





Page No. Description

Company Information

- 3. Vision, Mission & Values
- 4. Corporate Information
- 5. Insurance/Takaful Products
- 6. Financial Highlights

Shareholders' and Investors' Information

11. Notice of Annual General Meeting

Code of Corporate Governance

- 12. Directors' Report
- 27. Directors' Report Urdu
- 28. Shariah Advisor's Report to the Board of Directors
- 29. Review Report to the Members on the Statement of Compliance with the Code of Corporate Governance
- 31. Statement of Compliance with the Code of Corporate Governance
- 36. Statement of Compliance with the Shariah Principles
- 37. Independent Reasonable Assurance Report to the Board of Directors on the Statement of Management's Assessment of Compliance with the Shariah Principles

Financial Statements

- 40. Auditors' Report to the Members
- 42. Statement of Financial Position
- 43. Profit and Loss Account
- 44. Statement of Comprehensive Income
- 45. Statement of Changes in Equity
- 46. Cash Flow Statement
- 47. Notes to and forming part of the Financial Statements

Window Takaful Operations

88. Auditors' Report to the Members





Page No. Description

Window Takaful Operations - Financial Statements

- 90. Statement of Financial Position
- 91. Profit and Loss Account
- 92. Statement of Comprehensive Income
- 93. Cash Flow Statement
- 94. Statement of Changes in Fund
- 95. Notes to and forming part of the Financial Statements

Branches Information

Form of Proxy



Vision & Mission Statement



Vision

"Our vision is to establish a position as the premier choice for corporate and consumer sector."

Mission

"Our mission is to become a reputable general insurer of the country by providing dedicated service to our customers. This will be accomplished by recognizing the customer needs and providing suitable products at affordable prices and servicing the claims within optimum time frame."

Values

Service:

Our hallmark is the excellence of our service to our external clients and internally to each other.

Integrity:

Honesty and integrity consistently guide the conduct of our business and our relationships with those outside of the company and with each other.

Collaboration:

We value and support a sprit of teamwork, cooperation and encouragement, in an environment in which all employees can grow.

Respect:

We respect individuality and the strength that flows from the diversity of backgrounds, experience and perspectives.

Protection:

We take care of and protect our insured in a hostile legal environment better than any other company.

Corporate Information



Board of Directors:

Aameer KarachiwallaChairmanZameer Mohammed ChoudreyDirectorRizwan PervezDirectorSharjeel ShahidDirectorSyed Furrukh ZaeemDirector

Zia Ijaz Director
Abdul Sattar Vaid Executive Director
Babar Mahmood Mirza Chief Executive Officer

Board Audit Committee:

Zameer Mohammed Choudrey Chairman
Rizwan Pervez Member
Sharjeel Shahid Member

Board Investment Committee:

Syed Furrukh Zaeem Chairman
Zameer Mohammed Choudrey Member
Rizwan Pervez Member
Babar Mahmood Mirza Member

Ethics, Nominations, Human Resource & Remuneration Committee:

Sharjeel Shahid Chairman
Zameer Mohammed Choudrey Member
Rizwan Pervez Member
Babar Mahmood Mirza Member

Chief Financial Officer:

Nadeem Raza

Company Secretary:

Abdul Sattar Vaid

Company Registration No & NTN No:

Current Registration # 0000012978/20060607 New CUIN Registration # 0057197 NTN # 2798420-6

Rating Agency:

JCR-VIS "AA-" (Double A Minus)

Status of Company:

MSC (Medium Size Company)

Auditors:

KPMG Taseer Hadi & Co. Chartered Accountants

Legal Advisors:

Warsi Associates

(Advocate, Consultants & Legal Advisors)

Shariah Advisor:

Mufti Imtiaz Alam

Website & Contact:

www.ublinsurers.com Email: info@ublinsurers.com UAN 111-845-111

Registered & Head Office:

126 - C, Jami commercial, Street no.14, Phase - VII, DHA, Karachi. Postal Code 75500 UAN 111-845-111 Fax Number +92-21-35314504

Regulator:

Securities and Exchange Commission of Pakistan.



Insurance / Takaful Products





Fire & Allied Perils
Providing Corporate Clients with
standard fire policy covering fire,
lightening and explosion that may
be extended to cover the allied
perils like Earthquake (Fire and
Shock), Atmospheric Disturbance
Clause, Aircraft or Arial Devices
falling there from, Impact
(Collision) damage, Riot and Strike
damage and Malicious damage.



Private Car
Covering all the popular brands of
Local and Imported vehicles that
will be indemnified against loss or
damage to the Motor Car and/or
its accessories whilst thereon by
Accidental external means, Fire
external explosion, Burglary, Theft,
Malicious act, Rio t, Strike, Flood,
Hail, Wind, Hurricane, Cyclone,
Tornado, Typhoon, Earthquake and
whilst in transit by air or road rail.

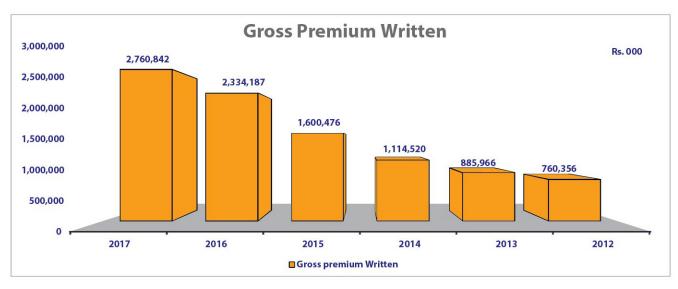


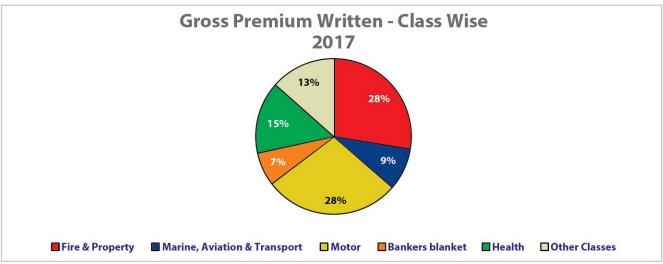
Engineering
The Company indemnifies sudden and unforeseen physical loss or damage, resulting from: maladjustment, loosening of parts, failures or faults in protective devices, entry of foreign bodies, tearing apart due to centrifugal forces, Shortage of water in steam boilers or pressure vessels, over pressure or implosion, Short circuit and over voltage.

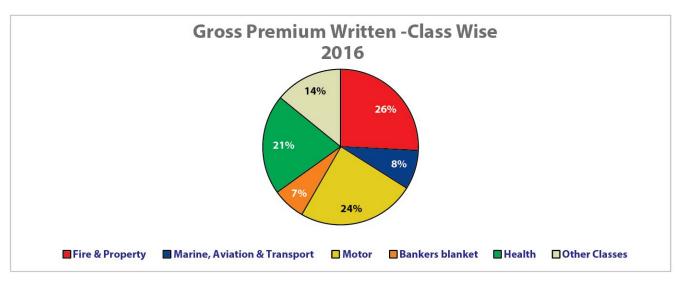


Marine Cargo
This insurance coverage protects
the cargo being imported to or
exported from Pakistan. With t hree
levels of coverage available in
Marine Cargo (Sea/Air), Institute
Cargo Clause 'A', 'B' and 'C', and
two levels of coverage available in
Marine Cargo Inland, Road/Rail
Cargo Clause 'A' and 'B', this
protects the cargo fro m all aspects
of marine risks.

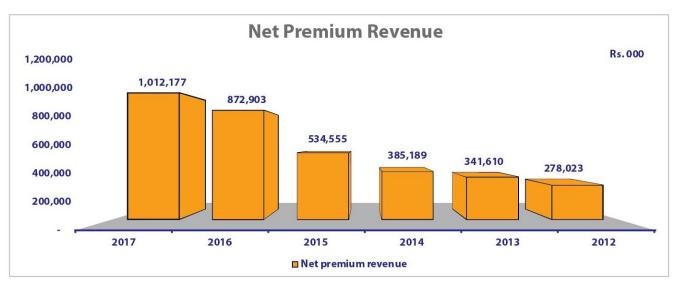


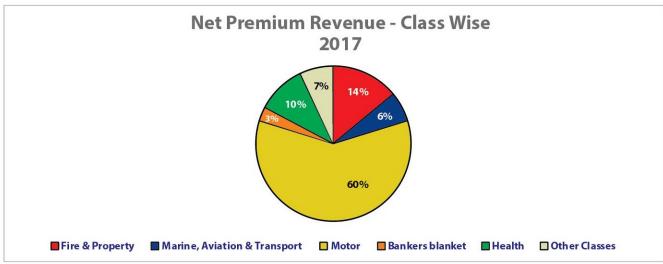


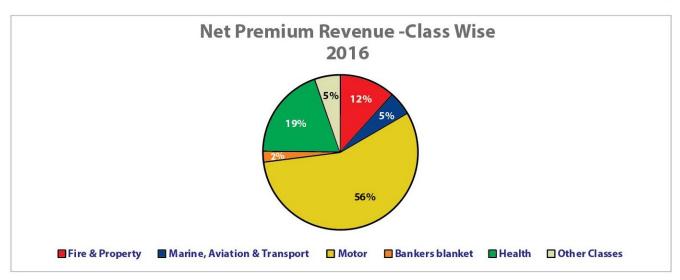




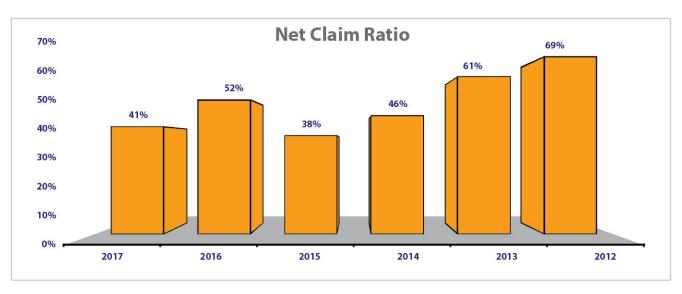


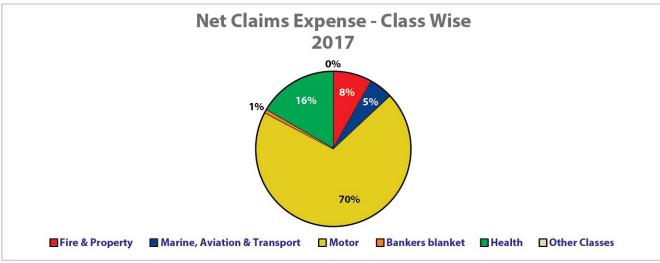


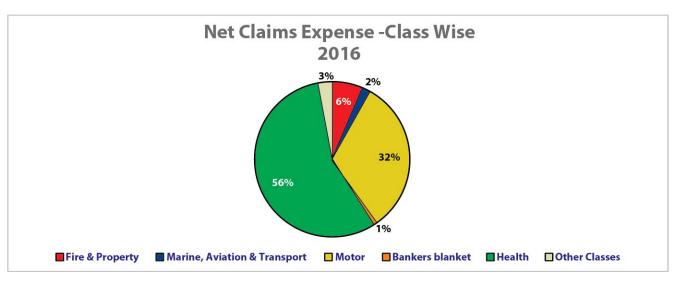




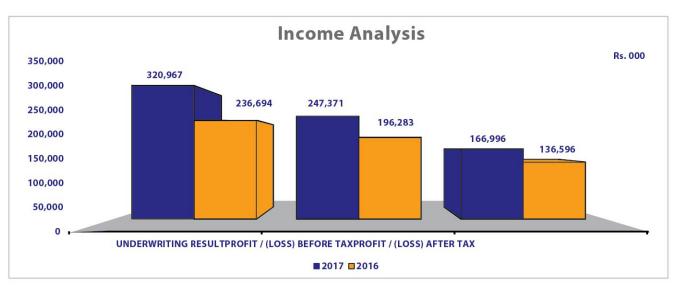


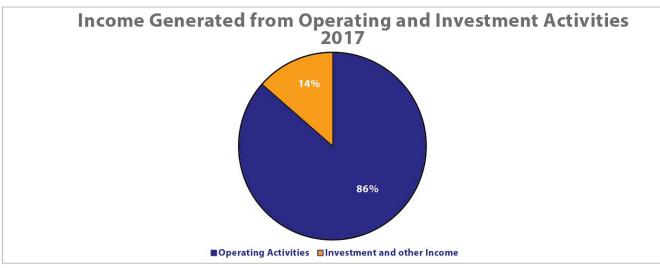


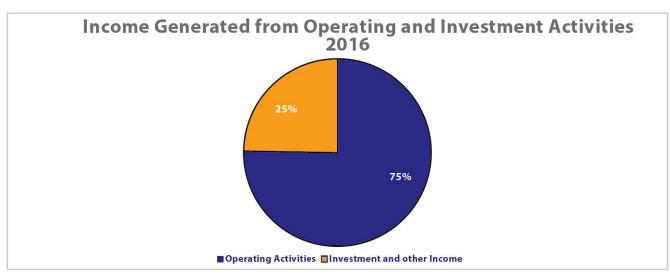




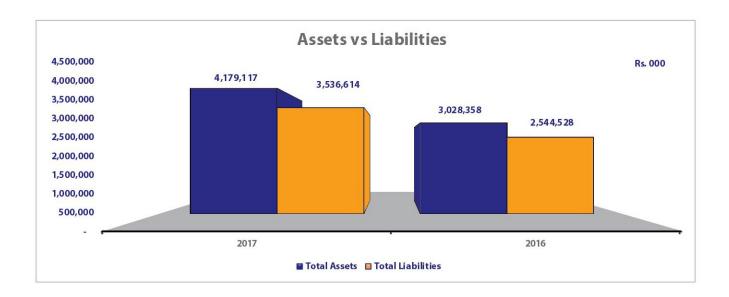


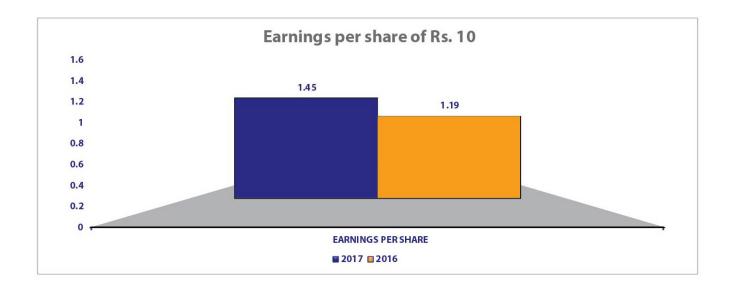












Notice of 12th Annual General Meeting



TO ALL SHAREHOLDERS

NOTICE OF 12th ANNUAL GENERAL MEETING

Notice is hereby given that 12th Annual General Meeting ("AGM") of the shareholders of UBL Insurers Limited ("UIL") will be held on Friday, 16 March 2018 at 04:00 p.m. at UBL Head Office Building, 1st floor, I.I. Chundrigar Road, Karachi to transact the following business:

Ordinary Business

- 1. To confirm minutes of the 11th Annual General Meeting held on 04th April, 2017.
- 2. To receive and adopt Annual Audited Accounts of UBL Insurers Limited as at 31 December, 2017 together with Director's and Auditor's reports thereon.
- 3. To receive and adopt Annual Audited Accounts Windows Takaful Operations of UBL Insurers Limited as at 31 December, 2017 together with Shariah, Director's and Auditor's reports thereon.
- 4. To approve appointment of external auditors for the year 2018.
- 5. To transact any other business with the permission of the Chairman.

By order of the Board

Abdul Sattar Vaid Company Secretary

Karachi: February 23, 2018

- 1. The Share Transfer Books of the Company shall remain closed from 07th March 2018 to 16th March 2018 (both days inclusive)
- 2. All the members shall be entitled to attend the annual general meeting.
- 3. A member entitled to attend the meeting and vote is entitled to appoint other member as a proxy to attend and vote on his / her behalf, save that a corporation being a member may appoint as its proxy an officer of such corporation whether a member of the company or not. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a naturally certified copy of the power or authority shall be deposited to the Company not later than 48 hours before the time of holding the meeting, and must be dully stamped, signed and witnessed.(Form of Proxy Attached).



Directors' Report for the year ended 31 December, 2017

On behalf of the Board of Directors, I present the twelfth (12th) annual report of UBL Insurers Limited for the year ended 31 December, 2017.

The financial highlights for the year under review are as follows:

'Rupees 000'

	December 31, 2017	December 31, 2016	%
Gross premium written	2,760,842	2,334,187	18%
Net premium revenue	1,012,177	872,903	16%
Net claim expense	(419,969)	(452,947)	-7%
Net commission	63,369	67,760	-6%
Premium deficiency	10,880	(10,907)	-200%
Management expenses	(345,490)	(240,114)	44%
Underwriting profit	320,967	236,694	36%
Investment & other income	50,288	77,248	-35%
General & administrative expenses	(125,047)	(109,887)	14%
Profit before tax from Windows Takaful Operations	1,163	(7,771)	115%
Profit before tax	247,371	196,283	26%

Economic Overview

Pakistan's economy continued to remain strong in 2017 with a high growth in GDP. The services sector showed a healthy contribution in the GDP with a continued growth in the manufacturing and agriculture sector. Some of the other macroeconomic indicators, such as subdued inflation, investment growth and rising private sector credit, also showed an encouraging picture. However, the decline in exports and below target tax collection has impacted the macroeconomic balance resulting in current account deficit and elevation in Fiscal deficit. The country in order to maintain the growth momentum, these balances need to be kept at sustainable levels for this purpose, both the sectors have to play their roles: public sector through consistent and well thought policies and private sector by enhancing its efficiencies.

Company Performance Review

In the year 2017 company has posted a growth of 18% in gross premium written to close at Rs. 2,761 million while net premium revenue increased by 16% to Rs. 1,012 million.

Net claim expense is decreased by -7% during the year ended December 2017 as compared to last year December 2016. The net claim ratio over net premium revenue is 41% compared to 52% last year.

The underwriting results reported a profit of Rs. 321 million during the year ended 31 December 2017 as compared to a profit of Rs. 237 million for the year ended 31 December 2016 due to an improvement in net premium revenue and net Claim expense.

Investments and other income is lower at Rs. 50 million during the year ended December 2017 as compared to Rs.77 million during the same period in 2016 due to reduction in interest rate and an amount of Rs. 19 million has been recorded as impairment on listed equity securities.

Improved underwriting results has resulted in achieving a pre-tax profit of Rs. 247 million for the current year as compared with last year profit of Rs. 196 million. The company has also charged deferred tax income amounting to Rs. 5 million during the year resulting in profit after tax of Rs. 167 million for 2017.



Portfolio Analysis

Fire & Property

Fire and property class of business constitutes 28% of the total portfolio. During the year, the Company has underwritten a gross premium of Rs. 764 million (2016: Rs. 602 million). The ratio of net claims to net premium is 24% this year as compared to 28% last year. The Company incurred an underwriting profit of Rs. 40 million as compared to Rs. 52 million in 2016.

Marine and transport

This class of business constitutes 9% of the total portfolio. The Company has underwritten a gross premium of Rs. 239 million in current year (2016: Rs.191 million). The net claims ratio is 33% as against 18% last year, which resulted in an underwriting profit of Rs. 25 million against Rs. 32 million last year.

Motor

During the year, the Company has underwritten gross premium of Rs. 783 million (2016: Rs. 568 million) which constitutes 28% of the total portfolio. The ratio of net claims to net premium for the current year is 49% as compared to 30% in 2016. The Company incurred an underwriting profit of Rs. 123 million as compared to Rs. 221 million in 2016.

Bankers & Blanket

This class of business constitutes 7% of the total portfolio. The Company has underwritten a gross premium of Rs. 192 million in current year (2016: Rs.158 million). The net claims ratio is 8% as against 13% last year, which resulted in an underwriting profit of Rs. 39 million against Rs. 28 million last year.

Health

This class of business constitutes 15% of the total portfolio. The Company has underwritten a gross premium of Rs. 410 million in current year. The net claims ratio is 66%. Which resulted in an underwriting profit of Rs. 33 million.

Other Classes

The other classes of business constitute 14% of the total portfolio. The gross premium written was Rs. 372 million (2016: Rs. 330 million). The ratio of net claims to net premium is 1% as against 28% last year. The portfolio showed an underwriting profit of Rs. 60 million in current year against an underwriting profit of Rs. 43 million in last year.

The earning per share in current year is 1.45 against a EPS of Rs. 1.19 in the year 2016.

Window Takaful Operations

The year under review was the second year for Takaful business and the Company was able to robustly grow gross written contribution to Rs. 248 million. The participant's Takaful fund reported a surplus before investment income of Rs. 19 million as compared to 2 million in the year 2016. Investment and other income stands at Rs. 3 million in 2017 against Rs. 1 million for the year 2016. The improved underwriting resulted in achieving a surplus for the year of Rs. 22 million which stood at 2 million in the year 2016.

The Operator's Fund reported the profit before tax of Rs. 1 million in the year 2017 against the loss of 8 million in the year 2016.

Related Parties Transactions

The Board of Directors approve Company's transactions with associated companies / related parties at each board meeting. All the transactions executed with related parties are on arm's length basis.

Insurer Financial Strength (IFS) Rating

The Company's Financial Strength (IFS) rating was improved to AA- (Double A minus) with stable outlook by JCR-VIS for the year 2017.



Compliance with Code of Corporate Governance

The requirement of the Code of Corporate Governance set out by the regulatory authorities has been duly complied with. A statement to this effect is annexed with the report.

The changes in the Board during the year due to resignation and filling of the casual vacancies are as under:

Appointed	Date	
Mr. Syed Furrukh Zaeem	01-June -17	

Resigned by	Date
Mr. Muhammad Hanif Akhai	09-January-17

During the year four (4) meetings of the Board of Directors were held, attendance details of which are as follows:

Name of Directors	Meetings Attended
Mr. Aameer Karachiwalla	04
Mr. Zameer Muhammad Choudrey	04
Mr. Rizwan Pervez	02
Mr. Sharjeel Shahid	03
Mr. Zia Ijaz	02
Mr. Syed Furrukh Zaeem (appointed- June 01, 2017)	02
Mr. Abdul Sattar Vaid	04
Mr. Babar Mahmood Mirza	04

Leave of absence was granted to directors who could not attend Board meeting(s).



Board Committees

Audit Committee

The committee consists of three members. During the year 2017, four (4) meetings of the committee were held and attended by the members as under:

Name of Member	Meetings Attended
Mr. Zameer Muhammad Choudrey	04
Mr. Rizwan Pervez	02
Mr. Sharjeel Shahid	03

Leave of absence was granted to the members who could not attend Board's Audit Committee meeting(s).

Ethics, Nominations, Human Resource & Remuneration Committee

The committee consists of four members. During the year one meeting of the committee was held and attended by the members as under:

Name of Member	Meetings Attended	
Mr. Sharjeel Shahid	01	
Mr. Zameer Muhammad Choudrey	01	
Mr. Rizwan Pervez	-	
Mr. Babar Mahmood Mirza	01	

Leave of absence was granted to the members who could not attend Ethics, Nominations, Human Resource & Remuneration Committee.

Investment Committee

The committee consists of four members. During the year 2017, four (4) meetings of the committee were held and attended by the members as under:

Name of Member	Meetings Attended
Mr. Syed Furrukh Zaeem	02
Mr. Zameer Muhammad Choudrey	04
Mr. Rizwan Pervez	02
Mr. Babar Mahmood Mirza	04



Management Committee in Compliance with Code of Corporate Governance

The Underwriting committee consists of four members. During the year 2017, four meetings of the committee were held and attended by the members as under:

- Mr. Aameer Karachiwalla
- Mr. Babar Mahmood Mirza
- Mr. Zeeshan Raza
- Mr. Rashid Jameel

The Claim committee consists of four members. During the year 2017, four meetings of the committee were held and attended by the members as under:

- Mr. Zia Ijaz
- Mr. Babar Mahmood Mirza
- Mr. Zeeshan Raza
- Mr. Abdul Rauf Patel

The Re-Insurance & Co-Insurance committee consists of four members. During the year 2017, four meetings of the committee were held and attended by the members as under:

- Mr. Aameer Karachiwalla
- Mr. Babar Mahmood Mirza
- Mr. Zeeshan Raza
- Mr. Rashid Jameel

The Risk Management & Compliance committee consists of fourmembers

- Mr. Zia ljaz
- Mr. Babar Mahmood Mirza
- Mr. Zeeshan Raza
- Mr. Rashid Jameel Khan

Statement of Ethics and Business Practice

The Board has adopted the statement of ethics and business practices. All employees are informed of this statement and are required to observe these rules of conduct in relation to business and regulations.

Future Outlook

Our strategy for 2018 is designed to deliver sustainable, profitable growth in a changing and competitive business environment in order to maintain prominent position in the industry.

We will continue to invest in our people and make UBL Insurers Limited a great place to build career. We will also continue to invest in the systems and processes to better understand our customer's needs, serve them in the way they require, increase collaboration and improve efficiency.

For the year ended December 31, 2017



Corporate and Financial Reporting Framework

- a) The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flow and changes in equity.
- b) Proper books of accounts have been maintained by the company.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments.
- d) International accounting standards (IAS), International Financial Reporting Standards (IFRS) or any other regulation or law (including but not limited to the Shariah guidelines / principles) as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There are no significant doubts on the Company's ability to continue as a going concern.
- g) There has been no material departure from the best practices of Corporate Governance, as detailed in the code of corporate governance for insurers, 2016
- h) Reversal of Premium Deficiency Reserve has been recorded on account of accident and health as per actuarial valuation.
- i) Incurred but not reported has been reported on the base of actuarial validation as per the SECP's guideline.
- j) During the second year of Takaful the Operator's Fund reported a profit of Rs. 1 million which is expected to be further improved in the year 2018.
- k) The amount of outstanding on account of FED, FIF, EOBI employee contribution, worker welfare fund and SECP fees are 20 million. Which are subsequently paid as per the requirement of concerned regulators or bodies.
- I) The key operating and financial data for the last six years is annexed.
- m) Company neither declared cash dividend nor issued bonus shares in previous years.
- n) The value of investments of provident and gratuity funds based on their unaudited accounts, as on December 31, 2017 were the following
- o) Provident Fund Rs. 68 million Gratuity Fund Rs. 30 million
- p) The statement of pattern of shareholding in the Company as at 31 December, 2017 is annexed with the report.

No material changes and commitments affecting the financial position of our Company have occurred between the end of financial year to which this balance sheet relates and the date of this report.

The present external auditors M/s. KPMG Taseer Hadi & Co. Chartered Accountants retire and offer themselves for re-appointment. The Board of Audit Committee recommends that they be re-appointed as the statutory auditors for a further term of one year, and the Board endorses this recommendation.

The Company is a subsidiary of Bestway (Holding) Limited incorporated in London (U.K). The Bestway (Holding) Limited holds 55.6% of the issued share capital of UBL Insurers Limited.

The Directors of the Company would like to express their gratitude to Securities and Exchange Commission of Pakistan and the panel of Re-insurers for their continued guidance, co-operation and support.

We also thank our valued clients for their continued patronage and support extended to our Company.

The Directors also wish to acknowledge the hard work and dedicated efforts of UBL Insurers team in achieving the goals of the Company.

Babar Mahmood Mirza Chief Executive Officer

Labor Mingon

Aameer Karachiwalla Chairman - Board of Directors

Date: February 08th, 2018



Key operating and financial data for the last six years

'Rupees 000'

	2017	2016	2015	2014	2013	2012
Gross premium Written	2,760,842	2,334,187	1,600,476	1,114,520	885,966	760,356
Net premium revenue	1,012,177	872,903	534,555	385,189	341,610	278,023
Net claims	(419,969)	(452,947)	(203,788)	(176,738)	(207,697)	(190,517)
Premium deficiency (expense) / reversal	10,880	(10,907)	-	(-)	-	-
Management Expenses	(345,490)	(240,114)	(191,989)	(128,137)	(100,196)	(83,541)
Net commission	63,369	67,760	9,550	24,399	31,455	35,487
Underwriting result	320,967	236,694	148,329	104,713	65,172	39,452
Investment income	44,115	73,992	88,198	74,611	70,947	72,498
Exchange gain / (Loss)	65	-	276	(114)	1,877	(46)
Other Income	6,173	3,256	7,060	3,749	(772)	4,091
General and administrative	125,047	(109,887)	(96,784)	(81,180)	(81,976)	(74,402)
Profit before tax from Windows Takaful Operations	1,163	(7,771)	-	-	-	-
Profit / (Loss) before tax	247,371	196,283	147,078	101,779	55,249	41,592
Taxation						
– Prior	-	-	226	-	-	5,792
– Current	84,913	63,815	(29,929)	(790)	(854)	(837)
– Deferred	(4,538)	(4,128)	(17,869)	(41,164)	(17,869)	(17,727)
Profit / (Loss) after tax	166,996	136,596	99,507	59,826	36,526	28,820



UBL Insurers Limited Pattern of Shareholding As at December 31, 2017

Number of Shareholders	Sh	areholdings	Total Shares Held	Percentage %	
	From	То			
6	1	100	6	0.000	
1	2,495,001	2,500,000	2,500,000	2.170	
1	14,000,001	14,500,000	14,088,199	12.227	
1	30,000,001	35,000,000	34,565,214	30.000	
1	60,000,001	65,000,000	64,063,972	55.603	
10			115,217,391	100.000	

Category of Shareholders As at December 31, 2017

Categories of shareholders	Number of Shareholders	Shares held	Percentage
Directors, CEO & Children	6	6	0
NIT	0	-	0
Associated Companies, undertaking & related parties	3	112,717,385	97.83
Banks, DFI & NBFI	0	-	0
Insurance Companies	0	-	0
Modarabas & Mutual Funds	0	=	0
Government of Pakistan	0	-	0
Govt. Owned Entities / Banks	0	-	0
Foreign Companies	0	-	0
Joint Stock Companies	0	=	0
Charitable Trusts	0	-	0
General Public (Local)	1	2,500,000	2.17
General Public (Foreign)	0	-	
Others	0	=	0
Company Total	10	115,217,391	100



The aggregate shares held by the following are:

Categories of Shareholders	Shares held	Percentage
Directors		
1) Zameer Mohammed Choudrey	1	-
2) Rizwan Pervez	1	-
3) Aameer Karachiwalla	1	_
4) Sharjeel Shahid	1	-
5) Zia ljaz	1	_
6) Syed Furrukh Zaeem	1	2
Chief Executive Officer	1.	-
Directors/CEO's Spouse	121	2
Executive / Executive's Spouse	(-	-
Associated Companies, undertaking and relat	ed narties	
Bestway (Holdings) Limited	64,063,972	55.603
United Bank Limited	34,565,214	30.000
Bestway Cement Limited	14,088,199	12.227
NIT and ICP	127	-
Banks, DFIs and NBFIs	, 5 .	
Public sector companies and corporations	-	-
Insurance Companies	-	-
Modaraba	-	-
Mutual Funds	-	-
General Public Individuals		
Local	2,500,000	2.170
	115,217,391	100.000
Shareholders holding 5% or more voting inter	rest	
Bestway (Holdings) Limited	64,063,972	55.603
United Bank Limited	34,565,214	30.000
Bestway Cement Limited	14,088,199	12.227



- 6۔ 2016 کی بیاکاری میں انشورنس کمپنیوں کے لئے کارپوریٹ گورننس کے کوڈ میں تفصیلی طور پر ،کارپوریٹ گورننس کے بہترین طریقوں میں سے کسی قشم کا کوئی انحراف نہیں کیا گیا۔
 - 7 ۔ پریمیم ڈیفیشنسی ریزر وحادثاتی انشورنس اور ہیلتھ انشورنس کی مدمیس ریکارڈ کیا گیاہے۔
 - 8 ۔ انکر ڈبٹ نوٹ رپورٹر SECP کی ہدایات کے مطابق ایکچوری (Actuarial) سے کرائی گئے۔
 - 9۔ تکافل آپریش فنڈ کے دوسرے سال 1 ملین روپے کا منافع رپورٹ کیا گیاجس میں سال 2018 میں مزید بہتری کی امید ہے۔
 - 10۔ FED, FIF, EOBI ملازمین کی شر اکت، کار کن فلاح و بہبود فنڈ اور SECP فیس کی مدمیں 20 ملین روپے ہیں جو متعلقہ ریگولیر ٹیزاداروں کی ضر ورت کے مطابق ان کی ادائیگی کی جاتی ہے۔
 - 11 گزشته چه ساله نمایان آپریٹنگ اور مالیاتی ڈیٹامنسلک ہے۔
 - 12 پچھلے سالوں میں سمپنی نے نہ تو ڈیو ڈینڈ کا علان کیااور نہ ہی بونس شیئر زجاری کیئے۔
 - 13۔ پراویڈنٹ اور گریجویٹی فنڈز کے unaudited اکاؤنٹس کی بنیاد پر 31 دسمبر 2017 کی سرمایہ کاری کی قدر مندرجہ ذیل ہیں:

68 ملین روپے

1-پرویڈنٹ فنڈ 2- گریجو ٹی فنڈ

30 ملين روي

7. 7. 7. 2. O. D. C.

14۔ کمپنی میں 31 دسمبر 2017 کوشیئر ہولڈ نگ کی صور تحال کا اسٹیٹمنٹ رپورٹ کے ساتھ منسلک ہے۔

کوئی بڑی تبدیلی جو سمپنی کی مالیاتی یوزیشن پر اثرانداز ہو یامالیاتی سال کے دوران جو بیلنس شیٹ سے اوراس ریورٹ سے متعلق ہو عمل میں نہیں آئی۔

موجودہ آڈیٹر زمیسرزKPMG تا ثیر ہادی اینڈ کمپنی کو چارٹر ڈاکاؤنٹنٹس نے دوبارہ تقرری کے لئے خدمات پیش کی۔بور ڈاڈٹ کمپٹی نے سفارش کی کہ انہیں ایک سال کی مدت کے لئے دوبارہ تقرر کیا جائے ،اور بور ڈنے اس سفارش کی توثیق کردی۔

کمپنی لندن (U.K) میں رجسٹر ڈبیٹ وے (ہولڈ نگ) لمیٹڈ کی ایک ذیلی کمپنی ہے۔ بیٹ وے (ہولڈ نگ) لمیٹڈ کا انشوررز لمیٹڈ کے جاری کردہ حصص کا 55.66 فیصدر کھتا ہے۔

سمپنی کے ڈائر یکٹر زسیکیور ٹیزاینڈا یکھینج کمیشن آف پاکستان کاشکریہ اداکرتے ہیں،ریا نشوررز کی رہنمائی، تعاون اور حمایت کے لئے شکر گزار ہیں۔ ہماپنے قابلِ قدر کسٹمرز کا بھی شکریہ اداکرتے ہیں جنہوں نے اپنی معاونت کو جاری رکھااور ہماری کمپنی سے تعاون کو بڑھایا۔

ڈائر یکٹر زUBL انشورنس لمیٹٹر مینجمنٹ کی تمپنی کے مقاصد کے حصول میں گئے گئے ہار ڈورک اور سخت محنت کو سراہتے ہیں۔

مگرمه کاری والا عامر کراچی والا چیز مین

بابر محودم ذا عند الكروم ذا

تاریخ: 8 فروری 2018



- جناب بابر محمود مرزا
 - جناب ذيشان رضا
 - جنابراشد جميل

رسک مینجنٹ اینڈ کمپلائنیں کمیٹی چار ممبران پر مشتمل ہے۔

- جناب ضياء اعجاز
- جناب بابر محمود مرزا
 - جناب ذيشان رضا
- جنابراشد جميل خان

اخلا قیات اور کار و باری عمل کابیان

بورڈ نے اخلا قیات اور کار و باری طرزِ عمل کے بیان کواپنایا ہے۔ تمام ملازمین کواس بیان کے بارے میں معلومات ہے اور کار و بار اور تواعد وضوابط کے سلسلے میں طرز عمل کے ان قواندن پر عمل کرنے کی ضرورت ہے۔

مستقتل كانقطه نظر

2018 میں ہماری حکمت عملی کے تحت صنعت میں نمایاں پوزیشن بر قرار رکھتے ہوئے ایک منفر داور ہم سری کار وباری ماحول میں پائیداری، منافع بخش، ترقی فراہم کریں۔ہم اپنے لوگوں کے لئے سرمایہ کاری جاری رکھیں گے اور اور UBL انشور رز لمیٹڈ کو اچھا کیریئر بنانے کے لئے ایک بہترین ادارہ بنائیں گے۔ہم نظام اور اس کے عمل میں بھی سرمایہ کاری جاری رکھیں گے تاکہ بہتر طریقے سے سمجھ سکیں کہ گاہک کی کیاضر وریات ہیں اور ان کو ان کی ضرورت کے مطابق خدمات فراہم کریں گے اور باہمی شراکت کو بڑھائیں گے اور صلاحیت کو بہتر بنائیں گے۔

كار بوريث اور مالياتي ربور ننگ فريم ورك

۔ مینی کی طرف سے تیار کر دہ الیاتی اسٹیمٹنٹس اپنے معامملات کو انصاف سے پیش کرتی ہے اور اس کے آپریشنز کے نتیجے میں کیش کا بہاؤاور تبدیلیاں برابری کے حساب سے عمل میں آتی ہیں۔

- 1۔ کمپنی کی طرف سے اکاؤنٹس کی مناسب کتابوں کو بر قرار رکھا جائے گا۔
- 2 مناسب اکاؤنٹنگ کی پالیسیاں مالیاتی بیانات کی تیاری میں مسلسل لا گوہوتی ہیں اور اکاؤنٹنگ کے اندازے مناسب اور دانشمندانہ فیصلوں پر مبنی ہوتے ہیں۔
- 3 انٹر نیشنل اکاؤنٹنگ کے معیار (IAS)، انٹر نیشنل مالیاتی رپورٹنگ کے معیار (IFRS) یا کسی دوسر سے ضابطہ یا قانون (بشمول لیکن شرعی رہنمائی /اصولوں تک محدود نہیں ہیں) جو پاکستان میں نافذ العمل ہے مالیاتی اسٹیٹمنٹس کی تیاری میں ان کو مدِ نظر رکھا گیا اور اس کے علاوہ کسی بھی عمل کا مناسب طریقے سے اعتشاف کیا گیا ہے۔
 - 4۔ اندرونی کنڑول کے نظام کاڈیزائن واضح ہے اور موئٹر طریقے ہے اس کا نفاذ اور اس کی تگرانی کی گئی۔
 - 5۔ کمپنی کوجاری رکھنے کے لئے اس کی قابلیت پر کوئی شک وشبہ نہیں ہوناچا میئے۔



منعقده میننگزی تعداد	ممبركانام
01	جناب شر جیل شاہد
01	جناب ضمير مجمه چود هري
-	جناب ر ضوان پر ویز
01	جناب بابر محمود مر زا

غیر حاضری کے لئے منظوری ان ممبر ان کودی گئی جواخلا قیات، کاغذات نامز دگی، انسانی وسائل اور معاوضے کی سمیٹی میٹنگ میں حاضر نہ ہوسکے۔

سرمایه کاری سمیٹی

میلنگز کی تعداد	ممبركانام
02	جناب سيد فرخ زعيم
04	جناب ضمير محمه چود هري
02	جناب رضوان پر ویز
04	جناب بابر محمود مر زا

کارپوریٹ گورننس کے کوڈی تغیل میں انظامی سمیٹی

سے ذمہ نولی کمیٹی چار ممبران پر مشتمل ہے۔اس سال 2017 کے دوران، کمیٹی کی چار میٹنگز منعقد کی گئیں اور ممبران نے اس طرح سے شرکت کی۔

- جناب عامر كرا چى والا
- جناب بابر محمود مرزا جناب راشد جميل

کلیم کمیٹی چار ممبران پر مشتمل ہے۔اس سال 2017 میں کمیٹی کی چار میٹنگز منعقد کی گئیں اور ممبران نے اس طرح شرکت کی۔

- جناب ضاء اعجاز جناب ذيثان رضا
- جناب بابر محمود مرزا جناب عبدالرؤف پٹیل

Re-insurance & Co-insurance ممبران نے اس طرح سے شرکت کی۔

• جناب عام كراجي والا

سالانه ڈائر یکٹر زریورٹ برائے سال 2017



تاريخ	تقرری
2017€₹1	جناب سيد فرخ زعيم

تار یخ	مستعفى
9جۇرى2017	جناب محمد حنيف اكهائي

بور دُآف ڈائر کیٹرز کی (4) میٹنگز میں ہر ڈائر کیٹر کی حاضری اس طرح سے رہی:

منعقده ميثنكزكي تعداد	ڈائر کیٹر زکے نام	سيريل
04	جناب عامر کرا چی والا	1
04	جناب ضمير محمه چود هري	2
02	جناب ر ضوان پر ویز	3
03	جناب شر جیل شاہد	4
02	جناب ضياءا عجاز	5
02	جناب سيد فرخ زعيم (تقرري1 جون 2017)	6
04	جناب عبدالستار واعد	7
04	جناب بابر محمود مرزا	8

غیر حاضری کے لئے رخصت ان ڈائریکٹر ز کودی گئی جو بور ڈمیٹنگ میں حاضر نہ ہو سکے۔

بورڈ کی کمیٹیاں آڈٹ کمیٹی

یہ میٹی تین ممبران پر مشتل ہے۔اس سال 2017 کے دوران، کمیٹی کی چار میٹنگز منعقد کی گئیں اور ممبران نے اس طرح سے شرکت کی۔

میٹنگز کی تعداد	ممبركانام
04	جناب ضمير محمد چود هري
02	جناب ر ضوان پر ویز
03	جناب شرجيل شاہد

غیر حاضری کے لئے منظوریان ممبران کودی گئی جو بور ڈآڈٹ کمیٹی میٹنگ میں حاضر نہ ہو سکے۔

اخلاقیات، کاغذات نامزدگی، انسانی وسائل اور معاوضے کی سمیٹی

سے میٹی چار ممبران پر مشتمل ہے۔سال کے دوران، کمیٹی کی ایک میٹنگ منعقد کی گئی اور ممبران نے اس طرح سے شرکت کی۔





صحت

بزنس کی ہے کلاس ٹوٹل پورٹ فولیو کا 51 فیصد ہے۔ سمپنی نے موجودہ سال میں 410 ملین روپے کی ذمہ نولی قبول کی ہے۔خالص کلیم کا تناسب 66 فیصد ہے جس کے نتیجے میں 33 ملین روپے کاذمہ نولی منافع ریکارڈ کیا گیا ہے۔

ويكركلاسز

کاروبار کی دیگر کلاسز ٹوٹل پورٹ فولیوکا 14 فیصد ہے۔ مجموعی تحریری پریمیم 372 ملین روپے رہا(2016 میں 330 ملین روپے)۔خالص کلیم سے خالص پریمیم کا تناسب پچھلے سال 28 فیصد کے مقابلے میں 1 فیصد ہے۔ پورٹ فولیونے 60 ملین روپے منافع کی ذمہ نولیں پچھلے سال 43 ملین روپے کی ذمہ نولی کے مقابلے میں موجودہ سال میں ظاہر کی۔

موجوده سال میں فی شیئر 1.45 EPS روپے رہی جبکہ بچھلے سال 2016 میں 1.1روپے تھی۔

وندو تكافل آپريش:

سال کے دوران، کمپنی نے تکافل آپریشنز کاآغاز کیااور 248 ملین روپے کی مجموعی کنزیبیوشن کی ذمہ نولیں حاصل کی۔پار ٹیسیپنٹ تکافل فنڈ کاذمہ نولیں منافع پچھلے سال 2 ملین روپے کی مجموعی کنزیبیوشن کی ذمہ نولیں کا ملین روپے ریکارڈ کی گئی جو پچھلے سال 1 ملین روپے تھا۔ ملین روپے تھی۔ذمہ نولیں میں بہتری کے سبب پارٹیسیپنٹ تکافل فنڈ کا سرپلس 22 ملین روپے ریکارڈ کیا گیاجو پچھلے سال 2 ملین روپے تھا۔

آپریٹر زفنڈ میں منافع قبل ازوقت ٹیکس 1 ملین روپے رپورٹ کیا گیاجو پچھلے سال 8 ملین روپے کاخسارہ تھا۔

متعلقه بإر منرك ساتھ لين دين

انشورر کی مالیاتی مضبوطی (IFS) کی شرح

JCR-VIS درجہ بندی ایجنسی نے سال کے دوران IFSرٹینگ (AA-(Double A minus)کے طور پر کمپنی کی درجہ بندی کو بر قرار رکھاہے۔

کارپوریٹ گورننس کے کوڈے ساتھ تعمیل

ریگولیر ٹی اتھارٹی کی طرف سے مقرر کارپوریٹ گورننس کے کوڈکی ضروریات کو حسبِ ضابطہ تغمیل کیا گیاہے۔اس سلسلے میں ایک اسٹیٹنٹ اس رپورٹ کے ساتھ منسلک ہے۔

سال کے دوران استعفیٰ کی صورت میں بورڈ میں تبدیلی اور روٹین کی خالی جگہوں کے لئے تقرریاں مندر جہذیل ہیں:



ذمہ نویس منافع بچھلے سال کے 237 ملین روپے منافع کی بنسبت 2017 میں خالص پریمیم ریونیواور خالص کلیم اخراجات میں بہتری کے سبب 321 ملین روپے کا منافع رپورٹ کیا گیا۔

سرمایہ کاری اور دیگر آمدنی میں پچھلے سال 77 ملین روپے کی بنسبت اس سال 2017 میں کمی کے ساتھ 50 ملین روپے کی کمی ہوئی۔ سود کی شرح میں کمی اور 18 ملین روپے درج شدہ وادر سی تحفظات میں بطور نقصان ریکارڈ کیا گیا۔

ذمہ نویس نتائج میں بہتری کے سبب 2017 میں پچھلے سال 196 ملین روپے کی بنسبت قبل از وقت ٹیکس میں 247 ملین روپے کامنافع حاصل ہوا ۔ کمپنی نے بھی التوائی ٹیکس آمدنی کولا گو کیا جو 5 لا کھر ویے ہے جس کے نتیجے میں ٹیکس کے بعد 167 ملین روپے کامنافع ریکارڈ حاصل ہوا۔

پورٺ فوليو کا تجزيه

فائراينٹرپراپرٹی

فائراینڈ پراپرٹی ٹوٹل پورٹ فولیو کا 28 فیصد ہے۔ سال کے دوران، کمپنی نے 764 ملین روپے کی مجموعی پریمیم کی انڈر رائٹنگ کی (602 ملین روپے 2016 میں)۔ خالص کلیم سے خالص پریمیم کا تناسب 24 فیصد رہا جبکہ پچھلے سال 28 فیصد تھا۔ کمپنی نے 40 ملین روپے کاذمہ نویس منافع اپنے ذمہ لیاجو پچھلے سال 52 ملین روپے تھا۔

ميرين اور ثرانسپورك:

کاروبار کی پیر کلاس ٹوٹل پورٹ فولیوکا 9 فیصد ہے۔ کمپنی نے 239 ملین روپے موجود سال کے مجموعی پریمیم کی ذمہ نولی کی ہے جبکہ (2016 میں 32 اللہ میں 33 فیصد ہے جس کے منتج میں ذمہ نولی منافع پچھلے سال 38 فیصد ہے جس کے منتج میں ذمہ نولی منافع پچھلے سال 38 ملین روپے کے مقابلے میں 25 ملین روپے ہے۔ ملین روپے کے مقابلے میں 25 ملین روپے ہے۔

موثر

بينكرزاور بلينكث

کاروبار کی ہے کلاس ٹوٹل پورٹ فولیوکا 7 فیصد ہے۔ کمپنی نے موجودہ سال 192 ملین روپے کامجموعی پریمیم کی ذمہ نولیس کی (2016 میں 158 ملین روپے)۔خالص کلیم کا تناسب پچھلے سال کے 13 فیصد کے مقابلے میں 8 فیصد ہے۔ جس کے نتیج میں 39 ملین روپے کاذمہ نولیں منافع ہواجو 2016 میں 28 ملین روپے ہوا تھا۔
میں 28 ملین روپے ہوا تھا۔



سالانه دُائر يكثر زربورث برائے سال 2017

بور ڈاف ڈرائر کیٹرز کی جانب ہے، میں UBL انشوررز لمیٹڑ کی 12 ویں سالانہ رپورٹ برائے سال 2017 پیش کرتا ہوں: نصف سال کی مالیاتی جھلکیاں مندرجہ ذیل ہیں:

%	31دسمبر2016	31 د مجبر 2017	
18%	2,334,187	2,760,842	تحرير ى پريميم ربونيو
16%	872,903	1,012,177	خالص پریمیم ربونیو
-7%	(452,947)	(419,969)	کلیم کے اخراجات
-6%	67,760	63,369	خالص منافع
-200%	(10,907)	10,880	پریمیم ویفشنسی ریزرو
44%	(240,114)	(345,490)	انظامی اخراجات
36%	236,694	320,967	انڈررائننگ منافع
-35%	77,248	50,288	سر ما یا کاری د در نگر آمدنی
14%	(109,887)	(125,047)	عام اور اانتظامی اخراجات
115%	(7,771)	1,163	فیکس سے قبل نقصان ونڈو تکافل آپریشنز کی طرف سے
26%	196,283	247,371	منافع کیکس سے قبل

ا قضادی جائزه:

2017ء میں GDP میں اعلیٰ ترقی سے پاکستان کی اقتصادی مضبوطی میں اضافہ ہورہاہے۔ مینوفیکچر زاور زراعت میں مسلسل ترقی سے سروسز سیٹر کا GDP کی ترقی میں ایک اہم حصہ ہے۔ پچھ دیگر مالیاتی اشارے جیسے معمولی غربت، سرمایہ کاری میں ترقی، اور بڑھتے ہوئے نجی سیٹر کریڈٹ بھی ایک حوصلہ افٹر اتصویر پیش کرتے ہیں۔ تاہم، برآمداد میں کی اور ہدفِ فیکسس میں گراؤ، مالیاتی خسارے میں موجودہ اکاؤنٹ کے خسارے اور ترقی کے نتیجے میں بڑے اقتصادی بہران پر اثر انداز ہوا ہے۔ ملکی ترقی کی دفتار کو بر قرار رکھنے کے لئے، ان مقاصد کو پائیدار سطح پر رکھا جانا چا ہیئے، اس کیلئے دونوں شعبوں کو اپنا کر دارادا کر ناہوگا لینی پبلک سیٹر میں تسلسل کے ساتھ اچھی پالیسیاں ترتیب دی جائیں اور پرائیویٹ سیٹر اپنی صلاحیتوں میں اضافہ کرے۔

کمپنی کی کار کردگی کاجائزہ:

2017 میں کمپنی کا مجموعی تحریری پر بمیم %19 ریکارڈ کیا گیا جو کہ 2761 ملین کے قریب ہے جبکہ خالص پر بمیم ریونیو میں %16اضافہ ہوا جو 1012 ملین روپے ہے۔

غالص کليم اخراجات ميں پچھلے سال کی بنسبت 2017 ميں 7 فيصد کمي ہوئی۔خالص کليم کی شرح %44ر ہي جو پچھلے سال %52 تھی۔

Shariah Advisor's Report to the Board of Directors

For the period ended 31 December 2017



Shariah Advisor's Report to the Board of Directors

For the period ended 31 December 2017

Year 2017 has been the second year of UBL Insurers Limited as Window Takaful Operators. It is very commendable step by the management towards elimination of Insurance and elements of interest and uncertainty from our financial transactions.

In order to have an independent assessment of the Shariah Governance and Compliance environment of the Operator/Management and the conformity of Takaful operations with Shariah rules and principles an external audit was conducted. Further, internal audit via UBL was conducted as well. Based on their reports and statement of compliance with the Shariah Principles submitted by the Operator/Management to the Board of Director, I hereby present my report as follows:

UBL Insurers Limited – Window Takaful Operations has adopted Wakalah (Waqf) model for its window takaful operations which is accepted and accredited by majority of Shariah scholars of Pakistan and in accordance with the Takaful rules and guidelines, issued by SECP.

During the year the Company executed variety of established Takaful transactions which are approved by the Shariah Advisor of the company. The Company is offering Shariah Compliant services in the following areas:

Fire and Property Takaful

Motor Takaful

Marine Takaful

Miscellaneous Takaful

The Company invests its available funds in the approved Shariah Compliant Instruments.

As per the charter of the Company, it is mandatory on the Operator/Management and employees to ensure application of Shariah guidelines issued by the Shariah Advisor and to ensure Shariah compliance in all activities of the Company. The prime responsibility for ensuring Shariah compliance of the Company's operations thus lies with the Operator/Management.

Shariah Opinion:

Considering the second year of UBL Insurers Limited – Window Takaful Operations, overall operations have been satisfactory from Shariah perspective. However, the followings are recommended:

- The Operator/management should take concrete measures to play pivotal role in sound and transparent growth of Takaful countrywide.
- Necessary steps should be taken to develop Sharaiah training program in order to educate the managerial and business development staff the about the concept and practice of Takaful

Mufti Imtiaz Alam

Shariah Advisor UBL Insurers Limited Window Takaful Operations February 8th, 2018

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



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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance for Insurers, 2016 ('the Code') as prepared by the Board of Directors ("the Board") of **UBL Insurers Limited** ("the Company") for the year ended December 31, 2017 to comply with the requirements of Code of Corporate Governance for Insurers, 2016.

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

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of 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 approval of related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement 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 December 31, 2017.

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



Further, we highlight below instances of non-compliance with the requirement of the Code as reflected in paragraph references where these are stated in the statement of compliance:

Paragraph Reference	Description
2	There is no independent director on the Board due to the relaxation of SECP
4	Casual vacancy occurring on 9 January 2017 was filled on 1 June 2017, hence, after 90 days
11	The board has approved the appointment of Head of Internal Audit but he is not a full time employee of the Company.
17	There was a member of the claim settlement committee who was also the member of underwriting committee and reinsurance & coinsurance committee.

Date: 08 February, 2018

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants



Statement of Compliance with the Code of Corporate Governance for Insurers, 2017

UBL Insurers Limited For the year ended 31 December 2017

This statement is being presented in compliance with the Code of Corporate Governance for insurers, 2016 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 insurer has applied the principles contained in the Code in the following manner:

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

Category	Names
Executive Directors	Mr. Babar Mahmood Mirza
	Mr. Abdul Sattar Vaid
Non-Executive Directors	Mr. Aameer Karachiwalla
	Mr, Zameer M. Choudrey
	Mr. Rizwan Pervez
	Mr. Sharjeel Shahid
	Mr. Zia Ijaz
	Mr. Syed Furrukh Zaeem

There is no independent Director on Board due to relaxation provided by SECP in annexure III of the Code of Corporate Governance for insurers, 2016.

- 2. The Directors have confirmed that none of them is serving as a Director in more than seven (7) Listed companies, including this insurer.
- 3. All the resident Directors of the insurer 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 a stock exchange, has been declared as a defaulter by a stock exchange.
- 4. A casual vacancy occurring on the Board on January 09, 2017 was not filled up by the Directors within 90 days thereof.
- 5. The Insurer has prepared a Code of Conduct, which has been disseminated among all the Directors and employees of the insurer.
- 6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the insurer. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.



- 7. All powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other executive Directors and the Key officers, have been taken by the Board.
- 8. The meetings of the Board were presided over the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven (7) days before the meetings. The minutes of the meetings 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 insurer. The insurer has adopted and complied with all the necessary aspects of internal controls given in the code.
- 10. All Directors of the company have attended orientation courses to acquaint them with this Code, applicable laws and their duties and responsibilities.
- 11. The Board has approved appointment of Chief Financial Officer, company secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
- 12. The Directors' report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance for insurers, 2016 and fully describes the salient matters required to be disclosed.
- 13. The financial statements of the insurer were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.
- 14. The Directors, Chief Executive Officer and other executives do not hold any interest in the shares of the insurer other than disclosed in the pattern of shareholding.
- 15. The insurer 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
Mr. Aameer Karachiwalla	Chairman
Mr. Babar Mahmood Mirza	Member
Mr. Zeeshan Raza	Member
Mr. Rashid Jameel Khan	Member



Claim Settlement Committee

Name of the Member	Category
Mr. Zia Ijaz	Chairman
Mr. Babar Mahmood Mirza	Member
Mr. Zeeshan Raza	Member
Mr. Abdul Rauf Patel	Member

Reinsurance & Co-insurance Committee

Name of the Member	Category
Mr. Aameer Karachiwalla	Chairman
Mr. Babar Mahmood Mirza	Member
Mr. Zeeshan Raza	Member
Mr. Rashid Jameel Khan	Member

Risk Management & Compliance Committee

Name of the Member	Category
Mr. Zia Ijaz	Chairman
Mr. Babar Mahmood Mirza	Member
Mr. Zeeshan Raza	Member
Mr. Rashid Jameel Khan	Member

17. The Board has formed the following Board Committee;

Ethics, Nominations, Human Resource & Remuneration Committee

Name of the Member	Category
Mr. Sharjeel Shahid	Chairman
Mr. Zameer Mohammad Choudrey	Member
Mr. Rizwan Pervez	Member
Mr. Babar Mahmood Mirza	Member

Investment Committee

Name of Member	Category
Mr. Syed Furrukh Zaeem	Chairman
Mr. Zameer Muhammad Choudrey	Member
Mr. Rizwan Pervez	Member
Mr. Babar Mahmood Mirza	Member



18. The Board has formed an Audit Committee. It comprises of three members, of whom all 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 Member	Category
Mr. Zameer Muhammad Choudrey	Chairman
Mr. Rizwan Pervez	Member
Mr. Sharjeel Shahid	Member

- 19. The meetings of the Committees, except Ethics, Nominations, Human Resource and Remunerations Committee, were held at least once every quarter prior to approval of interim and final results of the insurer 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 UBL Bank who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the insurer and they (or their representative) are involved in the internal audit function on a regular basis.
- 21. The Chief Executive Officer, Chief Financial Officer, Compliance Officer and the Head of Internal Audit possess such qualification and experience as is required under the Code of Corporate Governance for insurers, 2016. The Appointed Actuary of the insurer also meets the conditions as laid down in the said code. Moreover the persons heading the underwriting, claim, and 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.

Name of the Person	Designation
Mr. Babar Mahmood Mirza	Chief Executive Officer
Mr. Nadeem Raza	Chief Financial Officer
Mr. Haris Uddin	Compliance Officer
Akhtar & Hasan (Pvt) Ltd	Actuary
Mr. Abdul Sattar Vaid	Company Secretary
Mr. Masood Mahmood Khan	Head of Internal Audit
Mr. Rashid Jameel Khan	Head of Underwriting
Mr. Abdul Rauf patel	Head of Claims
Mr. Ashfaq Sharif	Head of Reinsurance
Mr. Tipoo Zafar Iqbal	Head of Risk Management
Mr. Arif Sharif	Head of Grievance Dept.



- 22. The statutory auditors of the insurer have been appointed from the panel of auditors approved by the Commission in terms of section 48 of the Insurance Ordinance, 2000. The statutory auditors have confirmed that they have been given a satisfactory rating under the Quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the insurer and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
- 23. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
- 24. The Board ensures that the Appointed Actuary complies with the requirements set out for him / her in the Code of Corporate Governance for Insurers, 2016.
- 25. The Board ensures that the investment policy of the insurer has been drawn up in accordance with the provisions of the Code of Corporate Governance for Insurers, 2016
- 26. The Board ensures that the risk management system of the insurer is in place as per the requirements of the Code of Corporate Governance for Insurers, 2016.
- 27. The insurer has set up a risk management function / department, which carries out its tasks as covered under the Code of Corporate Governance for Insurers, 2016.
- 28. The Board ensures that as part of the risk management system, the insurer gets itself rated from JCR-VIS which is being used by its risk management function / department and the respective Committee as a risk monitoring tool. The rating assigned by the said rating agency on May 29, 2017 is AA- (Double A Minus) with stable outlook.
- 29. The Board has set up a grievance department / function, which fully complies with the requirements of the Code of Corporate Governance for Insurers, 2016.
- 30. We confirm that the material principles contained in the Code of Corporate Governance have been complied by the insurer.
- 31. The company has not obtained any exemptions from SECP in respect of any of the requirements of the Code.

Nadeem Raza

Chief Financial officer

Nafellin Los

Babar Mahmood Mirza Chief Executive officer

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Dated: February 08, 2018



Statement of Compliance with the Shariah Principles

The financial arrangements, contracts and transactions, entered into by Window Takaful Operations of the UBL Insurers Limited for the period from 01 January 2017 to 31 December 2017 are in compliance with the Takaful Rules, 2012.

Further, we confirmed 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 Board of Directors have been implemented;
- All the products and policies have been approved by Shariah Advisor and the financial arrangement including investments made, policies, contracts and transactions entered into by Window Takaful Operations are in accordance with the policies approved by Shariah Advisor; and
- The assets and liabilities of Window Takaful Operations (Participant Takaful Fund and Operator's fund) are segregated from its other assets and liabilities, at all times in accordance with provisions of the Takaful Rules, 2012

This has been duly confirmed by the Shariah Advisor of the Company.

Nadeem Raza Chief Financial officer

Nafelin Lin

Dated: February 08, 2018

Babar Mahmood Mirza
Chief Executive officer



Independent Reasonable Assurance



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 UBL Insurers 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 December 31,2017, with the Takaful Rules, 2012, in the form of an independent reasonable assurance conclusion about whether the annexed statement presents fairly the status of compliance of the Operations with the Takaful Rules, 2012, in all material respects.

Applicable Criteria

The criteria against which the subject matter information (the Statement) is assessed comprise of the provisions of Takaful Rules 2012.

Responsibilities of the Management

The Board of Directors / management of the Company are responsible for designing, implementing and maintaining internal controls relevant to the preparation of the annexed statement that is free from material misstatement, whether due to fraud or error. It also includes ensuring the overall compliance of the Takaful Operations with the Takaful Rules, 2012.

The Board of Directors / management of the Company are also responsible for preventing and detecting fraud and for identifying and ensuring that the Takaful Operations comply with laws and regulations applicable to its activities. They are also responsible for ensuring that the management, where appropriate, those charged with governance, and personnel involved with the Takaful Operations compliance with the Takaful Rules, 2012 are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1 "Quality Control for Firms That Perform 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.

Independent Reasonable Assurance



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.

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/ Shari'ah 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, 2017 with the Takaful Rules, 2012.

Independent Reasonable Assurance



Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In our opinion, the annexed statement, for the year ended 31 December 2017, presents fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.

Date: 08th February 2018

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

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Auditors' Report to the Members



Auditors' Report to the Members

We have audited the annexed statement of financial position of **UBL Insurers Limited** ("the Company") as at 31 December 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present above said statements in conformity with the approved accounting standards and the requirements of the Insurance Ordinance, 2000(XXXIX of 2000) and the repealed Companies Ordinance, 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. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of accounts have been kept by the Company as required by the repealed Companies Ordinance, 1984;
- b) in our opinion:
 - i. the statement of financial position and profit and loss account together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 (XXXIX of 2000) and the repealed Companies Ordinance, 1984 and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied except as disclosed in note 3.1 of the financial statements, with which we concur;

Auditors' Report to the Members



- ii. the expenditure incurred during the year was for the purpose of the Company's business; and
- iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof confirm with approved accounting standards as applicable in Pakistan, and give the information required by the Insurance Ordinance, 2000 (XXXIX of 2000) and the repealed Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of the profit, its cash flows and changes in equity for the year then ended; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Date: 08thFebruary 2018

Karachi

KPMG Taseer Hadi & Co. Chartered Accountants Muhammad Taufig

Koma Tasaes Hade Sto.

Statement of Financial Position

As at December 31, 2017



UBL Insurers Limited Statement of Financial Position

As at December 31, 2017

As at December 31, 2017	Note	December 31, 2017	December 31, 2016	January 01, 2016
		2017	(Restated)	(Restated)
Assets			(Rupees)	
Property and equipment	5	80,173,354	80,264,230	76,421,131
Intangible assets	6	4,341,952	2,301,169	222,927
Investments				1111
Equity securities	7	53,975,494	239,906,356	286,795,797
Debt securities	8	719,385,835	544,477,390	577,227,622
Term deposits	9	90,333,631	- A	-
Loans and other receivables	10	30,669,376	33,068,348	32,671,110
Insurance / Reinsurance receivables	11	1,058,833,370	954,871,649	596,717,600
Reinsurance recoveries against outstanding claims		1,178,125,015	1,052,577,459	606,801,196
Salvage recoveries accrued		14,413,033	4,835,769	7,255,961
Deferred commission expense / acquisition cost		122,925,249	84,441,012	69,310,635
Deferred taxation	13	13,650,184	6,053,179	-
Taxation - payment less provisions	30	2,997,822	8,452,009	_
Prepayments	14	621,554,567	424,194,914	334,168,159
Cash and bank	15	86,049,473	30,495,334	77,806,638
Total assets of Window Takaful Operations - Operator's fund		101,688,817	70,675,323	
Total assets		4,179,117,172	3,536,614,141	2,665,398,776
Equity and liabilities Capital and reserves attributable to Company's equity holders Authorised share capital:				
[150,000,000 (December 31, 2016: 150,000,000)				
Ordinary shares of Rs. 10 each]		1,500,000,000	1,500,000,000	1,500,000,000
ssued, subscribed and paid-up capital [115,217,391				
(2016: 115,217,391) Ordinary shares of Rs. 10 each]	16	1,152,173,910	1,152,173,910	1,152,173,910
Discount on issue of right shares		(352,173,910)	(352,173,910)	(352,173,910
Reserves	17	(879,580)	4,784,369	11,484,782
Unappropriated profit		351,638,736	187,301,615	51,871,337
Total equity		1,150,759,156	992,085,984	863,356,119
Liabilities				
Jnderwriting provisions	25	4 8 4 8 6 4 8 5 5 5	4 477 704 400	744 025 24
Outstanding claims including IBNR	23	1,340,865,701	1,177,704,139	766,835,943
Unearned premium reserves	22	1,066,260,912	762,340,868	611,958,587
Premium deficiency reserves	24	27,008	10,906,982	-
Unearned reinsurance commission	24	139,459,237	88,984,496	68,912,419
Retirement benefit obligations	12	5,494,750	2,301,622	890,986
Deferred taxation	10	-	-	1,331,90
nsurance / Reinsurance payables	18	242,861,492	319,423,109	216,579,41
Other creditors and accruals Faxation - payments less provision	19	177,151,935 -	156,833,604	135,236,48 296,92
Fotal liabilities of Window Takaful Operations - Operator's fund	21	56,236,981	26,033,337	_
Total liabilities	21	3,028,358,016	2,544,528,157	1,802,042,657
Total equity and liabilities		4,179,117,172	3,536,614,141	2,665,398,776
Contingencies	20			

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

Salar Migor Chief Executive Officer

Director

Chairman

Profit and Loss Account

For the year ended December 31, 2017



UBL Insurers Limited Profit and Loss Account

For the year ended December 31, 2017

	Note	2017 (Rupee	2016 (Restated)
Net insurance premium	22	1,012,176,985	872,902,604
Net insurance claims	23	419,969,155	452,947,452
Premium deficiency		(10,879,974)	10,906,982
Net commission and other acquisition costs	24	(63,369,485)	(67,759,924)
		345,719,696	396,094,510
Insurance claims and acquisition expenses		666,457,289	476,808,094
Management expenses	25	(345,489,969)	(240,114,199)
Underwriting results		320,967,320	236,693,895
Investment income	26	44,115,113	73,992,097
Other income	27	6,172,718	3,255,505
Other expenses	28	(125,046,719)	(109,887,429)
Results of operating activities		(74,758,888)	(32,639,827)
Profit / (loss) from Window Takaful Operations	21	1,162,864	(7,771,247)
Profit before tax		247,371,296	196,282,821
Provision for taxation - current - deferred		(84,913,453)	(63,814,796)
		4,537,660	4,128,471
	29	(80,375,793)	(59,686,325)
Profit before tax		166,995,503	136,596,496
Earnings per share - Rupees	31	1.45	1.19

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

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Chief Executive Officer

Labor Migor

Director

Director

Chairman

Statement of Comprehensive Income

For the year ended December 31, 2017



UBL Insurers Limited Statement of Comprehensive Income

For the year ended December 31, 2017

	2017	2016 (Restated)
Profit after tax Other comprehensive income for the period	166,995,503	136,596,496
Items that will be reclassified to profit and loss subsequently		
Unrealised losses on available-for-sale investments Related tax impact	(8,184,393) 2,524,597 (5,659,796)	(9,716,752) 3,012,193 (6,704,559)
Other comprehensive income from Window Takaful Operations Items that will never be reclassified to profit and loss subsequently	(4,153)	4,146
Re-measurement loss on defined benefit obligation Related tax impact	(3,193,130) 534,748 (2,658,382)	(1,410,635) 244,417 (1,166,218)
Total comprehensive income for the period	158,673,172	128,729,865

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

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Chief Executive Officer

Labor Migor

Director

Director

Chairman

Statement of Changes in Equity

For the year ended December 31, 2017



UBL Insurers Limited Statement of Changes in Equity For the year ended December 31, 2017

	Issued.	Discount on		holders of the Come Reserve	Unappropriated	
	subscribed and	issue of right	General	Revaluation	profit	Total
	paid-up capital	shares	Reserve	reserve	P	
			(Rupe	ees)		
Balance as at January 01, 2016 - as previously reported	1,152,173,910	(352,173,910)	-	-	51,871,337	851,871,337
Restatement due to change in accounting policy (refer note 3.1.2) - net of tax	+	-	-	11,484,782		11,484,782
Balance as at January 01, 2016 - restated	1,152,173,910	(352,173,910)	-	11,484,782	51,871,337	863,356,119
Total comprehensive income						
Profit for the period	-	-	-	-	136,596,496	136,596,496
Other comprehensive loss - net of tax	_	_	14	(6,700,413)	(1,166,218)	(7,866,631)
	-	-	-	(6,700,413)	135,430,278	128,729,865
Balance as at December 31, 2016 - restated	1,152,173,910	(352,173,910)	-	4,784,369	187,301,615	992,085,984
Balance as at January 01, 2017 - as previously reported	1,152,173,910	(352,173,910)	-		187,301,615	987,301,615
Restatement due to change in accounting policy (refer note 3.1.2) - net of tax	-	-	-	4,784,369	-	4,784,369
Balance as at January 01, 2017 - restated	1,152,173,910	(352,173,910)	-	4,784,369	187,301,615	992,085,984
Total comprehensive income						
Profit for the period	-	-	-	-	166,995,503	166,995,503
Other comprehensive loss - net of tax	-	-	-	(5,663,949)	(2,658,382)	(8,322,331)
	-	-	-	(5,663,949)	164,337,121	158,673,172
Balance as at December 31, 2017	1,152,173,910	(352,173,910)		(879,580)	351,638,736	1,150,759,156

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

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Labor Mingo **Chief Executive Officer**

Director

Director

Cash Flow Statement

For the year ended December 31, 2017



UBL Insurers Limited Cash Flow Statement

For the year ended December 31, 2017

Operating cash flows	2017	2016 (Restated)
(a) Underwriting activities	(Rupe	ees)
Insurance premium received	2,627,694,051	1,975,720,171
Reinsurance premium paid	(1,614,623,547)	(1,305,783,216)
Claims paid	(1,293,601,073)	(1,387,641,423)
Reinsurance and other recoveries received	901,668,660	902,206,095
Commission paid	(293,311,267)	(206,820,692)
Commission received	318,196,516	269,389,711
Management expenses paid	(341,414,978)	(218,001,342)
Net cash inflow from underwriting activities	304,608,362	29,069,304
(b) Other operating activities		
Income tax paid	(79,110,406)	(74,972,814)
General management expenses paid	(107,166,075)	(103,976,512)
Loan advanced	(3,423,196)	(4,354,100)
Security deposits paid	(2,747,848)	(9,564,705)
Loan repayments received	3,904,748	3,789,052
Net cash outflow from other operating activities	(188,542,777)	(189,079,079)
Total cash flow from operating activities	116,065,585	(160,009,775)
Investment activities		
Profit / return received	66,082,064	60,208,649
Dividend received	4,487,693	6,103,000
Payment for investments	(3,708,982,851)	(3,400,506,263)
Proceeds from disposal / redemption of investments	3,602,912,068	3,475,720,957
Proceeds from disposal of property and equipment	3,395,449	2,804,500
Fixed capital expenditures	(28,405,869)	(31,632,372)
Total cash flow from investing activities	(60,511,446)	112,698,471
Net cash flow from all activities	55,554,139	(47,311,304)
Cash and cash equivalents at beginning of the year	30,495,334	77,806,638
Cash and cash equivalents at end of the year	86,049,473	30,495,334
Reconciliation to profit and loss account		
Operating cash flows	116 065 505	(160,000,775)
Depreciation expense	116,065,585	(160,009,775)
Amortisation expense	(24,245,338)	(22,276,377)
Dividend income	(918,493)	(330,829)
Other investment income	3,781,193	6,103,000 73,914,137
Gain / loss on sale of property and equipment	58,909,095	
Provision for impairment - against listed equity securities	2,119,055	(299,327)
Income tax expense	(18,575,175)	(6,025,040)
Other income	(80,375,793)	(59,686,325)
Increase in assets other than cash	4,053,663	3,554,832
Decrease in liabilities	587,747,085	1,053,238,985 (743,815,538)
Profit after tax from Conventional Insurance Operations	(482,728,238) 165,832,639	144,367,743
Profit / (loss) from Window Takaful Operations	1.153.054	(7 771 247)
Profit after taxation	1,162,864 166,995,503	(7,771,247)
Front arter taxation	100,585,503	130,390,490

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

Labor Minjon Chief Executive Officer

Director

Director



UBL Insurers Limited

Notes to and forming part of the Financial Statements

For the year ended December 31, 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

UBL Insurers Limited (the Company) is an unlisted public limited company incorporated in Pakistan on June 29, 2006. The Company is a subsidiary of Bestway (Holding) Limited. The Company received the Certificate of Commencement of Business on December 27, 2006. The principal objective of the Company is to conduct general insurance business. The Company received the Certificate of Registration under Section 6 of the Insurance Ordinance, 2000 on January 05, 2007. The Company currently operates a network of 20 (2016: 15) branches at various cities. The registered office of the Company is situated at 126-C, Jami Commercial, Street No.14, Phase VII, Defence Housing Authority, Karachi.

The Company was granted authorisation on December 29, 2015 under Rule 6 of the Takaful Rules, 2012 to undertake Takaful Window Operations in respect of general takaful products by the Securities and Exchange Commission of Pakistan (SECP) and subsequently the Company commenced Window Takaful Operations on January 1, 2016.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017 and Takaful Rules, 2012. In case requirements differ, the provisions or directives of repealed Companies Ordinance, 1984, Insurance Ordinance, 2000, Insurance Rules, 2017, the Insurance Accounting Regulations, 2017 and Takaful Rules, 2012 shall prevail.

Total assets, total liabilities and profit / (loss) of the Window Takaful Operations of the Company referred to as the Operator's Fund has been presented in these financial statements in accordance with the requirements of Circular 25 of 2015 dated July 9, 2015.

A separate set of financial statements of General Window Takaful Operations has been reported which is annexed to these financial statements as per the requirments of the SECP Takaful Rules, 2012.

The Companies Ordinance, 1984 has been repleated after the enactment of the Companies Act, 2017. However, as allowed by the SECP vide its press release dated October 04, 2017, these financial statements have been prepared in accordance with the provisions of repealed Companies Ordinance, 1984.

2.1 Basis of measurement

The financial statements have been prepared under the historical cost basis except for the available-for-sale investments that have been measured at fair value and the obligations under employee benefits that have been measured at fair value of plan assets less the present value of defined benefit obligation.

2.2 Functional and presentation currency

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





2.3 Standards, interpretations and amendments effective in current year

There are certain new and amended standards and interpretations that are mandatory for the Company's accounting periods beginning on or after 01 January 2017 but are considered not to be relevant or do not have any significant effect on the Company's financial statements except as disclosed in note 3.1.

2.4 Standards, interpretations and amendments not effective at the year end

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2018:

- Classification and Measurement of Share-based Payment Transactions amendments to IFRS 2 clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. 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 IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. 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. The application of interpretation is not likely to have an impact on Company's financial statements.
- -IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment to be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on the





Company's financial statements.

- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The application of interpretation is not likely to have an impact on the Company's financial statements.
- IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting years beginning on or after 1 July 2018, with early adoption permitted. The Company is assessing the potential impact on its Financial Statements resulting from the application of IFRS 9 which is generally expected to have an impact on the Financial Statements of insurance businesses.
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Company's financial statements.
- Annual Improvements to IFRS Standards 2015–2017 Cycle the improvements address amendments to following approved accounting standards:
- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12 *Income Taxes* the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
- IAS 23 Borrowing Costs the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.
- In addition, the Companies Act, 2017 was enacted on 30 May 2017 and SECP vide its circular 23 of 2017 has clarified that the companies whose financial year closes on or before 31 December 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. The effect of charges are not likely to have an impact on the Company's financial statements.
- Amendment to IFRS 4 'Insurance Contracts'- Applying IFRS 9 'Financial Instruments' with IFRS 4 (effective for annual periods beginning on or after 1 July 2018). The amendment address issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts'. The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from 1 July 2018 onwards to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied. The amendments are not likely to have an impact on the Company's financial statements.

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, except for the change in valuation of investments classified as available - for - sale from lower of cost or market value to fair value and change in format for preparation of financial statements as disclosed in note 3.1.

3.1 Change in accounting policy

- 3.1.1 The SECP vide S.R.O 89(I)/2017 dated 09 February 2017 has issued Insurance Rules, 2017 (the Rules), which requires every insurer to prepare their financial statements as per the presentation and disclosure requirements prescribed in Annexure II of the Rules. In view of the applicability of the Rules, the Company has changed its presentation and disclosure format to comply with the requirements of the said Rules.
- 3.1.2 During the period, the Company has changed its accounting policy for the valuation of the available-for-sale investments to comply with the requirements of the 'Insurance Rules, 2017' issued by Securities and Exchange Commission of Pakistan vide its S.R.O. 89(I)/2017 dated 09 February 2017, which requires the valuation of available-for-sale investments at fair value. In line with the requirements provided in the Rules, subsequent to initial recognition, the quoted available-for-sale investments are to be valued at market value and any unrealised gains or losses arising on revaluation of available-for-sale investments is taken to Other Comprehensive Income and transferred to revaluation reserves. On derecognition or impairment of available-for-sale investments, the cumulative gains or losses previously reported in revaluation reserves are reclassified to Profit and Loss Account for the period. This change in accounting policy has been applied retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, change in accounting estimates and errors' and comparatives have been restated to conform to the changed policy.

Previously, subsequent to initial reognition, the quoted available-for-sale investments were stated 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.

Accordingly, retrospective adjustments have been made in these financial statements and comparatives have been revised as follows:

	Balance Previously Reported	Adjustment	Balance Restated
As at 31 December 2016		-(R upees)	
Investments			
Equity securities	239,801,367	104,989	239,906,356
Debt securities	537,654,520	6,822,870	544,477,390
Deferred taxation	8,200,815	(2,147,636)	6,053,179
Reserves	-	4,784,369	4,784,369
For the year ended 31 December 2016			
Statement of Comprehensive Income			
Unrealised losses on available-for-sale investment	s -	(9,716,752)	(9,716,752)
Related tax impact		3,012,193	3,012,193
	-	(6,704,559)	(6,704,559)
Other comprehensive income from Window			
Takaful Operations	-	4,146	4,146
Knem			



	Balance Previously Reported	Adjustment	Balance Restated
As at 01 January 2016		(Rupees)	
Investments			
Equity securities	293,345,335	(6,549,538)	286,795,797
Debt securities	554,033,518	23,194,104	577,227,622
		(= 4== 000)	(4 4)
Deferred taxation	3,827,926	(5,159,829)	(1,331,903)
Revaluation reserves	_	11,484,782	11,484,782

3.2 Property and equipment

These are stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated so as to write off the depreciable amount of the assets over their expected economic lives at the rates specified in note 5.1 to the financial statements, after taking into account residual value, if any. The useful lives, residual values and depreciation methods are reviewed and adjusted, if appropriate, at each balance sheet date.

Depreciation on additions is charged on a straight line method from the month the asset is available for use and on disposals upto the month preceding the month of disposal.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Gains and losses on disposal, if any, of assets are included in income currently.

The carrying value of tangible property and equipment is 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.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalised and assets so replaced, if any, are retired.

3.3 Intangible assets

These are stated at cost less accumulated amortisation and any impairment in value. Amortisation of intangible assets is charged to income applying the straight line method at the rates specified in note 6 to the financial statements after taking into account residual value, if any.

Full month's amortisation is calculated from the month the assets are available for use using the straight-line method, whereby the cost of the intangible asset is amortised over its estimated useful life over which economic benefits are expected to flow to the Company. The useful life and amortisation method is reviewed, and adjusted if appropriate, at each balance sheet date.

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 indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

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3.4 Insurance contracts

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

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

- Fire and property
- Marine and transport
- Motor
- Health
- Banker's blanket
- Other classes

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

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

Fire and property insurance contracts mainly compensate the Company's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities.

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

Motor insurance is to provide protection against losses incurred as a result of traffic accidents and against liability that could be incurred in an accident.

Miscellaneous insurance includes various types of coverage mainly burglary, loss of cash in safe and cash in transit, engineering losses, accident and health, money and other coverage.

Bankers' blanket insurance covers losses as a result of dishonest or fraudulent acts by officers and employees of the bank, including on premises coverage of cash, coverage of cash during transit and coverage of forged cheques.

Health insurance includes coverage of in-patient-hospital, out-patient-department, medical and other related expenses of disease, sickness or accidental injury incurred during the period of insurance.

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

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

3.5 Deferred commission expense / acquisition cost

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

3.6 Provision for Unearned premium

Provision for unearned premium represents the portion of premium written relating to the unexpired period of coverage and is recognised as a liability by the Company. This liability is calculated by applying the 1/24th method as specified in the Insurance Rules, 2017.

3.7 Premium deficiency reserve

The Company maintains a provision in respect of premium deficiency for the class of business where the unearned premium liability is not adequate to meet the expected future liability, after reinsurance, from claims and other supplementary expenses expected to be incurred after the balance sheet date in respect of the unexpired policies in that class of business at the balance sheet date. The movement in the premium deficiency reserve is recorded as an expense / income in the profit and loss account for the year.

For this purpose, loss ratios for each class are estimated based on historical claim development. Judgment is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims. If these ratios are adverse, premium deficiency is determined. Further actuarial valuation has been carried out to determine the amount of premium deficiency reserve in respect of Accident and Health insurance as required by SRO 16 (I) / 2012 issued by Securities and Exchange Commission of Pakistan on January 9, 2012. Based on the advice of actuary, provision for premium deficiency reserve has been made in Health and other classes insurance as at the year end.

3.8 Reinsurance contracts held

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

Reinsurance assets represent balances due from reinsurance companies and reinsurance recoveries against outstanding claims. Due from reinsurance companies are carried at cost less any provision for impairment. Cost represents the fair value of the consideration to be received. Reinsurance recoveries against outstanding claims are measured at the amount expected to be received.

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 liabilities represent balances due to reinsurance companies. Due to reinsurance companies are carried at cost which is the fair value of the consideration to be paid.

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



3.9 Receivables and payables related to insurance contracts

Receivables related to insurance contracts are known as premium due but unpaid. These are recognised at cost, which is the fair value of the consideration given less provision for impairment, if any. Premiums received in advance is recognised as liability till the time of issuance of insurance contract thereagainst.

Provision for impairment and writeoff is estimated on a systematic basis after analysing the receivables as per their aging.

3.10 Segment reporting

The Company's operating business is organised and managed separately according to the nature of the services provided with each segment representing a strategic business unit that serves different markets.

3.10.1 Fire and property

The fire and property insurance provides coverage against damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and other related perils.

3.10.2 Marine and transport

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

3.10.3 Motor

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

3.10.4 Health

Health insurance includes coverage of in-patient-hospital, out-patient-department, medical and other related expenses of disease, sickness or accidental injury incurred during the period of insurance.

3.10.5 Banker's blanket

Banker's blanket insurance covers losses as a result of dishonest or fraudulent acts by officers and employees of the bank

3.10.6 Other classes

Other classes insurance provides cover against burglary, loss of cash in safe and cash in transit, money, engineering losses, accident and health, and other coverage.

3.11 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consists of cash in hand, stamps in hand and deposits with banks.

3.12 Revenue recognition

3.12.1 Premium

Premium Receivable under a policy / cover note issued is recognized as written from date of attachment of risk to the policy / cover note and over the period of insurance from inception to expiry. Premium is recognized as revenue evenly over the period of the policy.

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The unearned portion of premium income is recognized as a liability. Such liability is calculated by applying the twenty-forth method, whereby the liability shall equal 1/24 of the premium relating to policies commencing in the first month of the insurer's financial year, 3/24 of the premiums relating to policies commencing in the second month of the insurer's financial years, and so on.

For facultative acceptance the basis of recognizing premium and determining the unearned premium reserve is the same as for the direct policies.

3.12.2 Commission income

Commission income from reinsurers is recognised at the date from attachment of risk to the policy / cover note and over the period of insurance from inception to expiry. Commission income is recognized as revenue evenly over the period of the policy of issuance of the underlying insurance.

The unearned portion of commission income is recognized as a liability. Such liability is calculated by applying the twenty-forth method, whereby the liability shall equal 1/24 of the premium relating to policies commencing in the first month of the insurer's financial year, 3/24 of the premiums relating to policies commencing in the second month of the insurer's financial years, and so on.

For facultative acceptance the basis of recognizing commission and determining the unearned commission reserve is the same as for the direct policies.

3.12.3 Investment income

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

Gain loss on sale of investments is included in income currently.

Return on fixed income securities classified as available for sale is recognised on a time proportion basis taking into account the effective yield on the investments.

Return on bank deposits is recognised on a time proportion basis taking into account the effective yield.

3.12.4 Dividend income

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

3.13 Investments

3.13.1 Classification

The classification of financial assets is determined at initial recognition and depends on the purpose for which the financial assets were acquired. Currently, the financial assets of the Company are classified into the following categories:

a) In equity securities

Surplus / (deficit) arising on revaluation of quoted securities which are classified as available for sale investments is taken to a separate account which is shown in the statement of financial position as revaluation surplus. The surplus / (deficit) arising on these securities is taken to the profit and loss



account when actually realised upon disposal or in case of impairment of securities. The unrealised surplus / (deficit) arising on revaluation of quoted securities which are classified as held for trading is taken to the profit and loss account.

Provision for diminution in the values of securities is made after considering impairment, if any, in their value and is taken to profit and loss account. Impairment is booked when there is an objective evidence of significant or prolonged decline in the value of such securities.

Unquoted investments are recorded at cost less accumulated impairment losses, if any.

b) In debt securities

These are investments with fixed or determinable payments and fixed maturities which the Company has the intention and ability to hold till maturity.

Provision for impairment against debt securities is made in accordance with the requirements of the law. In case of unquoted equity securities, the breakup value of the security should be considered to determine impairment amount.

Premium or discount on debt securities classified as available for sale and held to maturity is amortised using effective interest method and taken to the profit and loss account.

c) In term deposits

These are investments with fixed or determinable payments and fixed (short term) maturities which the Company has the intention and ability to hold till maturity.

Investments which are designated at fair value through profit or loss upon initial recognition.

3.14 Off setting of financial assets and liabilities

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

3.15 Provisions

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of past events, it is probable that an outflow of economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of the obligation

3.16 Reinsurance expense

Premium Ceded to reinsurers is recognized as an expense. For reinsurance contracts operating on a proportional basis, on attachment of the underlying policies reinsured; and for reinsurance contracts operating on a non-proportional basis, on inception of the reinsurance contract.

Reinsurance premium shall be recognized as an expense. For proportional reinsurance business, evenly over the period of the underlying policies, for non-proportional reinsurance business, evenly over the period of indemnity.

The portion of reinsurance premium ceded not yet recognized as an expense is recognized as a prepayment., The prepaid portion of premium ceded is recognized as an asset. Such asset is calculated by applying the twenty-forth method, whereby the liability shall equal 1/24 of the premium ceded relating to reinsurance

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contract commencing in the first month of the insurer's financial year, 3/24 of the premiums ceded relating to policies commencing in the second month of the insurer's financial years, and so on.

3.17 Taxation

3.17.1 Current

Provision for current taxation is the higher of the amount computed on taxable income at the current tax rate after taking into account tax credits / rebates, if any, and the minimum tax computed at the prescribed rate on turnover. 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.

3.17.2 Deferred

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the asset is utilised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

3.18 Staff retirement benefits

3.18.1 Defined contribution plan

The Company operates a recognised provident fund scheme for all its eligible employees. Equal contributions are made by the Company and the employees at the rate of 8.33% of basic salary.

3.18.2 Define benefit plan - Gratuity Scheme

The Company operates an approved funded gratuity fund for all permanent employees who have completed minimum prescribed period of service under the scheme. Contributions are made to the scheme on the basis of independent actuarial recommendations using "Projected Unit Credit Method". Remeasurement of the defined benefit liability(asset), which comprises actuarial gain and losses are recognised immediately in other comprehensive income. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual year to the net defined benefit liability (asset), taking into account and change in the net defined benefit liability (asset) during the year as a result of contribution and benefit payments. Net interest expense and other expense related to defined benefit plans are recognised in profit and loss account.

When the benefits of the plan are changed or when a plan is curtailed, the resulting change in benefits that



relates to past service or the gain or loss on curtailment is recognised immediately in profit and loss account. The Company recognises gain or loss on the settlement of a defined benefit plan when the settlement occurs.

3.19 Leases

Assets subject to finance lease

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease, at the fair value of the lease property or, if lower at the present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Assets acquired under the finance lease are depreciated using the same basis as for owned assets.

3.20 Impairment of Assets

The carrying amount of the assets is reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or a group of assets. If such indication exists, the recoverable amount of such assets is estimated and the impairment losses are recognised in the profit and loss account currently.

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

3.21 Dividend Distribution

Dividends, if any, declared and transfers between reserves made subsequent to the reporting date are considered as non-adjusting events and are recognised in the financial statements in the year in which such dividends are declared and transfers are made.

3.22 Management expenses

Management expenses allocated to the underwriting business represent directly attributable expenses and indirect expenses allocated to the various classes of business on the basis of gross premium written. Expenses not allocable to the underwriting business are charged as other expenses.

3.23 Window Takaful Operations

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

The estimates / judgments and associated assumptions are reviewed on an ongoing basis. Revision to the accounting estimates are recognised in the period in which the estimate is revised, if the revision affects





only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas involving a higher degree of judgment or complexity, or areas where assumption and estimates are significant to the financial statements, or judgment was exercised in application of accounting policies, are as follows:

- a) Provision for outstanding claims including IBNR (note 4.1)
- b) Provision for unearned premium (note 3.6)
- c) Premium deficiency reserve (note 3.7)
- d) Defined benefit plan (note 3.18.2)
- e) Classification of investments and impairment (note 3.20 and 3.13)
- f) Useful lives of assets and methods of depreciation (note 3.2 and 3.3)
- g) Provision for current and deferred tax (note 3.17)
- h) Insurance / reinsurance receivables (note 4.2)
- i) Deffered commission expense / acquisition cost (note 3.5)

4.1 Provision for outstanding claims including Incurred But Not Reported (IBNR)

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

Outstanding claims

The amount of claims that have been reported and are yet unpaid or partially unpaid at the end of reporting year for a given accident year.

A liability for outstanding claims (claim incurred) is recognized for all claims incurred which represents the estimates of the claims intimated or assessed before the end of the reporting period and measured at the undiscounted value of expected future payments. Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates while taking into consideration the past claims settlement experience including handling costs and the Company's reserving policy. Where applicable, deductions are made for salvage and their recoveries.

Incurred But Not Reported (IBNR) Claims

The losses that have incurred or are in the occurrence period at the end of reporting year and have not been intimated to the Company by the end of reporting year, or if reported, complete details are not available to the Company, so as to ascertain the amount of loss for that claim as claims outstanding.

The Company 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 2017 has been carried out by independent firm of actuaries for determination of IBNR for each class of business. The actuarial valuation is based on a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation as required / allowed by the circular 9 of 2016. IBNR is determined by using Chain Ladder Method for all class of business. The claim outstanding and claims paid till date are deducted from the ultimate claim payments for that particular year to derive an IBNR estimate for that year. Any negative values are ignored. The total for each accident year shall be the total IBNR as at the end of reporting year for that risk class. IBNR triangles are made on a yearly basis for each class of business. The methods used, and the estimates made, are reviewed regularly.

4.2 Insurance / reinsurance receivables

This is recognised at cost, which is the fair value of the consideration receivable, less provision for impairment, if any.





Note **2017** 2016 (Rupees)

5. PROPERTY AND EQUIPMENT

Operating assets Capital work in progress *5.1* **80,173,354** 80,264,230

80,173,354 80,264,230

5.1 Operating fixed assets

	Note	Cost		-	Depreciation	2		Written down	Depreciatio
		As at	Additions /	As at	As at	For the year /	As at	value as at	rate
		January 1,	(disposals) /	December 31,	January 1,	(on disposals) /	December 31,	December 31,	%
		2017	*Transfer	2017	2017 (Rupees)	*Transfer	2017	2017	
urniture and fixtures		13,739,760	2,354,041	15,078,261	8,549,355	1,271,835	8,981,407	6,096,854	10
arritare and fixtures		13,733,700	(1,015,540)	13,070,201	0,545,555	(839,783)	0,501,407	0,030,034	10
Office equipment		12,900,924	3,025,778 (2,068,259)	13,858,443	9,577,820	1,335,710 (2,049,811)	8,863,719	4,994,724	20
omputer and accessories		9,305,072	2,820,606 (2,101,472)	10,024,206	6,547,503	1,423,365 (1,913,848)	6,057,020	3,967,186	25
lotor vehicles		97,490,829	14,354,138 (10,072,162)	101,772,805	42,382,325	16,936,048 (9,347,139)	49,971,234	51,801,571	20
racking devices	5.1.1	4,280,429	-	4,280,429	4,280,429	-	4,280,429	-	33
Nobile phones		966,265	449,100 (217,173)	1,198,192	376,839	362,211 (132,937)	606,113	592,079	33
easehold improvements		31,592,864	2,442,930 (2,796,305)	31,239,489	18,297,642	2,916,169 (2,695,262)	18,518,549	12,720,940	10
		170,276,143	25,446,593 (18,270,911)	177,451,825	90,011,913	24,245,338 (16,978,780)	97,278,471	80,173,354	
						2016			
		Cost			Depreciation			Written down	Depreciation
		As at	Additions /	As at	As at	For the year /	As at	value as at	rate
		January 1,	(disposals)	December 31,	January 1,	(on disposals)	December 31,	December 31,	%
		2016	*Transfer	2016 (F	2016 Rupees)	*Transfer	2016	2016	
urniture and fixtures		12,707,992	1,031,768	13,739,760	7,214,580	1,334,775	8,549,355	5,190,405	10
Office equipment		11,698,879	1,469,319 (267,274)	12,900,924	8,878,656	966,438 (267,274)	9,577,820	3,323,104	20
omputer and accessories		8,808,491	1,437,467 (519,521) (421,365)	9,305,072	6,019,463	1,033,627 (479,247) (26,340)	6,547,503	2,757,569	25
Notor vehicles		84,869,912	22,966,036 (10,345,119)	97,490,829	34,091,069	15,596,449 (7,305,193)	42,382,325	55,108,504	20
racking devices	5.1.1	4,280,429		4,280,429	4,280,240	189	4,280,429	-	33
lobile phones		332,030	367,000 (154,130) 421,365	966,265	218,729	262,275 (130,505) 26,340	376,839	589,426	33
easehold improvements		29,641,153	1,951,711	31,592,864	15,215,018	3,082,624	18,297,642	13,295,222	10
		152,338,886	29,223,301 (11,286,044)	170,276,143	75,917,755	22,276,377 (8,182,219)	90,011,913	80,264,230	





5.1.1 Represents tracking devices installed in the motor vehicles insured by the Company and therefore are not in the possession of the Company.

5.1.2 Disposal of fixed assets

		20				
Fixed Assets	Cost	Book value	Sale proceeds	Mode of sale	Particulars of purchaser	
Furniture and fixtures	1,015,540	175,757	9,735	Quotation	Mr. Nadeem, Hamed M/s. Enzee Network, Mr. Imran Raza, M/s. Murtaza Enterprises, Mr. Waqas Ashraf, M/s. Waheed Brothers	
Computer and accessories	2,107,471	193,623	52,285	Quotation	M/s. Sharjah Printer, Mr. Muneer Ahmed, Mr. Nadeem, Hamed M/s. Enzee Network, Mr. Imran Raza, M/s. Murtaza Enterprises, Mr. Waqas Ashraf, M/s. Waheed Brothers	
Motor vehicles	10,911,962	725,025	3,767,424	Employee Policy / Quotation	Mr. Babar M. Mirza,Mr. Nadeem Raza ,Mr. Mirza Rizwan Bag,,Mr. Adil Hussain,,Mr. M. Arif Sharif,,Mr. M. Masood Khan,,Mr. Shakil Khan	
Mobile phones	217,173	84,236	74,000	Quotation	Mr. Imran Raza, M/s. Murtaza Enterprises, M/s. Waheed Brothers	
Leasehold improvements	2,796,305	101,044	35,000	Quotation	M/s. Murtaza Enterprises, M/s. Shahid Waqas Associates	
	17,048,451	1,279,685	3,938,444			
		20	16			
Fixed Assets	Cost	Book value	Sale proceeds	Mode of sale	Particulars of purchaser	
Motor vehicles	10,345,119	3,039,926	2,763,000	Quotation	M/s Javed Autos,M/s Ejaz Motors,Mr. Muhammad Azeem	

6. INTANGIBLE ASSETS

	Cost			Amortisation			Written down	Amortisation
	As at	Additions	As at	As at	For the	As at	value as at	rate
	January 1,		December 31,	January 1,	year	December 31,	December 31,	%
				(Rupees)				
Computer software								
2017	10,437,316	2,959,276	13,396,592	8,136,147	918,493	9,054,640	4,341,952	25
2016	8,028,245	2,409,071	10,437,316	7,805,318	330,829	8,136,147	2,301,169	25



7. INVESTMENTS IN EQUITY SECURITIES - Available-for-sale

		Note	D	ecember 31, 2017	,		ecember 31, 2016	
			Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
					(Rupees)			
	Listed shares	7.1						
	Saif Power Limited		18,876,835	(4,310,580)	14,566,255	18,876,835	(972,375)	17,904,460
	Nishat Chunian Power Limited		28,242,746	(12,742,135)	15,500,611	28,242,745	(2,111,665)	26,131,080
	Kot Addu Power Company Limited		17,519,000	(7,547,500)	9,971,500	17,519,000	(2,941,000)	14,578,000
		-	64,638,581	(24,600,215)	40,038,366	64,638,580	(6,025,040)	58,613,540
	Mutual funds	7.2						
	NAFA Income Opportunity Fund NAFA Islamic Aggressive			-	-	34,051,416	-	34,051,416
	Income Fund		_	12	_	35,314,327	-	35,314,327
	Atlas Income Fund		5,892,178	-	5,892,178	19,999,998	-	19,999,998
	NAFA Money Market Fund		2,850,064	_	2,850,064	22,000,000	-	22,000,000
	Atlas Money Market Fund		5,047,068	2	5,047,068	49,822,086	-	49,822,086
	Atlas Islamic Income Fund		-	-		20,000,000	-	20,000,000
			13,789,310	-	13,789,310	181,187,827	-	181,187,827
	Surplus on revaluation				147,818			104,989
				_	53,975,494		=	239,906,356
						Note	2017	2016
7.1	Listed shares						(Rupe	es)
	Cost						64,638,581	64,638,580
	Provision for impairment					7.1.1	(24,600,215)	(6,025,040)
							40,038,366	58,613,540
7.1.1	Provision for impairment							
	Opening provision						6,025,040	-
	Charge for the year						18,575,175	6,025,040
	Closing provision						24,600,215	6,025,040

- **7.1.2** The market value of the above investments is Rs. 40.038 million (2016: Rs. 58.614 million). The Company uses stock exchange quotation, at the balance sheet date to determine the market value of quoted equity securities.
- 7.2 Market value of the above investment is Rs. 13.937 million (2016: Rs. 181.293 million). The Company uses net assets value issued by the fund manager at the balance sheet date to determine the market value.

8. INVESTMENTS IN DEBT SECURITIES - Available-for-sale

	Note	D	ecember 31, 201	7		ecember 31, 201	6
	_	Cost	Impairment / provision	Carrying value (Rupees)	Cost	Impairment / provision	Carrying value
Government securities							
Market treasury bills	8.1	477,781,257	-	477,781,257	235,148,636	-	235,148,636
Pakistan investment bonds	8.2	243,008,931	-	243,008,931	253,782,069	-	253,782,069
		720,790,188	-	720,790,188	488,930,705	-	488,930,705
Term finance certificates	8.3	-	-	-	48,723,815	-	48,723,815
(Deficit) / Surplus on revaluation				(1,404,353)			6,822,870
			-	719,385,835			544,477,390







8.1. Market treasury bills

Face value	Profit rate %	Profit payment	Type of security	Maturity date	December 31, 2017	December 31, 2016
					(Rupe	es)
67,000,000	5.86%	On Maturity	Treasury bills	19-Jan-17	-	66,809,050
36,000,000	5.90%	On Maturity	Treasury bills	2-Feb-17	-	35,816,229
52,000,000	5.95%	On Maturity	Treasury bills	2-Mar-17	-	51,498,571
82,000,000	5.95%	On Maturity	Treasury bills	16-Mar-17	-	81,024,786
142,000,000	5.99%	On Maturity	Treasury bills	4-Jan-18	141,931,029	-
76,000,000	5.99%	On Maturity	Treasury bills	18-Jan-18	75,790,819	-
102,000,000	5.99%	On Maturity	Treasury bills	1-Feb-18	101,488,057	-
102,000,000	5.99%	On Maturity	Treasury bills	15-Feb-18	101,256,857	-
58,000,000	5.99%	On Maturity	Treasury bills	15-Mar-18	57,314,495	-
			and the second		477,781,257	235,148,636

8.1.1 Market treasury bills (MTBs) have face value of Rs. 480 million (market value of Rs. 477.721 million) [2016: face value Rs. 237 million (market value of Rs. 235.980 million)]. These carry mark-up ranging at 5.99% per annum (2016: 5.86% to 5.95% per annum) and will mature latest by March 15, 2018.

8.2. Pakistan investment bonds

Face value	Profit rate %	Profit payment	Type of security	Maturity date	December 31, 2017	December 31, 2016
					(Rupe	ees)
253,000,000	11.25%	Semi-annually	Pakistan Investment Bonds - 3 years	17-Jul-17	-	253,782,069
240,500,000	7.00%	Semi-annually	Pakistan Investment Bonds - 3 years	29-Dec-19	243,008,931	-
					243,008,931	253,782,069

8.2.1 Pakistan investment bonds have face value of Rs. 241 million (market value of Rs. 241.664 million) [2016: face value of Rs. 253 million (market value of Rs. 259.980 million)]. PlBs having face value of Rs. 120 million (market value of Rs. 120 million) [2016: face value of Rs. 128 million (market value of Rs. 131.531 million)] are deposited with the State Bank of Pakistan in accordance with the requirements of circular no. 15 of 2008 dated July 7, 2008 issued by Securities and Exchange Commission of Pakistan. These carry mark-up at 7.00% per annum and will mature latest by December 29, 2019.

8.3.	Term finance certificates		December 31, 2017		December 31, 2016			
			Cost	Impairment / provision	Carrying Value	Cost	Impairment / provision	Carrying Value
					(Rup	ees)		
	Term finance certificates	8.3.1		-		48,723,815		48,723,815
	Terri mariee certificates	0.5.7				10/125/015		10,7 23

	Number of certificates		Mark-up rate	Value of ce	ertificates
	December, 31 2017	December, 31 2016		December, 31 2017	December, 31 2016
				(Rupe	es)
Bank Alfalah Limited - IV		5,750	6 months KIBOR+ 250 bps	-	29,171,419
Bank Alfalah Limited - IV	-	8,700	15%		19,552,396
					48,723,815

8.3.1 The aggregate market value of the above investments is nil (2016: Rs. 49.4 million).

9.1. These includes term deposit receipt (TDRs) purchased from Finca Microfinance Bank of Rs. 90.334 million (2016: nil) maturing between Jan 2018 to March 2018 (2016: nil). These carry mark up rates ranging from 7.25% to 7.80% (2016: nil) per annum.

10. LOANS AND OTHER RECEIVABLES - Considered good

Accrued investment income	5,267,858	14,566,335
Receivable from window takaful operations	5,999,682	853,264
Security deposits	17,128,309	14,380,461
Loans to employees	1,386,144	1,867,696
Other receivable	887,383	1,400,592
	30,669,376	33,068,348

11. INSURANCE / REINSURANCE RECEIVABLES - Unsecured

Due from insurance contract holders	638,035,548	509,634,413
Less: Provision for impairment of receivables from insurance contract holders	-	-
Due from other insurers / reinsurers	420,797,822	445,550,319
Less: Provision for impairment of due from other insurers / reinsurers	-	(313,083)
	1,058,833,370	954,871,649



12 STAFF RETIREMENT BENEFITS

Defined benefit plan - funded gratuity scheme

The latest valuation of scheme was carried out as at December 31, 2017 by Akhtar & Hasan (Private) Limited using the Projected Unit Credit Method. Provision has been made in the financial statements to cover the related obligation in accordance with the actuarial recommendations.

				December 31, 2017 (Rup	December 31, 2016
Balance Sheet Reconciliation				(кир	ees)
Fair value of plan assets				(30,340,407)	(23,977,341)
Present value of defined benefit obligations				35,835,157	26,278,963
Funded status				5,494,750	2,301,622
Unrecognised net actuarial loss / (gain)				-	-
Recognised liability				5,494,750	2,301,622
Movement in fair value of plan assets					
Fair value as at January 01,				23,977,341	18,976,746
Expected return on plan assets				2,077,745	1,853,972
Actuarial gain / (losses)				(667,642)	(239,254
Employer contributions				5,336,964	4,388,484
Benefits paid				(384,001)	(1,002,607)
Fair value as at December 31,				30,340,407	23,977,341
Marromant in the defined banefit abligations					
Movement in the defined benefit obligations				26 278 062	10 967 722
Obligation as at January 1, Service cost				26,278,963	19,867,732
				5,159,783	4,311,679
Interest cost				2,254,924	1,930,778
Settlement and curtailment				2 525 462	1 171 201
Actuarial losses / (gains)				2,525,488	1,171,381
Benefits paid				(384,001)	(1,002,607)
Obligation as at December 31,				35,835,157	26,278,963
Cost					
Current Service cost				5,159,783	4,311,679
Interest cost				2,254,924	1,930,778
Expected return on plan assets				(2,077,745)	(1,853,972)
Settlement and curtailment				-	-
Recognition of actuarial loss					-
Expense				5,336,962	4,388,485
Actual return on plan assets				1,410,103	1,614,718
Principle actuarial assumptions under are as follows:				Increase (Rup	Decrease ees)
Discount rate & expected return on plan assets				8.25%	8.00%
Future salary increases				7.25%	7.00%
Mortality Rates				SLIC (2001-05)	SLIC (2001-05)
Rates of Employee turnover				Moderate	Moderate
Comparison for five years:	2017	2016	2015	2014	2013
As at December 31					
Fair value of plan assets	(30,340,407)	(23,977,341)	(18,976,746)	(15,255,160)	(13,094,009
benefit obligations	35,835,157	26,278,963	19,867,746	15,550,236	12,615,318
Deficit / (Surplus)	5,494,750	2,301,622	891,000	295,076	(478,691
Experience adjustments					
Gain / (loss) on plan assets (as					
	9 204	E 504	2 604	E 004	1 704
percentage of plan assets)	-8.2%	-5.5%	-2.6%	5.0%	-1.7%
percentage of plan assets) Gain / (loss) on plan assets (as	-8.2% -6.9%	-5.5% -9.4%	-2.6% -12.5%	5.0% 15.9%	
percentage of plan assets) Gain / (loss) on plan assets (as percentage of plan obligations)	-6.9%				
percentage of plan assets) Gain / (loss) on plan assets (as percentage of plan obligations)	-6.9%			15.9%	-19.6% Decrease
percentage of plan assets) Gain / (loss) on plan assets (as percentage of plan obligations)	-6.9%			15.9%	
percentage of plan assets) Gain / (loss) on plan assets (as percentage of plan obligations) The effect of 1% movement in assumed medical cost trend Effect on the aggregate of current service and interest cost	-6.9%			15.9%	-19.6% Decrease ees) 32,948,810
percentage of plan assets) Gain / (loss) on plan assets (as percentage of plan obligations) The effect of 1% movement in assumed medical cost trend Effect on the aggregate of current service and interest cost Effect on the defined benefit obligations	-6.9%	-9.4% Decemb	-12.5% eer 31,	15.9% Increase (Rup 39,094,675 33,150,695 Decem	-19.6% Decrease ees) 32,948,810 38,913,680 ber 31,
Gain / (loss) on plan assets (as percentage of plan assets (as percentage of plan assets (as gain / (loss) on plan assets (as percentage of plan obligations) The effect of 1% movement in assumed medical cost trend of the effect on the aggregate of current service and interest cost effect on the defined benefit obligations Plan assets comprise of the following:	-6.9%	-9.4% Decemb	-12.5% eer 31,	15.9% Increase (Rup 39,094,675 33,150,695 Decem 20	-19.6% Decrease ees) 32,948,810 38,913,680 ber 31,
percentage of plan assets) Gain / (loss) on plan assets (as percentage of plan obligations) The effect of 1% movement in assumed medical cost trend Effect on the aggregate of current service and interest cost Effect on the defined benefit obligations Plan assets comprise of the following:	-6.9%	-9.4% December 201 (Rupees)	-12.5% eer 31, 7	15.9% Increase (Rup 39,094,675 33,150,695 Decem 20 (Rupees)	-19.6% Decrease ees) 32,948,810 38,913,680 ber 31, 16
percentage of plan assets) Gain / (loss) on plan assets (as percentage of plan obligations) The effect of 1% movement in assumed medical cost trend Effect on the aggregate of current service and interest cost Effect on the defined benefit obligations Plan assets comprise of the following: Debt	-6.9%	-9.4% Decemb	-12.5% ner 31, 7 % 90.6%	15.9% Increase (Rup 39,094,675 33,150,695 Decem 20 (Rupees) 21,527,991	-19.6% Decrease ees) 32,948,810 38,913,680 ber 31, 16 89.8%
percentage of plan assets) Gain / (loss) on plan assets (as percentage of plan obligations) The effect of 1% movement in assumed medical cost trend Effect on the aggregate of current service and interest cost Effect on the defined benefit obligations Plan assets comprise of the following: Debt Equity	-6.9%	-9.4% December 201 (Rupees) 27,489,951	-12.5% eer 31, 7 90.6% 0%	15.9% Increase (Rup 39,094,675 33,150,695 Decem 20 (Rupees) 21,527,991 1,933,904	-19.6% Decrease ees) 32,948,810 38,913,680 ber 31, 16 89.8% 8.1%
percentage of plan assets) Gain / (loss) on plan assets (as percentage of plan obligations) The effect of 1% movement in assumed medical cost trend Effect on the aggregate of current service and interest cost Effect on the defined benefit obligations Plan assets comprise of the following: Debt	-6.9%	-9.4% December 201 (Rupees)	-12.5% ner 31, 7 % 90.6%	15.9% Increase (Rup 39,094,675 33,150,695 Decem 20 (Rupees) 21,527,991	-19.6% Decrease ees) 32,948,810 38,913,680 ber 31,



13. DEFERRED TAXATION

Deferred taxation comprises deductible temporary differences relating to following:

			December 31, 2017	December 31, 2016
			(Rup	ees)
	Deferred debits arising in respect of:			
	- accelerated depreciation		(437,254)	2,176,661
	- staff retirement benefits		957,939	423,191
	- impairment against listed equity securities		7,380,065	1,807,512
	- provision for bad debts		-	93,925
	- provision for employee bonus		5,372,473	3,699,526
	Deferred credits arising in respect of:			
	- Surplus / deficit on revaluation		376,961	(2,147,636)
			13,650,184	6,053,179
14.	PREPAYMENTS			
	Prepaid reinsurance premium ceded		566,811,611	396,932,945
	Prepaid rent		3,502,683	4,231,219
	Prepaid tracker monitoring charges		42,040,837	20,772,439
	Prepaid miscellaneous expenses		9,199,436	2,258,311
			621,554,567	424,194,914
15.	CASH AND BANK			
	Cash and cash equivalents			
	- Cash in hand		874,704	665,000
	- Policy stamps in hand		196,330	157,853
			1,071,034	822,853
	Cash at bank			
	- Current accounts	15.1	15,040,495	22,011,608
	- Savings account	15.2 & 15.3	69,937,944	7,660,873
			84,978,439	29,672,481
			86,049,473	30,495,334

- 15.1 This includes balance with a related parties amounting to Rs. 12.680 million (2016: 22.012 million).
- 15.2 This includes balance with a related parties amounting to Rs. 10.369 million (2016: Rs. 7.247 million).
- **15.3** These carry profit rates ranging between 3.75% to 7.00% (2016: 5.00% to 6.00%) per annum.

16. SHARE CAPITAL

16.1 Authorised Share Capital

2017 2016		2017	2016
(Number o	f shares)	(Rup	ees)
150,000,000	150,000,000 Ordinary shares of Rs. 10 each	1,500,000,000	1,500,000,000

16.2 Issued, subscribed and paid-up capital

115,217,391	115,217,391 Ordinary shares of Rs. 10 each		
	fully paid in cash	1.152.173.910	1,152,173,910



16.3 Major shareholders of the Company are:

	Number of shares held			Percentage of Shareholding		
	2017	2016	Name of Shareholder	2017	2016	
	64,063,972	64,063,972	Bestway (Holdings) Limited	55.6	55.6	
	34,565,214		United Bank Limited	30.0	30.0	
	14,088,199	14,088,199	Bestway Cement Limited	12.2	12.2	
17	RESERVES					
			Note	2017	2016	
				(Rupe	ees)	
	Revaluation reser	ves - Available	e-for-sale			
	Listed Shares				-	
	Mutual Funds	n.		147,818	104,989	
	Market Treasury Bil			(59,899)	(50,780)	
	Pakistan Investmer			(1,344,453)	6,197,905	
	Term Finance Certi	псате		(4.256.524)	675,745	
	Dolated deferred to	us linkilitus		(1,256,534)	6,927,859	
	Related deferred ta	ix liability		<u>376,961</u> (879,573)	(2,147,636) 4,780,223	
	Revaluation Reserv	WTO		(8/9,5/3)	4,760,223	
	nevaluation neserv	e-wio		(879,580)	4,784,369	
18.	INSURANCE / REIN	ISURANCE PA	YABLES			
	Due to foreign rein	surers		127,495,229	158,735,455	
	Due to local reinsu			85,377,325	130,310,786	
	Due to other insure	ers		29,988,938	30,376,868	
				242,861,492	319,423,109	
19.	OTHER CREDITOR	S AND ACCRU	ALS			
	Agents commission	n payable		83,990,148	80,450,445	
	Federal excise duty	1		2,198,267	12,101,541	
	Federal insurance f	ee		474,980	862,786	
	Worker's welfare fu	ınd	19.1	12,031,111	6,983,145	
	Accrued expenses			50,855,857	37,277,999	
	Unclaimed insuran		19.2	11,153,403	10,355,113	
	Cash margin again:	st insurance po	licies	5,796,447	3,534,895	
	Others			10,651,722	5,267,680	
				177,151,935	156,833,604	

19.1 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 Lahore High Court, Sindh High Court and Peshawar High Court.

The Honourable Supreme Court of Pakistan vide its judgment dated November 10, 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 November 10, 2016 passed in the Civil Appeal may kindly be reviewed in the interest of justice.

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The Company has obtained legal opinion from its legal counsel who is of the view that considering the review petitions filed before the Supreme Court there is uncertainty involved in the matter and cannot be determined with absolute certainty that the matter has been closed for good. In view of the above, the management has decided not to reverse charge for WWF recorded for the years upto 2013 amounting to Rs. 2.627 million.

19.2 This represents outstanding claims in respect of which cheques have been issued by the Company for claim settlement but the same have not been encashed by the claimant. The following is the ageing as required by SECP circular No. 11 dated May 19, 2014:

	2017	2016	
	(Rupees)		
More than 6 months	11,153,403	10,355,113	
1 to 6 months	51,284,116	42,318,769	

Claims not encashed

		Decembe	er 31, 2017		
		(Age-wise	Breakup)		
1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months	Total
		(Rupe	es)		
51,284,116	3,305,428	133,178	436,400	7,278,397	62,437,519
		Decembe	er 31, 2016		
		(Age-wise	Breakup)		
1 to 6	7 to 12	13 to 24	25 to 36	Beyond 36	Total
months	months	months	months	months	
		(Rup	ees)		
42,318,769	2,441,768	189,209	447,400	7,276,736	52,673,882

20. CONTINGENCIES

Section 113(2)(c) of the Income Tax Ordinance 2001, was interpreted by a Divisional Bench of the Sindh High Court (SHC) in the Income Tax Reference Application (ITRA) No. 132 of 2011 dated 7 May 2013, whereby it was held that the benefit of carry forward of minimum tax is only available in the situation where the actual tax payable (on the basis of net income) in a tax year is less than minimum tax. Therefore, where there is no tax payable, inter alia, due to brought forward tax losses, minimum tax could not be carried forward for adjustment with future tax liability. As per the provisions of Income Tax Ordinance 2001, the Company has minimum tax as at December 31, 2017 of Rs. 15,002,983 which has not been recorded as tax expense.

A leave to appeal against the aforesaid decision has already been filed before the Supreme Court of Pakistan which is pending for hearing. The Company based on tax advisor's advice considers that if tax authorities initiate similar proceedings against the Company, there are reasonable grounds whereby the decision can be challenged before Superior Courts. In view of above, the Company is confident that the ultimate outcome in this regard would be favourable. Hence no provision in this respect has been made in these financial statements.



21.	WINDOW TAKAFUL OPERATIONS OPERATOR'S FUND				Note	December 31, 2017 (Rupe	December 31, 2016
	Assets Cash and bank Investments Current assets - other					45,696,160 1,999,990 53,992,667	2,384,421 21,688,353 46,602,549
	Total assets					101,688,817	70,675,323
	Total liabilities - current					56,236,981	26,033,337
	Profit / (loss) before taxation					1,162,864	(7,771,247)
22.	Details of total assets, total liabilities and December 31, 2017 and 2016. NET INSURANCE PREMIUM Written Gross Premium	d segment disclosure	e of window takaful	operations are sta	ited in the annexed	financial information	for the year ended 2,334,187,303
	Add: Unearned premium reserve opening	9				762,340,868	611,958,587
	Less: Unearned premium reserve closing Premium earned					(1,066,260,912) 2,456,921,866	(762,340,867) 2,183,805,023
	Less: Reinsurance premium ceded					1,614,623,547	1,396,645,254
	Add: Prepaid reinsurance premium op- Less: Prepaid reinsurance premium clo					396,932,945 (566,811,611)	311,190,109 (396,932,944)
	Reinsurance expense	sing				(1,444,744,881)	(1,310,902,419)
						1,012,176,985	872,902,604
23.	NET INSURANCE CLAIMS						
	Claims paid					1,293,601,073	1,387,641,422
	Add: Outstanding claims including IBNR				23.1	1,340,865,701	1,177,704,139
	Less: Outstanding claims including IBNR of Claim expense	opening				(1,177,704,139) 1,456,762,635	(766,835,943) 1,798,509,618
	Less: Reinsurance and other recoveries re Add: Reinsurance and other recoveries in		ling claims - opening	1		(901,668,660) 1,057,413,228	(902,206,095) 614,057,157
	Less: Reinsurance and other recoveries in	respect of outstand		•		(1,192,538,048)	(1,057,413,228)
	Reinsurance and other recoveries revenu	e				(1,036,793,480)	(1,345,562,166)
23.1.	Claim Development					419,969,155	452,947,452
23.1.	The following table shows the developr timings of claims payment is usually res			gross basis. For ea	ach class of busines	s the uncertainty abo	ut the amount and
	Analysis on gross basis						
	Accident year	2013 & Priors	2014	2015 (Rupe	2016	2017	Total
	Estimate of ultimate claims cost:			(
	At end of accident year One year later Two years later	2,462,688,951 3,063,463,863 3,011,792,568	611,464,874 559,599,492	782,611,023 724,907,708 699,990,400	1,825,827,421 1,726,899,944	1,592,214,277	7,274,806,546 6,074,871,007 4,259,922,028
	Three years later	3,007,761,306	548,139,060 543,227,015	099,990,400			3,550,988,321
	Four years later	2,956,997,884					2,956,997,884
	Current estimate of cumulative claims	2,956,997,884	543,227,015	699,990,400	1,726,899,944	1,592,214,277	7,519,329,520
	Cumulative payments made to date Liability recognised in the statement of	(2,893,515,579)	(492,860,507)	(644,394,337)	(1,404,338,161)	(743,355,235)	(6,178,463,819)
	financial position =	63,482,305	50,366,508	55,596,063	322,561,783	848,859,042	1,340,865,701
24.	NET COMMISSION EXPENSE / ACQ	UISITION COSTS				December 31, 2017 (Rupe	December 31, 2016
	Commission paid or payable Add: Deferred commission expense oper	ning.				293,311,267 84,441,012	216,760,164 69,310,634
	Less: Deferred commission expense closi					(122,925,249)	(84,441,011)
	Net Commission					254,827,030	201,629,787
	Less: Commission received or recoverable					(368,671,256)	(289,461,788)
	Add: Unearned reinsurance commission					139,459,237	88,984,496
	Less: Unearned reinsurance commission of Commission from reinsurers	opening				(88,984,496)	(68,912,419) (269,389,711)
	Commission nom remadrers						
						(63,369,485)	(67,759,924)





25.	MANAGEMENT EXPENSES	Note	December 31, 2017 (Rupe	December 31, 2016
	MANAGEMENT EXTENSES		(IIII)	2007
	Employee benefit cost	24.1	161,500,590	117,445,223
	Traveling expense		3,064,092	1,820,146
	Advertisements & sales promotion		13,215,529	14,296
	Printing and stationery		1,723,778	1,021,989
	Depreciation		13,698,603	12,739,257
	Rent, rates and taxes		14,799,309	11,366,763
	Legal and professional charges - business related		3,774,778	2,604,268
	Electricity, gas and water		5,371,919	4,337,149
	Entertainment		1,180,472	1,020,302
	Vehicle running expenses		28,942,198	18,679,744
	Office repairs and maintenance		2,505,661	1,040,228
	Bank charges		100,085	26,796
	Postages, telegrams and telephone		6,506,092	4,804,019
	Annual supervision fee - SECP Service charges		5,401,748	4,604,255
	Tracker charges		13,027,234 66,025,671	7,264,854 48,860,074
	Other expenses		4,652,210	2,464,836
	other expenses		345,489,969	240,114,199
			343,403,303	240,114,133
25.1.	Employee benefit cost			
	Salaries, allowances and other benefits		149,228,954	107,827,080
	Charges for post employment benefit		12,271,636	9,618,143
			161,500,590	117,445,223
26.	INVESTMENT INCOME Available-for-sale			
	Income from equity securities Dividend income		3,781,193	6,103,000
			0.0000000000000000000000000000000000000	
	Income from debt securities			
	Return on government securities		48,683,759	49,480,259
	Return on term finance certificates		3,553,145	7,250,450
	Amortization of discount / (premium) on government		7537.7837.733	
	securities / term finance certificates		(2,528,769)	25,653
			53,489,328	62,859,362
	Income from term deposits			
	Return on term deposits		901,909	_
	netalli oli telli deposits		301,303	
	Net Realised gains on investments			
	- Equity securities		8,299,051	17,157,775
	Total investment income		62,690,288	80,017,137
	Less: Impairment in value of available for			
	sale securities- equity securities		(18,575,175)	(6,025,040)
	Net investment income		44,115,113	73,992,097
27.	OTHER INCOME			
	Return on bank balances		3,644,774	2,760,980
	Gain / (loss) on sale of fixed assets		2,119,055	(299,327)
	Miscellaneous income		408,889	793,852
			6,172,718	3,255,505
			2,112,110	-,_55,555



20	OTHER PURPLET	Mata	December 31, 2017	December 31,
28.	OTHER EXPENSES	Note	(Rupe	2016 es)
	Legal and professional fee other than business related		1,397,692	1,701,258
	Auditors' remuneration	27.1	1,667,859	2,221,950
	Workers' Welfare Fund		5,047,966	4,131,802
	Salaries and benefits		53,307,553	48,593,904
	Rent, rates and taxes		9,978,705	8,661,780
	Communication		6,335,636	5,532,674
	Vehicle running and maintenance		6,280,608	7,344,912
	Depreciation expense		10,546,735	9,537,120
	Amortisation		918,493	330,829
	Office expense		29,565,472	21,518,117
	Provision against doubtful debts			313,083
			125,046,719	109,887,429
28.1.	Auditors' remuneration			
	Audit fee		491,600	445,200
	Half yearly review fee		226,800	222,600
	Other certificates		766,800	1,388,600
	Out of pocket expenses		182,659	165,550
			1,667,859	2,221,950
29.	TAXATION			
	For the year			
	Current year		(84,913,453)	(63,814,796)
	Deferred		4,537,660	4,128,471
			(80,375,793)	(59,686,325)
29.1.	Relationship between tax expense and accounting profit			
	Profit before taxation for the year		247,371,296	196,282,821
	Tax at the applicable rate of 30% (2016: 31%)		74,211,389	60,847,675
	Tax effect of change in tax rate		442,441	137,616
	Tax effect of permanent difference		308,818	149,109
	Tax effect of impairment loss subject to separate rate of tax		10000	(1,434,205)
	Tax effect of long outstanding liabilities		2,183,519	-
	Others		3,229,626	(13,870)
			80,375,793	59,686,325
29.2.	The assessment of the Company upto and including tax year 2016 have been finalized (the Ordinance) which is subject to audit under section 177 of the Ordinance.	under section 120	of the Income Tax O	rdinance, 2001
30.	TAXATION - PAYMENTS LESS PROVISION			
	Balance as at January 1,		8,452,009	(296,923)
	Tax paid including deducted at source		79,110,406	74,972,814
	Workers Welfare Fund		-	-
	Provision for taxation - Takaful		348,860	(2,409,086)
	Provision for taxation		(84,913,453)	(63,814,796)
	Balance as at December 31,		2,997,822	8,452,009
31.	EARNINGS PER SHARE			
	The Company's earnings per share has been calculated based on the following:		2017	2016
			(Rupe	es)
	Profit after tax for the year		166,995,503	136,596,496
			(Number of	shares)
	Weighted average number of ordinary shares of Rs. 10 each		115,217,391	115,217,391
			(Rupe	es)
	Earnings per share - basic and diluted		1.45	1.19
31.1.	No figure for diluted earnings per share has been presented as the Company has not issued	any instrument whi	ch would have an imp	oact on earnings

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per share when exercised.



32 COMPENSATION OF DIRECTORS AND EXECUTIVES

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

					Executive	es / key		
	Chief executive		Dire	Directors management person		nt personnel	onnel Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	(Rupees)		(Rupees)		(Rup	oees)	(R upees)	
Fees =							-	-
Managerial remuneration	6,342,852	4,800,000	548,568	508,571	42,488,455	29,294,208	49,379,875	34,602,779
Bonus	5,000,000	5,000,000	250,000	200,000	9,457,558	4,697,433	14,707,558	9,897,433
House rent allowance	2,854,284	2,160,000	246,852	228,857	19,119,833	13,182,395	22,220,969	15,571,252
Utilities	1,268,568	960,000	109,716	50,857	9,607,753	6,476,178	10,986,037	7,487,035
Medical	634,284	480,000	54,852	101,714	4,910,698	3,499,020	5,599,834	4,080,734
Retirement Benefits	924,996	933,333	-	-	5,829,613	5,424,119	6,754,609	6,357,452
Fuel	432,000	384,000	-	-	8,714,750	6,005,560	9,146,750	6,389,560
Cell Allowance	60,000	48,000	30,000	-	1,184,471	865,650	1,274,471	913,650
Car maintenance allowance	-	-	-	-	4,390,806	3,139,333	4,390,806	3,139,333
Driver Salary	207,500	207,500	-	-	2,066,129	1,740,000	2,273,629	1,947,500
Guard Salary	360,000	323,000	-	-	-	-	360,000	323,000
Others	435,000	214,251	-	-	666,324	481,738	1,101,324	695,989
_	18,519,484	15,510,084	1,239,988	1,089,999	108,436,390	74,805,634	128,195,862	91,405,717
Number of persons	1	1	7	7	46	29	54	37

33. TRANSACTIONS WITH RELATED PARTIES

33.1 Related parties of the Company comprise of holding company, associated companies, companies with common directors, major shareholders, staff retirement funds, directors and key management personnel. Transaction with related parties are carried out at commercial terms and conditions except for compensation to key management personnel which are on employment terms.

Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial information are as follows:

	D	D
Turner stimes and belonger with valeted a suite	December 31,	December 31,
Transactions and balances with related parties	2017 (Bund	2016
Transactions during the period with related parties	(Rupe	ees)
Premium underwritten	421,277,236	223,627,801
Insurance claims expense	338,837,611	192,062,232
Bank charges	3,341,638	2,882,342
Profit on bank accounts	3,730,653	3,125,354
Internal audit fees	400,000	350,000
Balances with related parties		
Bank balances	23,049,310	29,258,125
Premium due but unpaid	60,343,824	29,644,733
Profit receivable on bank accounts	103,448	93,409
Claim Outstanding	185,887,820	204,515,618
Internal audit fee payable	100,000	-
Communication charges payable	7,548,000	7,548,000
Transactions during the period with other related parties		
Contribution to the provident fund	6,934,672	5,229,661
Contribution to the gratuity fund	5,336,964	4,388,482





34.	NT INFORMATION

SEGMENT INFORMATION			Forthe	rear ended Decembe	or 21 2017		
	Fire & property	Marine, aviation & transport	Motor	Bankers blanket	Health	Other classes	2017 Aggregate
Premium receivable (inclusive of Federal excise duty and Federal				(Rupees)			
insurance fee and Administrative surcharge) Less: Federal excise duty Less: Federal insurance fee	878,334,320 (107 310 845) (7 388 476)	269,859,515 (28,104,151) (2,382,137)	896,635,112 (105,871,012) (7,756,057)	219,608,765 (25,793,338) (1,919,066)	418,599,450 (4,054,319) (4,104,448)	422,521,736 (46,371,463) (3,661,676)	3,105,558,898 (317,505,128) (27,211,860)
Gross written premium (inclusive of Administrative surcharge) Gross direct premium Administrative surcharde Administrative surcharde	763,634,999 719,893,290 35,693,137 8,048,572	239,373,227 230,362,147 2,796,829 6,214,251	783,008,043 745,072,663 14,845,047 23,090,333	191,896,361 191,885,730 - 10,631	410,440,683 410,278,578 - 162,105	372,488,597 357,309,819 10,688,825 4,489,953	2,760,841,910 2,654,802,227 64,023,838 42,015,845
Insurance premium earned	697,367,515	254,116,041	662,430,496	195,481,849	315,070,943	332,455,022	2,456,921,866
Insurance premium ceded to reinsurers	(555 267 006)	(191,855,368)	(59,557,310)	(165,529,014)	(210,664,282)	(261,871,901)	(1,444,744,881)
Net insurance premium	142,100,509	62,260,673	602,873,186	29,952,835	104,406,661	70,583,121	1,012,176,985
Net commission	9,467,243	8,006,248	(41,942,295)	31,008,675	28,813,681	28,015,933	63,369,485
Net underwriting income	151,567,752	70,266,921	560,930,891	60,961,510	133,220,342	98,599,054	1,075,546,470
Insurance claims Insurance claims recovered from reinsurers	(330,777,712) 296,690,483	(243,093,648) 222,468,685	(395,681,460) 102,794,057	(41,122,856) 38,687,788	(305,421,501) 236,166,147	(140,665,458) 139,986,320	(1,456,762,635) 1,036,793,480
Net claims	(34,087,229)	(20,624,963)	(292,887,403)	(2,435,068)	(69,255,354)	(679,138)	(419,969,155)
Expenses	(77,308,906)	(24,232,401)	(145,258,226)	(19,425,050)	(41,561,223)	(37,704,163)	(345,489,969)
Reversal of premium deficiency reserve)=1	-			10,885,862	(5,888)	10,879,974
Underwriting result	40,171,617	25,409,557	122,785,262	39,101,392	33,289,627	60,209,865	320,967,320
Investment income Other income other expenses Profit from Window takaful operations - net off tax Profit before tax							44,115,113 6,172,718 (125,046,719) 1,162,864 (73,596,024)
Segment assets	836,872,279	262,330,588	858,103,317	210,300,399	449,804,462	408,212,539	247,371,296 3,025,623,584
Unallocated assets	030,072,279	202,330,388	838,103,317	210,300,399	445,604,402	400,212,339	1,153,493,588 4,179,117,172
Segment liabilities Unallocated liabilities	794,785,841	249,137,941	814,949,166	199,724,359	427,183,725	387,683,466	2,873,464,498 154,893,518 3,028,358,016
	Fire	Marine,	For the Motor	year ended Decembe Bankers	er 31, 2016 Health	Other	2016
	& property	aviation & transport	Motor	blanket	Health	classes	A ggregate
Premium receivable (inclusive of				- (Rupees)			
Federal excise duty and Federal insurance fee and Administrative surcharge) Less: Federal excise duty Less: Federal insurance fee	698,088,228 (89,760,659) (6,027,066)	214,784,557 (22,185,011) (1,904,724)	652,751,629 (78,730,171) (5,597,902)	181,483,862 (22,384,085) (1,575,265)	499,536,570 (9,010,527) (5,137,744)	376,155,088 (43,083,703) (3,215,774)	2,622,799,934 (265,154,156) (23,458,475)
Gross written premium (inclusive of							
Administrative surcharge) Gross direct premium Facultative inward premium	588,791,529 7,997,764	190,694,822 185,085,281 563,604	568,423,556 540,418,100 12,305,555	157,524,512 157,513,487	485,388,299 485,273,979	329,855,611 315,122,232 11,192,821	2,334,187,303 2,272,204,608 32,059,744
Administrative surcharge	5,511,210	5,045,937	15,699,901	11,025	114,320	3,540,558	29,922,951
Insurance premium earned	579,904,982	175,673,270	516,681,775	169,880,612	427,961,093	313,703,290	2,183,805,022
Insurance premium ceded to reinsurers	(477,780,043)	(132,638,901)	(24,542,351)	(149,978,267)	(258,956,828)	(267,006,028)	(1,310,902,418)
Net insurance premium	102,124,939	43,034,369	492,139,424	19,902,345	169,004,265	46,697,262	872,902,604
Net commission Net underwriting income	116,151,229	8,134,647 51,169,016	<u>(41,648,207)</u> 450,491,217	19,558,478 39,460,823	38,769,072 207,773,337	28,919,644 75,616,906	940,662,528
Insurance claims Insurance claims recovered from reinsurers	(335,883,998) 307,216,633	(56,303,540) 48,439,876	(183,772,531) 38,103,609	(179,419,692) 176,917,638	(646,054,675) 390,983,247	(397,075,183) 383,901,163	(1,798,509,619) 1,345,562,166
Net claims	(28,667,365)	(7,863,664)	(145,668,922)	(2,502,054)	(255,071,428)	(13,174,020)	(452,947,452)
Expenses	(35,964,392)	(11,386,714)	(84,309,485)	(9,406,058)	(79,351,307)	(19,696,243)	(240,114,199)
Premium deficiency expense	-	121		-	(10,858,854)	(48,128)	(10,906,982)
Underwriting result	51,519,472	31,918,638	220,512,810	27,552,711	(137,508,252)	42,698,515	236,693,894
Investment income Other income other expenses Loss from Window takaful operations - net off tax							73,992,097 3,255,505 (109,887,428) (7,771,247) (40,411,073)
Profit before tax							196,282,821
Segment assets Unallocated assets	664,754,345	210,468,381	627,364,624	173,858,569	535,719,262	364,059,054	2,576,224,235 960,389,906 3,536,614,141
Segment liabilities Unallocated liabilities	629,554,797	199,323,825	594,144,907	164,652,547	507,352,278	344,781,684	2,439,810,038 104,718,119 2,544,528,157

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MOVEMENT IN INVESTMENT - Available-for-sale	(Rupees)
At beginning of previous year	847,378,808
Additions	3,400,506,263
Disposal (sale and redemptions)	(3,475,720,957)
Fair value net gains (excluding net realised gains)	6,927,859
Amortization of discount / (premium)	11,316,813
Impairment losses	(6,025,040)
At beginning of current year	784,383,746
Additions	3,688,705,248
Disposal (sale and redemptions)	(3,602,912,068)
Fair value net gains	
(excluding net realised gains)	(8,184,394)
A mortization of discount / (premium)	20,277,603
Impairment losses	(18,575,175)
At end of current year	863,694,960

36. MANAGEMENT OF INSURANCE AND FINANCIAL RISK

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

36.1. Insurance risk management

Insurance risk

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

The Company accepts insurance through issuance of general insurance contracts. For these general insurance contracts the most significant risks arise from fire, atmospheric disturbance, earthquakes, transit, theft, third party liabilities and other catastrophes. For health insurance contracts significant risks arise from epidemics.

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



(a) Frequency and severity of claims

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

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

(b) Uncertainty in the estimation of future claim payments

Claims on general insurance contracts are payable on a claim occurrence basis. The Company is liable for all insured events as per terms and condition of the insurance contract.

An estimated amount of the claim is recorded immediately on the intimation to the Company. The estimation of the amount is based on management judgement or preliminary assessment by the independence surveyor appointed for the purpose. The initial estimates include expected settlement cost of the claims. Provision for IBNR is recorded based on the advice of the actuary.

There are several variable factors which affect the amount and timing of recognised claim liabilities. The Company takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be different from initial recognised amount. Similarly, the provision for claims incurred but not reported is based on historic reporting pattern of the claims other than exceptional losses. Hence, actual amount of incurred but not reported claims may differ from the amounts estimated.

(c) Key assumptions

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

(d) Changes in assumptions

The Company did not change its assumptions for the insurance contracts as disclosed in above (b) and (c).



(e) Sensitivity analysis

The insurance claim liabilities are sensitive to the incidence of insured events and severity / size of claims. The impact of 10% increase / decrease in incidence of insured events on gross claim liabilities, underwriting results, net claim liabilities, profit before tax and shareholder's equity is as follows:

Average claim cost	Underwrit	ing results	Shareholder's equity			
	December 31,	December 31,	December 31,	December 31,		
	2017	2016	2017	2016		
		(Rupe	es)			
Fire and property	2,866,737	2,866,737	2,006,716	1,978,049		
Marine and transport	786,366	786,366	550,456	542,593		
Motor	14,566,892	14,566,892	10,196,824	10,051,155		
Health Insurance	25,507,143	25,507,143	17,855,000	17,599,929		
Banker's blanket	250,205	250,205	175,144	172,641		
Others	1,317,402	1,317,402	922,181	909,007		
	45,294,745	45,294,745	31,706,321	31,253,374		

Concentration of risk

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

Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated with the commercial/ industrial/ residential occupation of the insured. Details regarding the fire separation/ segregation with respect to the manufacturing process, storage, utilities, etc. are extracted form the layout plan of the insured facility. Such details are formed part of the reports which are made available to the underwriters/ reinsurance personnel for their evaluation. Reference is made to the standard construction specification as laid down by IAP (Insurance Association of Pakistan). For instance, the presence of perfect party walls, double fire proof iron doors, physical separation between the building within a insured's premises. It is basically the property contained within an area which is separated by another property by sufficient distance to confine insured damage from uncontrolled fire and explosion under the most adverse conditions to that one area.

The ability to manage catastrophic risk is tied managing the density of risk within a particular area. For catastrophic aggregates, the system assigns precise geographic CRESTA (Catastrophe Risk Evaluating and standardising Target Accumulations) codes with reference to the accumulation of sum insured in force at any particular location against natural perils.

For marine risks, complete underwriting details such as sums insured, mode of transport (air / inland transit), vessel identification, sailing dates, origin and destination of the shipments, per carry limits, accumulation of sum insured on a single voyage etc. are taken into consideration.

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A number of proportional and non-proportional reinsurance arrangements are in place to protect the net account. Apart from the adequate event limit which is a multiple of the treaty capacity or the primary recovery from the proportional treaty, any loss over and above the said limit would be recovered from the non-proportional treaty which is very much in line with the risk management philosophy of the Company.

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

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

	Gross sum insured		Reinsu	ırance	Net				
	2017	2016	2017	2016	2017	2016			
	(Rupees)								
Fire and property	10,630,110,219	18,067,355,140	10,622,610,219	18,059,855,140	7,500,000	7,500,000			
Marine and transport	2,364,469,920	524,860,135	2,356,969,920	514,362,932	7,500,000	10,497,203			
Motor	34,070,000	35,829,000	29,070,000	30,829,000	5,000,000	5,000,000			
Banker's blanket	1,500,000,000	1,500,000,000	1,470,000,000	1,492,500,000	30,000,000	7,500,000			
Health	870,000	750,000	609,000	525,000.00	261,000	225,000			
Other classes	37,704,200,000	36,506,610	37,696,700,000	29,205,288	7,500,000	7,301,322			
	52,233,720,139	20,165,300,885	52,175,959,139	20,127,277,360	57,761,000	38,023,525			

Claims development table

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

Analysis on gross basis

Accident year	2013 & prior years	2014	2015	2016	2017	Total
			(Rupee	s)		
Estimate of ultimate clair	ns cost:					
At end of accident year	2,462,688,951	611,464,874	782,611,023	1,825,827,421	1,592,214,277	7,274,806,546
One year later	3,063,463,863	559,599,492	724,907,708	1,726,899,944	-	6,074,871,007
Two years later	3,011,792,568	548,139,060	699,990,400	-	-	4,259,922,028
Three years later	3,007,761,306	543,227,015	-	-	-	3,550,988,321
Four years later	2,956,997,884	-	-	-	-	2,956,997,884
Estimate of cumulative						
claims	2,956,997,884	543,227,015	699,990,400	1,726,899,944	1,592,214,277	7,519,329,520
Cumulative payment						
made to date	(2,893,515,579)	(492,860,507)	(644,394,337)	(1,404,338,161)	(743,355,235)	(6,178,463,819)
Liability for outstanding			"			
claims	63,482,305	50,366,508	55,596,063	322,561,783	848,859,042	1,340,865,701

36.2 Financial risk management

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

- Financial risk
- Credit risk
- Liquidity risk
- Market risk

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36.2.1 Financial risk

Maturity profile of financial assets and liabilities:

				Decen	nber 31, 2017			
	Profit rate	Profit rate Profit / mark-up bearing financial instruments			Non profit / mark-up bearing financial instruments			
	% per annum	Maturity upto one year	Maturity over one to five year	Sub total	Maturity upto one year	Maturity over one to five year	Sub total	Total
Financial assets				(Rupees)			
Cash and bank	3.75 - 7.00	69,937,944		69,937,944	16,111,529		16,111,529	86,049,473
Investments	5.99 - 7.0	568,054,989	241,664,477	809,719,466	53,975,494	-	53,975,494	863,694,960
Loans and other receivables		-	-	-	13,541,067	17,128,309	30,669,376	30,669,376
Insurance / reinsurance receivables Reinsurance recoveries against			•		1,058,833,370	-	1,058,833,370	1,058,833,370
Outstanding claims		-	-	-	1,178,125,015	-	1,178,125,015	1,178,125,015
		637,992,933	241,664,477	879,657,410	2,320,586,475	17,128,309	2,337,714,784	3,217,372,194
Financial liabilities								
Underwriting Provision for outstanding	ng							
Claims including IBNR		-	-	-	1,340,865,701	-2	1,340,865,701	1,340,865,701
Insurance / reinsurance payables		-	-	-	242,861,492	-	242,861,492	242,861,492
Other creditors and accruals		-	-	-	165,120,824	-	165,120,824	165,120,824
		-	-	-	1,748,848,017	-	1,748,848,017	1,748,848,017
Interest rate risk sensitivity gap		637,992,933	241,664,477	879,657,410				
Cumulative interest rate risk sensitivit	y gap	637,992,933	879,657,410					



	December 31, 2016								
	Profit rate -	rate - Profit / mark-up bearing financial instruments Non profit / mark-up bearing financial instruments				ancial instruments			
	% per annum	Maturity upto one year	Maturity over one to five year	Sub total	Maturity upto one year	Maturity over one to five year	Sub total	Total	
-					(Rupees)				
Financial assets									
Cash and bank	5.0 - 6	7,660,873	-	7,660,873	22,011,608	-	22,011,608	29,672,481	
Investments	5.86 - 15.0	544,477,390	-	544,477,390	239,906,356		239,906,356	784,383,746	
Loans and other receivables		12	-	2	18,687,887	14,380,461	33,068,348	33,068,348	
Insurance / reinsurance receivables Reinsurance recoveries against		-	-	-	954,871,649	-	954,871,649	954,871,649	
Outstanding claims		-	-	-	1,052,577,459	-	1,052,577,459	1,052,577,459	
		552,138,263	-	552,138,263	2,288,054,959	14,380,461	2,302,435,420	2,854,573,683	
Financial liabilities									
Underwriting Provision for outstandi	ng								
Claims including IBNR		-	-	-	1,177,704,139	-	1,177,704,139	1,177,704,139	
Insurance / reinsurance payables			-	-	319,423,109	-	319,423,109	319,423,109	
Other creditors and accruals		-	-	-	149,850,459	-	149,850,459	149,850,459	
		-	-	-	1,646,977,707	-	1,646,977,707	1,646,977,707	
Interest rate risk sensitivity gap		552,138,263	2=3	552,138,263					
Cumulative interest rate risk sensitivi	ty gap	552,138,263	552,138,263						

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a) Sensitivity analysis- interest rate risk

a.1) Fair value sensitivity analysis for fixed rate instruments

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

a.2) Cash flow sensitivity analysis for variable rate instruments

The Company is exposed to cash flow interest rate risk in respect of its balances with profit and loss sharing account with banks and term finance certificates. A change of 100 basis points in interest rates at the year end would not have material impact on profit for the year and equity of the Company.

b) Sensitivity analysis- equity risk

Equity price risk is the risk of changes in the fair value of equity securities as the result of changes in the levels of KSE-100 Index and the value of individual shares. The equity price risk exposure arises from the Company's investments in equity securities and units of mutual funds. This arises from investments held by the Company for which prices in the future are uncertain. The Company policy is to manage price risk through diversification and selection of securities within specified limits set by the management.

The Management monitors the fluctuations of prices of equity securities on regular basis. The Company also has necessary skills for monitoring and managing the equity portfolio in line with fluctuations of the market.

Market prices are subject to fluctuation and consequently the amount realised in the subsequent sale of an investment may significantly differ from the reported market value. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

36.3 Credit risk

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

36.3.1 Exposure to credit risk

Credit risk of the Company arises principally from the balances with banks, loans to employees, investments (except for investment in government securities, units of mutual funds and listed equity shares), premium due but unpaid, amount due from other insurers / reinsurers, reinsurance and other recoveries against outstanding claims and sundry receivable. To reduce the credit risk the management continuously reviews and monitors the credit exposure towards the policyholders and other insurers / reinsurers and makes provision against those balances considered doubtful of recovery.

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

	Note	December 31, 2017		December 31, 2016	
		Balance as per the financial statement	Maximum exposure	Balance as per the financial statement	Maximum exposure
			(Rup	ees)	
Cash and bank	15	84,978,439	84,978,439	29,672,481	29,672,481
Investments	10	863,694,960	863,694,960	1,867,696	1,867,696
Loans and other receivables	7	30,669,376	30,669,376	777,455,887	48,723,815
Insurance / reinsurance receivables Reinsurance recoveries against	11	1,058,833,370	1,058,833,370	509,634,413	509,634,413
outstanding claims	11	1,178,125,015	1,178,125,015	445,237,236	445,237,236
		3,216,301,160	3,216,301,160	1,763,867,713	1,035,135,641

Differences in the balances as per financial statements and maximum exposure in investments is due to investments in government securities of Rs. 720.790 million (2016: Rs. 488.931 million) which are not exposed to credit risk.



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

	Rating Short term Long term		Rating	2017	2016
			Agency	(Rupee	s)
United Bank Limited	A-1+	AAA	JCR-VIS	22,696,777	28,921,077
Summit Bank Limited	A-1	A-	JCR-VIS	59,607,879	414,355
Telenor Microfinance Bank	A-1	A+	JCR-VIS	2,321,250	-
Khushhali Bank Limited	A-1	A+	JCR-VIS	352,533	337,049
			_	84,978,439	29,672,481

The credit quality of Company's exposure in Term finance certificates are disclosed in note 8.3 of the financial statements. The management monitors exposure to credit risk in premium receivable from customers through regular review of credit exposure and prudent estimates of provisions for doubtful receivables as disclosed in note 18 to the financial statements.

Concentration of credit risk

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

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

	December 31	, 2017	December	31, 2016
	(Rupees)	%	(Rupees)	%
Automobiles	248,367,967	38.93	106,522,042	20.90
Banks, Modaraba and leasing	133,038,414	20.85	131,757,239	25.85
Textile and composite	52,843,112	8.28	85,476,691	16.77
Sugar Mills	532,742	0.08	718,215	0.14
Chemicals and allied industries	104,117,377	16.32	778,698	0.15
Warehouses and godowns	13,148,821	2.06	-	0.00
Glass, Ceramics and tiles	600	0.00	1,904,425	0.37
Food and confectionary	25,620,421	4.02	14,524,103	2.85
Fuel and energy	9,216,078	1.44	14,414,306	2.83
Pharmaceutical	5,260,327	0.82	2,505,081	0.49
Telecommunication	11,483,814	1.80	123,753,530	24.28
Others	34,405,875	5.39	27,280,083	5.35
	638,035,548	100	509,634,413	100

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

	December :	December	31, 2016				
	Gross	Impairment	Gross	Impairment			
	(Rupees)						
Upto 1 year	538,051,656		451,437,469	-			
1-2 years	78,707,747	-	52,762,508	1-			
2-3 years	21,276,145	-	5,434,436	-			
Over 3 years	-		-	-			
Total	638,035,548		509,634,413	7-2			

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

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	Amount due from other insurers / reinsurers	Reinsurance and other recoveries against outstanding claims	Prepaid reinsurance premium ceded (Rupees)	2017	2016
A or above (including PRCL)	419,576,342	1,178,125,015	566,811,611	2,164,512,968	1,888,913,511
BBB	49,064	-	-	49,064	208,679
Others	1,172,416	-	-	1,172,416	5,625,449
	420,797,822	1,178,125,015	566,811,611	2,165,734,448	1,894,747,639

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

	2017	7	2016				
	Gross	Impairment	Gross	Impairment			
		(Rupees)					
Upto 1 year	359,360,924	-	396,253,906	-			
1-2 years	48,495,358	-	47,319,899	-			
Over 2-3years	12,941,540	-	1,976,514	-			
Over 3 years	Ξ.	_	313,083	313,083			
	420,797,822	-	445,863,402	313,083			

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

	2017	2017		
	Gross	Impairment (Rup	Gross	Impairment
Up to 1 year	576,986,540		479,749,122	
1-2 years	309,294,888	-	392,247,387	-
Over 2 years	306,256,619	-	180,580,950	-
	1,192,538,047	-	1,052,577,459	-

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

36.3.2 Liquidity risk

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

The following are the contractual maturities of financial liabilities:	Carrying	Amount
	2017	2016
	(Rupe	ees)
Non-Derivative Financial liabilities		
Underwriting Provision for outstanding		
claims including IBNR	1,340,865,701	1,177,704,139
Insurance / reinsurance payables	242,861,492	319,423,109
Other creditors and accruals	165,120,824	149,850,459
	1.748.848.017	1.646.977.707

The carrying amounts represent contractual cash flows maturing within one year.

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36.3.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices may affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All transactions are carried in Pak Rupees therefore, the Company is not exposed to currency risk. However, the Company is exposed to interest rate risk and other price risk.

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

The Company is exposed to cash flow interest rate risk in respect of its balances with profit and loss sharing account with banks and term finance certificates. A change of 100 basis points in interest rates at the year end would not have material impact on profit for the year and equity of the Company.

36.3.4 Foreign Currency risk

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

Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

36.4 Capital Management Policies And Procedures

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company currently meets the minimum paid-up capital requirement i.e., Rs. 500 million as required by the Securities and Exchange Commission of Pakistan.

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37. FAIR VALUE 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.

On balance sheet financial instruments					December 31	, 2017			
								Fair value	
	Fair value through profit or loss	Available-for- sale	Held to maturity	Loans and Other Receivable	Other financial liabilities	al Total	Level 1	Level 2	Level 3
	profit or loss			Neceivable	(Rupees	;)			
Financial assets measured at fair value						•			
- Investments									
Ordinary shares of quoted companies	-	40,038,366	-	1 *	-	40,038,366	40,038,366		
Units of open end mutual funds	-	13,789,310	-	-	-	13,789,310		13,789,310	
Term finance certificates	-	-	2	2	-	-			
Government Securities	-	720,790,188	-		-	720,790,188		719,385,835	
Financial assets not measured at fair value									
Investment in term deposit **	-	-	-	90,333,631	-	90,333,631			
Cash and Bank **	-	-	-	86,049,473	-	86,049,473			
Loans and other receivables **	-	-	-	30,669,376	-	30,669,376			
Insurance / reinsurance receivables **	1.0	-	-	1,058,833,370	-	1,058,833,370			
Reinsurance recoveries against									
Outstanding claims **	-	-	-	1,178,125,015	-	1,178,125,015			
Total Assets of Windows Takaful									
Operations - Operator's Fund									
Investments	-	1,999,990	-	-	-	1,999,990	1,999,990		
Other than investments **	-	_	-	99,688,827	-	99,688,827			
Code and a contract of a social and recognized and the contract of the code of	(-)	776,617,854		2,543,699,692	•	3,320,317,546			
Financial liabilities not measured at fair value									
Underwriting Provision for outstanding									
Claims including IBNR **	120	2	_	2	1,340,865,701	1,340,865,701			
Insurance / reinsurance payables **	-	-	-	1.5	242,861,492	242,861,492			
Other creditors and accruals **	-	-	-	-	165,120,824	165,120,824			
Total liabilities of Window Takaful									
Operations-Operator's Fund **	-	-	-	-	56,236,981	56,236,981			
extremely and the second secon	-	-	-	1.9	1,805,084,998	1,805,084,998			





On balance sheet financial instruments					December 31,	2016			
								Fair value	
	Fair value	Available for	Held to	Loans and	Other financial	Total	Level 1	Level 2	Level 3
	through	sale	maturity	Other	liabilities				
	profit or loss			Receivable	(Rupe	05)			
Financial assets not measured at fair value					(Nuper				
Ordinary shares of quoted companies	-	58,613,540	-	-	-	58,613,540	58,613,540		
Units of open end mutual funds	-	181,187,827	-	-	-	181,187,827		181,187,827	
Term finance certificates	-	48,723,815	-	-	-	48,723,815		48,723,815	
Government Securities	-	488,930,705	-	-	-	488,930,705		488,930,705	
Financial assets not measured at fair value									
Cash and bank **	-	-	-	29,672,481	-	29,672,481			
Loans and other receivables **	-	-	-	33,068,348	-	33,068,348			
Insurance / reinsurance receivables **	-	-	-	954,871,649	-	954,871,649			
Reinsurance recoveries against	-	-	-	-	-	-			
Outstanding claims **	-	-	-	1,052,577,459	-	1,052,577,459			
Total Assets of Windows Takaful									
Operations - Operator's Fund									
Investments	-	21,688,353	-	-	-	21,688,353	21,688,353		
Other than investments **	-	=	-	40,050,669	-	40,050,669			
	-	799,144,240	-	2,110,240,606	-	2,909,384,846			
Financial liabilities not measured at fair value									
Underwriting Provision for outstanding									
Claims including IBNR **	-	-	-	-	1,177,704,139	1,177,704,139			
Insurance / reinsurance payables **	-	-	-	-	319,423,109	319,423,109			
Other creditors and accruals **	-	-	-	-	149,850,459	149,850,459			
Total liabilities of Window Takaful									
Operations-Operator's Fund **		-	-	-	9,755,225	9,755,225			
	-	-	-	-	1,656,732,932	1,656,732,932			

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

Fair value measurement of traded investments, debt and government securities are disclosed in the relevant notes. Other financial liabilities are based on the present value of expected payment, discounted using a risk adjusted discount rate.

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The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs use 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 input 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 input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

38. PROVIDENT FUND

The following is based on un-audited financial statements for the year ended December 31, 2017 and audited financial statement for the year ended December 31, 2016:

	2017	2016	
	(Rupees)		
Size of the fund - net assets	70,912,336	54,626,113	
Cost of investments	67,941,067	50,069,222	
Percentage of investments made	95.81%	91.66%	
Fair value of investments	67,938,114	50,476,498	

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

	2017	2016	2017	2016
	Per	Percentage		es)
Bank balances	11.8%	2.9%	8,000,516	1,477,201
Pakistan investment bonds	0.0%	34.6%	-	17,469,041
Market treasury bills	28.6%	25.8%	19,437,598	13,005,355
Term deposits	59.6%	26.9%	40,500,000	13,600,000
Units of open ended mutual funds	0.0%	9.8%		4,924,901
_	100.0%	100.0%	67,938,114	50,476,498

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

39. NUMBER OF EMPLOYEES

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

	2017	2016		
	(Number)			
At the year end	339	272		
Average during the year	309	262		

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40. CORRESPONDING FIGURES

During the year the SECP vide SRO 89(I)/2017 dated 9th February, 2017 has issued Insurance Rules, 2017 (the Rules), which requires every insurer to prepare their financial statements as per the presentation and disclosure requirement prescribed in the format, in view of the applicability of the Rules, the Company has changed the presentation and disclosures of the financial statements and recorded its investments as per IAS 39, which was further explained in note 3.1.1 and 3.1.2.

41. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors in their meeting held on 08 February, 2018.

42. GENERAL

Figures have been rounded off to the nearest Rupee unless otherwise stated.

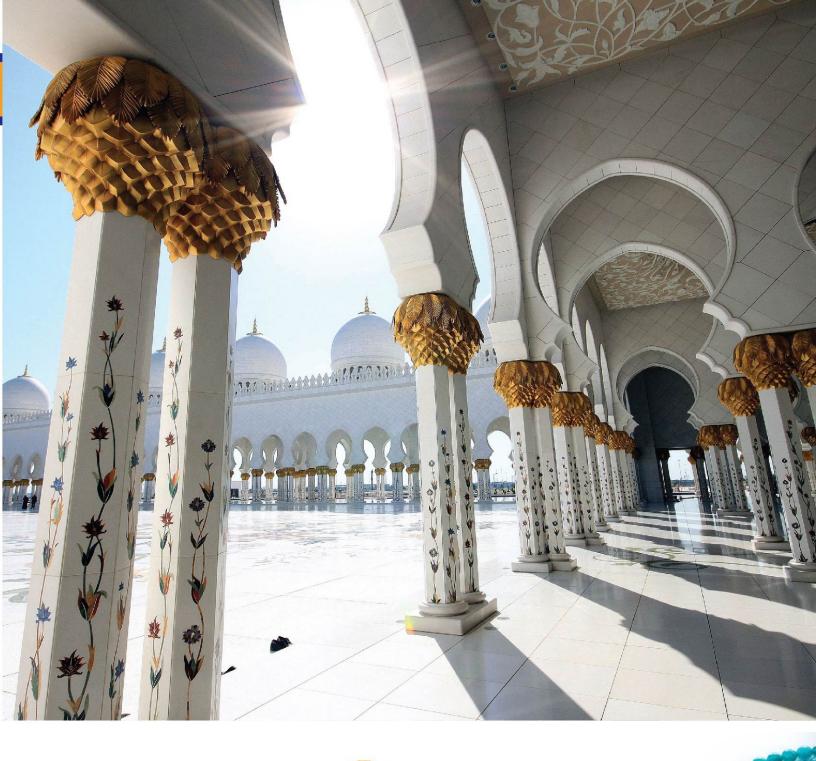
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Chief Executive Officer

Labor Mingon

Director

Director









Auditors' Report to the Members



Auditors' Report to the Members

We have audited the annexed statement of financial position of **UBL Insurers Limited Window Takaful Operations** ("the Company") as at 31 December 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in fund together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present above said statements in conformity with the approved accounting standards and the requirements of the Insurance Ordinance 20,00 (XXXIX of 2000) and the repealed Companies Ordinance, 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. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on atest basis, evidence supporting the amounts and disclosures in above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of accounts have been kept by the Company as required by the repealed Companies Ordinance, 1984;
- b) in our opinion:
 - i. the statement of financial position and profit and loss account together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 (XXXIX of 2000) and the repealed Companies Ordinance, 1984 and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied except as disclosed in note 3.1 of the financial statements, with which we concur;

Auditors' Report to the Members



- ii. the expenditure incurred during the year was for the purpose of the Company's business; and
- iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in fund together with the notes forming part thereof confirm with approved accounting standards as applicable in Pakistan, and give the information required by the Insurance Ordinance, 2000 (XXXIX of 2000) and the repealed Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of the profit, its cash flows and changes in fund for the year then ended; and

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Date: 08th February 2018

Karachi

KPMG Taseer Hadi & Co. Chartered Accountants Muhammad Taufiq

KAMB Tasces Hade St.

Statement of Financial Position

As at December 31, 2017



UBL Insurers Limited - Window Takaful Operations Statement of Financial Position

As at December 31, 2017

		2017			2016
	Note	Operator's Fund	Participants' Takaful Fund	Aggregate	Aggregate (Restated)
			(Rupe	es)	
Assets					
Investments					
Equity securities	5	1,999,990	9,018,868	11,018,858	48,521,752
Wakala and Mudarib fee receivable	6	29,309,996	-	29,309,996	32,666,248
Takaful / retakaful receivables	7	-	103,303,793	103,303,793	42,096,410
Retakaful recoveries against outstanding claims		-	20,421,877	20,421,877	5,202,940
Salvage recoveries accrued		-	935,170	935,170	799,160
Qard-e-Hasna		5,000,000	-	5,000,000	5,000,000
Deferred Commission Expense / Acquisition cost		15,478,863	-	15,478,863	6,473,545
Deferred taxation		3	-	3	-
Taxation - payment less provisions		4,203,805	46,734	4,250,539	2,474,937
Prepayments	8	-	38,067,513	38,067,513	28,517,053
Cash and bank	9	45,696,160	68,333,802	114,029,962	7,033,555
Total assets		101,688,817	240,127,757	341,816,574	178,785,600
Funds and Liabilities					
Funds attributable to Operator and Participants					
Operator's Fund					
Statutory fund		50,000,000	_	50,000,000	50,000,000
Revaluation Reserves		(7)	-	(7)	4,146
Accumulated loss		(4,548,157)	-	(4,548,157)	(5,362,161
		45,451,836	-	45,451,836	44,641,985
Wagf / Participants' Takaful Fund					
Ceded money		_	500,000	500,000	500,000
Revaluation Reserves		_	18,867	18,867	5,130
Accumulated surplus		_	24,137,198	24,137,198	2,487,066
•		-	24,656,065	24,656,065	2,992,196
Liabilities					
Underwriting provisions					
Outstanding claims including IBNR		_	35,981,668	35,981,668	9,324,603
Unearned contribution reserves	14	_	79,439,103	79,439,103	37,977,913
Unearned retakaful rebate	16		10,516,023	10,516,023	5,397,041
Unearned wakala fees	10	34,045,327	10,510,025	34,045,327	16,276,248
Oard-e-Hasna	10	54,045,527	5,000,000	5,000,000	5,000,000
Deferred taxation		-	5,000,000	-	4,168
Wakala and mudarib fee payable			29,309,996	29,309,996	32,666,248
Retakaful / co-takaful payables	11	_	47,689,597	47,689,597	13,320,318
Other creditors and accruals	12	22,191,654	7,535,305	29,726,959	11,184,880
Total liabilities	12	56,236,981	215,471,692	271,708,673	131,151,419
Total fund and liabilities		101,688,817	240,127,757	341,816,574	178,785,600
Contingencies	13				

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

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Chief Executive

Director

Director

Profit and Loss Account

For the year ended December 31, 2017



UBL Insurers Limited Profit and Loss Account

For the year ended December 31, 2017

	Note	2017	2016 (Restated)
who were a super-		(Rupe	ees)
PTF revenue account			
Net takaful contribution	14	32,782,697	894,243
Net takaful claims	15	(30,465,162)	(5,810,608)
Re-takaful rebate earned other acquisition costs	16	20,264,939	7,082,883
		(10,200,223)	1,272,275
Takaful claims and acquisition expenses		22,582,474	2,166,518
Direct expenses	17	(3,569,666)	(453,115)
Surplus before investment income		19,012,808	1,713,403
Investment income net of mudarib fees	18	2,637,324	773,663
Surplus for the period		21,650,132	2,487,066
Operator's Fund - revenue account			
Wakala fee income		56,715,338	18,196,583
Commission and other acquisition costs	19	(25,013,208)	(7,154,723)
Management expenses	20	(21,608,764)	(12,883,120)
Ceded money donated to PTF		-	(500,000)
		10,093,366	(2,341,260)
Mudarib's share of PTF investment income		659,331	193,416
Net investment income	18	1,106,433	2,168,898
		11,859,130	21,054
General and administrative expenses	21	(10,696,266)	(7,792,301)
Profit / (loss) before tax		1,162,864	(7,771,247)
Taxation		(348,860)	2,409,086
Profit / (loss) after tax	-	814,004	(5,362,161)

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

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Chief Executive

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Director

Director

Statement of Comprehensive Income

For the year ended December 31, 2017



UBL Insurers Limited - Window Takaful Operations Statement of Comprehensive Income

For the year ended December 31, 2017

	2017	2016 (Restated)
PTF revenue account	(Rup	ees)
Profit after tax	21,650,132	2,487,066
Other comprehensive income for the period		
Items that will be reclassified to profit and loss subsequently		
Unrealised (losses) / gains on available-for-sale investments Related tax impact	11,432 2,305 13,737	7,435 (2,305) 5,130
Total comprehensive income	21,663,869	2,492,196
Operator's Fund - revenue account		
Profit after tax	814,004	(5,362,161)
Other comprehensive income for the period		
Items that will be reclassified to profit and loss subsequently		
Unrealised (losses) / gains on available-for-sale investments	(6,019)	6,009
Related tax impact	(4,153)	(1,863) 4,146
Total comprehensive income	809,851	(5,358,015)

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

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Chief Executive

Director

Cash Flow Statement





UBL Insurers Limited - Window Takaful Operations

Cash Flow statement For the year ended December 31, 2017

		2017		2016
	Operator's Fund	Participants' Takaful Fund	Aggregate	(Restated)
		(Rupee	es)	
Operating cash flows				
a) Takaful activities				70.040.000
Contributions received	-	187,074,006	187,074,006	72,813,030
Retakaful contribution paid	-	(65,183,806)	(65,183,806)	(29,138,378
Claims Paid	-	(31,569,801)	(31,569,801)	(10,325,254
Retakaful and other recoveries received	-	12,406,757	12,406,757	7,837,149
Commissions Paid	(25,017,382)	-	(25,017,382)	(5,851,783
Commission received	-	20,264,939	20,264,939	12,479,924
Other underwriting payments / reciepts	78,500,000	-	78,500,000	(25,816,227
Net cash (outflows) / inflows from takaful activities	53,482,618	122,992,095	176,474,713	21,998,46
b) Other operating activities				
Income tax paid	(2,089,909)	(34,553)	(2,124,462)	(65,850
General, administration and management expenses paid	(28,869,747)	(80,395,492)	(109,265,239)	(20,026,725
Ceded money to participants' takaful fund	-	-	-	500,000
Net cash outflows from other operating activities	(30,959,656)	(80,430,045)	(111,389,701)	(19,592,57
otal cash flow from operating activities	22,522,962	42,562,050	65,085,012	2,405,886
nvestment activities				
Profit received	1,106,433	3,296,655	4,403,088	1,127,669
Payments for Investments	(46,662,083)	(196,441,457)	(243,103,540)	(297,545,486
Proceeds from disposal / redemption of investments	66,344,427	214,267,420	280,611,847	251,045,486
Total cash outflows from investing activities	20,788,777	21,122,618	41,911,395	(45,372,33
Financing activities				
Contribution to operator's fund	-	-	-	50,000,000
Qard e Hasna	-	-	-	-
Total cash flow from financing activities	-	-	-	50,000,000
Net cash flow from all activities	43,311,739	63,684,668	106,996,407	7,033,555
Cash and cash equivalents at the beginning of the year	2,384,421	4,649,134	7,033,555	-
Cash and cash equivalents at the end of the year	45,696,160	68,333,802	114,029,962	7,033,555
Reconciliation to profit and loss account				
Operating cash flows	22,522,962	42,562,050	65,085,012	1,905,886
Increase in assets other than cash	7,079,645	86,812,334	93,891,979	118,230,293
Increase in liabilities	(30,205,507)	(110,361,576)	(140,567,083)	(126,147,251
The case in habitates	(602,900)	19,012,808	18,409,908	(6,011,072
Other adjustments	The state of the s			
Capital gain	1,071,002	3,118,759	4,189,761	2,008,308
Mudarib's share of PTF investment income	659,331	(659,331)	-	-
Income tax expense	(348,860)	-	(348,860)	-
Other income	35,431	177,896	213,327	1,127,669
	1,416,904	2,637,324	4,054,228	3,135,977
Net profit / (loss) for the period	814,004	21,650,132	22,464,136	(2,875,095

Definition of cash

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

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

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Chief Executive

Director

Director

Statement of Changes in Fund





UBL Insurers Limited - Window Takaful Operations Statement of Changes in Fund

For the year ended December 31, 2017

		Operator's Fund			
	Statutory fund	Revaluation reserve (Rup	Accumulated loss / profit ees)	Total	
Contribution made during the year	50,000,000	-	-	50,000,000	
Total comprehensive income for the year	1-	-	(5,362,161)	(5,362,161)	
Balance as at December 31, 2016 - as previously reported	50,000,000		(5,362,161)	44,637,839	
Restatement due to change in accounting policy - (refer note 3.1.2) - net of tax	-	4,146	-	4,146	
Balance as at December 31, 2016 - restated	50,000,000	4,146	(5,362,161)	44,641,985	
Total comprehensive income for the year	=	(4,153)	814,004	809,851	
Balance as at December 31, 2017	50,000,000	(7)	(4,548,157)	45,451,836	
		Participants' Takaful Fund			
	Ceded money	Revaluation reserve	Accumulated surplus ees)	Total	
Contribution received during the year from the Operator	500,000	-	-	500,000	
Profit for the year	¥	-	2,487,066	2,487,066	
Balance as at December 31, 2016 - as previously reported	500,000	721	2,487,066	2,987,066	
Restatement due to change in accounting policy - (refer note 3.1.2) - net of tax	-	5,130	-	5,130	
Balance as at December 31, 2016 - restated	500,000	5,130	2,487,066	2,992,196	
Total comprehensive income for the year	н	13,737	21,650,132	21,663,869	
Balance as at December 31, 2017	500,000	18,867	24,137,198	24,656,065	

The annexed notes 1 to 30 form an integral part of these financial statements. $\label{eq:control}$

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Chief Executive

Director

Director



UBL Insurers Limited - Window Takaful Operations Notes to and forming part of the Financial Statements

For the year ended December 31, 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

UBL Insurers Limited (the Company) is an unlisted public limited company incorporated in Pakistan on June 29, 2006. The Company is a subsidiary of Bestway (Holding) Limited. The Company received the Certificate of Commencement of Business on December 27, 2006. The principal objective of the Company is to conduct general insurance business. The Company received the Certificate of Registration under Section 6 of the Insurance Ordinance, 2000 on January 05, 2007. The Company currently operates a network of 20 (2016: 15) branches at various cities. The registered office of the Company is situated at 126-C, Jami Commercial, Street No.14, Phase VII, Defence Housing Authority, Karachi.

The Company was granted authorisation on December 29, 2015 under Rule 6 of the Takaful Rules, 2012 to undertake Takaful Window Operations in respect of general takaful products by the Securities and Exchange Commission of Pakistan (SECP) and subsequently the Company commenced Window Takaful Operations on January 1, 2016.

For the purpose of carrying on the takaful business, the Operator has formed a Waqf / Participant Takaful Fund (PTF) on January 1, 2016 under the waqf deed. The Waqf deed governs the relationship of Operator and participants for management of takaful operations.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017 and Takaful Rules, 2012. In case requirements differ, the provisions or directives of repealed Companies Ordinance, 1984, Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017 and Takaful Rules, 2012 shall prevail.

Total assets, total liabilities and profit / (loss) of the Window Takaful Operations of the Company referred to as the Operator's Fund has been presented in these financial statements in accordance with the requirements of Circular 25 of 2015 dated July 9, 2015.

The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017. However, as allowed by the SECP vide its press release dated October 04, 2017, these financial statements have been prepared in accordance with the provisions of repealed Companies Ordinance, 1984.

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 and PTF remain separately identifiable.

2.1 Basis of measurement

These financial statements have been prepared under the historical cost convention except available-for-sale investments that have been measured at fair value.



2.2 Functional and presentation currency

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

2.3 Standards, interpretations and amendments effective in current year

There are certain new and amended standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 1, 2017 but are considered not to be relevant or do not have any significant effect on the Company's financial statements except as disclosed in note 3.1.

2.4 Standards, interpretations and amendments not effective at the year end

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2018:

- Classification and Measurement of Share-based Payment Transactions amendments to IFRS 2 clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. 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 IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. 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. The application of interpretation is not likely to have an impact on Company's financial statements.

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- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on the Company's financial statements.
- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The application of interpretation is not likely to have an impact on the Company's financial statements.
- IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting years beginning on or after 1 July 2018, with early adoption permitted. The Company is assessing the potential impact on its Financial Statements resulting from the application of IFRS 9 which is generally expected to have an impact on the Financial Statements of takaful businesses.
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on the Company's financial statements.
- Annual Improvements to IFRS Standards 2015–2017 Cycle the improvements address amendments to following approved accounting standards:
 - IFRS 3 Business Combinations and IFRS 11 Joint Arrangement the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
 - IAS 12 Income Taxes the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
 - IAS 23 Borrowing Costs the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.
- In addition, the Companies Act, 2017 was enacted on 30 May 2017 and SECP vide its circular 23 of 2017 has clarified that the companies whose financial year closes on or before 31 December 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. The effect of changes are not likely to have an impact on the Company's financial statements.

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- Amendment to IFRS 4 'Insurance Contracts'- Applying IFRS 9 'Financial Instruments' with IFRS 4 (effective for annual periods beginning on or after 1 July 2018). The amendment address issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts'. The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from 1 July 2018 onwards to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied. The amendments are not likely to have an impact on Company's financial statements.

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, except for the change in valuation of investments classified as available - for - sale from lower of cost or market value to fair value and change in format for preparation of financial statements as disclosed in note 3.1.

3.1. Change in accounting policy

- 3.1.1 The SECP vide SRO 89(I)/2017 dated 9th February, 2017 has issued Insurance Rules, 2017 (the Rules), which requires every takaful operator to prepare their financial statements as per the presentation and disclosure requirements prescribed in Annexure II of the Rules. In view of the applicability of the Rules, the Company has changed its presentation and disclosure format to comply with the requirements of the said Rules.
- 3.1.2 During the period, the Company has changed its accounting policy for the valuation of the available-for-sale investments to comply with the requirements of the 'Insurance Rules, 2017' issued by Securities and Exchange Commission of Pakistan vide its S.R.O. 89(I)/2017 dated 09 February 2017, which requires the valuation of available-for-sale investments at fair value. In line with the requirements provided in the Rules, subsequent to initial recognition, the quoted available-for-sale investments are to be valued at market value and any unrealised gains or losses arising on revaluation of available-for-sale investments is taken to Other Comprehensive Income and transferred to revaluation reserves. On derecognition or impairment of available-for-sale investments, the cumulative gains or losses previously reported in revaluation reserves is reclassified to Profit and Loss Account for the period. This change in accounting policy has been applied retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, change in accounting estimates and errors' and comparatives have been restated to conform to the changed policy.

Previously, subsequent to initial recognition, the quoted available-for-sale investments were stated 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.

Accordingly, retrospective adjustments have been made in these financial statements and comparatives have been revised as follows:

As at 31 December 2016	Balance Previously Reported	Adjustment	Balance Restated
		Rupees)	
Investments Equity securities	48,508,308	13,444	48,521,752
Deferred taxation	-	(4,168)	(4,168)
Revaluation reserves (Operator's Fund)	-	4,146	4,146
Revaluation reserves (Waqf / Participates' takaful Fun	nd) -	5,130	5,130







For the year ended 31 December 2016	Balance Previously Reported	Adjustment	Balance Restated
Statement of Comprehensive Income		(Rupees)	
Operator's Fund - revenue account			
Unrealised losses on available-for-sale investments	-	6,009	6,009
Related tax impact	-	(1,863)	(1,863)
	-	4,146	4,146
PTF revenue account			
Unrealised losses on available-for-sale investments	-	7,435	7,435
Related tax impact	-	(2,305)	(2,305)
	-	5,130	5,130

3.2 Takaful contracts

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

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

- Fire and property
- Marine and transport
- Motor
- Health
- Banker's blanket
- Other classes

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

The Company neither issues investment contracts nor does it issues Takaful contracts with discretionary participation feature (DPF).

Fire and property Takaful contracts mainly compensate the Company's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the participants properties in their business activities.

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

Motor Takaful is to provide protection against losses incurred as a result of traffic accidents and against liability that could be incurred in an accident.

Miscellaneous Takaful includes various types of coverage mainly burglary, loss of cash in safe and cash in transit, engineering losses, accident and health, money and other coverage.

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Bankers' blanket Takaful covers losses as a result of dishonest or fraudulent acts by officers and employees of the bank, including on premises coverage of cash, coverage of cash during transit and coverage of forged cheques.

Health Takaful includes coverage of in-patient-hospital, out-patient-department, medical and other related expenses of disease, sickness or accidental injury incurred during the period of Takaful.

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

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

3.3 Deferred commission expense / acquisition cost

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

3.4 Provision for Unearned contribution

Provision for unearned contribution represents the portion of contribution written relating to the unexpired period of coverage and is recognised as a liability by the Company. This liability is calculated by applying the 1/24th method as specified in the SEC (Insurance) Rules, 2002.

3.5 Contribution Deficiency Reserve

The Company maintains a provision in respect of contribution deficiency for the class of business where the unearned contribution liability is not adequate to meet the expected future liability, after retakaful, from claims and other supplementary expenses expected to be incurred after the balance sheet date in respect of the unexpired policies in that class of business at the balance sheet date. The movement in the contribution deficiency reserve is recorded as an expense / income in the profit and loss account for the year.

For this purpose, loss ratios for each class are estimated based on historical claim development. Judgment is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims. If these ratios are adverse, contribution deficiency is determined. Further actuarial valuation has been carried out to determine the amount of contribution deficiency reserve in respect of Accident and Health takaful as required by SRO 16 (I) / 2012 issued by Securities and Exchange Commission of Pakistan on 09 January 2012. Based on the advice of actuary, provision for contribution deficiency reserve has been made in Health and other classes takaful as at the year end.

3.6 Retakaful contracts held

These are contracts entered into by the Company with retakaful for compensation of losses suffered on takaful contracts issued. These retakaful contracts include both facultative and treaty arrangements contracts and are classified in same categories of takaful contracts for the purpose of these financial statements. The Company recognises the entitled benefits under contracts as various retakaful assets and liabilities.

Retakaful assets represent balances due from retakaful companies and retakaful recoveries against outstanding claims. Due from retakaful companies are carried at cost less any provision for impairment. Cost represents the fair value of the consideration to be received. Retakaful recoveries against outstanding

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claims are measured at the amount expected to be received.

Retakaful assets are not offset against related takaful liabilities. Income or expenses from retakaful contract are not offset against expenses or income from related takaful assets.

Retakaful liabilities represent balances due to retakaful companies. Due to retakaful companies are carried at cost which is the fair value of the consideration to be paid.

Retakaful assets or liabilities are derecognised when the contractual rights are extinguished or expired.

3.7 Receivables and payables related to takaful contracts

Receivables related to takaful contracts are known as contribution due but unpaid. These are recognised at cost, which is the fair value of the consideration given less provision for impairment, if any Contributions received in advance is recognised as liability till the time of issuance of takaful contract thereagainst.

Provision for impairment and write-off is estimated on a systematic basis after analysing the receivables as per their aging.

3.8 Segment reporting

The Company's operating business is organised and managed separately according to the nature of the services provided with each segment representing a strategic business unit that serves different markets.

3.8.1 Fire and property

The fire and property takaful provides coverage against damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and other related perils.

3.8.2 Marine and transport

Marine takaful provides coverage against cargo risk, war risk and damages occurring in inland transport.

3.8.3 Motor

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

3.8.4 Health

Health takaful includes coverage of in-patient-hospital, out-patient-department, medical and other related expenses of disease, sickness or accidental injury incurred during the period of takaful.

3.8.5 Banker's blanket

Banker's blanket takaful covers losses as a result of dishonest or fraudulent acts by officers and employees of the bank.

3.8.6 Other classes

Other classes takaful provides cover against burglary, loss of cash in safe and cash in transit, money, engineering losses, accident and health, and other coverage.

3.9 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow

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statement, cash and cash equivalents consists of cash in hand, stamps in hand and deposits with banks.

3.10 Revenue recognition

3.10.1 Contribution

Contribution Receivable under a policy / cover note issued is recognized as written from date of attachment of risk to the policy / cover note and over the period of takaful from inception to expiry. Contribution is recognized as revenue evenly over the period of the policy.

The unearned portion of Contribution income is recognized as a liability. Such liability is calculated by applying the twenty-forth method, whereby the liability shall equal 1/24 of the Contribution relating to policies commencing in the first month of the insurer's financial year, 3/24 of the Contributions relating to policies commencing in the second month of the insurer's financial years, and so on.

For facultative acceptance the basis of recognizing Contribution and determining the unearned Contribution reserve is the same as for the direct policies.

3.10.2 Rebate from retakaful operators

Re-takaful rebate from retakaful is recognised at the date from attachment of risk to the policy / cover note and over the period of Takaful from inception to expiry. Re-takaful rebate is recognized as revenue evenly over the period of the policy of issuance of the underlying takaful.

The unearned portion of Re-takaful rebate is recognized as a liability. Such liability is calculated by applying the twenty-forth method, whereby the liability shall equal 1/24 of the Contribution relating to policies commencing in the first month of the insurer's financial year, 3/24 of the Contributions relating to policies commencing in the second month of the insurer's financial years, and so on.

For facultative acceptance the basis of recognizing commission and determining the unearned commission reserve is the same as for the direct policies.

3.10.3 Receivables and payables related to takaful contracts

Receivables and payables, other then 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 recognizes the loss in profit and loss account.

Provision for impairment in contribution receivables is estimated on a systematic basis after analysing the receivables as per their ageing.

3.10.4 Takaful surplus

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

3.10.5 Wakala and mudarib fee

The Takaful operator manages the general takaful operations for the participants and charge 30% of gross contribution as wakala fees against the services given to Participant's Takaful Fund. Wakala fee under a policy is recognised evenly over the period of takaful from the date of issuance of the policy till the date of its expiry.





The Operator also manages the participants' investment as Mudarib and charges 20 percent of the investment income earned by the PTF as Mudarib fee. It is recognised on the same basis on which the related revenue is recognised.

3.10.6 Investment income

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

Gain /(loss) on sale of investments is included in income currently.

Return on fixed income securities classified as available for sale is recognised on a time proportion basis taking into account the effective yield on the investments.

Return on bank deposits is recognised on a time proportion basis taking into account the effective yield.

3.10.7 Dividend income

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

3.11 Investments

3.11.1 Classification

The classification of financial assets is determined at initial recognition and depends on the purpose for which the financial assets were acquired. Currently, the financial assets of the Company are classified into the following categories:

a) In equity securities

Surplus / (deficit) arising on revaluation of quoted securities which are classified as available for sale investments is taken to a separate account which is shown in the statement of financial position as revaluation surplus. The surplus / (deficit) arising on these securities is taken to the profit and loss account when actually realised upon disposal or in case of impairment of securities. The unrealised surplus / (deficit) arising on revaluation of quoted securities which are classified as held for trading is taken to the profit and loss account.

Provision for diminution in the values of securities is made after considering impairment, if any, in their value and is taken to profit and loss account. Impairment is booked when there is an objective evidence of significant or prolonged decline in the value of such securities.

Unquoted investments are recorded at cost less accumulated impairment losses, if any.

b) In debt securities

These are investments with fixed or determinable payments and fixed maturities which the Company has the intention and ability to hold till maturity.

Provision for impairment against debt securities is made in accordance with the requirements of the law. In case of unquoted equity securities, the breakup value of the security should be considered to determine impairment amount.





Contribution or discount on debt securities classified as available for sale and held to maturity is amortised using effective interest method and taken to the profit and loss account.

c) In term deposits

These are investments with fixed or determinable payments and fixed (short term) maturities which the Company has the intention and ability to hold till maturity.

Investments which are designated at fair value through profit or loss upon initial recognition.

3.12 Qard-e-Hasna

Qard-e-hasna is provided by the Operator's fund to PTF in case of deficit or fulfill cash flow requirements.

3.13 Off setting of financial assets and liabilities

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

3.14 Provisions

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of past events, it is probable that an outflow of economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of the obligation.

3.15 Retakaful expense

Contribution Ceded to reinsurers is recognized as an expense. For retakaful contracts operating on a proportional basis, on attachment of the underlying policies retakaful; and for retakaful contracts operating on a non-proportional basis, on inception of the retakaful contract.

Retakaful Contribution shall be recognized as an expense. For proportional retakaful business, evenly over the period of the underlying policies, for non-proportional retakaful business, evenly over the period of indemnity.

The portion of retakaful Contribution ceded not yet recognized as an expense is recognized as a prepayment., The prepaid portion of Contribution ceded is recognized as a asset. Such asset is calculated by applying the twenty-forth method, whereby the liability shall equal 1/24 of the Contribution ceded relating to reinsurance contract commencing in the first month of the insurer's financial year, 3/24 of the Contributions ceded relating to policies commencing in the second month of the insurer's financial years, and so on.

3.16 Taxation

3.16.1 Current

Provision for current taxation is the higher of the amount computed on taxable income at the current tax rate after taking into account tax credits / rebates, if any, and the minimum tax computed at the prescribed rate on turnover. 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.

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3.16.2 Deferred

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the asset is utilised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

3.17 Leases

Assets subject to finance lease

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease, at the fair value of the lease property or, if lower at the present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Assets acquired under the finance lease are depreciated using the same basis as for owned assets.

3.18 Impairment of Assets

The carrying amount of the assets is reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or a group of assets. If such indication exists, the recoverable amount of such assets is estimated and the impairment losses are recognised in the profit and loss account currently.

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

3.19 Dividend Distribution

Dividends, if any, declared and transfers between reserves made subsequent to the reporting date are considered as non-adjusting events and are recognised in the financial statements in the year in which such dividends are declared and transfers are made.

3.20 Allocation of management expenses

Expenses of management of the Window Takaful Operations have been charged to the Operator's Fund on a basis deemed equitable by the operator.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the



process of applying the Company's accounting polices. The estimates / judgments and associated assumptions used in the preparation of the financial statements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

- a) Provision for outstanding claims including IBNR (note 4.1)
- b) Provision for unearned contribution (note 3.4)
- c) Contribution deficiency reserve (note 3.5)
- d) Classification of investments and impairment (note 3.11 and 3.18)
- e) Provision for current and deferred tax (note 3.16.2)
- f) Takaful / retakaful receivables (note 4.2)
- g) Deferred commission expense (note 3.3)

4.1 Provision for outstanding claims including Incurred But Not Reported (IBNR)

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

Outstanding claims

The amount of claims that have been reported and are yet unpaid or partially unpaid at the end of reporting year for a given accident year.

A liability for outstanding claims (claim incurred) is recognized for all claims incurred which represents the estimates of the claims intimated or assessed before the end of the reporting period and measured at the undiscounted value of expected future payments. Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates while taking into consideration the past claims settlement experience including handling costs and the Company's reserving policy. Where applicable, deductions are made for salvage and their recoveries.

Incurred But Not Reported (IBNR) Claims

The losses that have incurred or are in the occurrence period at the end of reporting year and have not been intimated to the Company by that end of reporting year, or if reported, complete details are not available to the Company, so as to ascertain the amount of loss for that claim as claims outstanding.

The Company 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 2017 has been carried out by independent firm of actuaries for determination of IBNR for each class of business. The actuarial valuation is based on a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation as required / allowed by the circular 9 of 2016. IBNR is determined by using Chain Ladder Method for all class of business. The claim outstanding and claims paid till date are deducted from the ultimate claim payments for that particular year to derive an IBNR estimate for that year. Any negative values are ignored. The total for each accident year shall be the total IBNR as at the end of reporting year for that risk class. IBNR triangles are made on a yearly basis for each class of business. The methods used, and the estimates made, are reviewed regularly.

4.2 Takaful / retakaful receivables

This is recognised at cost, which is the fair value of the consideration receivable, less provision for impairment, if any.





2017

2016

5. INVESTMENTS IN EQUITY SECURITIES

_		2017			2016	
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
			(Rupe	es)		
Units of open end mutual funds			•			
- Operator's fund						<u> </u>
NAFA Islamic Aggressive						
Income Fund	-	-	-	21,682,344	-	21,682,344
Atlas Islamic Income Fund	2,000,000	-	2,000,000	-	-	-
	2,000,000	-	2,000,000	21,682,344	-	21,682,344
Surplus on revaluation			(10)			6,009
Carrying Value (Operator's fund)			1,999,990			21,688,353
- Participants' fund				and the second	455	
NAFA Islamic Aggressive						
Income Fund	-	-	-	26,825,964	-	26,825,964
Atlas Islamic Income Fund	9,000,001	-	9,000,001	-	121	-
	9,000,001	-	9,000,001	26,825,964	-	26,825,964
Surplus on revaluation			18,867			7,435
Carrying Value (Participants' fund)			9,018,868			26,833,399
Aggregate Carrying Value			11,018,858			48,521,752

5.1 The market value of the investments in mutual funds as at December 31, 2017 is Rs. 19.999 million (2016: Rs. 21.688 million) in Operator's Fund and Rs. 9.019 million in Participant's Takaful fund (2016: Rs. 26.833 million).

6. WAKALA AND MUDARIB FEE RECEIVABLE

Operator's Fund	(Rupees)	
Operator 31 unu		
Wakala and mudarib fee receivable - opening	32,666,248	-
Wakala and mudarib fee - Income	75,143,748	34,666,248
Wakala and mudarib fee received	(78,500,000)	(2,000,000)
Wakala and mudarib fee receivable	29,309,996	32,666,248

7. TAKAFUL / RETAKAFUL RECEIVABLES - Unsecured

Participants' Takaful Fund

Due from takaful contract holders	64,702,025	27,144,014
Less: Provision for impairment of receivables from takaful contract holders	-	-
	64,702,025	27,144,014
Due from other takaful / retakaful	38,601,768	14,952,396
Less: Provision for impairment of due from other takaful / retakaful	-	-
	38,601,768	14,952,396
	103,303,793	42,096,410

8. PREPAYMENTS

Participants' Takaful Fund

Prepaid retakaful contribution ceded	37,124,163	28,517,053
Tracker monitoring charges	943,350	-
	38,067,513	28,517,053



9.	CASH AND BANK		2016			
		Note	Operator's	Participant's	Aggregate	Aggregate
			Fund	Takaful Fund		
			(Rupees)			
	Cash and cash equivalents					
	Policy Stamps		1-1	50,785	50,785	-
	Cash at Bank					
			100	1,903,228	1,903,228	0.5
	Savings accounts	9.1	45,696,160	66,379,789	112,075,949	7,033,555
			45,696,160	68,283,017	113,979,177	7,033,555
			45,696,160	68,333,802	114,029,962	7,033,555
			43,090,100	00,333,802	114,029,902	7,033,333

9.1 Savings accounts carry expected profits rates ranging from 2.40% to 5.60% (2016: 2.40%) per annum.

10. UNEARNED WAKALA FEES (Operator's Fund)

	2016			
Wakala fee	Provision for unearned wakala fee opening	Provision for unearned wakala fee closing (Rupees)	Net Wakala fee income	Net Wakala fee income
20,086,930	4,559,955	10,132,189	14,514,696	4,548,597
6,030,283	485,266	496,622	6,018,927	2,359,785
44,400,937	6,280,745	21,831,381	28,850,301	5,605,108
1,301,606	4,091,634	366,461	5,026,779	4,715,953
2,664,661	858,648	1,218,674	2,304,635	967,140
74,484,417	16,276,248	34,045,327	56,715,338	18,196,583
	20,086,930 6,030,283 44,400,937 1,301,606 2,664,661	Wakala fee Provision for unearned wakala fee opening 20,086,930 4,559,955 6,030,283 485,266 44,400,937 6,280,745 1,301,606 4,091,634 2,664,661 858,648	unearned wakala fee opening closing (Rupees)	Wakala fee Provision for unearned wakala fee opening Provision for unearned wakala fee opening Net Wakala fee income 20,086,930 4,559,955 10,132,189 14,514,696 6,030,283 485,266 496,622 6,018,927 44,400,937 6,280,745 21,831,381 28,850,301 1,301,606 4,091,634 366,461 5,026,779 2,664,661 858,648 1,218,674 2,304,635

11. RETAKAFUL / CO-TAKAFUL PAYABLES

	2017	2016		
Participants' Takaful Fund	(Rupees)			
Due to retakaful operators	45,041,246	12,721,183		
Due to other takaful operators	2,648,351	599,135		
	47,689,597	13,320,318		

12.	OTHER CREDITORS AND ACCRUALS			2017		2016
		Note	Operator's Fund	Participant's Takaful Fund	Aggregate	Aggregate
				(Rupe	es)	
	Federal excise duty and sales tax		-	1,850,664	1,850,664	834,973
	Federal takaful fee		_	154,612	154,612	79,779
	Commissions payable		16,777,629	-	16,777,629	7,776,485
	Unclaimed takaful benefits	12.2	_	71,292	71,292	1,380
	Accrued expenses		1,268,000	2,115,579	3,383,579	1,629,126
	Others		_	1,489,499	1,489,499	9,863
	Payable to UBL Insurers Limited	12.1	4,146,025	1,853,659	5,999,684	853,274
			22,191,654	7,535,305	29,726,959	11,184,880

- $\textbf{12.1} \quad \text{This represents payable in respect of expenses incurred by UBL Insurers Limited on behalf of operator.}$
- **12.2** This represents outstanding claims in respect of which cheques have been issued by the Company for claim settlement but the same have not been encashed by the claimant. The following is the ageing as required by SECP circular No. 11 dated May 19, 2014:

					2017	2016	
				(Rupees)			
- More than 6 months				_	71,292	1,380	
			201	7			
			(Age-wise B	reakup)			
	1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months	Total	
Claims not encashed	-	71,292		-	-	71,292	
			201	6			
			(Age-wise B	reakup)			
	1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months	Total	
Claims not encashed	-	1,380	-	-	-	1,380	







13. CONTINGENCIES

There is no contingencies as on December 31, 2017.

14.	NET TAKAFUL CONTRIBUTION	2017 (Rupe	2016 ees)
	Written gross contribution Less: Wakala fee Net contribution Add: Unearned contribution reserve opening Less: Unearned contribution reserve closing Contribution earned	248,281,389 (74,484,417) 173,796,972 37,977,913 (79,439,103) 132,335,782	114,909,440 (34,472,831) 80,436,609 - (37,977,913) 42,458,696
	Less: Retakaful contribution ceded Add: Prepaid retakaful contribution closing Less: Prepaid retakaful contribution opening Retakaful expense	(108,160,195) 37,124,163 (28,517,053) (99,553,085)	(70,081,506) 28,517,053 - (41,564,453)
15.	NET TAKAFUL CLAIMS	32,782,697	894,243
	Claims paid Add: outstanding claims including IBNR closing Less: outstanding claims including IBNR opening Claim expense	31,569,801 35,981,668 (9,324,603) 58,226,866	10,325,254 9,324,603 - 19,649,857
	Less: Re-Takaful and other recoveries received Add: Re-Takaful and other recoveries in respect of outstanding claims net of impairment (if any) opening Less: Re-Takaful and other recoveries in respect of	(12,406,757) 6,002,100	(7,837,149) -
	outstanding claims net of impairment (if any) closing Reinsurance and other recoveries revenue	(27,761,704)	(6,002,100) (13,839,249)
		30,465,162	5,810,608

15.1. Claims development

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

Analysis on gross basis

Accident year	2016	2017 (Rupees)	Total
At end of accident year	10,325,254	61,818,286	72,143,540
One year later	16,058,437	-	16,058,437
Current estimate of cumulative claims	16,058,437	61,818,286	77,876,723
Cumulative payment made to date	(14,725,796)	(27,169,259)	(41,895,055)
Liability recognised in the statement of financial position	1,332,641	34,649,027	35,981,668





16.	RE-TAKAFUL REBATE / OTHER ACQUISITION COSTS	2017	2016
		(Rupe	es)
	Commission received or received by	25 202 021	12 470 024
	Commission received or recoverable	25,383,921 5,397,041	12,479,924
	Add: Unearned retakaful commission opening Less: Unearned retakaful commission closing		- (E 207.041)
	Less: Oneamed retakarui Commission Closing	(10,516,023) 20,264,939	7,082,883
		20,204,939	7,082,883
17.	DIRECT EXPENSES		
	Co-takaful service charges	2,437,473	453,115
	Legal & professional fee	494,469	-
	Tracker service charges	489,951	-
	Bank charges	147,773	
		3,569,666	453,115
18.	INVESTMENT INCOME NET OF MUDARIB FEES		
	Available-for-sale		
	Participant Takaful Fund		
	Gain on sale of investments	3,118,759	825,964
	Profit on bank accounts	177,896	141,115
		3,296,655	967,079
	Less: Mudarib Fee	(659,331)	(193,416)
	Net investment income	2,637,324	773,663
	Operator's Fund		
	Gain on sale of investments	1,071,002	1,182,344
	Profit on bank accounts	35,431	986,554
		1,106,433	2,168,898
19.	COMMISSION AND OTHER ACQUISITION COSTS		
	COMMISSION AND OTHER ACQUISITION COSTS		
	Commission paid or payable	34,018,526	13,628,268
	Add: Deferred commission expense opening	6,473,545	-
	Less: Deferred commission expense closing	(15,478,863)	(6,473,545)
	Net Commission	25,013,208	7,154,723
20.	MANAGEMENT EXPENSES		
	Employee benefit cost	14,523,682	8,046,076
	Travelling expenses	275,553	89,604
	Advertisements and sales promotion	-	638,026
	Printing and stationery	203,200	50,311
	Rent, rates and taxes	1,330,896	559,573
	Electricity, gas and water	483,095	213,513
	Entertainment	106,159	50,228
	Vehicle running expenses	2,602,760	1,235,671
	Office repairs and maintenance	225,333	51,209
	Communication	1,672,853	1,854,280
	Other expenses	185,233	94,629
		21,608,764	12,883,120



21.	GENERAL AND ADMINSTRATIVE EXPENSES	Note	December 31, 2017 (Rup	December 31, 2016 ees)
	Legal and professional fees Audit fees Salaries and wages Rent, rates and taxes Communication Printing and stationary Vehicle running & maintenance Others	21.1 21.2	600,000 609,000 4,784,592 897,381 751,764 1,104,236 564,812 1,384,481	547,125 593,000 3,131,164 426,410 1,007,140 991,177 488,743 607,542 7,792,301
21.1	Auditor's remuneration			
21.2	Audit Fee Shariah Audit Fee Interim fee Out of pocket expense COMPENSATION OF HEAD OF WINDOW TAKAFUL OPERATIONS		162,000 324,000 54,000 69,000	159,000 318,000 53,000 63,000 593,000
	Managerial remuneration Bonus House rent allowance Utilities allowance Medical expenses Retirement benefits Fuel allowance Cell allowance Driver salary Others		510,612 63,825 229,776 127,656 51,060 85,102 210,240 30,000 120,000 5,400	1,532,492 51,326 549,744 249,465 122,163 232,553 199,680 25,950 120,000 5,400 3,088,773

During the year, a new appointment of Head of Window Takaful Operations was made.

22. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Operations comprise of associated companies, companies with common directors, major shareholders, staff retirement funds, directors and key management personnel. Transaction with related parties are carried out at commercial terms and conditions except for compensation to key management personnel which are on employment terms.

Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

Transactions with related parties	2017	2016
Transactions during the year with related parties	(Rup	ees)
Contribution underwritten	900,761	1,218,386
Takaful claim expense	282,400	182,029
Takaful claim outstanding	-	650





23. SEGMENT INFORMATION

	For the year ended December 31, 2017					
	Fire & property	Marine, aviation & transport	Motor	Bankers blanket	Other classes	2017
Participants' Takaful Fund			(Rup	oees)		
Contribution receivable (inclusive of						
Federal excise duty and Federal takaful						
fee and Administrative surcharge)	76,782,021	22,393,315	169,571,769	4,946,104	10,128,449	283,821,658
Less: Federal excise duty	(9,163,177)	(2,092,268)	(20,087,197)	(564,031)	(1,158,326)	(33,064,999)
Less: Federal takaful fee	(662,410)	(200,104)	(1,481,450)	(43,386)	(87,920)	(2,475,270)
Gross written contribution (inclusive of						
Administrative surcharge)	66,956,434	20,100,943	148,003,122	4,338,687	8,882,203	248,281,389
Gross direct contribution	65,169,907	19,296,226	143,994,680	4,333,687	8,646,331	241,440,831
Facultative inward contribution	769,995	91,106	94,011	-	91,683	1,046,795
Administrative surcharge	1,016,532	713,611	3,914,431	5,000	144,189	5,793,763
Wakala fee	(20,086,930)	(6,030,283)	(44,400,937)	(1,301,606)	(2,664,661)	(74,484,417)
Net Contribution	46,869,504	14,070,660	103,602,185	3,037,081	6,217,542	173,796,972
Takaful contribution earned	33,867,625	14,044,162	67,317,371	11,729,145	5,377,479	132,335,782
Takaful contribution ceded to retakaful	(45,205,431)	(17,520,986)	(18,039,313)	(11,147,151)	(7,640,204)	(99,553,085)
Net contribution revenue	(11,337,806)	(3,476,824)	49,278,058	581,994	(2,262,725)	32,782,697
Net claims	(951,150)	624,669	(36,707,158)	411,487	6,156,990	(30,465,162)
Direct Expenses	(831,523)	(249,457)	(2,325,461)	(52,355)	(110,870)	(3,569,666)
Re-takaful rebate earned	11,800,309	5,256,296	502,252	601,670	2,104,412	20,264,939
Under writing result	(1,320,170)	2,154,684	10,747,691	1,542,796	5,887,807	19,012,808
Net investment income						2,637,324
Surplus for the year						21,650,132
Operator's Fund - revenue account						
Wakala fee						56,715,338
Management expenses						(21,608,764)
Commission expense						(25,013,208)
Ceded money donated to PTF						-
						10,093,366
Mudarib's share of PTF investment income						659,331
Net investment income						1,106,433
						11,859,130
General and administrative expenses						(10,696,266)
Profit before tax						1,162,864
Segment Assets	55,708,763	16,724,288	123,140,831	3,609,853	7,390,127	206,573,862
Unallocated Assets						135,242,712
						341,816,574
Segment Liabilities	68,433,727	20,544,440	151,268,587	4,434,414	9,078,175	253,759,343
Unallocated Liabilities						17,949,330
						271,708,673

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23. SEGMENT INFORMATION (Continued)

	For the year ended December 31, 2016					
-	Fire	Marine,	Motor	Bankers	Other	2016
	&	aviation &		blanket	classes	Aggregate
	property	transport				
Participants' Takaful Fund			(Rupees	5)		
Contribution receivable (inclusive of						
Federal excise duty and Federal takaful	24 021 072	10 275 707	45 567 630	22 720 700	6.050.101	121 452 200
fee and Administrative surcharge) Less: Federal excise duty	34,821,073 (4,157,089)	10,375,797 (797,462)	45,567,638 (5,552,393)	33,729,700 (4,077,490)	6,958,191 (811,228)	131,452,399 (15,395,662)
Less: Federal takaful fee	(302,143)	(94,832)	(395,734)	(293,586)	(61,002)	(1,147,297)
Gross written contribution (inclusive of						
Administrative surcharge)	30,361,841	9,483,503	39,619,511	29,358,624	6,085,961	114,909,440
Gross direct contribution	29,806,893	9,151,535	38,884,599	29,350,624	5,961,948	113,155,599
Facultative inward contribution	148,678	-	198,428	-	-	347,106
Administrative surcharge	406,270	331,968	536,484	8,000	124,013	1,406,735
Wakala fee	(9,108,552)	(2,845,051)	(11,885,853)	(8,807,587)	(1,825,788)	(34,472,831)
Net Contribution	21,253,289	6,638,452	27,733,658	20,551,037	4,260,173	80,436,609
Takaful contribution earned	10,613,394	5,506,165	13,078,586	11,003,890	2,256,661	42,458,696
Takaful contribution ceded to retakaful	(14,423,761)	(6,860,821)	(5,610,631)	(11,803,567)	(2,865,673)	(41,564,453)
Net contribution revenue	(3,810,367)	(1,354,656)	7,467,955	(799,677)	(609,012)	894,243
Net claims	(665,757)	(306,286)	(4,732,465)	(60,142)	(45,958)	(5,810,608)
Direct Expenses	(119,724)	(37,396)	(156,229)	(115,768)	(23,998)	(453,115)
Re-takaful rebate earned	3,383,949	2,058,246	234,138	690,132	716,418	7,082,883
Underwriting result	(1,211,899)	359,908	2,813,399	(285,455)	37,450	1,713,403
Net investment income						773,663
Surplus for the year						2,487,066
Operator's Fund - revenue account						
Wakala fee						18,196,583
Management expenses						(12,883,120)
Commission expense						(7,154,723)
Ceded money donated to PTF						(500,000)
						(2,341,260)
Mudarib's share of PTF investment income						193,416
Net investment income						2,168,898
						21,054
General and administrative expenses						(7,792,301)
Profit before tax						(7,771,247)
Segment Assets	30,172,004	9,424,208	39,371,790	29,175,060	6,047,908	114,190,970
Unallocated Assets	30,172,004	2,724,200	37,371,730	25,175,000	0,07,700	100,686,239
- I I I I I I I I I I I I I I I I I I I						214,877,209
Segment Liabilities	32,430,561	10,129,667	42,319,008	31,358,990	6,500,630	122,738,856
Unallocated Liabilities	, 2, 2,				,,	8,412,563
						131,151,419

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24. MOVEMENT IN INVESTMENT - Available-for-Sale

	Operator fund	Participant Takaful Fund	
	(Rupees)		
At beginning of previous year			
Additions	166,818,031	130,727,455	
Disposal (sale and redemptions)	(145,135,687)	(103,901,491)	
Fair value net gains (excluding net realised gains)	6,009	7,435	
Impairment losses	-	-	
At beginning of current year	21,688,353	26,833,399	
Additions	46,662,083	196,441,457	
Disposal (sale and redemptions)	(66,344,427)	(214,267,420)	
Fair value net gains (excluding net realised gains)	(6,019)	11,432	
Impairment losses	-	-	
At end of current year	1,999,990	9,018,868	

25. MANAGEMENT OF TAKAFUL AND FINANCIAL RISK

The Company issues contracts that transfer Takaful risk or financial risk or both. This section summarises these risks and the way the Company manages them.

25.1. Takaful risk management

Takaful risk

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

The Company accepts takaful through issuance of general takaful contracts. For these general takaful contracts the most significant risks arise from fire, atmospheric disturbance, earthquakes, transit, theft, third party liabilities and other catastrophes. For health takaful contracts significant risks arise from epidemics.

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

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(a) Frequency and severity of claims

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

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

(b) Uncertainty in the estimation of future claim payments

Claims on general takaful contracts are payable on a claim occurrence basis. The Company is liable for all insured events as per terms and condition of the takaful contract.

An estimated amount of the claim is recorded immediately on the intimation to the Company. The estimation of the amount is based on management judgement or preliminary assessment by the independence surveyor appointed for the purpose. The initial estimates include expected settlement cost of the claims. Provision for IBNR is recorded based on the advice of the actuary.

There are several variable factors which affect the amount and timing of recognised claim liabilities. The Company takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be different from initial recognised amount. Similarly, the provision for claims incurred but not reported is based on historic reporting pattern of the claims other than exceptional losses. Hence, actual amount of incurred but not reported claims may differ from the amounts estimated.

(c) Key assumptions

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

(d) Changes in assumptions

The Company did not change its assumptions for the takaful contracts as disclosed in above (b) and (c).

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(e) Sensitivity analysis

The takaful claim liabilities are sensitive to the incidence of participant events and severity / size of claims. The impact of 10% increase / decrease in incidence of participant events on gross claim liabilities, underwriting results, net claim liabilities, profit before tax and shareholder's equity is as follows:

Average claim cost	Underwriting results Participant fund			fund equity
	December 31,	December 31,	December 31,	December 31,
	2017	2016	2017	2016
		(Rup	ees)	
Fire and property	(132,017)	(121,190)	(92,412)	(83,621)
Marine and transport	215,468	35,991	150,828	24,834
Motor	1,074,769	281,340	752,338	194,125
Banker's blanket	154,280	(28,546)	107,996	(19,697)
Others	588,781	3,745	412,147	2,584
	1,901,281	171,340	1,330,897	118,225

Concentration of risk

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

Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated with the commercial/industrial/ residential occupation of the participant. Details regarding the fire separation/segregation with respect to the manufacturing process, storage, utilities, etc are extracted form the layout plan of the participant facility. Such details are formed part of the reports which are made available to the underwriters/ retakaful personnel for their evaluation. Reference is made to the standard construction specification as laid down by IAP (Insurance Association of Pakistan). For instance, the presence of perfect party walls, double fire proof iron doors, physical separation between the building within a participant's premises. It is basically the property contained within an area which is separated by another property by sufficient distance to confine participant damage from uncontrolled fire and explosion under the most adverse conditions to that one area.

The ability to manage catastrophic risk is tied managing the density of risk within a particular area. For catastrophic aggregates, the system assigns precise geographic CRESTA (Catastrophe Risk Evaluating and standardising Target Accumulations) codes with reference to the accumulation of sum covered in force at any particular location against natural perils.

For marine risks, complete underwriting details such as sums covered mode of transport (air / inland transit), vessel identification, sailing dates, origin and destination of the shipments, per carry limits, accumulation of sum covered on a single voyage etc. are taken into consideration.

A number of proportional and non-proportional retakaful arrangements are in place to protect the net account. Apart from the adequate event limit which is a multiple of the treaty capacity or the primary recovery from the proportional treaty, any loss over and above the said limit would be recovered from the non-proportional treaty which is very much in line with the risk management philosophy of the Company.

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

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

	Gross sum	covered	Retaka	ful	Net	
	2017	2016	2017	2016	2017	2016
			(Rupees)			
Fire and property	1,024,584,570	312,000,000	1,011,459,570	294,500,000	13,125,000	17,500,000
Marine and transport	256,483,574	139,432,237	246,737,198	129,432,237	9,746,376	10,000,000
Motor	23,000,000	7,500,000	22,000,000	6,500,000	1,000,000	1,000,000
Banker's blanket	50,000,000	78,000,000	45,000,000	74,750,000	5,000,000	3,250,000
Other classes	226,599,563	31,450,000	208,471,598	28,305,000	18,127,965	3,145,000
	1,580,667,707	568,382,237	1,533,668,366	533,487,237	46,999,341	34,895,000







25.2 Financial risk management

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

- Financial risk
- Credit risk Liquidity risk
- Market risk

25.2.1 Financial risk

Maturity profile of financial assets and liabilities:

	Drofit rato	Dec Profit / mark-up bearing financial instruments			Non Profit / mark-up			
	% per annum	Maturity upto		Sub total	Maturity upto one year	Maturity over one to five year	Sub total	Total
Financial assets					(Rupees)			
Cash and bank	2.40 - 5.60	112,075,949		112,075,949	1,954,013	-	1,954,013	114,029,962
Investments		-	-	-	11,018,858	-	11,018,858	11,018,858
Wakala and Mudarib fee receivable		-	-	-	29,309,996	-	29,309,996	29,309,996
Takaful / retakaful receivables		-	_	-	103,303,793	-	103,303,793	103,303,793
Retakaful recoveries against outstanding	claims	-	-	_	20,421,877	-	20,421,877	20,421,877
Qard-e-Hasna		-	-	-	5,000,000	=	5,000,000	5,000,000
		112,075,949	-	112,075,949	171,008,537	-	171,008,537	283,084,486
Financial liabilities								
Outstanding claims including IBNR		(-)	-	-	35,981,668	-	35,981,668	35,981,668
Wakala and mudarib fee payable		-	-	-	29,309,996	-	29,309,996	29,309,996
Retakaful / co-takaful payables		-	-	-	47,689,597	-	47,689,597	47,689,597
Other creditors and accruals		-	-	-	29,726,959	-	29,726,959	29,726,959
Qard-e-Hasna		-	-	-	5,000,000	_	5,000,000	5,000,000
		-	-	-	147,708,220	-	147,708,220	147,708,220
Interest rate risk sensitivity gap		112,075,949	-	112,075,949				
Cumulative interest rate risk sensitivity ga	ар	112,075,949	112,075,949					
				Dec	ember 31, 2016			
		Profit / mark-up			Non profit / mark-up be			
	%	Maturity upto	Maturity over	Sub total	Maturity upto	Maturity	Sub total	Total
	per annum	one year	one to five year		one year	over one to five year		
					(Rupees)			
Financial assets								
Cash and bank	2.40	7,033,555		7,033,555	-	-	-	7,033,555
	2.40	7,033,555	-	7,033,555	- 48,521,752	-	- 48,521,752	
nvestments	2.40	7,033,555 - -	-	7,033,555 - -	- 48,521,752 32,666,248	-	- 48,521,752 32,666,248	48,521,752
nvestments Nakala and Mudarib fee receivable	2.40	7,033,555 - - -	-	7,033,555 - - -				48,521,752 32,666,248
nvestments Wakala and Mudarib fee receivable Takaful / retakaful receivables		7,033,555 - - - -	-	7,033,555 - - - -	32,666,248	-	32,666,248	48,521,752 32,666,248 42,096,410
nvestments Wakala and Mudarib fee receivable Fakaful / retakaful receivables Retakaful recoveries against outstanding		7,033,555 - - - - -	-	7,033,555 - - - - - -	32,666,248 42,096,410		32,666,248 42,096,410	48,521,752 32,666,248 42,096,410 5,202,940
Cash and bank Investments Wakala and Mudarib fee receivable Takaful / retakaful receivables Retakaful recoveries against outstanding Qard-e-Hasna		7,033,555	-	7,033,555 - - - - - - - - 7,033,555	32,666,248 42,096,410 5,202,940	-	32,666,248 42,096,410 5,202,940	7,033,555 48,521,752 32,666,248 42,096,410 5,202,940 5,000,000
Investments Wakala and Mudarib fee receivable Takaful / retakaful receivables Retakaful recoveries against outstanding Qard-e-Hasna		-		-	32,666,248 42,096,410 5,202,940 5,000,000	Ī	32,666,248 42,096,410 5,202,940 5,000,000	48,521,752 32,666,248 42,096,410 5,202,940 5,000,000
Investments Wakala and Mudarib fee receivable Takaful / retakaful receivables Retakaful recoveries against outstanding Qard-e-Hasna Financial liabilities		-		-	32,666,248 42,096,410 5,202,940 5,000,000	Ī	32,666,248 42,096,410 5,202,940 5,000,000	48,521,752 32,666,248 42,096,410 5,202,940 5,000,000
Investments Wakala and Mudarib fee receivable Takaful / retakaful receivables Retakaful recoveries against outstanding Qard-e-Hasna Financial liabilities Outstanding claims including IBNR		-		-	32,666,248 42,096,410 5,202,940 5,000,000	Ī	32,666,248 42,096,410 5,202,940 5,000,000 133,487,350	48,521,752 32,666,248 42,096,410 5,202,940 5,000,000 140,520,905
Investments Wakala and Mudarib fee receivable Takaful / retakaful receivables Retakaful recoveries against outstanding Qard-e-Hasna Financial liabilities Outstanding claims including IBNR Wakala and mudarib fee payable		-		-	32,666,248 42,096,410 5,202,940 5,000,000 133,487,350	-	32,666,248 42,096,410 5,202,940 5,000,000 133,487,350 9,324,603	48,521,752 32,666,248 42,096,410 5,000,000 140,520,905 9,324,603 32,666,248
Investments Wakala and Mudarib fee receivable Takaful / retakaful receivables Retakaful recoveries against outstanding Qard-e-Hasna Financial liabilities Outstanding claims including IBNR Wakala and mudarib fee payable Retakaful / co-takaful payables		-		-	32,666,248 42,096,410 5,202,940 5,000,000 133,487,350 9,324,603 32,666,248	-	32,666,248 42,096,410 5,202,940 5,000,000 133,487,350 9,324,603 32,666,248 13,320,318	48,521,752 32,666,248 42,096,410 5,202,940 5,000,000 140,520,905 9,324,603 32,666,248 13,320,318
Investments Wakala and Mudarib fee receivable Takaful / retakaful receivables Retakaful recoveries against outstanding Qard-e-Hasna Financial liabilities Outstanding claims including IBNR Wakala and mudarib fee payable Retakaful / co-takaful payables Other creditors and accruals		-		-	32,666,248 42,096,410 5,202,940 5,000,000 133,487,350 9,324,603 32,666,248 13,320,318		32,666,248 42,096,410 5,202,940 5,000,000 133,487,350 9,324,603 32,666,248	48,521,752 32,666,248 42,096,410 5,202,940 5,000,000
Investments Wakala and Mudarib fee receivable Takaful / retakaful receivables Retakaful recoveries against outstanding		-		-	32,666,248 42,096,410 5,202,940 5,000,000 133,487,350 9,324,603 32,666,248 13,320,318 11,184,880		32,666,248 42,096,410 5,202,940 5,000,000 133,487,350 9,324,603 32,666,248 13,320,318 11,184,880	48,521,752 32,666,248 42,096,410 5,202,940 5,000,000 140,520,905 9,324,603 32,666,248 13,320,318 11,184,880





a) Sensitivity analysis- interest rate risk

a.1) Fair value sensitivity analysis for fixed rate instruments

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

a.2) Cash flow sensitivity analysis for variable rate instruments

The Company is exposed to cash flow interest rate risk in respect of its balances with profit and loss sharing account with banks and term finance certificates. A change of 100 basis points in interest rates at the year end would not have material impact on profit for the year and equity of the Company.

b) Sensitivity analysis- equity risk

Equity price risk is the risk of changes in the fair value of equity securities as the result of changes in the levels of KSE-100 Index and the value of individual shares. The equity price risk exposure arises from the Company's investments in equity securities and units of mutual funds. This arises from investments held by the Company for which prices in the future are uncertain. The Company policy is to manage price risk through diversification and selection of securities within specified limits set by the management.

The Management monitors the fluctuations of prices of equity securities on regular basis. The Company also has necessary skills for monitoring and managing the equity portfolio in line with fluctuations of the market.

Market prices are subject to fluctuation and consequently the amount realised in the subsequent sale of an investment may significantly differ from the reported market value. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

25.2.2 Credit risk

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

25.2.2.1 Exposure to credit risk

Credit risk of the Company arises principally from the balances with banks, loans to employees, investments (except for investment in government securities, units of mutual funds and listed equity shares), contribution due but unpaid, amount due from other takaful operator / retakful operator, retakful and other recoveries against outstanding claims and sundry receivable. To reduce the credit risk the management continuously reviews and monitors the credit exposure towards the participants and other takaful operator / retakful operator and makes provision against those balances considered doubtful of recovery.

In summary, compared to the amount included in statement of assets and liabilities, the maximum exposure to credit risk as at December 31, 2017 is as follows:

December 31, 2017		December	31, 2016
Balance as per the financial statement	Maximum exposure	Balance as per the financial statement	Maximum exposure
	(Rupe	es)	
11,018,858	11,018,858	48,521,752	48,521,752
29,309,996	29,309,996	32,666,248	32,666,248
103,303,793	103,303,793	42,096,410	42,096,410
20,421,877	20,421,877	5,202,940	5,202,940
5,000,000	5,000,000	5,000,000	5,000,000
112,075,949	112,075,949	7,033,555	7,033,555
281,130,473	281,130,473	140,520,905	140,520,905
	Balance as per the financial statement 11,018,858 29,309,996 103,303,793 20,421,877 5,000,000 112,075,949	Balance as per the financial exposure statement (Rupe 11,018,858 29,309,996 29,309,996 103,303,793 20,421,877 5,000,000 5,000,000 112,075,949 112,075,949	Balance as per the financial statement

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

Bank	Rating Agency	Short Term Rating	Long Term Rating	2017 (Rupees	2016
Meezan Bank Limited - Participant Takaful fund	JCR-VIS	A-1+	AA	7,174,286	4,649,134
Dubai Islamic Bank - Participant Takaful fund	JCR-VIS	A-1	AA-	56,813,733	-
Bank Islamic Limited - Participant Takaful fund	PACRA	A-1	Α	1,332,679	-
UBL Ameen	JCR-VIS	A-1+	AAA	1,059,091	-
				66,379,789	4,649,134
Meezan Bank Limited - Operator fund	JCR-VIS	A-1+	AA	1,569,195	2,384,421
Dubai Islamic Bank - Operator fund	JCR-VIS	A-1	AA-	426,865	-
Bank Islamic Limited - Operator fund	JCR-VIS	A-1	AAA	43,700,100	-
				45,696,160	2,384,421

The credit quality of Company's exposure in Term finance certificates are disclosed in note 8.3 of the financial statements. The management monitors exposure to credit risk in contribution receivable from customers through regular review of credit exposure and prudent estimates of provisions for doubtful receivables as disclosed in note 18 to the financial statements.

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Concentration of credit risk

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

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

	December 31, 2017		December 31, 2016	
	(Rupees)	%	(Rupees)	%
Automobiles	32,984,392	50.98	12,142,675	44.73
Banks, Modaraba and leasing	1,442,522	2.23	3,244,405	11.95
Chemicals and allied industries	503,385	0.78	268,362	0.99
ood and confectionary	7,480,871	11.56	456,402	1.68
Fuel and energy	931,464	1.44	127,604	0.47
Others	7,580,397	11.72	2,263,630	8.34
Pharmaceutical	92,784	0.14	110,021	0.41
Sugar Mills	1,093,541	1.69	476,490	1.76
Textile and composite	11,397,286	17.62	8,054,425	29.67
Narehouses and godowns	1,195,383	1.85	-	0.00
	64,702,025	100	27,144,014	100

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

December	December 31, 2017		31, 2016	
Gross	Impairment	Gross	Impairment	
(Rupees)				
57,912,787		27,144,014	-	
6,789,238	-	-	-	
-	-	-	-	
-			-	
64,702,025	-	27,144,014	-	
	57,912,787 6,789,238 -	Gross Impairment (Rupee 57,912,787 - 6,789,238	Gross Impairment Gross (Rupees)	

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

	Amount due from other cotakaful / retakaful	Retakaful and other recoveries against outstanding claims	Prepaid retakaful contribution ceded	2017	2016
			(Rupees)		
A or above (including PRCL)	38,601,768	20,421,877	37,124,163	96,147,808	48,672,389
	38,601,768	20,421,877	37,124,163	96,147,808	1,894,747,639

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

2017		201	6		
Gross	Impairment	Gross	Impairment		
(Rupees)					
36,298,153		14,952,396			
2,303,615	-	-	-		
-	-	-	-		
	-	-	-		
38,601,768		14,952,396			
	Gross 36,298,153 2,303,615	Gross Impairment (Rupee 36,298,153 - 2,303,615	Gross Impairment Gross		

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

	201	17	201	6
	Gross	Impairment	Gross	Impairment
	(Rupees)			
pto 1 year	19,665,519	-	5,202,940	-
2 years	756,358	-	-	-
ver 2 years			-	-
	20,421,877		5,202,940	-

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

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25.2.3 Liquidity risk

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

The following are the contractual maturities of financial liabilities:

	Carrying A	Amount
	2017	2016
	(Rupe	es)
Non-Derivative Financial liabilities		
Outstanding claims including IBNR	35,981,668	9,324,603
Wakala and mudarib fee payable	29,309,996	32,666,248
Retakaful / co-takaful payables	47,689,597	13,320,318
Other creditors and accruals	29,726,959	11,184,880
Qard-e-Hasna	5,000,000	5,000,000
	147,708,220	71,496,049

The carrying amounts represent contractual cash flows maturing within one year.

25.2.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices may affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All transactions are carried in Pak Rupees therefore, the Company is not exposed to currency risk. However, the Company is exposed to interest rate risk and other price risk.

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

The Company is exposed to cash flow interest rate risk in respect of its balances with profit and loss sharing account with banks and term finance certificates. A change of 100 basis points in interest rates at the year end would not have material impact on profit for the year and equity of the Company.

25.2.4.1 Foreign Currency risk

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

25.2.4.2 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

25.3 Capital Management Policies And Procedures

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company currently meets the minimum paid-up capital requirement i.e., Rs. 500 million as required by the Securities and Exchange Commission of Pakistan.







26. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

				2017		
	Available-for- sale	Loans and Receivables	Other financial liabilities	Total	Level 1	Level 2
				(Rupees)		
On-balance sheet financial instruments						
Financial assets measured at fair value						
Investments - Units of open ended mutual fund	11,018,858	-	-	11,018,858		11,018,858
Financial assets not measured at fair value						
Cash and bank *	-	114,029,962	_	114,029,962		
akaful / ReTakaful receivables *	-	103,303,793	-	103,303,793		
Vakala and Mudarib fee receivable *		29,309,996	-	29,309,996		
Re-takaful recoveries against outstanding claims *	-	20,421,877	-	20,421,877		
Qard-e-Hasna *	-	5,000,000	-	5,000,000		
	11,018,858	272,065,628	-	283,084,486		
inancial liabilities not measured at fair value						
Inderwriting provision for outstanding claims including IBNR *	-	-	35,981,668	35,981,668		
Retakaful / co-takaful payables *	-	-	47,689,597	47,689,597		
Vakala and Mudarib fee payable *	-	- 5	29,309,996	29,309,996		
Other creditors and accruals *	-	-	29,726,959	29,726,959		
Qard-e-Hasna *	-		5,000,000	5,000,000		
			147,708,220	147,708,220		





	2016						
	Available-for- sale	Loans and Receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
			(Rup	oees)			
On-balance sheet financial instruments							
Financial assets measured at fair value							
Investments - Units of open ended mutual fund	48,521,752	-	-	48,521,752	48,521,752		
Financial assets not measured at fair value							
Cash and bank *	_	7,033,555	-	7,033,555			
Takaful / ReTakaful receivables *	-	42,096,410	-	42,096,410			
Wakala and Mudarib fee receivable *	-	32,666,248	7-4	32,666,248			
Re-takaful recoveries against outstanding claims *	-	5,202,940	-	5,202,940			
Qard-e-Hasna *	-	5,000,000	-	5,000,000			
	48,521,752	91,999,153	-	140,520,905			
Financial liabilities not measured at fair value							
Underwriting provision for outstanding claims including IBNR *	-	-	9,324,603	9,324,603			
Takaful / Retakaful payables *	-	-	13,320,318	13,320,318			
Wakala and mudarib fee payable	-	-	32,666,248	32,666,248			
Other creditors and accruals *	-	-	11,184,880	11,184,880			
Qard-e-Hasna *	-	-	5,000,000	5,000,000			
	-	-	66,496,049	66,496,049	_		

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

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27. NUMBER OF EMPLOYEES

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

	2017	2016
	(Numb	er)
At the year end	2	2
Average during the year	2	2

28. CORRESPONDING FIGURES

During the year the SECP vide SRO 89(I)/2017 dated 9th February, 2017 has issued Insurance Rules, 2017 (the Rules), which requires every takaful operator to prepare their financial statements as per the presentation and disclosure requirement prescribed in the formate, in view of the applicability of the Rules, the Company has changed the presentation and disclosures of the financial statemnets and recorded its investments as per IAS 39, which was further explained in note 3.1.1 and 3.1.2.

29. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue in accordance with a resolution of the Board of Directors on 08 February, 2018.

30. GENERAL

All figures have been rounded off to the nearest rupees, unless otherwise stated.

Labor Mujor Mulark

Chief Executive Director Director Chairman

at

Head Office & Branches Information



HEAD OFFICE

126-C, Jami Commercial, Street No. 14, Phase-VII, DHA, Karachi, Pakistan. UAN: 111-845-111 Fax: (92-21) 35314504

CITY BRANCH

6th Floor, Office No. 608-609, Uni Tower, I.I. Chundrigar Road, Karachi, Pakistan. Tel: (021) 32424699, 32415539, Fax: (92-21) 32424689

CORPORATE BRANCH

Office No. 403, 4th Floor, Fayyaz Centre, Sindhi Muslim Society, Karachi, Pakistan. Ph: (92-21) 34323064-65-66 Fax: (92-21) 34323062

SEA VIEW BRANCH

126-C, Jami Commercial, 4th floor, Street No. 14, Phase-VII, DHA, Karachi, Pakistan. UAN: 111-845-111 Ext: 7862, Fax: (92-21) 35314504.

D.H.A. BRANCH

126-C, Jami Commercial, Street No. 14, Phase-VII, DHA, Karachi, Pakistan. UAN: 111-845-111 Ext: 7856, Fax: (92-21) 35314504

JAMI COMMERCIAL BRANCH

1st Floor, 100-C Main Khayaban-e-Jami, Commercial Street, DHA, Phase 7, Karachi, Pakistan.

Tel: (021) 35314519, 35314547, 35314556-57-58.

KARACHI BRANCH

6th Floor, Office No. 608-609, Uni Tower, I.I. Chundrigar Road, Karachi, Pakistan. Tel: (021) 32465123, 32465124, Fax: (92-21) 32424689

GLASS TOWER BRANCH

Office No. F-17 & F-18, 1st Floor Glass Tower, Frere Town Teen Talwar, Clifton, Karachi. Ph: 021-35631801-03-04-05-06, Fax: 021-35631802.

NEW UNIT BRANCH

1st Floor, 125 – C/1, Jami Commercial, Street # 14, Phase - VII, D.H.A. Karachi. Tel: 021-35314530-32-33, Fax: 021-35314529

COMMERCIAL BRANCH

1st Floor, 100-C Main Khayaban-e-Jami, Commercial Street, DHA, Phase 7, Karachi, Pakistan.

Tel: (021) 35314534, 35314535, 35314536.

HYDERABAD BRANCH

Office # 3,4 & 5, Mazanine Floor, Muskan Centre, (old Rahat Cinema) Near Risala Road, Hyderabad. Ph: 022-2784501, Fax: 022-2784439

BAHAWALPUR OFFICE

Rahee m Plaza, Fareed Gate, Bahawalpur. Ph: 062-2884090-91, Fax: 062-2884091

LAHORE (Regional Office)

3rd Floor, C-306 City Tower, 6 K Main Boulevard, Gulberg-II, Lahore. UAN: +92 42 111-845-111 Fax: 042-35770406

CANTT BRANCH LAHORE

3rd Floor, Executive Center, 92-Commercial Area, Cavalry Ground, Lahore Cantt, Lahore. Ph: 042-36619851-3 Fax: (042)36619854

MULTAN (Regional Office)

3rd Floor, Chen One Tower, 74-Abdali Road, Multan. UAN: (061) 111 845 111 Fax: (92-61) 4500170

ISLAMABAD (Regional Office)

4th Floor, Redco Plaza, Jinnah Avenue, Blue Area, Islamabad, Pakistan U.A.N. (051) 111-845-111, Ph: 051-2344345-7, Fax: 051-2344349

PESHAWAR OFFICE

Office A-3 & 4, 1 st Floor, Lamsy Arcade, Fakhr-e-Alam Road, Peshawar Cantt, Pakistan. Ph: 091-5279544, 5286412,

Fax: 091-5278144

FAISALABAD (Regional Office)

P-74, Liaquat Road, Faisalabad. UAN: (041) 111 845 111 Fax: (041) 2606058

MALL ROAD BRANCH FAISALABAD

P-18, First Floor, Bilal Road, Civil lines, Faisalabad. Ph: 041-2623655, Fax: 041-2624455

BOSSAN ROAD BRANCH MULTAN

Business City Plaza Bossan Road, Multan. Ph: 061-6220026-27

Fax: 061-6220026-2

MULTAN FIESTA GARDEN BRANCH:

L.M.Q. Road, Nawa Sher, Opposite Income Tax Office (RTO), Multan. Ph: (061) 4515049, 4515050, 4515051, 4515052.

GLASS TOWER BRANCH:

Office No. F-17 & F-18, 1st Floor Glass Tower, Frere Town Teen Talwar, Clifton, Karachi. Ph: 021-35631801-03-04-05-06, Fax: 021-35631802.

CAPITAL BRANCH:

Office No. 3/08, 4th Floor, Silk Centre, Murree Road, Satellite Town, Rawalpindi. Ph: 051-4264168-69-70, Fax: 051-4264163

SUSAN ROAD BRANCH - FAISALABAD

Office No. 3, 3rd Floor, Wahab Centre, Mian Susan Road, Faisalabad. Ph: (041) 8723830





12TH ANNUAL GENERAL MEETING OF UBL INSURERS LIMITED

Form of Proxy

I/We,	of		being a memb	er of UBL Insurers Limited (the
"Company") and	holder of		ordinary shares	as per Share Register Folio No.
	hereby	appoint		or failing him/her
		as my/us proxy to	o vote for me/our a	nd on my/our behalf at the 12 th
Annual General	Meeting of	the Company sc	heduled to be held	d on Friday 16, March 2018 at
04:00 p.m. at 1st	Floor, UB	L Head Office I	Building, I.I. Chu	ndrigar Road, Karachi and at
any adjournment	thereof.			
Signed this		_ day of	_ 2018.	
Witness 1: Signature:				Revenue
Name:				Stamps of Rs.5/ -
CNIC No. or Passp	ort No:			01113.37
Address:				
				
				(Authorized Signature)
Witness 2: Signature:				
Name:				
CNIC No. or Passp	ort No:			
Address:			<u> </u>	

Note:

The Proxy Form, duly completed, should be reached/deposited at the Registered Office of UBL Insurers Limited at 126, Jami Commercial Street No. 14, Phase VII, DHA Karachi not later than 48 hours before the meeting.