconciliation of provision for doubtful balances			
Balance as at 01 January		**23,252**	-
Charge for the year		**-**	23,252
Balance as at 31 December		**23,252**	23,252
20 Accrued investment income			
Return accrued on Term Finance Certificates		**69**	826
Return accrued on Treasury Bills		**2,107**	4,034
Return accrued on Pakistan Investment Bonds		**198,353**	297,757
Dividend income			
- associated undertakings		**-**	-
- others		**26,968**	466
		26,968	466
Return on deposit accounts			
- associated undertakings		**-**	3,662
- others		**24,396**	492
		24,396	4,154
		251,893	307,237
21 Reinsurance recoveries against outstanding claims			
These are unsecured and considered to be good.			
22 Prepayments			
Prepaid reinsurance premium ceded		**2,356,182**	2,178,676
Others		**123,123**	110,217
		2,479,305	2,288,893
23 Sundry receivables			
Considered good			
Current portion of long-term loans			
Executives	14	**11,109**	11,147
Employees	14	**9,469**	10,856
Other advances		**117,024**	95,747
Security deposits		**1,238,631**	101,793
Miscellaneous		**24,221**	23,532
		1,400,454	243,075
24 Operating fixed assets			
Owned assets - tangibles		**1,150,358**	1,315,123
Owned assets - intangibles		**102,565**	50,014
	24.1	**1,252,923**	1,365,137
Capital work in progress	24.2	**122,705**	6,776
		1,375,628	1,371,913

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For the Year Ended 31 December 2016

24.1 Property, plant and equipment

	2016											
	Cost					Depreciation					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	10.00%
Furniture and fixtures	250,140	18,341	(568)	(18,878)	249,035	120,941	(78)	(11,345)	21,534	131,052	117,983	15.00%
Motor vehicles	612,524	48,140	(2,042)	(38,106)	620,516	309,403	(2,336)	(24,828)	48,235	330,474	290,042	15.00%
Machinery and equipment	193,449	19,913	(786)	(14,380)	198,196	103,699	32	(10,703)	15,871	108,899	89,297	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	30.00%
Leasehold Improvements	-	7,654	-	-	7,654	-	-	-	172	172	7,482	14.30%
Intangibles												
Computer software	215,966	92,882	72	-	308,920	165,952	43	-	40,360	206,355	102,565	20.00%
2016	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	

	2015											
	Cost					Depreciation					Book Value	
	As at 01 Jan 2015	Additions / transfers*	Exchange differences and other adjustments	Disposals	As at 31 Dec 2015	As at 01 Jan 2015	Exchange differences and other adjustments	On disposals	Charge for the year	As at 31 Dec 2015	As at 31 Dec 2015	Rate
	Rupees in thousand											%
Tangible												
Land and Buildings	538,957	313,798	7,999	(6,953)	853,801	128,268	2,090	(5,238)	26,799	151,919	701,882	10.00%
Furniture and fixtures	240,934	13,589	857	(5,240)	250,140	100,495	291	(4,188)	24,343	120,941	129,199	15.00%
Motor vehicles	611,880	54,742	911	(55,009)	612,524	288,865	427	(29,274)	49,385	309,403	303,121	15.00%
Machinery and equipment	249,718	12,673	972	(69,914)	193,449	136,732	341	(52,542)	19,168	103,699	89,750	16.67%
Computer and related accessories	333,325	11,376	582	(27,000)	318,283	206,900	597	(23,986)	43,601	227,112	91,171	30.00%
Intangibles												
Computer software	199,154	16,719	93	-	215,966	141,952	90	-	23,910	165,952	50,014	20.00%
	2,173,968	422,897	11,414	(164,116)	2,444,163	1,003,212	3,836	(115,228)	187,206	1,079,026	1,365,137	

24.1.1 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
Buildings						
Land Gulberg Lahore	145,692	-	145,692	235,000	Negotiation	101 Group (Pvt) Limited
Building Gulberg Lahore	58,963	24,384	34,579	25,000	Negotiation	101 Group (Pvt) Limited
	204,655	**24,384**	**180,271**	**260,000**		
Furniture & fixtures						
Items having book value below Rs. 50,000	18,878	11,345	7,533	4,741	Negotiation	
	18,878	**11,345**	**7,533**	**4,741**		
Motor vehicles						
Owned						
Toyota Corolla Gli (AXK-285)	1,515	688	827	1,150	Insurance claim recovery	IGI Insurance Ltd
Toyota Corolla Gli (AXK-596)	1,515	688	827	1,202	Auction	Shakeel Ahmed Afaqi
Honda Citi (AVQ-685)	1,379	730	649	1,480	Auction	Ch Adeel Masood
Toyota Corolla Gli (AVQ-468)	1,399	758	641	1,026	Auction	Allah Ditta Ranjha
Toyota Corolla Gli (AUL-802)	1,358	815	543	974	Auction	Muhammad Asif
Toyota Corolla Gli (AUL-803)	1,358	844	514	1,004	Auction	Muhammad Aon Ali
Toyota Corolla Gli (ASP-781)	1,389	891	498	914	Auction	Muhammad Nasir Khan
Toyota Corolla Gli (ASP-783)	1,389	936	453	878	Auction	Abid Ali
honda Citi automatic (ASM-643)	1,365	920	445	627	Auction	Shokat Ali Akbar
Suzuki bolan (CU-4307)	698	267	431	607	Auction	Shokat Ali Akbar
Toyota Corolla Gli (ASD-140)	1,464	1,047	417	667	Auction	Syed Masoor Ali
Honda Citi (ASF-268)	1,252	838	414	707	Auction	Muhammad Usman
Suzuki Cultus (AVH-942)	964	581	383	515	Auction	Muhammad Sabir Ali
Honda Citi (ARU-970)	1,059	730	329	747	Auction	Ch Adeel Masood
Suzuki Cultus (ASL-762)	795	508	287	554	Auction	Samina Siddiqui
Suzuki Cultus (LED-09-6252)	824	544	280	550	Auction	Muhammad Usman
Honda Citi (ARH-157)	1,119	848	271	601	Auction	Imtiaz Ahmed khan
Suzuki Cultus (LEC-09-1958)	850	580	270	507	Auction	Syed Masoor Ali
Suzuki Cultus (ASH-970)	816	551	265	489	Auction	Muhammad Asif
Suzuki Cultus (ASA-594)	844	583	261	487	Auction	Muhammad Farhan Ali
Toyota Corolla Gli (AQT-265)	925	666	259	857	Auction	Syed Masoor Ali
Honda Citi (AQY-938)	887	667	220	824	Auction	Muhammad Abbas Akram
Honda Civic (LZV-8197)	1,287	1,097	190	865	Auction	Rafiq Khan
Suzuki Mehran (ASA-378)	534	355	179	360	Auction	Bahadur Zaman
Toyota Corolla Gli (AKG-632)	885	707	178	553	Auction	Nazeer Iqbal
Suzuki Cultus (AQR-233)	665	490	175	280	Auction	Syed Masoor Ali
Suzuki Cultus (AQW-106)	652	479	173	485	Auction	Maha Arshad
honda Citi Vario (AKE-358)	885	722	163	668	Auction	Muhammad Awais
Suzuki Cultus (LEH-2669)	632	471	161	508	Auction	Syed Masoor Ali
Honda Citi (AJJ-046)	888	731	157	579	Auction	Ch Adeel Masood
Suzuki Cultus (AQN-379)	625	480	145	232	Auction	Syed Masoor Ali
Suzuki Cultus (BRL-2453)	590	476	114	342	Auction	Fazal Sattar
Suzuki Cultus (AJL-022)	590	506	84	290	Auction	Muhammad Asif Rana
Honda CD 70 (KJG-3347)	64	2	62	61	Insurance claim recovery	IGI Insurance Ltd
Chevrolet Terras	1,337	338	999	541	Negotiation	Lisa Pinto - Employee
Honda Accord	1,110	702	408	200	Negotiation	Asad Khan - Employee
Items having book value below Rs. 50,000	2,198	1,592	606	1,047		
	38,106	**24,828**	**13,278**	**24,378**		
Machinery & equipment						
Items having book value below Rs. 50,000	14,380	10,703	3,677	2,401	Negotiation	
	14,380	**10,703**	**3,677**	**2,401**		
Computer						
Items having book value below Rs. 50,000	30,614	29,248	1,366	859		
	30,614	**29,248**	**1,366**	**859**		
Grand Total	**306,633**	**100,508**	**206,125**	**292,379**		

24.2 Capital work in progress includes the following:

	Note	2016	2015
		Rupees in thousand	
Building		111,321	2,880
Civil & electrical works		616	-
ERP software		10,254	3,896
Leasehold improvement		514	-
		122,705	6,776

25 Effect of change in accounting policies - Holding Company

As disclosed in note 2.2, the Holding Company has changed its accounting polices for recognising IBNR related to underwriting activities and premium deficiency reserve.

	As previously reported	Adjustment	Restated
	Rupees in thousand		
(a) Impact of change in accounting policies on the balance sheet as at 31 December 2014:			
Net retained earnings	8,869,577	(445,043)	8,424,534
Exchange translation reserve	432,027	1,784	433,811
Provision for outstanding claims (including IBNR)	5,819,872	539,890	6,359,762
Reinsurance recoveries against outstanding claims	3,669,232	96,631	3,765,863
(b) Impact of change in accounting policies on the balance sheet as at 31 December 2015:			
Net retained earnings	10,360,862	(1,057,294)	9,303,568
Exchange translation reserve	473,463	(27,960)	445,503
Provision for outstanding claims (including IBNR)	5,972,005	1,037,371	7,009,376
Reinsurance recoveries against outstanding claims	3,966,157	124,050	4,090,207
Premium deficiency reserve	-	171,933	171,933
(c) Impact of change in accounting policies on the statement of profit or loss for the year ended 31 December 2015:			
Claim expense	6,557,999	443,396	7,001,395
Premium deficiency reserve	-	168,855	168,855
Profit before taxation	2,830,781	(612,251)	2,218,530
Profit after taxation	2,555,681	(612,251)	1,943,430
Basic/diluted earnings per share	7.30	(1.75)	5.55

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For the Year Ended 31 December 2016

		Note	2016	2015
			Rupees in thousand	
26	**Expenses**			
	Salaries and wages	28.1	**1,327,478**	1,216,416
	Rent, rates and taxes		**117,054**	98,977
	Utilities		**44,059**	56,148
	Communication and computer expenses		**75,119**	65,840
	Printing and stationery		**52,911**	52,162
	Traveling and entertainment		**49,610**	45,938
	Repairs and maintenance		**85,861**	102,029
	Advertisement and sales promotion		**95,966**	130,601
	Depreciation	24.1	**118,486**	119,635
	Tracking and monitoring charges		**138,896**	99,865
	Legal and professional		**90,957**	85,092
	Others		**69,854**	41,278
			2,266,251	2,113,981
27	**Other income**			
	Income from financial assets			
	Return on bank deposits		**80,717**	82,980
	Interest on loans to employees		**365**	375
	Income from non financial assets			
	Gain on sale of fixed assets		**86,254**	25,937
	Miscellaneous		**19,323**	67,040
			186,659	176,332
28	**General and administration expenses**			
	Salaries and wages	28.1	**296,026**	243,529
	Rent, rates and taxes		**29,111**	24,040
	Depreciation	24.1	**33,357**	48,802
	Communication and computer expenses		**42,080**	39,800
	Utilities		**10,220**	11,424
	Repairs and maintenance		**18,569**	17,475
	Advertisement and sales promotion		**13,894**	32,032
	Traveling and entertainment		**21,603**	15,474
	Directors' fee		**280**	390
	Legal and professional		**84,417**	83,662
	Auditors' remuneration	28.2	**11,150**	7,542
	Donations	28.3	**1,953**	400
	Amortization of intangible asset	24.1	**27,681**	18,769
	Others		**70,425**	42,482
			660,766	585,821

28.1 Management expenses and General and Administration expenses include Rs. 73,089 thousands (2015: Rs. 66,567 thousands) in respect of staff retirement benefits.

		Note	2016	2015
			Rupees in thousand	
28.2	**Auditor's remuneration**			
	Holding Company			
	Audit fee		**5,110**	4,332
	Half yearly review		**889**	469
	Other certifications		**325**	320
	Out of pocket expenses		**875**	800
			7,199	5,921
	Subsidiary Company			
	- Not related to statutory fund		**439**	189
	- Related to statutory fund		**3,512**	1,432
			3,951	1,621
			11,150	7,542

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

29 Provision for taxation

	Note	2016	2015
Current tax			
For the year		**384,454**	222,322
Prior year		**58,439**	37,126
Deferred tax			
For the year	29.2	**118,583**	15,652
		561,476	275,100

29.1 Tax charge reconciliation

	2016	2015
	Percentage	
		Restated
Tax at the applicable rate of 31% (2015: 32%)	**31.00**	32.00
Tax effect of income subject to lower rate	**-**	(14.78)
Tax effect of change in tax rate and others	-	0.62
Tax effect of business losses and tax credits previously unrecognized	**(18.59)**	-
Super tax	**1.44**	1.66
Tax effect of income exempt from tax	**-**	(7.10)
	13.85	12.40

29.2 Deferred tax effect due to temporary differences of:

	2016	2015
	Effective tax rate (Percentage)	
Tax depreciation allowance	**(52,059)**	(59,880)
Provision for gratuity	**16,697**	17,575
Carried forward tax losses	**-**	125,526
	(35,362)	83,221
Less: Opening balance of deferred tax asset	**83,221**	98,873
	(118,583)	(15,652)

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

During the year, the Holding Company has paid an interim dividend of Rs. 1.5/- per share representing 21% of its after tax profits for the year. Further as explained in note 35 to the financial statements, the Board of Directors of the Holding Company in their meeting held on 5 April 2017 has recommended a final dividend of Rs. 2.5/- per ordinary share for the year ended 31 December 2016 which complies with the above stated requirements. Accordingly, no provision for tax on undistributed reserves has been made in these consolidated financial statements.

30 Earnings per share - Basic and diluted

	2016	2015
	Rupees in thousand	
		Restated
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	**3,493,818**	1,943,206
	Number of shares	
Weighted average number of shares	**350,000,000**	350,000,000
	Rupees	
Basic earning per share - restated	**9.98**	5.55

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-Executives		Executives		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	Rupees in thousand							
Fee	**-**	-	**280**	390	**-**	-	**280**	390
Managerial remuneration	**8,593**	7,841	**-**	-	**214,096**	186,419	**222,689**	194,260
Allowances and perquisites	**12,438**	10,390	**-**	-	**320,920**	257,329	**333,358**	267,719
	21,031	18,231	**280**	390	**535,016**	443,748	**556,327**	462,369
Number	**1**	1	**10**	10	**203**	169	**214**	180

31.1 In addition, the Chief Executive Officer 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 Company for CEO are Rs. 661 thousands (2015: Rs. 551 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.

	2016	2015
	Rupees in thousand	
Holding Company		
i) Transactions		
Premium underwritten	**1,102,393**	1,009,702
Premium received	**1,090,508**	1,002,714
Claims paid	**591,740**	356,758
Service charges received	**-**	-
Investments made	**1,199,219**	927,723
Rent paid	**5,992**	8,172
Rent received	**6,447**	3,672
Dividends received	**653,659**	698,384
Dividend paid	**276,533**	292,608
Income on deposit account	**19,398**	39,512
	Numbers of Shares	
Bonus shares received	**-**	44,000
Bonus shares issued	**-**	-

	2016	2015
	Rupees in thousand	
ii) Year end balances		
Other related parties		
Balances receivable	**462,259**	456,582
Balances payable	**615,514**	623,245
Cash and bank balances	**1,142,972**	1,983,209
Subsidiary Company		
i) Transactions		
Associated undertakings		
Premium written	**106,236**	90,271
Claims expense	**66,413**	56,163
Commission and other incentives in respect of Bancassurance	**1,026,050**	1,006,564
Profit on bank deposits	**31,493**	26,101
Investment advisor fee	**23,099**	21,135
Trustee fee	**10,495**	6,620
Bank charges	**378**	532
Investment purchased	**3,732,003**	2,475,626
Investment sold	**3,096,405**	1,901,504
Dividend income	**22,099**	27,897
ii) Year end balances		
Premium due but unpaid	**14,589**	6,399
Bank deposits	**1,235,809**	1,090,027
Dividend receivable	**-**	160
Technical support fee payable	**14,938**	14,933
Commission payable	**280,607**	180,916
Claims payable	**4,300**	3,820
Remuneration payable to Investments advisor	**2,615**	5,091
Remuneration payable to Trustee	**1,028**	683

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:

30 December 2016 — Rupees in thousand

	Fire and Property Damage		Marine, Aviation and Transport		Motor		Accident & Health		Miscellaneous		Treaty		Unallocated Corporate Assets/ Liabilities	
	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
Other Information														
Reinsurance and other recoveries accrued	3,131,379	55,527	116,957	-	115,131	2,320,521	-	11,832	857,070	7,179	-	-	-	-
Deferred commission expense	267,204	4,415	4,834	370	78,015	333,262	24,058	293	24,220	610	-	-	-	-
Prepaid reinsurance premium ceded	1,762,967	18,870	6,439	-	342	405,498	-	6,237	152,515	3,314	-	-	-	-
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	-	-	-	-
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	-	-	-	-
Unallocated assets:														
Cash and bank deposits	-	-	-	-	-	-	-	-	-	-	-	-	2,633,147	1,703,083
Loans	-	-	-	-	-	-	-	-	-	-	-	-	14,730	3,639
Investments	-	-	-	-	-	-	-	-	-	-	-	-	15,443,961	599,579
Deferred taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued investment Income	-	-	-	-	-	-	-	-	-	-	-	-	26,794	3,472
Taxation payments less provision	-	-	-	-	-	-	-	-	-	-	-	-	7,534	-
Prepayments - others	-	-	-	-	-	-	-	-	-	-	-	-	83,722	2,146
Dividend receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sundry receivables	-	-	-	-	-	-	-	-	-	-	-	-	121,801	63,114
Total assets of Window Takaful Operations - Operator's Fund	-	-	-	-	-	-	-	-	-	-	-	-	99,157	-
Fixed assets	-	-	-	-	-	-	-	-	-	-	-	-	1,054,883	194,857
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
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	-	-	-	-
Commission income unearned	169,820	3,954	173	-	5	29,317	-	-	32,688	933	-	-	-	-
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	-	-	-	-
Premiums received in advance	99,981	-	17,043	-	46,001	-	33,528	-	29,128	-	-	-	-	-
Commission payable	216,675	3,209	36,935	1,310	99,691	287,393	72,661	869	63,124	758	-	-	-	-
Amounts due to other insurers / reinsurers	682,538	-	116,348	-	314,031	-	228,886	-	198,843	-	-	-	-	-
Unallocated liabilities:														
Accrued expenses	-	-	-	-	-	-	-	-	-	-	-	-	101,928	33,696
Other creditors and accruals	-	-	-	-	-	-	-	-	-	-	-	-	1,369,108	86,142
Staff retirement benefits	-	-	-	-	-	-	-	-	-	-	-	-	25,744	55,655
Taxation - provision less payments	-	-	-	-	-	-	-	-	-	-	-	-	34,549	-
Total liabilities of Window Takaful Operations - Operator's Fund	-	-	-	-	-	-	-	-	-	-	-	-	46,366	-
Unclaimed dividends	-	-	-	-	-	-	-	-	-	-	-	-	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
Capital expenditure														

	Total		Aggregate General Insurance	Shareholders' Fund	Life Insurance					Aggregate Life Insurance	Grand Total
	Inside Pakistan	Outside Pakistan			Conventional Business	Accident and Health Business	Non-unitised Investment Link Business	Unit Linked Business	Individual Family Takaful Unit Linked Business		
Other Information											
Reinsurance and other recoveries accrued	4,220,537	2,395,059	6,615,596	-	-	-	-	-	-	-	6,615,596
Deferred commission expense	398,331	338,950	737,281	-	-	-	-	-	-	-	737,281
Prepaid reinsurance premium ceded	1,922,263	433,919	2,356,182	-	-	-	-	-	-	-	2,356,182
Premiums due but unpaid	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	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	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	18,369	8,170	-	-	15,039	5,408	-	28,617	46,986
Investments	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	30,266	7,780	3,066	-	25,110	166,179	5,077	207,212	237,478
Taxation payments less provision	7,534	-	7,534	68,404	-	-	-	-	-	68,404	75,938
Prepayments - others	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	184,915	5,149	5	-	-	9,851	-	15,005	199,920
Total assets of Window Takaful Operations - Operator's Fund	99,157	-	99,157	-	-	-	-	-	-	-	99,157
Fixed assets	1,054,883	194,857	1,249,740	125,886	-	-	-	-	-	125,886	1,375,626
Total assets	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)	5,480,119	3,995,599	9,475,718	-	81,196	-	18,265	138,891	-	238,352	9,714,070
Commission income unearned	202,686	34,204	236,890	-	-	-	-	-	-	-	236,890
Provision for unearned premium	4,515,372	2,955,692	7,471,064	-	-	-	-	-	-	-	7,471,064
Premiums received in advance	225,681	-	225,681	-	4,798	9	30,310	139,312	10,334	184,763	410,444
Commission payable	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	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	135,624	9,485	-	-	-	-	30	9,515	145,139
Other creditors and accruals	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	81,399	14,361	-	-	-	-	-	14,361	95,760
Taxation - provision less payments	34,549	-	34,549	813	-	-	-	-	-	813	35,362
Total liabilities of Window Takaful Operations - Operator's Fund	46,366	-	46,366	-	-	-	-	-	-	-	46,366
Unclaimed dividends	88,969	-	88,969	-	-	-	-	-	-	-	88,969
Total liabilities	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

	30 December 2015 (Restated)													
	Fire and Property Damage		Marine, Aviation and Transport		Motor		Accident & Health		Miscellaneous		Treaty		Unallocated Corporate Assets/ Liabilities	
	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:														
Reinsurance and other recoveries accrued	1,341,207	32,554	94,260	-	76,499	2,078,812	-	11,705	704,120	1,652	-	-	-	-
Deferred commission expense	216,140	6,332	3,481	675	59,416	193,035	8,639	2,232	47,201	1,117	-	-	-	-
Prepaid reinsurance premium ceded	1,800,461	28,037	2,729	-	297	161,155	-	14,096	166,445	5,456	-	-	-	-
Premiums due but unpaid	1,292,961	42,817	302,781	11,406	521,264	1,550,134	408,934	18,490	380,045	10,903	-	-	-	-
Premium and claim reserves retained by cedants	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amounts due from other insurers/reinsurers	362,300	-	84,842	-	146,063	-	114,587	-	106,492	-	-	-	-	-
Unallocated assets:														
Cash and bank deposits	-	-	-	-	-	-	-	-	-	-	-	-	1,563,882	1,334,250
Loans	-	-	-	-	-	-	-	-	-	-	-	-	13,265	3,733
Investments	-	-	-	-	-	-	-	-	-	-	-	-	14,698,538	-
Deferred taxation	-	-	-	-	-	-	-	-	-	-	-	-	83,936	-
Accrued investment Income	-	-	-	-	-	-	-	-	-	-	-	-	16,956	6,645
Taxation payments less provision	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prepayments - others	-	-	-	-	-	-	-	-	-	-	-	-	76,334	139
Sundry receivables	-	-	-	-	-	-	-	-	-	-	-	-	105,419	69,069
Fixed assets	-	-	-	-	-	-	-	-	-	-	-	-	1,126,944	174,253
Total assets	5,013,069	109,740	488,093	12,081	803,539	3,983,136	532,160	46,523	1,404,303	19,128	-	-	17,685,274	1,588,089
Segment liabilities:														
Provision for outstanding claims (including IBNR)	2,006,666	98,911	209,321	3,674	283,157	3,196,407	133,585	17,230	858,656	3,588	-	-	-	-
Commission income unearned	143,828	6,061	248	-	29	32,231	-	-	29,349	1,652	-	-	-	-
Provision for unearned premium	2,276,188	44,108	33,670	5,554	902,200	1,900,602	473,126	25,489	430,046	9,894	-	-	-	-
Premiums received in advance	91,537	196	21,436	52	36,904	7,085	28,951	85	26,906	50	-	-	-	-
Commission payable	203,864	5,469	47,740	1,457	82,189	197,993	64,477	2,362	59,923	1,393	-	-	-	-
Amounts due to other insurers / reinsurers	884,625	672	207,158	179	356,641	24,328	279,786	290	260,021	171	-	-	-	-
Unallocated liabilities:														
Accrued expenses	-	-	-	-	-	-	-	-	-	-	-	-	110,716	52,528
Other creditors and accruals	-	-	-	-	-	-	-	-	-	-	-	-	1,383,004	8,104
Staff retirement benefits	-	-	-	-	-	-	-	-	-	-	-	-	59,759	56,693
Taxation - payments less provision	-	-	-	-	-	-	-	-	-	-	-	-	53,706	-
Liabilities against assets subject														
to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unclaimed dividends	-	-	-	-	-	-	-	-	-	-	-	-	74,794	-
Total liabilities	5,606,708	155,417	519,573	10,916	1,661,120	5,358,646	979,925	45,456	1,664,901	16,748	-	-	1,681,979	117,325
Capital expenditure														

	30 December 2015 (Restated)										
	Total		Aggregate General Insurance	Shareholders' Fund	Life Insurance					Aggregate Life Insurance	Grand Total
	Inside Pakistan	Outside Pakistan			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	2,216,086	2,124,723	4,340,809	-	-	-	-	-	-	-	4,340,809
Deferred commission expense	334,877	203,391	538,268	-	-	-	-	-	-	-	538,268
Prepaid reinsurance premium ceded	1,969,932	208,744	2,178,676	-	-	-	-	-	-	-	2,178,676
Premiums due but unpaid	2,905,985	1,633,750	4,539,735	-	24,275	-	-	-	-	24,275	4,564,010
Premium and claim reserves retained by cedants	-	-	-	-	-	-	-	-	-	-	-
Amounts due from other insurers/reinsurers	814,284	-	814,284	-	-	-	5,776	34,269	-	40,045	854,329
Unallocated assets:											
Cash and bank deposits	1,563,882	1,334,250	2,898,132	22,765	74,007	168	100,430	1,142,425	-	1,339,795	4,237,927
Loans	13,265	3,733	16,998	3,271	-	-	8,502	1,845	-	13,618	30,616
Investments	14,698,538	-	14,698,538	241,814	176,437	92	2,105,991	11,158,540	-	13,682,874	28,381,412
Deferred taxation	83,936	-	83,936	(715)	-	-	-	-	-	(715)	83,221
Accrued investment Income	16,956	6,645	23,601	4,821	1,449	-	44,548	232,818	-	283,636	307,237
Taxation payments less provision	-	-	-	-	-	-	-	-	-	-	-
Prepayments - others	76,334	139	76,473	29,058	-	-	-	4,686	-	33,744	110,217
Sundry receivables	105,419	69,069	174,488	17,330	690	-	50,000	-	-	68,021	242,509
Fixed assets	1,126,944	174,253	1,301,197	70,716	-	-	-	-	-	70,716	1,371,913
Total assets	25,926,438	5,758,697	31,685,135	389,060	276,858	260	2,315,247	12,574,583	-	15,556,009	47,241,143
Segment liabilities:											
Provision for outstanding claims (including IBNR)	3,491,385	3,319,810	6,811,195	-	68,695	-	13,436	116,050	-	198,181	7,009,376
Commission income unearned	173,454	39,944	213,398	-	-	-	-	-	-	-	213,398
Provision for unearned premium	4,115,230	1,985,647	6,100,877	-	-	-	-	-	-	-	6,100,877
Premiums received in advance	205,734	7,468	213,202	-	1,351	9	51,987	182,602	-	235,949	449,151
Commission payable	458,193	208,674	666,867	-	6,342	35	7,301	224,933	-	238,611	905,478
Amounts due to other insurers / reinsurers	1,988,231	25,640	2,013,871	33,800	-	-	-	-	-	33,800	2,047,671
Unallocated liabilities:											
Accrued expenses	110,716	52,528	163,244	5,340	-	-	-	-	-	5,340	168,584
Other creditors and accruals	1,383,004	8,104	1,391,108	54,496	680	-	831	5,750	-	61,757	1,452,865
Staff retirement benefits	59,759	56,693	116,452	9,141	-	-	-	-	-	9,141	125,593
Taxation - payments less provision	53,706		53,706	(22,522)	-	-	-	-	-	(22,522)	31,184
Liabilities against assets subject	-		-								
to finance lease	-	-	-	-	-	-	-	-	-	-	-
Unclaimed dividends	74,794	-	74,794	-	-	-	-	-	-	-	74,794
	-										
Total liabilities	12,114,206	5,704,508	17,818,714	80,255	77,068	44	73,555	529,335		760,257	18,578,971
Capital expenditure	381,759	6,249	388,008	39,943						39,943	427,951

31.2 For general insurance, each class of business has been identified as reportable segment whereas, for life insurance the statutory funds are treated as reportable segments. Following is a schedule of segment wise revenue and results:

BUSINESS UNDERWRITTEN INSIDE PAKISTAN

	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 2016	31 December 2015
	(Rupees in thousand)												
													Restated
Revenue account													
Net premium revenue	866,407	620,280	1,954,976	1,428,206	746,208	-	183,062	-	449,833	9,819,915	460,621	16,529,508	14,383,923
Net claims	(358,417)	(225,189)	(966,376)	(1,303,807)	(319,407)	-	(110,729)	-	(187,241)	(2,851,576)	(2,102)	(6,324,844)	(5,095,973)
Expenses	(235,662)	(175,114)	(504,601)	(129,152)	(182,833)	-	(30,648)	-	(29,324)	(545,572)	(46,078)	(1,878,984)	(1,814,506)
Net commission	(19,021)	(95,755)	(177,022)	(25,501)	11,630	-	(32,014)	-	(14,197)	(1,466,498)	(74,232)	(1,892,610)	(1,810,362)
Premium deficiency reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Net investment income - statutory fund	-	-	-	-	-	-	15,308	9	230,266	2,009,010	13,706	2,268,299	1,169,710
Add: Policyholder's liabilities at beginning of the year	-	-	-	-	-	-	104,896	-	2,057,292	11,693,710	-	13,855,898	7,986,455
Less: Policyholder's liabilities at end of the year	-	-	-	-	-	-	(110,756)	-	(2,370,723)	(18,383,848)	(385,969)	(21,251,296)	(13,855,898)
Surplus of Policyholders' funds	-	-	-	-	-	-	(19,119)	(9)	(135,906)	(275,141)	34,054	(396,121)	(305,193)
Underwriting result	253,307	124,222	306,977	(30,254)	255,598	-	-	-	-	-	-	909,850	658,156
Investment income - other												3,450,931	2,431,856
Rental income												-	-
Other income												178,300	156,919
												4,539,081	3,246,931
General and administration expenses												(566,251)	(484,960)
Exchange (loss) / gain												(1,328)	6,232
Profit / (loss) before tax from takaful operations - operator's fund												4,038	-
Workers' welfare fund												(82,768)	(57,771)
Profit before tax												3,892,772	2,710,432
Provision for taxation												(561,476)	(275,100)
Profit after tax												3,331,296	2,435,332

BUSINESS UNDERWRITTEN OUTSIDE PAKISTAN

	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 2016	31 December 2015	31 December 2016	31 December 2015
	(Rupees in thousand)														
													Restated		Restated
Revenue account															
Net premium revenue	27,966	19,082	3,930,006	13,926	8,324	-	-	-	-	-	-	3,999,304	2,201,159	20,528,812	16,585,082
Net claims	13,152	(11,575)	(3,023,865)	(14,401)	(614)	-	-	-	-	-	-	(3,037,303)	(1,905,422)	(9,362,147)	(7,001,395)
Expenses	(14,060)	(11,864)	(341,719)	(8,016)	(11,608)	-	-	-	-	-	-	(387,267)	(299,475)	(2,266,251)	(2,113,981)
Net commission	(878)	(4,116)	(446,105)	(2,772)	(3,039)	-	-	-	-	-	-	(456,910)	(243,878)	(2,349,520)	(2,054,240)
Premium deficiency reserve	-	-	50,313	-	-	-	-	-	-	-	-	50,313	(168,855)	50,313	(168,855)
Net investment income - statutory fund	-	-		-	-	-	-	-	-	-	-	-	-	2,268,299	1,169,710
Add: Policyholder's liabilities at beginning of the year	-	-		-	-	-	-	-	-	-	-	-	-	13,855,898	7,986,455
Less: Policyholder's liabilities at end of the year	-	-		-	-	-	-	-	-	-	-	-	-	(21,251,296)	(13,855,898)
												-	-		
Surplus of Policyholders' funds	-	-		-	-	-	-	-	-	-	-	-	-	(396,121)	(305,193)
Underwriting result	26,180	(8,473)	168,630	(11,263)	(6,937)	-	-	-	-	-	-	168,137	(416,471)	1,077,987	241,685
Investment income - other												74,742	-	3,525,673	2,431,856
Rental income												6,447	6,339	6,447	6,339
Other income												8,359	19,413	186,659	176,332
												257,685	(390,719)	4,796,766	2,856,212
General and administration expenses												(94,515)	(100,861)	(660,766)	(585,821)
Exchange (loss) / gain												(345)	(322)	(1,673)	5,910
Profit / (loss) before tax from takaful operations - operator's fund												-		4,038	-
Workers' welfare fund												-	-	(82,768)	(57,771)
Profit before tax												162,825	(491,902)	4,055,597	2,218,530
Provision for taxation												-	-	(561,476)	(275,100)
Profit after tax												162,825	(491,902)	3,494,121	1,943,430

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:

	2016	2015
	Rupees in thousand	
		Restated
Bank deposits	**11,497,537**	4,227,178
Investments	**30,639,677**	28,381,412
Premium due but unpaid	**5,099,091**	4,563,443
Amount due from other insurers / reinsurers	**1,062,271**	854,329
Salvage recoveries accrued	**336,163**	250,602
Loans	**38,947**	39,001
Accrued investment income	**251,893**	307,237
Reinsurance recoveries against outstanding claims	**6,279,433**	3,966,157
Sundry receivables	**1,379,876**	221,072
	56,584,888	42,934,481

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 17.1, 18.1 and 19.1 to these consolidated financial statements.

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

	2016	2015
Up to 1 year	**4,219,959**	3,570,085
1-2 & prior years	**775,129**	908,601
	4,995,088	4,478,686

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

	2016	2015
Up to 1 year	**456,773**	411,061
1-2 & prior years	**15,829**	42,425
	472,602	453,486

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

	Short Term	Long Term	Rating Agency	2016	2015
				Rupees in thousand	
Allied Bank Limited	A1+	AA+	PACRA	**1,000,000**	-
Askari Bank Limited	A1+	AA	PACRA	**46**	46
Bank Alfalah Limited	A1+	AA+	JCR-VIS	**1,996,150**	74,057
Bank Al Habib Limited	A1+	AA+	PACRA	**5,344**	31,550
Dubai Islamic Bank Pakistan Limited	A1	A+	JCR-VIS	**100,112**	50,491
Habib Bank Limited of Pakistan	A1+	AAA	JCR-VIS	**1,865,380**	134,033
FINCA Micro Finance Bank Limited	A-1	A	JCR-VIS	**132,568**	1,043
MCB Bank Limited	A1+	AAA	PACRA	**2,550,531**	3,073,236
National Bank of Pakistan	Al+	AAA	PACRA/JCR-VIS	**16,428**	428
The Punjab Provincial Cooperative Bank Limited	Not Available	Not Available	Not Available	**206,962**	155,799
Soneri Bank Limited	A1+	AA-	PACRA	**1**	1
United Bank Limited, Dubai U.A.E	A1+	AA+	JCR-VIS	**-**	-
Emirate Islamic Bank	Not Available	Not Available	Not Available	**491,553**	-
Zarai Taraqiati Bank Limited	A1+	AAA	JCR-VIS	**555,284**	299,528
Habib Metropolitan Bank	A1+	AA+	PACRA	**500,000**	-
Bank Islami Pakistan Limited	A-1	A+	PACRA	**-**	11,644
NRSP Micro Finance Bank	Not Available	Not Available	Not Available	**219,476**	-
JS Bank	A1+	AA-	PACRA	**1,000,000**	-
Bank of Punjab	A1+	AA	PACRA	**-**	8
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	**50,709**	50,856
United Bank Limited	A1+	AA+	JCR-VIS	**639,709**	188,004
Samba Bank Limited	A-1	AA	JCR-VIS	**83,128**	100,020
Waseela Microfinance Bank				**7,919**	2,708
Faysal Bank Limited	A-1+	AA	JCR-VIS	**76,237**	53,726
				11,497,537	4,227,178

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	2016	2015
	Rupees in thousand			
A or Above (including PRCL)	1,119,032	6,450,284	**7,569,316**	5,014,499
BBB	13,158	76,216	**89,374**	48,233
Others	15,382	89,096	**104,478**	57,312
Total	1,147,572	6,615,596	**7,763,168**	5,120,044

Subsidiary Company's receivable from reinsurers is Rs. 5,418 thousands (2015: Rs. 40,045 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, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management follows an effective cash management program to mitigate the liquidity risk.

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

	2016			
	Carrying amount	Contractual cash flow	Up to one year	More than one year
	Rupees in thousand			
Financial liabilities				
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**	**-**

	2015 (Restated)			
	Carrying amount	Contractual cash flow	Up to one year	More than one year
	Rupees in thousand			
Financial liabilities				
Provision for outstanding claims (including IBNR)	7,009,376	7,009,376	7,009,376	-
Amount due to insurers / reinsurers	2,047,672	2,047,672	2,047,672	-
Accrued expenses	168,584	168,584	168,584	-
Unclaimed dividend	74,793	74,793	74,793	-
Other creditors and accruals	1,969,261	1,969,261	1,969,261	-
	11,269,686	11,269,686	11,269,686	-

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	
	2016	2015	2016	2015
	Rupees in thousand			
Fixed rate of financial instruments				
Financial assets:				
Investments- PIBs and Treasury Bills	**5.91% - 12.35 %**	6.78% - 12.35 %	**7,609,513**	11,959,184
Loans	**5%**	5%	**6,375**	6,580
Floating rate financial instruments				
Financial assets:				
Bank deposits	**3.75% - 5.90%**	4% - 8%	**10,006,236**	3,009,254
Investments - TFCs	**8.62% - 9.03%**	9.26% - 15.00%	**708,250**	183,910

Sensitivity analysis

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

	Profit and loss	
	Increase	Decrease
	Rupees in thousand	
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)**
As at 31 December 2015 - Fluctuation of 100 bps		
Cash flow sensitivity - variable rate financial liabilities	-	-
Cash flow sensitivity - variable rate financial assets	18,933	(18,933)

Price risk

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

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

The Group has investments in quoted equity securities amounting to Rs. 18,040,313 thousands (2015: Rs. 13,875,868 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	
2016		
Effect of increase in share price	**81,031**	**19,180**
Effect of decrease in share price	**(255,631)**	**(270,937)**
2015		
Effect of increase in share price	21,311	19,180
Effect of decrease in share price	(301,041)	(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. 8,019,271 thousands (2015: Rs. 5,596,580 thousands) and Rs. 7,454,529 thousands (2015: Rs. 4,499,688 thousands), respectively, at the end of the year.

The following significant exchange rates were applied during the year:

	2016	2015
	Rupees	
Rupees per US Dollar		
Average rate	**104.49**	102.74
Reporting date rate	**104.60**	104.60
Rupees per AED		
Average rate	**28.45**	27.97
Reporting date rate	**28.48**	28.48

34.4 Insurance risk

34.4.1 Holding Company

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

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

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

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

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

a) Geographical concentration of insurance risk

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

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

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

b) Reinsurance arrangements

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

	Gross sum insured		Reinsurance		Net	
	2016	2015	2016	2015	2016	2015
	Rupees in thousand					
Fire	**4,429,105,712**	3,811,799,843	**3,719,860,884**	3,253,351,327	**709,244,828**	558,448,516
Marine	**2,232,482,270**	1,721,417,329	**512,023,380**	626,827,947	**1,720,458,890**	1,094,589,382
Motor	**225,378,668**	162,084,722	**22,377,423**	7,515,873	**203,001,245**	154,568,849
Accident & Health	**114,492,950**	73,790,412	**302,344**	1,486,160	**114,190,606**	72,304,252
Miscellaneous	**251,705,141**	168,370,146	**127,153,771**	66,668,373	**124,551,370**	101,701,773
	7,253,164,741	5,937,462,452	**4,381,717,802**	3,955,849,680	**2,871,446,939**	1,981,612,772

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.

c) Sources of uncertainty in estimation of future claim payments

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

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

d) Neutral assumptions for claim estimation

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

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

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

e) Sensitivity analysis

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

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

	Profit and loss	
	2016	2015
	Rupees in thousand	
General insurance		
10% increase in claims liability		
Net:		
Fire	**(34,527)**	(51,064)
Marine	**(23,676)**	(34,723)
Motor	**(399,024)**	(261,558)
Accident & Health	**(131,821)**	(144,339)
Miscellaneous	**(32,002)**	(32,659)
	(621,050)	(524,343)
10% decrease in claims liability		
Net:		
Fire	**34,527**	51,064
Marine	**23,676**	34,723
Motor	**399,024**	261,558
Accident & Health	**131,821**	144,339
Miscellaneous	**32,002**	32,659
	621,050	524,343

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 2014	31 December 2015	31 December 2016	Total
	Rupees in thousand			
Estimate of the ultimate claim cost:				
At end of accident year	6,298,282	6,857,672	**11,678,479**	**24,834,433**
One year later	3,195,074	5,123,598	**-**	**8,318,672**
Two years later	867,902	-	**-**	**867,902**
Estimate of cumulative claims	867,902	5,123,598	**11,678,479**	**17,669,979**
Less: Cumulative payments to date	586,724	2,946,426	**5,166,784**	**8,699,934**
Liability recognized	281,178	2,177,172	**6,511,695**	**8,970,045**

34.4.2 Subsidiary Company

34.4.2.1 Conventional business

(i) Individual Life

The risk underwritten is mainly death and sometimes disability. The risk of death and disability will vary in degree by age, gender, occupation, income group and geographical location of the assured person. The Subsidiary Company's exposure to poor risks may lead to unexpectedly high severity and frequency in claims' experience. This can be a result of anti-selection, fraudulent claims, a catastrophe or poor persistency. The Subsidiary Company may also face the risk of poor investment return, inflation of business expenses and liquidity issues on amount invested in the fund. The Subsidiary Company faces the risk of under-pricing particularly due to the fact that majority of these contracts are long term. Additionally, the risk of poor persistency may result in the Subsidiary Company being unable to recover expenses incurred at policy acquisition.

The Subsidiary Company manages these risks through its underwriting, reinsurance, claims handling policy and other related controls. The Subsidiary Company has a well defined medical underwriting policy and avoids selling policies to high risk individuals. This puts a check on anti-selection. The need for profit testing is reviewed on an annual basis to ensure reasonableness of premiums charged. Reinsurance contracts have been purchased by the Subsidiary Company to limit the maximum exposure on any one insured person. The Subsidiary Company is developing and intends to eventually have a good spread of business throughout the country thereby ensuring diversification of geographical risks. To avoid poor persistency the Subsidiary Company applies quality controls on the standard of service provided to policyholders and has placed checks to control mis-selling and to track improvements in the standard of service provided to policyholders. For this, a regular monitoring of lapsation rates is conducted. On the claims handling side, the Subsidiary Company has procedures in place to ensure that payment of any fraudulent claims is avoided. For this, Claims Committee with variable materiality limits review all claims for verification and specific and detailed investigation of all apparently doubtful claims (particularly of high amounts) is conducted. Further, all payments on account of claims are made after necessary approval of the Chief Executive Officer of the Subsidiary Company. The Subsidiary Company maintains adequate liquidity in its fund to cater for a potentially sudden and high cash requirement.

(i) 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 2016			
	Total benefits assured			
	Before reinsurance		After reinsurance	
	Rupees in thousand	%	Rupees in thousand	%
0-200,000	**3,447**	**4.43%**	**877**	**5.66%**
200,000 - 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**	

Benefits assured per life	Sum assured at the end of 2015			
	Total benefits assured			
	Before reinsurance		After reinsurance	
	Rupees in thousand	%	Rupees in thousand	%
0-200,000	3,033	2.68%	910	4.32%
200,000 - 400,000	10,169	8.98%	3,051	14.49%
400,001 - 800,000	12,072	10.67%	3,622	17.21%
800,001 - 1,000,000	1,893	1.67%	567	2.70%
More than 1,000,000	86,024	76.00%	12,900	61.28%
Total	113,191		21,050	

b) Sources of uncertainty in the estimation of future benefit payments and premium receipts

Uncertainty in the estimation of future benefit payments and premium receipts for long-term conventional assurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and morbidity incidence rates.

The Subsidiary Company assumes the expected mortality to vary between 80% and 120% of SLIC (2001-05) since the current experience for this line of business is not credible. Morbidity incidence rates are taken as a percentage of reinsurer's risk premium rate.

c) Process used to decide on assumptions

For long-term conventional assurance contracts, long-term assumptions are made at the inception of the contract. Keeping the statutory minimum reserving basis in view, the Subsidiary Company determines assumptions on future mortality, morbidity, persistency, administrative expenses and investment returns. At regular intervals, profit testing is conducted on main policies. Assumptions used for profit testing of the main policies are as follows:

- The expected mortality is assumed to vary between 80% and 120% of SLIC (2001-05) since the current experience for this line of business is not credible.
- Morbidity incidence rates for morbidity are taken as a percentage of reinsurer's risk premium rate.
- Persistency: The Subsidiary Company exercises a periodic analysis on recent and historic experience and persistency is calculated by applying statistical methods. Persistency rates vary by products and more importantly the sales distribution channel. An allowance is then made for any trend in the data to arrive at best estimate of future persistency rates for each sales distribution channel.
- Expense levels and inflation: As the business is new, estimates from business projections have been used. Once established, a periodic study will be conducted on the Subsidiary Company's current business expenses and future projections to calculate per policy expenses. Expense inflation is assumed in line with assumed investment return.
- Investment returns: The investment returns are based on the historic performance of the assets and asset types underlying the fund.

d) Changes in assumptions

There have been no changes in assumptions since the last valuation carried out a year ago.

e) Sensitivity analysis

After reinsurance, the overall liability for individual life conventional business stands at less than 1% of the total policyholder liability held in respect of individual life business. Due to its immateriality, sensitivity analysis has not been conducted.

(ii) Group Life

The main risk written by the Subsidiary Company is mortality. The Subsidiary Company may be exposed to the risk of unexpected claim severity or frequency. This can be a result of writing business with higher than expected mortality (such as mining or other hazardous industries), writing high cover amounts without adequate underwriting, difficulty of verification of claims, fraudulent claims or a catastrophe. The Subsidiary Company also faces risk such as that of under-pricing to acquire business in a competitive environment and of non-receipt of premium in due time. There also exists a potential risk of asset liability term mismatch due to liabilities being very short term in nature.

The Subsidiary Company manages these risks through underwriting, reinsurance, effective claims handling and other related controls. The Subsidiary Company has a well defined medical under-writing policy and avoids writing business for groups with overly hazardous exposure. Pricing is done in line with the actual experience of the Subsidiary Company. The premium charged takes into account the actual experience of the client and the nature of mortality exposure the group faces. The Management undertakes to write business in line with the limits set by the appointed actuary, especially for large groups having a group assurance policy with annual premium of Rs 2 million or above in accordance with the requirements of Circular 11 of 2013 dated June 14, 2013. The Subsidiary Company also maintains a Management Information System (MIS) to track the adequacy of the premium charged. Reinsurance contracts have been purchased by the Subsidiary Company to limit the maximum exposure to any one life. At the same time, due caution is applied in writing business in areas with a high probability of terrorism. The Subsidiary Company ensures writing business with good geographical spread and tries to maintain a controlled exposure to large groups which generally have poor experience. Writing business of known hazardous groups is also avoided. On the claims handling side, the Subsidiary Company ensures that payment of any fraudulent claims is avoided. For this, Claims Committee with variable materiality limits review all claims for verification and specific and detailed investigation of all apparently doubtful claims (particularly of high amounts) is conducted. Strict monitoring is in place at the Board of Directors level in order to keep the outstanding balances of premium at a minimum, especially the ones that are due for more than 90 days. The bulk of the assets held against liabilities of this line of business are cash to money market with short durations and high liquidity, thus mitigating the risk of asset value deterioration and liability mismatch.

a) Frequency and severity of claims

The Subsidiary Company measures concentration of risk in terms of exposure by geographical area. Concentration of risk arising from geographical area is not a factor of concern as the Subsidiary Company aims to achieve a spread of risks across various parts of the country.

The following table presents the concentration of assured benefits across five bands of assured benefits per individual life assured. The benefit assured figures are shown gross and net of the reinsurance contracts described above.

The amounts presented are showing total exposure of the Subsidiary Company including exposure in respect of riders attached to the main policies.

	Sum assured at the end of 2016			
	Total benefits assured			
	Before reinsurance		After reinsurance	
Benefits assured per life	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**	**0.74%**
More than 1,000,000	**565,183,994**	**99.71%**	**216,907,161**	**99.24%**
Total	**566,841,594**		**218,564,761**	

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For the Year Ended 31 December 2016

Benefits assured per life	Sum assured at the end of 2015			
	Total benefits assured			
	Before reinsurance		After reinsurance	
	Rupees in thousand	%	Rupees in thousand	%
0-200,000	79,103	0.03%	79,103	0.06%
200,001 - 400,000	30,900	0.01%	30,900	0.02%
400,001 - 800,000	750	0.00%	225	0.00%
800,001 - 1,000,000	-	0.00%	-	0.00%
More than 1,000,000	313,050,766	99.96%	140,372,003	99.92%
Total	313,161,519		140,482,231	

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.

34.4.2.2 Non unitised Investment Linked Business

The risk underwritten is mainly death and sometimes disability. The risk of death and disability will vary in degree by age, gender, occupation, income group and geographical location of the assured person. The Subsidiary Company's exposure to poor risks may lead to unexpectedly high severity and frequency in claims' experience. This can be a result of anti-selection, fraudulent claims, a catastrophe or poor persistency. The Subsidiary Company may also face the risk of inflation of business expenses and liquidity issues on amount invested in the fund. The Subsidiary Company faces the risk of under-pricing particularly due to the fact that these contracts are long term. Additionally, the risk of poor persistency may result in the Subsidiary Company being unable to recover expenses incurred at policy acquisition.

The Subsidiary Company manages these risks through its underwriting, reinsurance, claims handling policy and other related controls. The Subsidiary Company has a well defined medical underwriting policy and avoids selling policies to high risk individuals. This puts a check on anti-selection. The need for profit testing is reviewed on an annual basis to ensure reasonableness of premiums charged. Reinsurance contracts have been purchased by the Subsidiary Company to limit the maximum exposure on any one insured person. The Subsidiary Company is developing and intends to eventually have a good spread of business throughout the country thereby ensuring diversification of geographical risks. To avoid poor persistency the Subsidiary Company applies quality controls on the standard of service provided to policyholders and has placed checks to control mis-selling and to track improvements in the standard of service provided to policyholders. For this, a regular monitoring of lapsation rates is conducted. On the claims handling side, the Subsidiary Company has procedures in place to ensure that payment of any fraudulent claims is avoided. For this, Claims Committee with variable materiality limits review all claims for verification and specific and detailed investigation of all apparently doubtful claims (particularly of high amounts) is conducted. The Subsidiary Company maintains adequate liquidity in its fund to cater for a potentially sudden and high cash requirement. Further all payments on account of claims are made after necessary approval of the Chief Executive Officer of the Subsidiary Company. The Subsidiary Company reserves the right to review the charges deductible under the contracts, thus limiting the risk of under pricing.

a) Frequency and severity of claims

The Subsidiary Company measures concentration of risk by geographical area. Concentration of risk is not currently a factor of concern as the business is developing and aims to achieve a spread of risks across various parts of the country.

There is some concentration by sum assured amounts which may have an impact on the severity of benefit payments on a portfolio basis.

The Subsidiary Company charges for mortality risk on a monthly basis for all insurance contracts. It has the right to alter these charges based on its mortality experience and hence minimizes its exposure to mortality risk. Delays in implementing increases in charges and market or regulatory restraints over the extent of the increases may hinder its mitigating effect. The Subsidiary Company manages these risks through its underwriting strategy and reinsurance arrangements.

The table below presents the concentration of assured benefits across five bands of assured benefits per individual life assured. The benefit assured figures are shown gross and net of the reinsurance contracts described above. The amounts presented are showing total exposure of the Subsidiary Company including exposure in respect of riders attached to the main policies.

	Sum assured at the end of 2016			
	Total benefits assured			
	Before reinsurance		After reinsurance	
Benefits assured per life	Rupees in thousand	%	Rupees in thousand	%
0-200,000	**605,863**	**9.34%**	**63,400**	**6.12%**
200,000 - 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%**	**324,771**	**31.37%**
More than 1,000,000	**1,618,173**	**24.94%**	**136,584**	**13.19%**
Total	**6,487,016**		**1,035,227**	

Benefits assured per life	Sum assured at the end of 2015			
	Total benefits assured			
	Before reinsurance		After reinsurance	
	Rupees in thousand	%	Rupees in thousand	%
0-200,000	728,902	10.11%	218,671	11.64%
200,000 - 400,000	1,188,505	16.49%	356,552	18.98%
400,001 - 800,000	2,001,041	27.75%	600,312	31.96%
800,001 - 1,000,000	1,486,272	20.61%	445,882	23.74%
More than 1,000,000	1,805,939	25.05%	257,100	13.68%
Total	7,210,660		1,878,516	

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.

34.4.2.3 Unit Linked Business

The risk underwritten is mainly death and sometimes disability and/or critical illness. The risk of death and disability will vary from region to region. The Subsidiary Company may get exposed to poor risks due to unexpected experience in terms of claim severity or frequency. This can be a result of anti-selection, fraudulent claims, a catastrophe or poor persistency. The Subsidiary Company may also face the risk of poor investment return, inflation of business expenses and liquidity issues on monies invested in the fund. The Subsidiary Company faces the risk of under-pricing particularly due to the fact that these contracts are long term. Additionally, the risk of poor persistency may result in the Subsidiary Company being unable to recover expenses incurred at policy acquisition.

The Subsidiary Company manages these risks through its underwriting, reinsurance, claims handling policy and other related controls. The Subsidiary Company has a well defined medical under-writing policy and avoids selling policies to high risk individuals. This puts a check on anti-selection. The need for profit testing is reviewed on an annual basis to ensure reasonableness of premiums charged. Reinsurance contracts have been purchased by the Subsidiary Company to limit the maximum exposure on any one policyholder. The Subsidiary Company has a good spread of business throughout the country thereby ensuring diversification of geographical risks. To avoid poor persistency the Subsidiary Company applies quality controls on the standard of service provided to policyholders and has placed checks to curb mis-selling and improvement in standard of service provided to the policyholders. For this, a regular branch wise monitoring of lapsation rates is conducted. On the claims handling side, the Subsidiary Company has procedures in place to ensure that payment of any fraudulent claims is avoided. For this, Claims Committee with variable materiality limits review all claims for verification and specific and detailed investigation of all apparently doubtful claims (particularly of high amounts) is conducted. The Subsidiary Company maintains adequate liquidity in each unit fund to cater for potentially sudden and high cash requirement. The Subsidiary Company reserves the right to review the charges deductible under the contracts, thus limiting the risk of under pricing.

The Subsidiary Company measures concentration of risk by geographical area. Concentration of risk is not currently a factor of concern as the business is developing and aims to achieve a spread of risks across various parts of the country.

However, undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

The Subsidiary Company charges for mortality risk on a monthly basis for all insurance contracts. It has the right to alter these charges based on its mortality experience and hence minimizes its exposure to mortality risk. Delays in implementing increases in charges and market or regulatory restraints over the extent of the increases may hinder its mitigating effect. The Subsidiary Company manages these risks through its underwriting strategy and reinsurance arrangements.

The table below presents the concentration of insured benefits across five bands of insured benefits per individual life assured. The benefit insured figures are shown gross and net of the reinsurance contracts described above. At year-end, none of these insurance contracts had triggered a recovery under the reinsurance held by the Subsidiary Company.

The amounts presented are showing total exposure of the Subsidiary Company including exposure in respect of riders attached to the main policies.

	Sum assured at the end of 2016			
	Total benefits assured			
	Before reinsurance		After reinsurance	
Benefits assured per life	Rupees in thousand	%	Rupees in thousand	%
0-200,000	**2,294,486**	**2.45%**	**555,423**	**2.84%**
200,000 - 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**	

Benefits assured per life	Sum assured at the end of 2015			
	Total benefits assured			
	Before reinsurance		After reinsurance	
	Rupees in thousand	%	Rupees in thousand	%
0-200,000	1,623,232	2.34%	486,970	2.96%
200,000 - 400,000	6,691,175	9.64%	2,007,353	12.21%
400,001 - 800,000	16,402,876	23.63%	4,920,863	29.94%
800,001 - 1,000,000	17,596,545	25.35%	5,278,963	32.12%
More than 1,000,000	27,091,053	39.03%	3,743,100	22.77%
Total	69,404,880		16,437,248	

a) Sources of uncertainty in the estimation of future benefit payments and premium receipts

Uncertainty in the estimation of future benefit payments and premium receipts for long–term unit linked insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and variability in policyholder's behavior.

b) Factors impacting future benefit payments and premium receipts are as follows:

Mortality: The expected mortality is assumed to vary between 80% and 120% of SLIC (2001-05) since the current experience for this line of business is not credible.

Persistency: The business is developing and eventually the Subsidiary Company intends to conduct periodic analyses on its historic book of business, using statistical methods to determine its persistency experience. Persistency rates are expected to vary by product and more importantly the sales distribution channel. Allowance will then be made for any trend in the data to arrive at best estimates of future persistency rates for each sales distribution channel.

c) Process used to decide on assumptions

For long-term unit linked insurance contracts, assumptions are made in two stages. At inception of the contract, the Subsidiary Company determines assumptions on future mortality, persistency, administrative expenses and investment returns. At regular intervals, profit testing is conducted on main policies. Assumptions used for profit testing of the main policies are as follows:

Mortality: The Subsidiary Company assumes the expected mortality to vary between 80% and 120% of SLIC (2001-05) since the current experience for this line of business is not credible.

Persistency: Since the Subsidiary Company has recently started business, it has no own experience to which it can refer. Industry standards for anticipated persistency rates have been used initially. Eventually, a periodic analysis of the Subsidiary Company's recent and historic experience will be performed and persistency will be calculated by applying statistical methods. Persistency rates vary by products and more importantly the sales distribution channel. An allowance will then be made for any trend in the data to arrive at best estimate of future persistency rates for each sales distribution channel.

Expense levels and inflation: As the business is new, estimates from business projections have been used. Once established, a periodic study will be conducted on the Subsidiary Company's current business expenses and future projections to calculate per policy expenses. Expense inflation is assumed in line with assumed investment return.

Investment returns: The investment returns are based on the historic performance of the assets and asset types underlying the fund.

d) Changes in assumptions

There have been no changes in assumptions since the last valuation carried out a year ago.

e) Sensitivity analysis

Periodic sensitivity analyses of the Subsidiary Company's in-force business determine whether any reserve needs to be created or product prices for new business need to be revised in light of changing or anticipated changes in experience from that expected when pricing the existing book of business. The current nature, volume and age of in-force business does not require a detailed sensitivity analysis at this stage.

35 Reinsurance Risk

In order to minimize the financial exposure arising from large claims, the Subsidiary Company, in the normal course of business, enters into agreement with other reinsurers.

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

In order to manage this risk, the Subsidiary Company obtains reinsurance cover only from companies with sound financial health.

36 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. 400,000 thousands while for life insurance it is Rs. 600,000 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.

37 Non - Adjusting events after the balance sheet date

The Board of Directors of the Holding Company in their meeting held on 5 April 2017 proposed a final cash dividend for the year ended 31 December 2016 @ 25% i.e. Rupees 2.5/- per share (2015: 15% i.e. Rupees 1.5/- per share). This is in addition to the interim cash dividend @ 15% i.e. Rupees 1.5/- per share (2015: Rupees 1.5/- per share) resulting in a total cash dividend for the year ended 31 December 2016 of Rupees 4/- per share (2015: Rupees 3/- 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 2016 do not include the effect of final dividend which will be accounted for in the financial statements for the year ending 31 December 2017.

38 Provident fund related disclosure

The following information is based on unaudited financial statements for the year ended 31 December 2016 and audited financial statements for the year ended 31 December 2015 of provident fund of the Holding Company:

	2016	2015
	Rupees in thousand	
Size of the fund - Total assets	**1,104,857**	850,682
Cost of investments	**880,719**	829,482
Percentage of investments made	**80%**	98%
Fair value of investments	**1,102,258**	1,026,669

	2016	2015	2016	2015
	Percentage		Rupees in thousand	
38.1 The break-up of fair value of investments is as follows:				
Deposits and bank balances	**3.8%**	1.1%	**41,682**	11,310
Term finance certificates	**0.4%**	0.5%	**4,711**	4,730
Pakistan Investment Bonds	**28.0%**	49.0%	**308,170**	503,488
Treasury Bills	**22.1%**	0.0%	**244,052**	0
Mutual funds	**18.8%**	38.4%	**206,863**	394,637
Listed securities	**26.9%**	11.0%	**296,780**	112,504
	100.0%	100.0%	**1,102,258**	1,026,669

38.2 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.

39 Number of employees

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

	2016	2015
Holding Company	**882**	835
Subsidiary Company	**526**	214
Average during the year		
Holding Company	**859**	838
Subsidiary Company	**392**	199

40 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 Value						Fair Value			
		Available for sale	Fair Value through P&L	Loans and receivables	Cash and cash equivalents	Other financial labilities	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	-	-	67,566	-	-	-	-
Investments	16	-	-	-	-	-	-	-	-	-	-
- Listed securities		13,254,668	3,113,942	-	-	-	16,368,610	22,276,737	-	-	22,276,737
- Unlisted securities		925,360	-	-	-	-	925,360	-	-	1,781,986	1,781,986
- Term Finance Certificates		9,974	698,276	-	-	-	708,250	-	708,250	-	708,250
- Mutual Fund Certificates		1,661,909	3,184,748	-	-	-	4,846,657	4,898,266	-	-	4,898,266
- NIT Units		161	-	-	-	-	161	-	1,098	-	1,098
- Government treasury bills		160,592	2,350,691	-	-	-	2,511,283	-	2,511,282	-	2,511,282
- Pakistan Investment Bonds		479,766	4,618,463	-	-	-	5,098,229	-	5,104,337	-	5,104,337
- Ijarah sukuks		-	262,527	-	-	-	262,527	-	262,527	-	262,527
Premium due but unpaid*	16	-	-	5,099,091	-	-	5,099,091	-	-	-	-
Amounts due from other insurers / reinsurers*	18	-	-	1,062,271	-	-	1,062,271	-	-	-	-
Salvage recoveries accrued*		-	-	336,163	-	-	336,163	-	-	-	-
Accrued investment income*	20	-	-	251,893	-	-	251,893	-	-	-	-
Reinsurance recoveries against outstanding claims*	21	-	-	6,279,433	-	-	6,279,433	-	-	-	-
Sundry receivables*	23	-	-	1,400,454	-	-	1,400,454	-	-	-	-
		16,492,430	14,228,647	14,496,870	11,514,141	-	56,732,088	27,175,003	8,587,494	1,781,986	37,281,956
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 Group has not disclosed the fair value of these items because their carrying amounts are a reasonable approximation of fair value.

	Note	Carrying Value						Fair Value			
		Available for sale	Fair Value through P&L	Loans and receivables	Cash and cash equivalents	Other financial labilities	Total	Level 1	Level 2	Level 3	Total
		Rupees in thousand									
							Restated				
31 December 2016											
Financial assets - not measured at fair value											
Cash and other equivalents*	13	-		-	10,749	-	10,749	-	-	-	-
Current and other accounts*		-		-	3,040,848	-	3,040,848	-	-	-	-
Deposits maturing within 12 months*		-		-	1,186,330	-	1,186,330	-	-	-	-
Loans to employees*	14	-		52,619	-	-	52,619	-	-	-	-
Investments	16		64,493	-			64,493				-
- Listed securities		10,697,376		-	-	-	10,697,376	16,039,857	-	-	16,039,857
- Unlisted securities		924,535		-	-	-	924,535	-	924,535	-	924,535
- Term Finance Certificates		61,739	122,171	-	-	-	183,910	-	183,910	-	183,910
- Mutual Fund Certificates		2,748,252	1,702,371	-	-	-	4,450,623	4,495,960	-	-	4,495,960
- NIT Units		161	-	-	-	-	161	-	793	-	793
- Government treasury bills		286,320	5,254,410	-	-	-	5,540,730	-	5,354,531	-	5,354,531
- Pakistan Investment Bonds		459,190	5,959,264	-	-	-	6,418,454	-	6,258,086	-	6,258,086
Premium due but unpaid*	17	-	101,130	4,563,443	-	-	4,664,573	-	101,130	-	101,130
Amounts due from other insurers / reinsurers*	18	-	-	854,329	-	-	854,329	-	-	-	-
Salvage recoveries accrued*		-	-	250,602	-	-	250,602	-	-	-	-
Accrued investment income*	20	-	-	307,237	-	-	307,237	-	-	-	-
Reinsurance recoveries against outstanding claims*	21	-	-	3,966,157	-	-	3,966,157	-	-	-	-
Sundry receivables*	23	-	-	221,072	-	-	221,072	-	-	-	-
		15,177,573	13,203,839	10,215,459	4,237,927	-	42,834,798	20,535,817	12,822,985	-	33,358,802
Financial liabilities - measured at fair value											
Staff retirement benefits		-	-		-	125,595	125,595	-	125,595		125,595
Financial liabilities - not measured at fair value											
Provision for outstanding claims (including IBNR)*	8	-	-	-	-	5,972,005	5,972,005	-	-	-	-
Amounts due to other insurers / reinsurers*		-	-	-	-	2,047,672	2,047,672	-	-	-	-
Accrued expenses*		-	-	-	-	168,584	168,584	-	-	-	-
Other creditors and accruals*	10	-	-	-	-	1,969,261	1,969,261	-	-	-	-
Unclaimed dividend*		-	-	-	-	74,793	74,793	-	-	-	-
		-	-	-	-	10,232,315	10,232,315	-	-	-	-

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

41 Date of authorization for issue

These consolidated financial statements were approved and authorized for issue on 5 April 2017 by the Board of Directors of the Company.

42 General

42.1 Corresponding figures have been rearranged and reclassified for better presentation, wherever considered necessary. No material reclassification has been made in these consolidated financial statements except for those disclosed in note 25.

42.2 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 Ali Zeb**
Chairman	Director	Director	Managing Director & Chief Executive Officer

WINDOW TAKAFUL OPERATIONS

Financial Statements for the Year Ended 31 December 2016

adamjee
TAKAFUL

Statement of Compliance with the Shariah Principles

For the year ended 31 December 2016

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 2016 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 Ali Zeb
Managing Director and Chief Executive Officer

Lahore: 05 April 2017

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 2016, 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 Audits 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/ Sharia 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 December 31, 2016 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 2016, presents fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.

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

Lahore: 05 April 2017

Shariah Advisor's Report to the Board of Directors

For the year ended 31 December 2016

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 documents 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: 17th March, 2017

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 2016 to gather with notes forming part thereof for the year ended 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 2016 and of the profit, its comprehensive income, its cash flows and changes in Fund for the year ended December 2016 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.
Chartered Accountants

Lahore: 05 April 2017

(Bilal Ali)

Window Takaful Operations

Balance Sheet

As at 31 December 2016

	Note	31 December 2016		
		Operator's Fund	Participants' Takaful Fund	Aggregate
		Rupees in thousand		
FUNDS AND LIABILITIES				
Operator's Fund				
Statutory fund		50,000	-	**50,000**
Accumulated profit		2,791	-	**2,791**
		52,791	-	**52,791**
Waqf / Participants' Takaful Fund				
Ceded money		-	500	**500**
Accumulated surplus / (deficit)		-	(5,075)	**(5,075)**
		-	(4,575)	**(4,575)**
Qard-e-Hasna from Operators' Fund		-	30,000	**30,000**
Deferred taxation		126	-	**126**
Underwriting provisions				
Provision for outstanding claims (including IBNR)		-	25,705	**25,705**
Provisions for unearned contribution		-	77,140	**77,140**
Provision for unearned retakaful rebate		-	3,510	**3,510**
Total underwriting provisions		-	106,355	**106,355**
Creditors and accruals				
Amounts due to other takaful / retakaful operators		-	24,843	**24,843**
Contribution received in advance		-	1,667	**1,667**
Wakala and mudarib fee payable		-	10,863	**10,863**
Provision for unearned waqala fee		36,376	-	**36,376**
Accrued expenses		589	-	**589**
Taxation		1,121	-	**1,121**
Other creditors and accruals	4	8,154	9,070	**17,224**
		46,240	46,443	**92,683**
		46,240	152,798	**199,038**
Total liabilities		46,366	182,798	**229,164**
Contingencies and commitments	5			
TOTAL FUND AND LIABILITIES		99,157	178,223	**277,380**

The annexed notes 1 to 23 form an integral part of these financial statements.

	Note	31 December 2016		
		Operator's Fund	Participants' Takaful Fund	Aggregate
		Rupees in thousand		
ASSETS				
Cash and bank deposits				
Current and other accounts	6	17,595	66,260	**83,855**
Qard-e-Hasna to Participant Takaful Fund		30,000	-	**30,000**
Investments	7	29,905	-	**29,905**
Current assets- other				
Contribution due but unpaid		-	68,972	**68,972**
Amount due from other takaful / re-takaful operators		-	11,872	**11,872**
Retakaful recoveries against outstanding claims	8	-	9,808	**9,808**
Wakala and mudarib fee receivable		10,863	-	**10,863**
Deferred commission expense		6,347	-	**6,347**
Prepaid re-takaful contribution ceded		-	17,660	**17,660**
Loan to employees		194	-	**194**
Prepayments		-	1,439	**1,439**
Accrued investment income		18	97	**115**
Sundry receivables	9	1,643	2,115	**3,758**
		19,065	111,963	**131,028**
Fixed assets	10			
Motor vehicles		2,375	-	**2,375**
Office equipment		58	-	**58**
Computer and related accessories		159	-	**159**
		2,592	-	**2,592**
TOTAL ASSETS		99,157	178,223	**277,380**

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

Window Takaful Operations

Profit and Loss Account

For the Year Ended 31 December 2016

	Note	Fire and Property Damage	Marine, Aviation and Transport	Motor	Accident & Health	Miscellaneous	31 December 2016
		Rupees in thousand					
Participant Takaful Fund Revenue Account							
Net Contribution revenue		(2,099)	(299)	16,731	6,202	(1,895)	**18,640**
Net claims		(2,575)	(72)	(20,175)	(5,505)	(204)	**(28,531)**
Direct expenses		6	-	(542)	(3)	(2)	**(541)**
Retakaful Rebate Earned		2,890	389	-	-	1,719	**4,998**
Surplus/ (Deficit) before investment income		(1,778)	18	(3,986)	694	(382)	**(5,434)**
Net Investment income							**359**
Deficit for the year							**(5,075)**
Operators Takaful Fund - Revenue Account							
Wakala fee income	11						**22,760**
Commission expense							**(6,966)**
Management expenses	12						**(14,902)**
							892
Net Investment Income							**6,584**
							7,476
General and administration expenses	13						**(3,438)**
Profit before tax							**4,038**
Less: Provision for taxation	14						**(1,247)**
Profit after tax							**2,791**

The annexed notes 1 to 23 form an integral part of these financial statements.

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

Window Takaful Operations

Statement of Comprehensive Income

For the Year Ended 31 December 2016

	31 December 2016
	Rupees in thousand
Profit for the year	**2,791**
Other comprehensive income	-
Total comprehensive income for the year	**2,791**

The annexed notes 1 to 23 form an integral part of these financial statements.

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

Window Takaful Operations

Cash Flow Statement

For the Year Ended 31 December 2016

	2016		
	Operator's Fund	Participants' Takaful Fund	Aggregate
	Rupees in thousand		
Operating cash flows			
(a) Takaful activities			
Contributions received	-	119,702	**119,702**
Wakala fee received / (paid)	48,273	(48,273)	**-**
Retakaful / co-takaful payments made	-	(36,780)	**(36,780)**
Claims paid	-	(14,320)	**(14,320)**
Retakaful and other recoveries received	-	1,686	**1,686**
Commissions paid	(7,481)	-	**(7,481)**
Commissions received	-	8,508	**8,508**
Other underwriting payments	-	(498)	**(498)**
Net cash inflows / (outflows) from takaful activities	40,792	30,025	**70,817**
(b) Other operating activities			
Income tax paid	(272)	(27)	**(299)**
General, administration and management expenses paid	(16,257)	-	**(16,257)**
Ceded money to participants' takaful fund	(500)	-	**(500)**
Loans disbursed	(821)	-	**(821)**
Loans repaid	627	-	**627**
Other receipts	-	5,500	**5,500**
Net cash (outflows) / inflows from other operating activities	(17,223)	5,473	**(11,750)**
Total cash inflows from operating activities	23,569	35,498	**59,067**
Investment activities			
Profit received on bank deposits	1,661	262	**1,923**
Qard-e-Hasna paid to Participant Takaful Fund	(30,000)	-	**(30,000)**
Payments for investments	(180,957)	-	**(180,957)**
Proceeds from disposal of investments	155,957	-	**155,957**
Fixed capital expenditures	(2,635)	-	**(2,635)**
Total cash (outflows) / inflows from investing activities	(55,974)	262	**(55,712)**
Financing activities			
Contribution to operator's fund	50,000	-	**50,000**
Qard-e-Hasna received from Operator's Fund	-	30,000	**30,000**
Ceded money	-	500	**500**
Total cash inflows from financing activities	50,000	30,500	**80,500**
Cash at end of the period - Net cash inflows from all activities	17,595	66,260	**83,855**
Reconciliation to profit and loss account			
Operating cash flows	23,569	35,498	**59,067**
Depreciation	(43)	-	**(43)**
Increase in loans	194	-	**194**
Increase in assets other than cash	18,853	110,199	**129,052**
Increase in liabilities	(45,119)	(151,131)	**(196,250)**
Investment income	4,905	-	**4,905**
Return on bank deposits	1,679	359	**2,038**
Net Profit / (deficit) for the period	4,038	(5,075)	**(1,037)**

Definition of cash

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

The annexed notes 1 to 23 form an integral part of these financial statements.

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

Window Takaful Operations

Statement of Changes in Funds

For the Year Ended 31 December 2016

	Operator's Fund		
	Statutory Fund	Accumulated Surplus	Total
	Rupees in thousand		
Contribution made during the year	50,000	-	**50,000**
Total comprehensive income for the year	-	2,791	**2,791**
Balance as at 31 December 2016	50,000	2,791	**52,791**

	Participants' Takaful Fund		
	Ceded Money	Accumulated Deficit	Total
	Rupees in thousand		
Contribution received during the year from the Operator	500	-	**500**
Deficit for the year	-	(5,075)	**(5,075)**
Balance as at 31 December 2016	500	(5,075)	**(4,575)**

The annexed notes 1 to 23 form an integral part of these financial statements.

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

Window Takaful Operations

Statement of Contribution

For the Year Ended 31 December 2016

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 2016
	Rupees in thousand										
Direct and facultative											
Fire and property damage	36,190	11,581	24,609	-	12,100	12,509	28,634	-	14,026	14,608	**(2,099)**
Marine, aviation and transport	2,495	873	1,622	-	79	1,543	1,932	-	90	1,842	**(299)**
Motor	111,092	36,105	74,987	-	51,208	23,779	7,048	-	-	7,048	**16,731**
Accident and health	23,705	6,519	17,186	-	10,984	6,202	-	-	-	-	**6,202**
Miscellaneous	13,525	4,058	9,467	-	2,769	6,698	12,137	-	3,544	8,593	**(1,895)**
Total	187,007	59,136	127,871	-	77,140	50,731	49,751	-	17,660	32,091	**18,640**
Treaty											
Proportional	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-
Grand total	187,007	59,136	127,871	-	77,140	50,731	49,751	-	17,660	32,091	**18,640**

The annexed notes 1 to 23 form an integral part of these financial statements.

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

Window Takaful Operations

Statement of Claims

For the Year Ended 31 December 2016

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 2016
	Rupees in thousand								
Direct and Facultative									
Fire and property damage	2,015	-	11,873	13,888	1,613	-	9,700	11,313	**2,575**
Marine, aviation and transport	-	-	77	77	-	-	5	5	**72**
Motor	9,205	-	10,970	20,175	-	-	-	-	**20,175**
Accident and health	3,019	-	2,486	5,505	-	-	-	-	**5,505**
Miscellaneous	81	-	299	380	73	-	103	176	**204**
Total	14,320	-	25,705	40,025	1,686	-	9,808	11,494	**28,531**
Treaty									
Proportional	-	-	-	-	-	-	-	-	**-**
Total	-	-	-	-	-	-	-	-	**-**
Grand total	14,320	-	25,705	40,025	1,686	-	9,808	11,494	**28,531**

The annexed notes 1 to 23 form an integral part of these financial statements.

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

Window Takaful Operations

Statement of Expenses

For the Year Ended 31 December 2016

Class	Commission paid or payable	Deferred commission		Net commission expense	Other management expenses	Underwriting expense	Rebate from retakaful operators	Net Underwriting Expense
		Opening	Closing					
	Rupees in thousand							
Direct and facultative								
Fire and property damage	4,794	-	2,498	2,296	6,045	8,341	2,890	**5,451**
Marine, aviation and transport	358	-	18	340	896	1,236	389	**847**
Motor	6,925	-	3,181	3,744	9,856	13,600	-	**13,600**
Accident and health	367	-	273	94	248	342	-	**342**
Miscellaneous	869	-	377	492	1,295	1,787	1,719	**68**
Total	13,313	-	6,347	6,966	18,340	25,306	4,998	**20,308**
Treaty								
Proportional	-	-	-	-	-	-	-	**-**
Total	-	-	-	-	-	-	-	**-**
Grand total	13,313	-	6,347	6,966	18,340	25,306	4,998	**20,308**

The annexed notes 1 to 23 form an integral part of these financial statements.

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

Window Takaful Operations

Statement of Investment Income

For the Year Ended 31 December 2016

	31 December 2016
	Rupees in thousand
Participants' Takaful Fund	
Profit on bank deposits	359
Operator's Fund	
Profit on mutual funds	4,905
Profit on bank deposits	1,679
	6,584

The annexed notes 1 to 23 form an integral part of these financial statements.

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

Notes to the Financial Statements

For the Year Ended 31 December 2016

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 Ordinance, 1984). The Operator is listed on Pakistan Stock Exchange and is engaged in the 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 also operates branches in the United Arab Emirates (UAE), the Kingdom of Saudi Arabia (KSA) and the Export Processing Zone (EPZ). The branch in the KSA has closed down its operations and is in "run-off" status with effect from 01 October 2003.

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

The Operator has created a Waqf of Rs 500,000 for Participant Takaful Fund by signing a Waqf Deed on January 01, 2016. The ceded money is required to be invested in shariah compliant investments and any profit thereon can be utilized only to pay benefits to participants or defray PTF expenses. Waqf Deed governs the relationship of Operator and participants for management of takaful operations, investments of participants' funds and investments of the Operator's funds approved by the shariah advisor of the Operator.

2 Basis of preparation

2.1 Statement of Compliance

These financial statements have been prepared in line with the format issued by the SECP through SEC (Insurance) Rules, 2002, vide SRO 938 dated 12 December 2002 and circular 25 of 2015 dated 9 July 2015.

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

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, Insurance ordinance 2000, SEC (Insurance) Rules 2002 and Takaful Rules, 2012. However in case requirements differ provisions or derivatives of the companies ordinance, 1984, Insurance ordinance, 2000, SEC (Insurance) Rules, 2002 and Takaful Rules 2012 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under historical cost convention.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is also the Operator's functional currency.

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 unconsolidated financial statements or judgment was exercised in application of accounting policies, are as follows:

		Note
-	Classification of Takaful contracts	3.2
-	Provision for unearned contributions	3.5
-	Contribution deficiency reserve	3.7
-	Provision for outstanding claims (including IBNR) and reinsurance recoveries there against	3.9
-	Rebate from retakaful operators	3.12
-	Residual values and useful lives of fixed assets	3.22
-	Segment reporting	3.25

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are stated below.

3.1 Accounting standards not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on are after 01 January 2017:

Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have an impact on Company's financial statements.

Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

Amendments to IFRS 2 - Share-based Payment 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. The amendments are not likely to have an impact on Company's financial statements.

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. The amendments are not likely to have an impact on Company's financial statements.

Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:

Amendments to IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2017) clarify that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 – 'Non-current Assets Held for Sale and Discontinued Operations'. The amendments are not likely to have an impact on Company's financial statements.

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. The amendments are not likely to have an impact on Company's financial statements.

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.

3.2 Takaful Contracts

The takaful contracts are based on the principles of Wakala. The takaful contracts so agreed usually inspire concept of tabarru (to donate 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 another party (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.

The 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 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.

3.3 Retakaful 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 reinsurance assets.

3.4 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. 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.

3.5 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 in the SEC (Insurance) Rules, 2002.

3.6 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.

3.7 Contribution deficiency reserve

The Operator is required as per SEC (Insurance) Rules, 2002, to maintain a provision in respect of contribution deficiency for the class of business where the unearned contribution reserve is not adequate to meet the expected future liability after retakaful from claims, and other supplementary expenses expected to be incurred after the balance sheet date in respect of the unexpired takaful contracts. The movement in contribution deficiency reserve is recorded as an expense / income in profit and loss account of Participant Takaful Fund (PTF) for the period / year.

The Operator determines adequacy of liability of contribution deficiency by carrying out analysis of its loss ratio of expired periods of the contracts. The liability of contribution deficiency in relation to accident and health takaful contracts is calculated in accordance with the advice of the actuary.

3.8 Claims

Claims are charged to 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.

3.9 Provision for outstanding claims (including IBNR)

The losses that have incurred or are in the occurrence period at the end of reporting year and have not been intimated to the Operator by that end of reporting year, or if reported, complete details are not available to the Operator, so as to ascertain the amount of loss for that claim as claims outstanding. The Operator is required, as per SECP circular no. 9 of 2016 dated 09 March 2016 “Guidelines for Estimation of Incurred but not reported claims reserve, 2016” to estimate and maintain the 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 actuarial valuation as at 31 December 2016 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 that may include a margin for adverse deviation as required / allowed by the circular 9 of 2016. IBNR reserve is calculated using Bornhuetter-Ferguson method which is essentially a blend of chain ladder method and expected claims technique. Due to inadequate claim experience of the Takaful business, Chain Ladder Method is not used. In the Bornhuetter-Ferguson method, ultimate claims to be settled are determined at each accident month by combining actual reported claims at the month end and expected unreported claims using cumulative claim development factor. The methods used, and the estimates made, are reviewed regularly.

3.10 Retakaful contracts

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. Retakaful assets represent balances due from retakaful operators and retakaful recoveries against outstanding claims. 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.

3.11 Commission expense

Commission expenses incurred in obtaining and recording 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.

3.12 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 to which it relates.

3.13 Wakala fees

The Operator of window takaful manages the general takaful operations for the participants and charge wakala fee to meet the general and administrative expenses of the operator including commission to agents at following rates

Class	Percentage
Fire	32%
Marine	35%
Motor	32.5%
Health	27.5%
Misc	30%

It is recognized upfront on the issuance of takaful contract

3.14 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.

3.15 Qard-e-Hasna

Qard-e-Hasna is provided by Operator's Fund (OPF) to PTF in case of deficit or to fulfill cash flow requirements.

3.16 Mudarib's fee

The Operator also 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.

3.17 Investments

Return on investments, profit on profit and loss sharing accounts and bank deposits are recognized on accrual basis.

3.18 Classification and recognition

All investments are initially recognized at cost, being the fair value of the consideration given and include transaction costs, except for held for trading in which case transaction costs are charged to the 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.

3.19 Measurement

3.19.1 Available for sale

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

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

3.19.2 Fair/ market value measurements

For investments in Government securities, fair / market value is determined by reference to quotations obtained from Reuters page (PKRV) where applicable. For investments in quoted marketable securities, other than Term Finance Certificates, fair / market value is determined by reference to Stock Exchange quoted market price at the close of business on reporting date. The fair market value of Term Finance Certificates is as per the rates issued by the Mutual Funds Association of Pakistan (MUFAP).

3.19.3 Date of recognition

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 on which the Operator commits to purchase or sell the investment.

3.20 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.

3.21 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.

3.22 Fixed assets

3.22.1 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. 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.

3.22.2 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.

3.23 Expenses of management

Expenses of management of the Operator have been charged to the Operator's Fund.

3.24 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.

3.25 Segment reporting

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

Assets, liabilities and capital 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.

Notes to the Financial Statements

For the Year Ended 31 December 2016

4 Other creditors and accruals

	2016		
	Operator's Fund	Participants' Takaful Fund	Aggregate
	Rupees in thousand		
Commission Payable	5,832	-	**5,832**
Federal Excise duty	-	7,384	**7,384**
Federal insurance fee	-	939	**939**
Income tax deducted at source	537	704	**1,241**
Others	1,785	43	**1,828**
	8,154	9,070	**17,224**

5 Contingencies and commitments

There are no material contingencies and commitments as at 31 December 2016.

6 Cash and bank

	2016		
	Operator's Fund	Participants' Takaful Fund	Aggregate
	Rupees in thousand		
Current and other accounts			
Saving accounts	17,595	66,260	**83,855**

6.1 Saving accounts carry expected profit rates ranging from 3.5% to 5%.

7 Investments

Available for sale

	2016		
	Operator's Fund	Participants' Takaful Fund	Aggregate
	Rupees in thousand		
Mutual funds- Moderate Allocation Plan Fund	29,905	-	**29,905**

8 Re-takaful recoveries against outstanding claims

These are unsecured and considered good.

9 Sundry receivables

	2016		
	Operator's Fund	Participants' Takaful Fund	Aggregate
	Rupees in thousand		
Sales tax recoverable	-	651	**651**
Advance taxes	-	27	**27**
Others	1,643	1,437	**3,080**
	1,643	2,115	**3,758**

Notes to the Financial Statements

For the Year Ended 31 December 2016

10 Fixed Assets - Operator`s Fund

10.1 Tangible assets

	2016									
	Cost				Depreciation				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									
Tangibles										
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%
Total	**-**	**2,635**	**-**	**2,635**	**-**	**-**	**43**	**43**	**2,592**	

11 Waqala fee Income

	2016		
	Wakala fee	Reserve for unearned Wakala fee	Net Wakala fee income
	Rupees in thousand		
Fire and Property Damage	11,581	5,794	**5,787**
Marine, Aviation and Transport	873	43	**830**
Motor	36,105	24,832	**11,273**
Accident & health	6,519	4,421	**2,098**
Miscellaneous	4,058	1,286	**2,772**
	59,136	**36,376**	**22,760**

12 Management expenses

	Note	2016
		Rupees in thousand
Salaries, allowances and other benefits		12,307
Depreciation	10.1	44
Printing, stationery and postage		458
Communication		28
Ceded money		500
Bank charges		23
Legal and professional expense		454
Travelling and conveyance expenses		655
Others		433
		14,902

Notes to the Financial Statements

For the Year Ended 31 December 2016

		2016
		Rupees in thousand
13	**General and administrative expenses**	
	Shariah advisor fee	3,080
	Auditor`s remuneration	358
		3,438
14	**Taxation**	
	Current tax	1,121
	Deferred tax	126
		1,247
15	**Remuneration of Head of Window Takaful Operations**	
	Managerial remuneration	2,967
	Other allowances	1,460
		4,427

16 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.

	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**

17 Financial instruments

The Company has exposures to the following risks from its use of financial instruments:

- Market risk
- Liquidity risk
- Credit risk

Notes to the Financial Statements

For the Year Ended 31 December 2016

17.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of interest rate risk, foreign currency risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

17.2 Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market profit rates. The information is about the Operation's exposure to profit rate risk based on contractual repricing or maturity dates whichever is earlier.

All financial assets of the operations are non profit bearing except for cash and bank deposits 3.5% to 5%.

17.3 Foreign currency risk

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

17.4 Other price risk

Other price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors affecting all similar financial instruments traded in the market. The Operations at present, are not materially exposed to these other price risks.

17.5 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The diversified funding sources and assets of the Company are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities. The following are the contractual maturities of financial liabilities based on the remaining period at the reporting date to maturity date.

	2016			
	Within one year	Over one year to five years	Over five years	Total
	Rupees in thousand			
Financial liabilities				
Provision for outstanding claims (including IBNR)	25,705	-	-	**25,705**
Amounts due to other takaful / re-takaful operators	24,843	-	-	**24,843**
Wakala and modarib fee payable	10,863	-	-	**10,863**
Other creditors and accruals	7,281	-	-	**7,281**
	68,692	**-**	**-**	**68,692**

17.6 Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge an obligation. The Operator attempts to control credit risk by mitigating credit exposures by undertaking transactions with a large number of counter parties in various industries and by continually assessing the credit worthiness of counter parties.

17.7 Concentration of credit risk

The bank balances and deposits represents low credit risk as they are placed with reputed financial institutions with strong credit ratings.

The credit quality of bank balances can be assessed with reference to external credit ratings as follows :

	Rating			2016
	Long Term	Short Term	Rating agency	Rupees in thousand
Dubai Islamic Bank	A+	A-1	JCR-VIS	83,855

18 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.

18.1 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:

	2016		
Class	Gross sum insured	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.

18.2 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.

Notes to the Financial Statements

For the Year Ended 31 December 2016

18.3 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 Re-takaful Risk

Re-takaful ceded does not relieve the PTF from its obligation towards participants and, as a result, the PTF 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

The following table shows the carrying amount and fair values of financial assets and financial liabilities:

		2016								
		Carrying amount					Fair value			
	Notes	'available-for-sale'	Fair value through profit and loss	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		Rupees in thousand								
On-balance sheet financial instruments										
Financial assets not measured at fair value										
Cash and bank deposits*		-	-	83,855	-	**83,855**	-	-	-	**-**
Investments	7	29,905	-	-	-	**29,905**	-	29,905	-	**29,905**
Contribution due but unpaid*		-	-	68,972	-	**68,972**	-	-	-	**-**
Wakala and modarib fee receivable*		-	-	10,863	-	**10,863**	-	-	-	**-**
Amount due from other takaful / retakaful operators*		-	-	11,872	-	**11,872**	-	-	-	**-**
Accrued investment income*		-	-	115	-	**115**	-	-	-	**-**
Sundry receivables*		-	-	1,437	-	**1,437**	-	-	-	**-**
Financial liabilities not measured at fair value										
Provision for outstanding claims*		-	-	-	(25,705)	**(25,705)**	-	-	-	**-**
Amount due to other takaful / retakaful operators*		-	-	-	(24,843)	**(24,843)**	-	-	-	**-**
Wakala and modarib fee payable*		-	-	-	(10,863)	**(10,863)**	-	-	-	**-**
Other creditors and accruals*		-	-	-	(7,281)	**(7,281)**	-	-	-	**-**
		29,905	**-**	**177,114**	**(68,692)**	**138,327**	**-**	**29,905**	**-**	**29,905**

(*) The fair values of these items have not been disclosed because their carrying amounts are a reasonable approximation of fair value.

Notes to the Financial Statements

For the Year Ended 31 December 2016

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

The operator measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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.

	2016
	Rupees in thousand
(i) Transactions	
Contribution Underwritten	**1,439**
(ii) Year end balances	
Balances receivable	**438**

22 Date of authorization for issue

These financial statements were authorized for issue on **05 April 2017** by the Board of Directors of the Operator.

23 General

All figures have been rounded off to nearest thousand of rupees, unless otherwise stated.

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

Form 34
The Companies Ordinance 1984
(Section 236(2)(d)) Pattern of Shareholding

1 **Incorporation Number** **0001190**

2 Name of the Company ADAMJEE INSURANCE COMPANY LIMITED.

3 Pattern of holding of the shares held by the shareholders as at 31-DEC-16

4

No. of Shareholders	Shareholdings					Total Shares Held
1,122	Shareholding	From	1	To	100	30,788
1,095	Shareholding	From	101	To	500	347,304
612	Shareholding	From	501	To	1000	515,230
2,249	Shareholding	From	1001	To	100000	26,573,748
130	Shareholding	From	100001	To	500000	27,845,114
29	Shareholding	From	545001	To	980000	21,111,851
22	Shareholding	From	1050001	To	2950000	34,447,190
5	Shareholding	From	3145001	To	5740000	23,921,645
1	Shareholding	From	11205001	To	11210000	11,208,000
1	Shareholding	From	16305001	To	16310000	16,307,396
1	Shareholding	From	20035001	To	20040000	20,037,378
1	Shareholding	From	22375001	To	22380000	22,377,235
1	Shareholding	From	22775001	To	22780000	22,779,587
1	Shareholding	From	35970001	To	35975000	35,970,369
1	Shareholding	From	86525001	To	86530000	86,527,165
5,271						**350,000,000**

Form 34
The Companies Ordinance 1984
(Section 236(2)(d)) Pattern of Shareholding

			Shares held	Percentage
5	**Categories of Shareholders**			
5.1	**Directors, Chief Executive Officer & their spouses**			
a)	**Directors**			
	Fredrik Coenrard De Beer		7,073	0.002
	Ibrahim Shamsi		16,797	0.005
	Imran Maqbool Malik		7,073	0.002
	Mian Umer Mansha		60,335	0.017
	Muhammad Anees		20,000	0.006
	Muhammad Umar Virk		43,073	0.012
	S.M.Jawed		2,500	0.001
5.1 b)	**Chief Executive Officer**			
	Muhammad Ali Zeb		7,073	0.002
5.1 c)	**Directors spouse & minor children**		-	-
5.1.1	**Executives / Executives' spouse**		52,024	0.015
5.2	**Associated Companies, undertakings & related parties**			
a)	MCB Bank Ltd. (5.7 i)		86,527,165	24.722
b)	Nishat Mills Ltd.		102,809	0.029
5.3	**NIT and ICP**		2,606	0.001
5.4	**Banks, DFIs and NBFIs**		10,507,131	3.002
5.5	**Insurance Companies** [22,779,587 shares held by Security General Insurance Co.Ltd (5.7iii)]		33,402,292	9.544
5.6	**Modaraba**		1,102	-
5.6.1	**Mutual Funds**		13,211,653 *	3.775
5.7	**Shareholders holding 5% or more voting interest (reflected in relevant category, reference given)**			
	i) MCB Bank Ltd (5.2a)	86,527,165 / 24.722		
	ii) Trustee-MCB Employees Pension Fund(5.9b)	35,970,369 / 10.277		
	iii) Security General Insurance Co Ltd (5.5)	22,779,587 / 6.508		
	iv) D.G. Khan Cement Company Limited (5.9a)	22,377,235 / 6.394		
	v) Anjum Nisar (5.8a)	20,037,378 / 5.725		
5.8	**General Public**			
a)	Local-Individuals [Anjum Nisar 20,037,378 (5.9v)]		75,715,294	21.633
b)	Foreign Companies/ organizations/ Individuals (on repatriable basis)		43,137,959	12.325
5.9	**Others**			
a)	Joint Stock Companies [D.G.Khan Cement Co.Ltd 22.377,235(5.7iv)]		28,299,651	8.085
b)	Pension Fund, Provident Fund etc.[(35,970,369 Trustee-MCB Employees Pension Fund(5.7ii)]		58,876,390	16.822
			350,000,000	**100.000**

Lahore: 5 April 2017

MUHAMMAD ALI ZEB
Managing Director & Chief Executive Officer
CNIC # 35202-2689723-9

Form 34
The Companies Ordinance 1984
(Section 236(2)(d)) Pattern of Shareholding

**** Mutual Funds**		
AL-MEEZAN MUTUAL FUND LIMITED	2,062	0.001
CDC - TRUSTEE ABL INCOME FUND	728,000	0.208
CDC - TRUSTEE AKD INDEX TRACKER FUND	52,240	0.015
CDC - TRUSTEE ALFALAH GHP INCOME FUND - MT	6,500	0.002
CDC - TRUSTEE ALFALAH GHP SOVEREIGN FUND - MT	500	0.000
CDC - TRUSTEE APF-EQUITY SUB FUND	186,500	0.053
CDC - TRUSTEE ATLAS INCOME FUND - MT	275,500	0.079
CDC - TRUSTEE ATLAS STOCK MARKET FUND	2,413,500	0.690
CDC - TRUSTEE FAYSAL MTS FUND - MT	57,000	0.016
CDC - TRUSTEE FAYSAL SAVINGS GROWTH FUND - MT	176,000	0.050
CDC - TRUSTEE HBL - STOCK FUND	670,000	0.191
CDC - TRUSTEE HBL MULTI - ASSET FUND	175,000	0.050
CDC - TRUSTEE HBL PF EQUITY SUB FUND	82,000	0.023
CDC - TRUSTEE JS LARGE CAP. FUND	415,000	0.119
CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT	161	0.000
CDC - TRUSTEE MCB DYNAMIC CASH FUND - MT	286,000	0.082
CDC - TRUSTEE NIT INCOME FUND - MT	146,200	0.042
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	899,580	0.257
CDC - TRUSTEE PAKISTAN INCOME FUND - MT	172,500	0.049
CDC - TRUSTEE PICIC GROWTH FUND	700,000	0.200
CDC - TRUSTEE PICIC INVESTMENT FUND	375,000	0.107
CDC - TRUSTEE PICIC STOCK FUND	56,000	0.016
CDC - TRUSTEE PIML ASSET ALLOCATION FUND	500,000	0.143
CDC - TRUSTEE PIML VALUE EQUITY FUND	75,000	0.021
CDC - TRUSTEE UNIT TRUST OF PAKISTAN	699,500	0.200
CONFIDENCE MUTUAL FUND LIMITED	3,601	0.001
FIRST CAPITAL MUTUAL FUND LTD.	67	0.000
GROWTH MUTUAL FUND LIMITED	1,901	0.001
KASB PREMIER FUND LIMITED,	2,778	0.001
MC FSL - TRUSTEE JS GROWTH FUND	3,150,000	0.900
MCBFSL - TRUSTEE JS VALUE FUND	839,500	0.240
Prudential Stocks Fund Ltd (03360)	53,063	0.015
TRUSTEE-BMA CHUNDRIGAR ROAD SAVINGS FUND	11,000	0.003
	13,211,653	**3.775**


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SECP

Notes

ADAMJEE INSURANCE COMPANY LIMITED

PROXY FORM

I/We ------------------------------ of --------------------- being a member of Adamjee Insurance Company Limited hereby appoint Mr. ------------------------------- of ------------------------------- or failing him Mr. ------------------------- of ------------------------------ as my/our Proxy to vote for me/us and on my/our behalf at the Fifty Sixth Annual General Meeting of the Company to be held on Saturday, April 29, 2017 at 9.30 a.m. at Park Lane Hotel, 107 - B3-MM Alam Road, Gulberg III, Lahore, and at any adjournment thereof.

Signed this -------------------------- day of ------------------------------ 2017

WITNESSES:

1- Signature ----------------------

Name ------------------------

Address ------------------------

CNIC No. -----------------------

2- Signature ----------------------

Name ------------------------

Address ------------------------

CNIC No. -----------------------

Rupees Five Revenue Stamp

Signature --------------------------------------

Holder of -------------------------- Ordinary Shares

Share Register Folio No. ---------------------------

"CDC" Participant's ID No. ---------- A/c. No. -----------

(Please See Notes on reverse)

NOTES

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint another member as proxy to attend and vote instead of him/her. A corporation or a company being a member of the Company may appoint any of its officers, though not a member of the Company.

2. Proxy(s) must be received at the Registered Office of the Company not less than 48 hours before the time appointed for the Meeting.

3. The signature on the instrument of proxy must conform to the specimen signature recorded with the Company.

4. CDC Account Holders will further have to follow the under-mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A. For attending the Meeting:

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

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

B. For appointing Proxies:

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

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

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

iv) The proxy shall produce his/her original CNIC or original passport at the time of the Meeting.

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

آدمجی انشورنس کمپنی لمیٹڈ

رجسٹرڈ آفس: چوتھی منزل، تنویر بلڈنگ۔ 27-C III، ایم۔ایم۔عالم روڈ، گلبرگ-III، لاہور

adamjee insurance

نمائندگی نامہ

میں / ہم .... مقیم ....، بحیثیت آدم جی انشورنس کمپنی لمیٹڈ کے ایک ممبر، محترم / محترمہ .... مقیم .... یا ان کے شریک نہ ہونے پر محترم / محترمہ .... مقیم .... کو بذریعہ ہذا پارک لین ہوٹل، 107-B3، ایم۔ایم۔عالم روڈ، گلبرگ III، لاہور میں 29 اپریل 2017 کو صبح 9:30 بجے اور اس کے کسی ممکنہ التوائی وقت پر منعقدہ کمپنی کے چھپن ویں سالانہ اجلاس عام میں بطور میرا / ہمارا نمائندہ ووٹ دینے کے لیے نامزد کرنا چاہتا ہوں / چاہتے ہیں۔

آج بروز .... بتاریخ .... 2017ء دستخط کیے گئے۔

گواہان

1- دستخط ....

نام ....

پتا ....

....

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر ....

2- دستخط ....

نام ....

پتا ....

....

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر ....

پانچ روپے کی
ریوینیو اسٹیمپ

دستخط ....

مالک .... عدد عام شیئرز،

رجسٹر فولیو نمبر ....

CDC شرکتی شناختی نمبر .... اکاؤنٹ نمبر ....

(براہ کرام عقبی رخ پر نوٹس دیکھیں)

نوٹس

-1 غیر معمولی اجلاس عام میں شرکت اور رائے دہی کا حق رکھنے والا ممبر کسی دوسرے ممبر کو اپنے بجائے شرکت اور حق رائے دہی کے استعمال کے لیے اپنا نمائندہ (پراکسی) مقرر کرسکتا ہے۔ کوئی کارپوریشن یا کمپنی، بحیثیت کمپنی کی ممبر، اپنے افسران میں سے کسی کی تقرری کرسکتی ہے، خواہ وہ کمپنی کا ممبر نہ ہو۔

-2 نمائندگی نامہ Proxy(s) اس اجلاس کے انعقاد کے مقررہ وقت سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں موصول ہوجانا چاہیے۔

-3 نمائندگی نامہ پر موجود دستخط لازماً کمپنی کے ریکارڈ میں موجود دستخط کے نمونے کے مطابق ہونا چاہیے۔

-4 CDC اکاؤنٹ ہولڈرز کو سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے جاری کردہ سرکلر 1 بتاریخ 26 جنوری 2000ء میں وضع کردہ درج ذیل ہدایات کی مزید پیروی کرنا ہوگی:

A-اجلاس میں شرکت کے لیے:

i) افراد کی صورت میں، اکاؤنٹ یا سب اکاؤنٹ ہولڈر جس کی رجسٹریشن کی CDC ضوابط کے مطابق اپ لوڈ کی جاچکی ہیں، اجلاس میں شرکت کے وقت اپنی شناخت کی تصدیق کے لیے اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ دکھائے گا۔

ii) کاروباری ادارے کی صورت میں اجلاس کے موقع پر بورڈ آف ڈائریکٹرز کی قرارداد / مختار نامہ، نامزد نمائندے کے دستخط کے نمونے کے ساتھ پیش کرنا ہوگا (ماسوائے اس کے کہ وہ پہلے ہی پیش کیا جاچکا ہو)

B-نمائندوں کی تقرری کے لیے

i) افراد کی صورت میں، اکاؤنٹ یا سب اکاؤنٹ ہولڈر جس کی رجسٹریشن کی CDC ضوابط کے مطابق اپ لوڈ کی جاچکی ہیں، اجلاس میں شرکت کے وقت اجلاس میں شرکت کے وقت مندرجہ بالا تقاضوں کے مطابق نمائندگی نامہ (Proxy Form) جمع کرائے گا۔

ii) نمائندگی نامے پر دو افراد کی گواہی موجود ہونی چاہیے جن کے نام، پتے اور CNIC نمبر تقرری نامے میں درج ہوں۔

iii) نمائندگی نامے کے ہمراہ اصل مالکان (beneficial owner) اور نمائندے کے CNIC یا پاسپورٹ کی تصدیق شدہ نقول مہیا کی جائیں۔

iv) نمائندے کو اجلاس کے موقع پر اپنا اصل CNIC یا اصل پاسپورٹ پیش کرنا ہوگا۔

v) کاروباری ادارے کی صورت میں اجلاس کے موقع پر نمائندگی نامے کے ہمراہ بورڈ آف ڈائریکٹرز کی قرارداد / مختار نامہ نمائندے / اٹارنی کے دستخط کے نمونے کے ساتھ پیش کرنا ہوگا (ماسوائے اس کے کہ وہ پہلے ہی پیش کیا جاچکا ہو)