

ANNUAL REPORT 2017

Rated **AA-** by PACRA



The **UNITED
INSURANCE**
COMPANY OF PAKISTAN LTD.
A member Company of United International Group

Reflection of Trust
58 years of Excellence



KEY INFORMATION 2017

AA-

We are making
things better
together



Rated by: PACRA

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UNITED INTERNATIONAL GROUP

We're leading our sector and working with our clients to advance the cause of sustainability — even in places where you might not expect us.



The United Insurance Company of Pakistan Limited, a leading insurance provider in Pakistan, was established in the year 1959 on the 20th day of October. It was operational in Pakistan including East Pakistan (now Bangladesh). UIC has established a large network of branches throughout Pakistan currently operating more than 100 branches all over Pakistan. UIC doing General business including Group Health Insurance, Travel Insurance (Health), Travel Bonds & Guarantees, Livestock and Crop Insurance.

UIC is part of the United international Group (UIG) as well as the company is now a public limited company listed in Pakistan Stock Exchange Limited (Formerly Karachi Stock Exchange Limited).

Our traditional business model is based on cost effective risk management solutions to our policyholders through highest level of quality. We are dedicated to our customer as well as our shareholders to maximize their profits depending on the variables that are factored in with the investments. We are leading the insurance sector and working with our clients to advance the cause of sustainability even in the rural areas.

We believe in achieving excellence in different spheres and in 2017 UIC won the Life Time Achievement awards as well as the Corporate Social Responsibility award in the National Forum for Environment and Health in 2017.

With our experience, global resources and vision we aim to provide financial certainties and eliminate financial risk from this uncertain world. Hence our motto "Your risk is secure with us" serves this purpose.

CORPORATE CALENDAR 2017

**April
05,06 /
2017**

Audit Committee and Board of Directors meeting to consider annual accounts of the Company for the year ended December 31, 2016.

**April
29 / 2017**

Annual General Meeting of Shareholders to consider annual accounts of the Company for the year ended December 31, 2016 and dividend announcement.

**August
25,28 /
2017**

Audit Committee and Board of Directors meeting to consider half yearly accounts of the Company for the half year ended June 30, 2017.

**April
27,29 /
2017**

Audit Committee and Board of Directors meeting to consider quarterly accounts of the Company for the quarter ended March 31, 2017.

**October
26,27 /
2017**

Audit Committee and Board of Directors meeting to consider quarterly accounts of the company for the quarter ended September 30, 2017.

UIC believes in providing high quality solutions to risk exposures to the fulfillment of its customers through:

- Surpassing the values throughout the entire organization. These principles will guide us to succeed in our business, and will serve us well ahead into the future from day-to-day business operation to product development and customer services.
 - Building the team that takes responsibility for the delivery of our services. By developing our technical & marketing staff, who may deliver services competently. Also give them a sense of pride in the Company.
 - Believing that by being pro-active and meeting the changing needs of our clients through value – added products and services, meeting the aspirations of all our stakeholders.
 - Also believing that quality of work is the key factor in an organization. So, continuous quality improvements shall be the key drivers in our management processes.
 - Our commitment to integrity, customer centricity, sustainable value creation, excellence and teamwork fosters trust with our shareholders and our customers. It nurtures talent and mitigates internal risks through openness and transparency. It helps us secure the support of regulators and the investment community. It nurtures talent and mitigates internal risks through candor and transparency. It helps us secure the support of regulators and the investment community.
- » **Integrity**
To treat everyone fairly and honestly.
To comply with all applicable laws, regulations and internal policies.
 - » **Customer centricity**
To put our customers at the heart of all we do. We utilize of our global scale experience to convert insights and observations into useful ideas that we put to work for our customers.
 - » **Sustainable value creation**
To create and sustain value for our customers, our shareholders, our people and society. To maintain a culture of precision, stability and reliability that instills confidence and trust in our commitment to deliver when it matters now and in the future. A key component of sustainable value creation, and indeed of all our values, is our commitment to a high standard of corporate responsibility.
 - » **Excellence**
To aim for the highest quality and strive for continuous improvement in all that we do. Find new ways of solving problems. To test what we do and how we do it for fairness, diversity, trust, and mutual respect.
 - » **Teamwork**
To work together as one team...one Zurich. Collaborating and applying our global insights to deliver the best for our stakeholders. Value our diverse, talented workforce; and support them so that they can contribute to their full potential.

VISION & MISSION STATEMENTS



VISION

A first class Insurance Company / Window Takaful operator to provide cost effective risk management solutions to its policy-holders / participants through highest level of quality.



MISSION

For our customers

- To provide superior services through high quality business solutions and health protection, based on expert advice and financial management and adding value to the all corporate and non corporate customers.

For our Members

- To maximize the members' value by optimum utilization of resources.

For our Employees

- To provide opportunities for self-development in a highly challenging performance oriented work environment.

For the Society

- To ensure good governance by maintaining high ethical standards and risk coverage.

For the Government

- Prompt and timely liquidation of liabilities and adherence to the policies established.

INVESTOR INFORMATION

We are not just another Insurance Company. We are a success partner and a trusted friend, and we are building a better tomorrow .

INVESTOR'S AWARENESS

With reference to SRO 924(1) / 2016 dated September 9th, 2016 issued by the Securities and Exchange Commission of Pakistan (SECP), the following informational message has been added for investor's awareness:

The graphic features a central image of a traditional earthenware pot with a smartphone placed inside it. Surrounding the pot are icons for a headset, a mouse, an email envelope, a Twitter bird, and a Facebook 'f' logo. The background is a light blue gradient.

www.jamapunji.pk

Jama Punji
سرمایہ کاری میں شہدائی کے ساتھ

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Key features:

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- Scam meter*
- Jemapunji games*
- Tax credit calculator*
- Company Verification
- Insurance & Investment Checklist
- FAQs Answered
- Stock trading simulator (based on live feed from KSE)
- Knowledge center
- Risk profiler*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jemapunji application for mobile device
- Online Quizzes:

www.jamapunji.pk @jemapunji_pk

*Mobile apps are also available for download for android and ios devices

Joint Plug to an Investor Education Initiative of Securities and Exchange Commission of Pakistan

BOARD OF DIRECTORS



▶ **Mian M.A. Shahid**
Advisor to Board / (Chairman UIG)



▶ **Mohammed Rahat Sadiq**
CHIEF EXECUTIVE OFFICER



▶ **Khawas Khan Niazi**
DIRECTOR/PRESIDENT

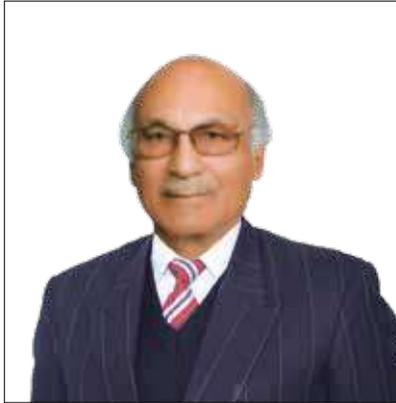


▶ **Huma Waheed**
DIRECTOR

United Insurance is a journey and a journey is not confined to a single act. It is rather a habit.

The habit of doing ordinary things extraordinary well.

BOARD OF DIRECTORS



▶ **Javed Sadiq**
Chairman



▶ **Taseer Yousaf Makhdoom**
DIRECTOR



▶ **Agha Ali Imam**
DIRECTOR



▶ **Jamil A. Khan**
DIRECTOR

CORPORATE INFORMATION

BOARD OF DIRECTORS

CHAIRMAN

Javaid Sadiq

DIRECTOR /PRESIDENT

Khawas Khan Niazi

CHIEF EXECUTIVE OFFICER

Mohammed Rahat Sadiq

DIRECTORS

Huma Waheed

Agha Ali Imam

Jamil A. Khan

Taseer Yousaf Makhdoom

ADVISOR TO BOARD

Mian M.A.Shahid (Chairman
UIG)

ADVISORS

Sardar Khan

(Former Managing Director
Universal Insurance Company
Limited)

Major General (R) Asif Duraiz
Akhtar

COMPANY SECRETARY

Athar A. Khan

CHIEF FINANCIAL OFFICER

Maqbool Ahmed

CHIEF INTERNAL AUDITOR

Abdul Mannan Munir

AUDITORS

M/S. Ilyas Saeed & Co.
Chartered Accountants

LEGAL ADVISORS

Mohammed Farooq Sheikh
(Advocate)

Mian Asghar Ali (Advocate)

TAX ADVISOR

M/S. Sarwars Chartered
Accountants

CREDIT RATING AGENCY (PACRA)

INSURER FINANCIAL
STRENGTH

AA-(Double A Minus) The
Rating Denotes a very strong
capacity to meet policyholder
and contract obligations. Risk
factors are modest, and the
impact of any adverse business
and economic factors is
expected to be very small.

COMPANY'S SHARE REGISTRAR

M/S. F.D.Registrar
Services(SMC-Pvt) Ltd.
1705,17th Floor, Saima Trade
Center, I.I.Chundrigar Road,
Karachi.

WEB PRESENCE

www.theunitedinsurance.com



REGISTERED OFFICE

204, 2nd Floor, Madina City
Mall,

Abdullah Haroon Road, Saddar
Karachi.

TEL: 021-35621460-2,
021-35221803-4

FAX: 021-35621459

Email:
info@theunitedinsurance.com

HEAD OFFICE

UIG House, 6-D, Upper Mall,
Lahore

TEL: 042-35776475

UAN: 92-42-111-000-014

FAX: 92-42-35776486, 35776487

Email:
uicp@theunitedinsurance.com

KEY MANAGEMENT PERSONNEL

CONVENTIONAL BUSINESS

HEAD OF CONVENTIONAL BUSINESS

Tajammal Iqbal

SR. EXECUTIVE DIRECTOR UNDERWRITING

S.M. Qaiser Imam

SR. EXECUTIVE DIRECTOR/ GROUP COUNTRY MANAGER

Dr. Murtaza Mughal

HEAD OF CORPORATE COMPLIANCE

Syed Rahat Ali Shah

SR. GENERAL MANAGER RE-INSURANCE

Abrar Ahmed Minhas

JOINT DIRECTOR OPERATION

Tayyab Bashir

GENERAL MANAGER HR & R

Wakeel Ahmed Mirza

GENERAL MANAGER (I.T)

Munir Ahmed

GENERAL MANAGER HEALTH/ TRAVEL

Kashif Shafique

GENERAL MANAGER ADMINISTRATION

Maj.(R) Nadeem Iqbal Naz

DEPUTY GENERAL MANAGER CLAIMS

Kamran Zaman

A.G.M UNDERWRITING

Manzoor Hussain Mirza

A.G.M REINSURANCE

Naeem Ahmed Babar

CHIEF MANAGER (WEB)

Mohammed Arshad

CHIEF MANAGER (AGRI)

Zulfiqar Ahmed

SR. MANAGER COORDINATION

Tahira Ashar

WINDOW TAKAFUL OPERATIONS

HEAD OF TAKAFUL OPERATIONS

Shakeel Ahmed

SHARIAH ADVISOR

Mufti Farhan Farooq

JOINT DIRECTOR OPERATIONS & TECHNICAL

Amir Hameed

SHARIAH COMPLIANCE OFFICER

Malik Saad Munir

EXECUTIVE DIRECTORS (MARKETING)

Mohammad Rafique Khan

Zarar Ahmed Butt

Mian Kashif Rasheed

Ch. Aslam Feroze

Mohammed Siddique Sheikh

Rizwan-Ul-Haq

Shafaqat Ali Goraya

Hassan Nadeem

Ch. Shamas-ul-haq

Kh. Adnan Hassan

Mohammed Mazhar Shah

JOINT DIRECTORS (MARKETING)

Aslam Rajpoot

Mohammed Naseem Butt

Malik Khurram Mansoor

Malik Zafar Yousaf

Mian Mohammed Rafi

Tanveer Ahmad Bhatti

Faisal Javaid

Mohammed Mohsin ullah

Chaudhary Iqbal Tahir

Zafar Mahmood

Syed Ahmad Ali

Nauman-ul-Haq

Hassan Bin Daud

Malik Azhar Ahmed

Mujeeb-ur-Rehman Khokhar

Zahid Mukhtar Paracha

Mian Muhammad Asif

Fahad Liaqat

BANKS & LEASING COMPANIES

BANKS

State Bank of Pakistan
National Bank of Pakistan
Bank Al-Habib Limited
Soneri Bank Limited
Bank Alfalah Limited
Meezan Bank Limited
SME Bank Limited
The Bank of Khyber
Summit Bank Limited
Silk Bank Limited
Samba Bank Limited
Zarai Taraqiyati Bank Limited
Sindh Bank Limited
The Bank of Punjab
First Women Bank Limited
The Punjab Provincial Cooperative Bank Limited
Allied Bank Limited
Habib Bank Limited
MCB Bank Limited
United Bank Limited
Al Baraka Bank (Pakistan) Limited
Askari Bank Limited
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Standard Chartered Bank (Pakistan) Limited
Barclays Bank PLC, Pakistan
Habib Metropolitan Bank Limited
Karakoram Cooperative Bank Limited
Industrial Development Bank of Pakistan
JS Bank Limited
Bank Islami Limited
Bank of Azad Jammu and Kashmir
Fahad Liaqat

LEASING COMPANIES

Orix Leasing Company Limited
Crescent Standard Modaraba

MICRO FINANCE BANKS

APNA Microfinance Bank Limited
Khushhali Microfinance Bank Limited
Pak-Oman Microfinance Bank Limited
The First Microfinance Bank Limited
Waseela Microfinance Bank Limited
U Microfinance Bank Limited
Tameer Microfinance Bank Limited
NRSP Microfinance Bank Limited



THE UNITED INSURANCE AT A GLANCE

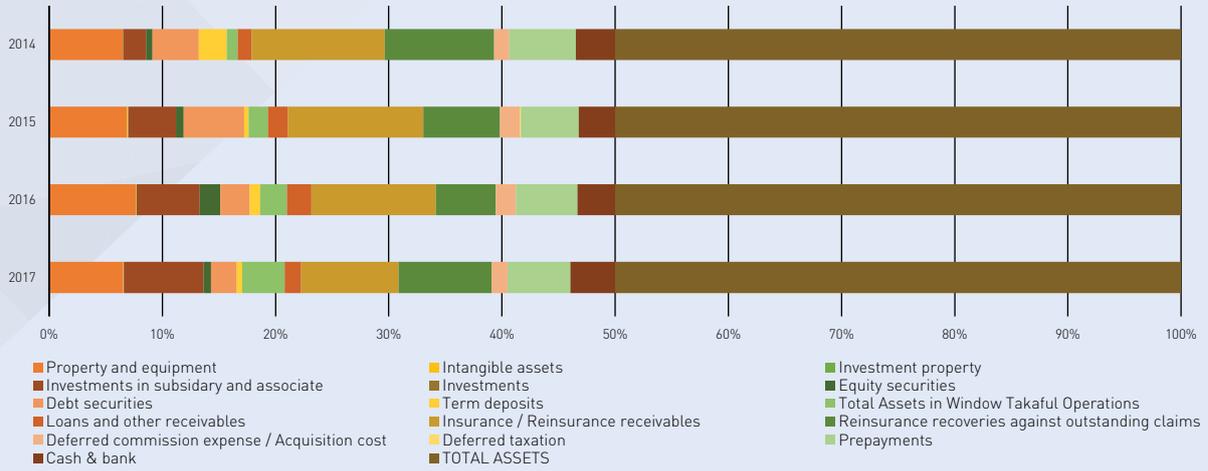
- United Insurance is a member Company of "United International Group".
- Operating Since 1959, dealing in all areas of General Insurance business.
- One of the premier general insurance companies of Pakistan.
- First insurance company to obtain Window Takaful Operator License from SECP
- Rated "A+" which signifies very High Financial Capacity to meet Policy holders and contract obligations.
- Very strong Reinsurance arrangements with world renowned reinsurers.
- Focused on prompt settlement of claims.
- Extending success into new challenges.

SIX YEARS AT A GLANCE

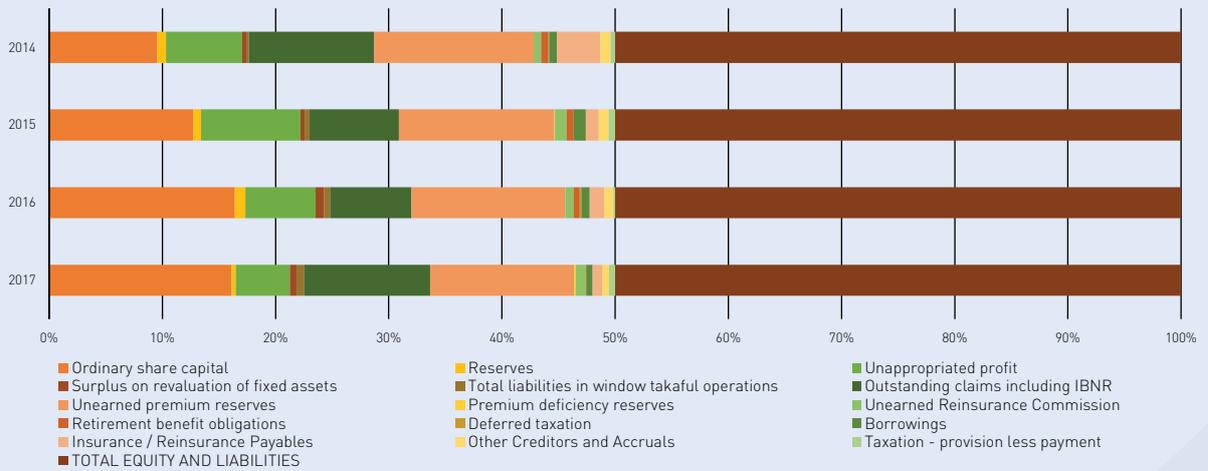
SIX YEARS AT A GLANCE	(RUPEES IN MILLION)					
	2017	2016	2015	2014	2013	2012
FINANCIAL DATA - CONVENTIONAL						
Ordinary share capital	2,001.552	1,803.200	1,288.000	920.000	701.943	570.685
Reserves	46.491	105.234	68.124	765.121	519.509	393.776
Total Equity	2,641.766	2,588.325	2,245.719	1,645.023	1,180.459	918.397
Underwriting provisions	3,087.593	2,366.383	2,298.038	2,489.671	1,516.492	886.506
Investments including associates	1,301.523	1,200.590	1,078.066	881.465	722.565	331.122
Total Assets	6,211.319	5,499.512	5,059.424	4,820.162	3,008.203	2,077.732
Property and equipment	810.596	841.897	695.565	628.212	580.294	573.757
Cash & bank	490.059	365.488	324.822	395.427	146.361	150.206
Loans and other receivables	175.714	238.938	177.013	120.442	167.292	166.769
OPERATING DATA - CONVENTIONAL						
Gross written premium	4,163.546	3,781.741	3,062.158	2,474.744	1,723.743	1,422.915
Net insurance premium	2,678.708	2,473.432	2,151.784	1,536.703	1,108.541	783.340
Net insurance claims	1,287.193	934.519	742.329	419.432	323.083	245.413
Management expenses	921.226	797.738	628.696	592.085	471.529	355.916
Premium deficiency (charge) / reverse	(17.032)	3.565	(5.261)	-	-	-
Underwriting profit / (loss)	221.312	509.741	150.961	36.988	(34.648)	(47.888)
Investment income	67.205	73.106	68.430	63.404	34.689	41.167
Profit before tax	487.345	357.960	679.588	507.936	290.554	187.484
Income tax expense	195.061	79.513	59.563	47.049	33.175	26.364
Profit after tax	292.284	278.448	627.728	460.887	257.380	161.120
FINANCIAL RATIOS - CONVENTIONAL						
Profit before tax / Gross written premium (%)	11.705	9.465	22.193	20.525	16.856	13.176
Profit before tax / Net insurance premium (%)	18.193	14.472	31.583	33.054	26.210	23.934
Profit after tax / Gross written premium (%)	7.020	7.363	20.500	18.624	14.931	11.323
Profit after tax / Net insurance premium (%)	10.911	11.258	29.172	29.992	23.218	20.568
Management expenses / Gross written premium (%)	22.126	21.094	20.531	23.925	27.355	25.013
Management expenses / Net insurance premium (%)	34.391	32.252	29.217	38.530	42.536	45.436
Underwriting results / Net insurance premium (%)	8.262	20.609	7.016	2.407	(3.126)	(6.113)
Net insurance claims / Net insurance premium (%)	48.053	37.782	34.498	27.294	29.145	31.329
Return on Assets (%)	4.704	5.063	12.407	9.562	8.556	7.755
RETURN TO MEMBERS - CONVENTIONAL						
Return on Total equity - PBT (%)	18.447	13.830	30.261	30.877	24.614	20.414
Return on Total equity - PAT (%)	11.063	10.758	27.952	28.017	21.803	17.544
Earning Per Share (Rs.)	1.460	1.391	3.136	2.303	1.286	0.805
Price earning ratio (times)	10.601	16.015	6.903	12.138	11.043	16.150
Market value at end of year (Rs.)	15.480	22.280	21.650	27.950	14.200	13.000
Highest value during the year (Rs.)	26.610	28.990	42.550	30.450	17.830	16.200
Lowest value during the year (Rs.)	13.750	14.340	19.340	12.710	8.070	4.600
Stock dividend per share (Rs.)	1.300	1.100	4.000	4.000	3.100	2.300
Cash dividend per share (Rs.)	-	1.000	-	-	-	-
Total assets per share (times)	31.042	30.499	39.281	52.393	42.858	36.413
LIQUIDITY / LEVERAGE RATIO - CONVENTIONAL						
Current ratio (times)						
Total assets turnover (times)	1.4923	1.4542	1.652	1.948	1.745	1.460
Property and equipment turnover (times)	0.1947	0.2226	0.227	0.254	0.337	0.403
Total liability / Total equity (times)						
Return on capital employed (%)	18.4468	13.8298	30.261	30.877	24.614	20.414
Ordinary share capital / Total assets (%)	32.2143	32.7884	25.457	19.086	23.334	27.467
Total equity / Total assets (%)	42.5203	47.0646	44.387	34.128	39.241	44.202
DISTRIBUTION - CONVENTIONAL						
Bonus share (Rs.)	1.300	1.100	4.000	4.000	3.100	2.300
Bonus share (%)	13%	11%	40%	40%	31%	23%
Cash dividend share (Rs.)	-	1.000	-	-	-	-
Cash dividend share (%)	-	10%	-	-	-	-
Total distributions (%)	13%	21%	40%	40%	31%	23%

	YEARS			
	2017	2016	2015	2014
STATEMENT OF FINANCIAL POSITION				
Property and equipment	13.05%	13.75%	8.3%	13.04%
Intangible assets	0.08%	0.16%	0.3%	0.00%
Investment property	0.04%	0.06%	6.6%	0.06%
Investments in subsidiary and associate	14.10%	8.42%	0.0%	4.02%
Investments	-	-	0.1%	-
Equity securities	1.33%	1.35%	0.0%	1.12%
Debt securities	4.55%	10.72%	15.2%	8.19%
Term deposits	0.96%	0.81%	4.8%	4.95%
Total Assets in Window Takaful Operations	7.52%	3.38%	5.7%	1.95%
Loans and other receivables	2.87%	3.50%	18.1%	2.43%
Insurance / Reinsurance receivables	17.22%	23.93%	2.4%	23.52%
Reinsurance recoveries against outstanding claims	16.46%	13.57%	0.9%	19.34%
Deferred commission expense / Acquisition cost	2.83%	3.50%	0.9%	2.69%
Deferred taxation	0.00%	0.19%	11.2%	0.00%
Prepayments	11.11%	10.22%	7.1%	11.73%
Cash & bank	7.89%	6.42%	19.2%	6.94%
TOTAL ASSETS	100.0%	100.0%	100.0%	100.0%
Ordinary share capital	32.21%	25.46%	19.09%	27.5%
Reserves	0.75%	1.35%	1.56%	13.1%
Unappropriated profit	9.56%	17.58%	13.48%	3.6%
Surplus on revaluation of fixed assets	1.31%	0.78%	0.83%	2.2%
Total liabilities in window takaful operations	1.17%	0.83%	0.33%	7.3%
Outstanding claims including IBNR	22.30%	15.81%	22.14%	7.3%
Unearned premium reserves	25.45%	27.46%	28.17%	32.3%
Premium deficiency reserves	0.30%	0.10%	0.00%	3.1%
Unearned Reinsurance Commission	1.64%	2.05%	1.34%	1.9%
Retirement benefit obligations	0.00%	1.24%	1.27%	4.2%
Deferred taxation	0.21%	0.00%	0.14%	0.5%
Borrowings	1.12%	2.19%	1.36%	0.4%
Insurance / Reinsurance Payables	1.74%	2.25%	7.68%	1.2%
Other Creditors and Accruals	1.15%	1.74%	1.80%	0.2%
Taxation - provision less payment	1.09%	1.18%	0.80%	1.4%
TOTAL EQUITY AND LIABILITIES	100.0%	100.0%	120.6%	107.3%
PROFIT AND LOSS ACCOUNT				
Net insurance premium	100.00%	100.00%	100.00%	100%
Net insurance claims	-48.05%	-34.50%	-27.30%	-31.3%
Premium deficiency	-0.64%	-0.20%	0.00%	0.0%
Net Commission and other acquisition costs	-8.66%	-9.30%	-7.20%	-25.8%
Management expenses	-34.39%	-29.22%	-38.53%	-4.2%
Investment income	2.51%	2.80%	4.10%	5.3%
Rental income	0.09%	0.10%	0.10%	0.1%
Other income	1.75%	0.99%	2.05%	0.85%
Other expenses	-0.33%	-1.20%	-1.45%	0.00%
Finance cost	-0.20%	-0.60%	-0.50%	0.00%
Share of loss from associate	-1.32%	-0.51%	-0.02%	-20.4%
Profit from Window Takaful Operations	7.43%	3.24%	1.85%	-0.6%
Income tax expense	-7.28%	-2.80%	-3.10%	-3.4%
(Profit)/ loss after Tax	-10.91%	-28.80%	-30.00%	-20.6%
	100.0%	100.0%	100.0%	100.0%

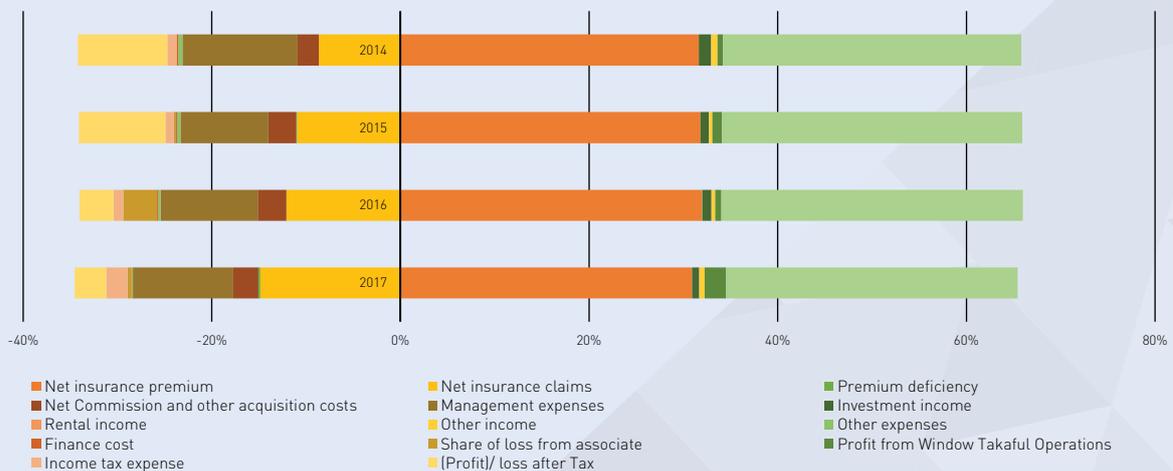
Horizontal Analysis-Assets



Horizontal Analysis-Equity and Liabilities



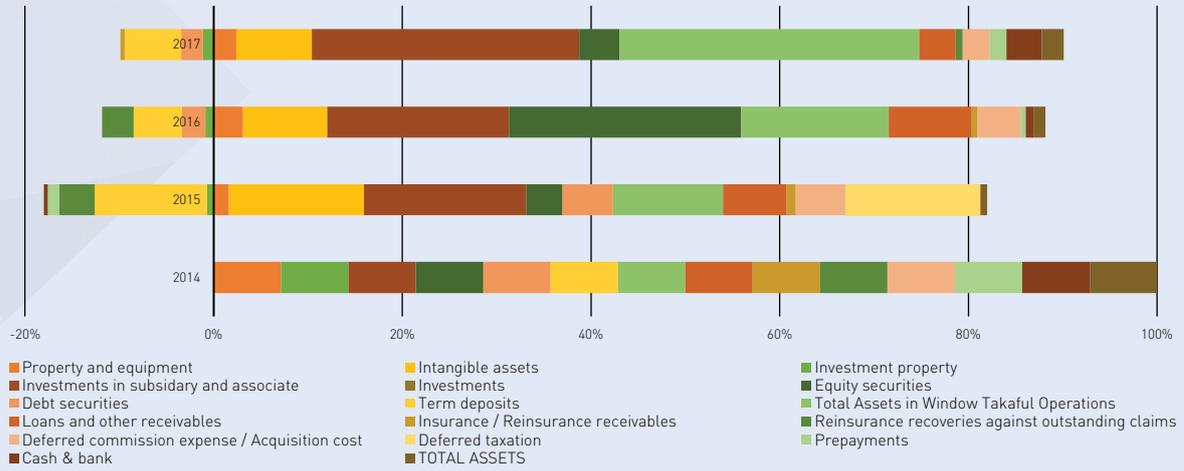
Horizontal Analysis-Profit and Loss Account



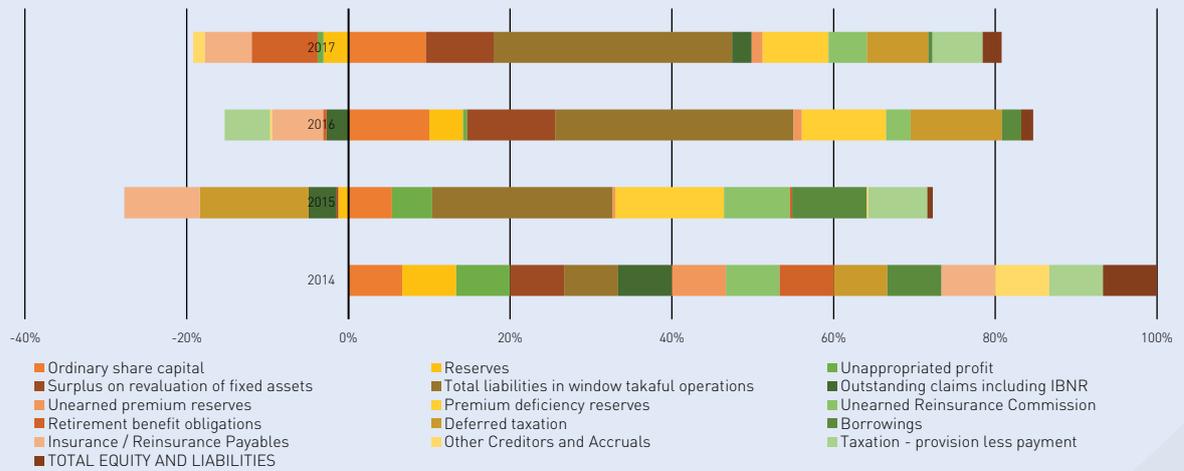
HORIZONTAL ANALYSIS

	YEARS			2017
	2014	2015	2016	
STATEMENT OF FINANCIAL POSITION				
Property and equipment	100	11.25	34.66	29.65
Intangible assets	-	100.00	100.00	100
Investment property	100	(5.00)	(9.75)	(14.26)
Investments in subsidiary and associate	100	120.15	215.61	352.68
Investments				
Equity securities	100	26.55	274.65	52.66
Debt securities	100	37.37	(28.10)	(28.41)
Term deposits	100	(82.88)	(56.86)	(74.90)
Total Assets in Window Takaful Operations	100	81.42	175.17	395.66
Loans and other receivables	100	46.97	98.38	47.86
Insurance / Reinsurance receivables	100	6.79	6.74	(5.60)
Reinsurance recoveries against outstanding claims	100	(26.35)	(37.66)	9.67
Deferred commission expense / Acquisition cost	100	36.54	51.76	35.51
Deferred taxation	-	100.00	-	-
Prepayments	100	(8.52)	5.40	22.03
Cash & bank	100	(2.86)	9.30	46.56
TOTAL ASSETS	100	4.96	14.09	28.9
Ordinary share capital	100	40	96	117.56
Reserves	100	(9.31)	40.1	(37.95)
Unappropriated profit	100	36.88	4.61	(8.64)
Surplus on revaluation of fixed assets	100	(2.15)	104.35	102.27
Total liabilities in window takaful operations	100	165.61	282.77	360.86
Outstanding claims including IBNR	100	(25.03)	(25.87)	29.8
Unearned premium reserves	100	2.31	9.74	16.48
Premium deficiency reserves	-	100	100	100
Unearned Reinsurance Commission	100	60.29	29.15	57.91
Retirement benefit obligations	100	2.17	(4.33)	(100.00)
Deferred taxation	100	(100.00)	108.37	93.07
Borrowings	100	68.57	22.8	6.25
Insurance / Reinsurance Payables	100	(69.30)	(60.52)	(70.88)
Other Creditors and Accruals	100	1.34	(2.09)	(17.95)
Taxation - provision less payment	100	54.24	(54.15)	75.99
TOTAL EQUITY AND LIABILITIES	100	4.96	14.09	28.9
PROFIT AND LOSS ACCOUNT				
Net insurance premium	100	40.03	60.96	74.32
Net insurance claims	100	76.98	122.81	206.89
Premium deficiency reserves	100	100	(100.00)	100
Net Commission and other acquisition costs	100	81.76	112.48	109.72
Management expenses	100	6.18	34.73	55.59
Investment income	100	(4.22)	15.3	5.99
Rental income	100	-	53.88	72.71
Other income	100	(32.00)	(3.38)	49.38
Other expenses	100	8.76	(16.85)	(62.09)
Finance cost	100	57.07	35.89	(29.97)
Share of loss from associate	100	3,791.58	97,872.94	12,426.55
Profit from Window Takaful Operations	100	145.27	72.91	599.57
Income tax expense	100	26.6	69	314.59

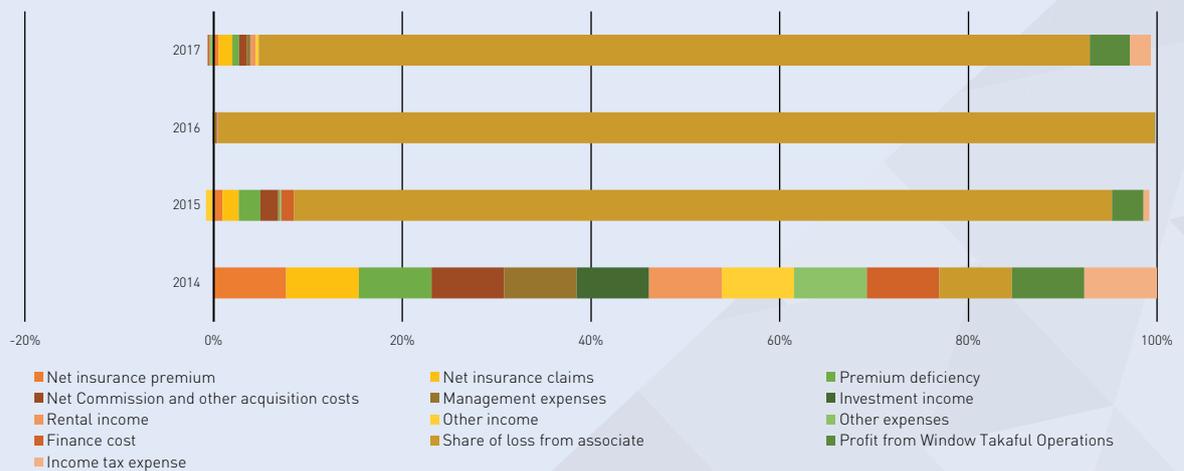
Vertical Analysis-Assets



Vertical Analysis-Equity and Liabilities



Vertical Analysis-Profit and Loss Account





Riot and Strike Damage

This policy provides coverage against loss or damage caused due to riot & strike or civil commotion or malicious damage due to any person who is member of an organization which aim is to overthrow any legal or defacto Government by terrorism or violence.

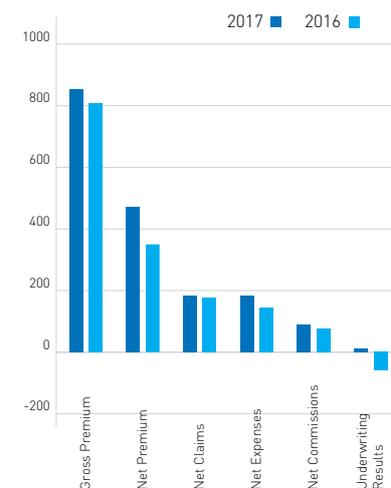
Allied Perils

This is the most important and basic form of insurance and is essential for all types of business concerns. Fire and Allied Perils Insurance provides comprehensive cover in respect of loss of or damage to your property against fire and lightning. To further safeguard the interest of our valued clients the policy can be extended to cover riot and strike damage, malicious damage, atmospheric disturbance, earthquake (fire and shock), explosion, impact damage, aircraft damage etc.

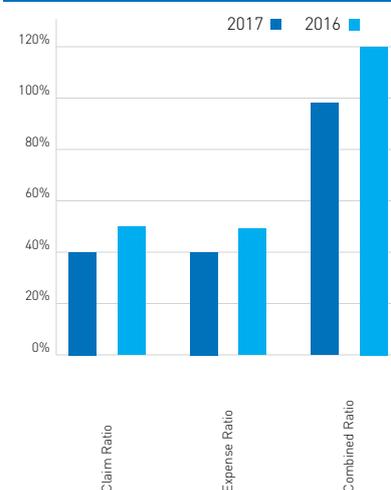
	2017	2016	Change %
	Rupees	Rupees	
Gross Premium	853,006,459	805,256,120	5.93
Net Premium	468,240,437	350,367,395	33.64
Net Claims	185,412,007	176,093,241	5.29
Net Expenses	186,617,496	171,258,457	8.97
Net Commissions	87,959,498	71,394,510	23.20
Underwriting Results	8,251,436	(68,378,813)	828.69

Claim Ratio	40%	50%
Expense Ratio	40%	49%
Combined Ratio	98%	120%

FIRE



FIRE - RATIOS





Marine Cargo

Marine Cargo insurance protects all goods while in transit depending upon the needs of client. Three broad types of cover are available i.e. Institute Cargo Clauses "A", "B" & "C". The cover takes care of risks associated with different modes of transportation.

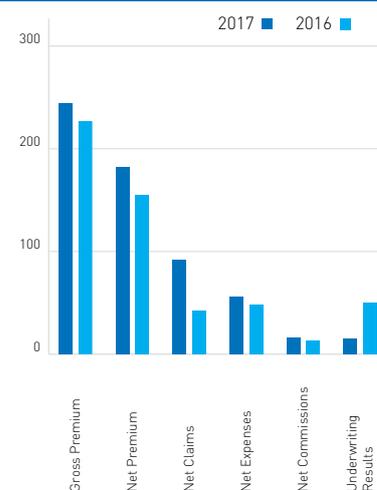
Marine Hull Insurance

This cover is available for ocean going vessels, barges, tugs, dredgers, fishing trawlers, yachts, wooden dhows, pleasure/speed boats etc., under Institute Time Clauses Hulls. Cover is also provided for last breakup voyages from Karachi anchorage to Gadani.

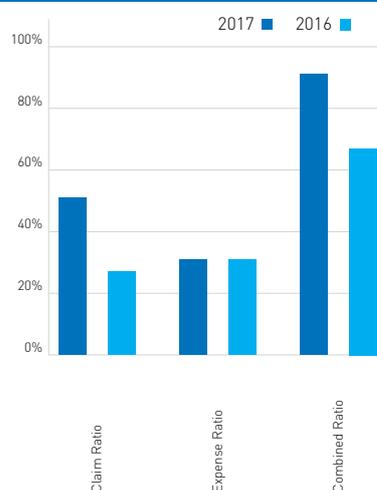
	2017	2016	Change %
	Rupees	Rupees	
Gross Premium	244,844,487	227,414,710	7.66
Net Premium	182,064,884	155,710,160	16.93
Net Claims	92,897,047	42,811,234	116.99
Net Expenses	56,541,573	48,365,596	16.90
Net Commissions	16,795,303	13,920,341	20.65
Underwriting Results	15,830,961	50,612,989	68.72

Claim Ratio	51%	27%
Expense Ratio	31%	31%
Combined Ratio	91%	67%

MARINE



MARINE - RATIOS



Auto Sure Plan - Auto Insurance with free Tracker Risks Covered

Accidental External means.
Riots, Strikes & Malicious Damages
Theft.
Fire, External explosion, self-ignition or lightning or frost.
Third Party Liability.

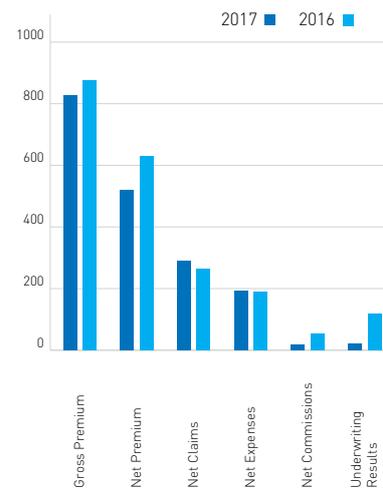
Value Added Features:

- Free towing to the nearest workshop.
- Get your car repaired from the workshop of your own choice.
- UIC claim experts will help in getting the Final Police Investigation Report.
- Free death repatriation of the driver within Pakistan.
- Funeral expenses & arrangements for the said person will be borne by UIC.
- No hidden taxes & charges.
- We commit to settle all theft and total loss claims within 30 days after reporting/submission of requisite documents.

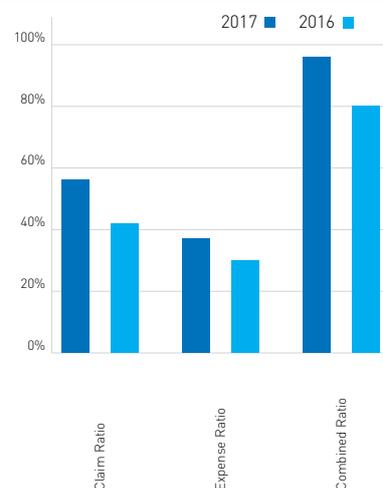
	2017	2016	Change %
	Rupees	Rupees	
Gross Premium	826,864,620	885,794,995	(6.65)
Net Premium	521,750,415	629,861,387	(17.16)
Net Claims	289,737,699	264,487,969	9.55
Net Expenses	191,670,121	188,387,123	1.74
Net Commissions	18,144,732	53,498,420	(66.08)
Underwriting Results	22,197,863	123,487,875	(82.02)

Claim Ratio	56%	42%
Expense Ratio	37%	30%
Combined Ratio	96%	80%

MOTOR



MOTOR - RATIOS





Crop Insurance

Financial protection against natural disasters, fire & lightning and insect / pests attack on standing crop.

Farmer

- Project his source of credit and debit carrying capacity.
- Low premium rates.

Lender (Bank)

Protected against default when crops fail.

Insurer

Selling and administration cost is greatly reduced due to larger business volume / turnover.

Farmer

Mandatory for all borrower farmers.

Crops Covered

All field Crops.

Types of Cover

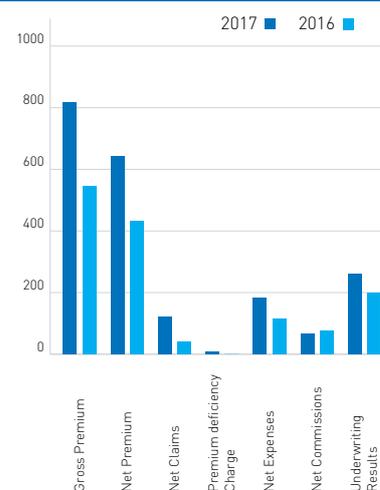
The consortium provides two types of cover:

1. Catastrophe Area Loss Cover (CALC)
2. Catastrophe Individual Loss Cover (CILC)

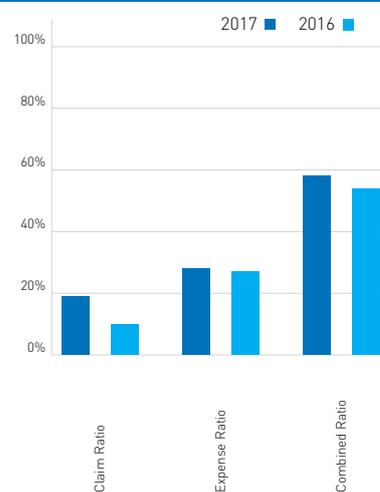
	2017	2016	Change %
	Rupees	Rupees	
Gross Premium	816,547,669	546,969,011	49.29
Net Premium	641,201,456	433,190,506	48.02
Net Claims	120,154,804	41,906,570	186.72
Premium deficiency Charge	8,398,084	-	100.00
Net Expenses	182,526,817	116,327,050	56.91
Net Commissions	67,469,330	76,164,966	(11.42)
Underwriting Results	262,652,421	198,791,920	32.12

Claim Ratio	19%	10%
Expense Ratio	28%	27%
Combined Ratio	58%	54%

CROP



CROP - RATIOS





Workmen's Compensation

Employees are the most precious assets and result in the growth and prosperity for any organization. To protect the rights of this invaluable asset Workmen Compensation /Employer Liability Insurance provides coverage for any legal liabilities of the employers arising out of and in the course of employment as per Workmen Compensation Act, Fatal Accident Act, or as per Common Law.

Cash in Transit Insurance

This policy provides coverage against loss of money whilst in transit due to forcible, violent, external and visible means.

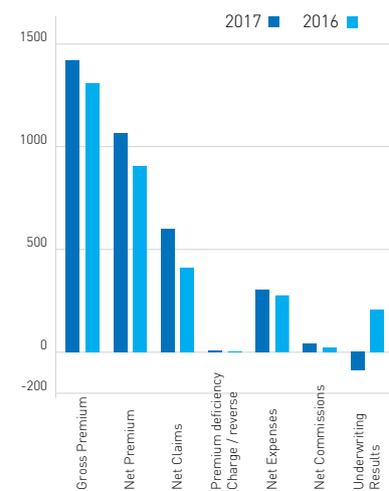
Accident Coverage

This cover operates 24 hours and on worldwide basis. It provides for payment of specified capital benefits following accidental death, bodily injury, permanent total disablement, permanent partial disablement, temporary total and temporary partial disablement caused by an accident. In addition the cover also provides reimbursement of emergency transportation to the nearest hospital and expense incurred for preparation and transportation of the mortal remains of the insured person from the place of death to home and can also be extended to cover medical expenses.

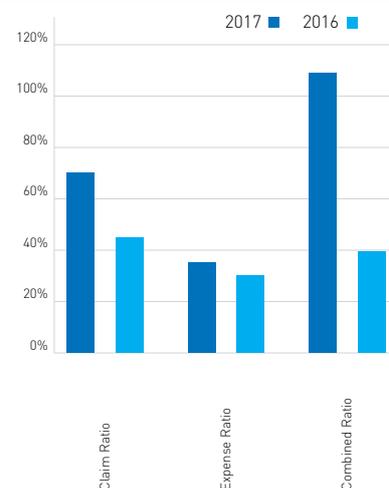
	2017	2016	Change %
	Rupees	Rupees	
Gross Premium	1,422,282,732	1,316,305,972	8.05
Net Premium	865,450,656	904,302,525	(4.30)
Net Claims	598,991,762	409,220,147	46.37
Premium deficiency Charge / reverse	8,634,278	3,565,422	41.29
Net Expenses	303,870,376	273,399,559	11.15
Net Commissions	41,574,844	20,021,509	107.65
Underwriting Results	(87,620,604)	205,226,732	(142.69)

Claim Ratio	69%	45%
Expense Ratio	35%	30%
Combined Ratio	109%	38%

MISCELLANEOUS



MISCELLANEOUS - RATIOS



SEGMENTWISE OUTLINE

Overall



Fire & Property Damage Insurance:

- Fire & allied perils
- Property all risk
- Industrial all risk
- Burglary
- Contractors all risk
- Machinery breakdown

Marine Aviation & Transport Insurance

- Marine Cargo Export
- Marine Cargo Import
- Marine Cargo inland transit
- Marine hull

Motor Insurance

- Commercial vehicle comprehensive
- Private vehicle comprehensive
- Motor cycle comprehensive
- Motor third party liability

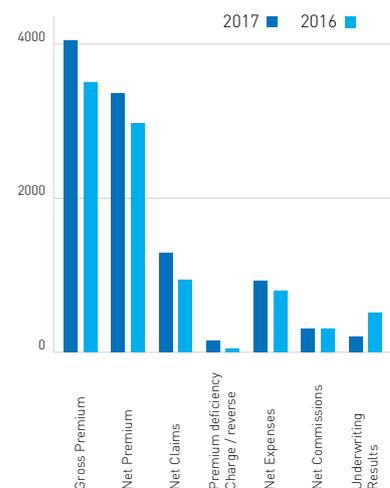
Miscellaneous Insurance

- Performance bond
- Maintenance bond
- Cash in safe
- Cash in transit
- Workmen's compensation
- Travel
- Aviation
- Health
- Live Stock
- Crop

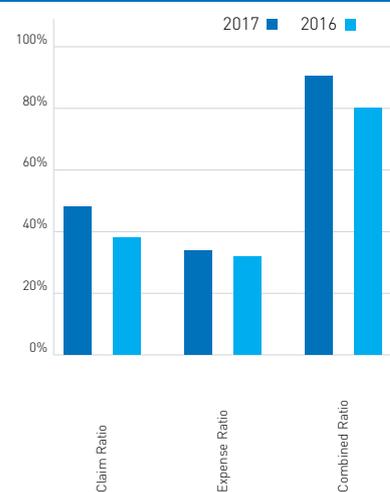
	2017	2016	Change %
	Rupees	Rupees	
Gross Premium	4,163,545,967	3,781,740,808	10.10
Net Premium	2,678,707,848	2,473,431,973	8.30
Net Claims	1,287,193,319	934,519,161	37.74
Premium deficiency Charge / reverse	17,032,362	3,565,422	20.93
Net Expenses	921,226,382	797,737,785	15.48
Net Commissions	231,943,707	234,999,746	(1.30)
Underwriting Results	221,312,077	509,740,703	(56.58)

Claim Ratio	48%	38%
Expense Ratio	34%	32%
Combined Ratio	91%	80%

OVERALL



OVERALL - RATIOS



GROUP CHAIRMAN'S MESSAGE



Fresh Perspectives

The issues before us require fresh perspectives, open minds and courageous solutions.

At UIC adapting to constant changes in an immersing insurance industry is inevitable. It is our ability to work together and to reimagine the possible which has given us the cutting edge to emerge as one of the leading insurance companies in Pakistan. Our focus on differentiated products and services along with an agenda to broaden our operating footprint helps us to deliver resilient performances over the year. We have assimilated the demographic changes, technological breakthroughs, shifting of economic and political power to shape our direction on our activities well beyond our day-to-day routines.

Ensuring quality of our services is paramount. We chose to connect to our customers with a sense of responsibility that aligns our values with the communities in which we operate. We also give utmost importance in ensuring that our workplaces are free of fatalities for our employees and workers. I am proud of UIC's management's tireless efforts to embed a culture of safety and integrity in the workplace.

The values we emanate resonate with our clients, stakeholders and competitors and gives us a competitive advantage. The Board also shares and acknowledges these values and

strives to frame UIC as a Global brand with a vast geographical presence.

With another year gone, I hope we can carry on creating an environment of equal opportunity, sustainability and provide the country and its people with the insurance that it needs.

Warm Regards



Mian M.A. Shahid
Chairman – UIG Group
Date: March 22, 2018

CHIEF EXECUTIVE'S MESSAGE



Fresh Perspectives

Now in even stronger position to reach our 2016–2020 financial targets.

UIC's business success is shaped by a history of helping our customers and acknowledging our customers' legitimate needs and expectations as well as effective capital management. We are glad that our company's cost effective risk management solutions are helping our policy holders to make sound decisions about the financial choices they face in life.

UIC has demonstrated the capacity to maintain its financial performance and its longstanding commitment to its clients and customers through its support for community development and insurance.

We have continuously focused on all of the areas of business to provide high quality business services to add value to all the

corporate and non-corporate clients as well as health protection based on expert advice.

We maximize the shareholders' wealth by optimum utilization of resources and provide opportunities for self-development in a highly challenging performance oriented work environment. At UIC, we ensure good governance by maintaining high ethical standards as well as prompt and timely liquidation of liabilities and adhere to the policies, rules and regulations.

Inherent elements of uncertainty and volatility in the country's economy makes it challenging to provide guidance for our stakeholders. However we have been evidently taking care of

all the challenges since ever and we will continue to do so for our stakeholders. UIC is all set to meet its transformation objectives and will strive to make significant improvements to build better and more secure future for all us.

Sincerely,

Mohammed Rahat Sadiq
CEO

Date: March 22, 2018

DIRECTORS' REPORT TO THE MEMBERS



On behalf of "The United Insurance Company of Pakistan Limited" the directors are delighted to present the 58th Annual Report along with the combined audited financial statements of UIC and its Window Takaful Operations for the year ended December 31, 2017.

Economic Overview

Pakistan is steadily reviving its macroeconomic stability and since 2013, within a short period of time it has managed to achieve considerable gains. The real GDP has smoothly reached to 5.28 percent in the FY 2016-2017 which, as compared to the previous financial year, is yet again the highest in 9 years. There has also been a positive growth in the agriculture sector as compared to last year. In 2017, the agriculture sector accounts for 19.53 percent of GDP and 42.3 percent of employment hence portraying a 3.46 percent positive growth against the 0.27 percent of last year.

There has been a remarkable achievement as the fiscal deficit has

shrunk from 8 percent to below 5 percent as well as the international reserves, which has tripled to over \$18 billion. Pakistan is also making substantial efforts to make structural reforms aiming to decrease the fiscal deficit and external balances. Significant developments have been made in the key regulatory areas such as taxation, the financial sector and the business environment as well as noticeable improvements was seen in the electricity sector.

The Large-Scale Manufacturing (LSM) has seen an impressive growth of 8.5 percent this year with a highest first quarter growth in recent memory. The key factor of this growth is the phenomenal rise in cigarette production which alone has contributed 1.9 percent to the 8.4 percent overall growth. It can be assumed that the CPEC would trigger growth in the construction sector which will result in high LSM in the future also. Further, there was a 74.4 percent growth in Foreign Direct Investment (FDI) worth \$939.7 million and a 19.5% growth in the Federal Board of Revenue (FBR).

Inflation increased to 4.6 percent which was the highest since April 2017 and the trend suggests that the consumer inflation will also edge up. Resulting to an increase in the global crude oil and the price increase of petroleum products in December. The currency also started slipping during this period to nearly four-year low to which the SBP stated that "this is a market-driven adjustment in the exchange rate will contain the imbalance in the external account and sustain higher growth trajectory".

It was an unfortunate year for Pakistan's capital market; negative return in the range of 10 to 20 percent was seen from Equity-based funds. KSE-100 Index posted negative returns of 15.34 this year as compare to the previous year when the capital market reached historically high levels. This year was the worst year for Pakistan equities since 2008 market crash. The indicators of the downfall are primarily the political instability in Pakistan.

DIRECTORS' REPORT TO THE MEMBERS

There has been minor elevation of the insurance activity and profitability of insurers since last year. Insurance penetration and insurance density still remains low as compared to that of neighboring countries.

On the other hand, SECP has approved the Insurance Bill 2017 in order to create a sound regulatory framework as well as to protect the interest of the policyholders. Further, SECP has also proposed to increase the minimum capital requirement for insurers.

Performance Review of Conventional Business Year Ended December 31, 2017

During the year 2017 despite pressure of competitive pricing, the company was able to show significant premium growth. Company's Gross Written Premium increased by 10.09%, from Rs 3,781.741 million in 2016 to Rs 4,163.546 million in 2017. Premium growth was recorded mainly in Fire & Property Damage, Motor and Crop businesses. The Company's net premium income stands at 64.34% of GWP. Overall the underwriting result, decreased by 56 % during the year from Rs.503.194 million in 2016 to Rs. 222.275 million in 2017. The Company's investment income decreased from Rs. 73.106 million in 2016 to Rs. 67.205 million in 2017. Company's management expenses stand at 22.11%, of GWP. Loss on investment in associates decreased from Rs. 276.33 million in

2016 to Rs. 25.669 million in 2017 due to better control over management operations. But, however, it is noticed that revenue of the investee entity has been increased from Rs. 447.155 million in 2016 to Rs. 1,441.502 million in 2017. Accordingly the Company earned profit before tax of Rs. 497.779 in 2017 as against Rs. 357.960 million in 2016 and profit after tax of Rs. 303.179 million in 2017 as against Rs. 278.439 million in 2016

Performance Review Of Window Takaful Operations Year Ended December 31, 2017

Company's Gross Written Contributions increased by 81.97% from Rs.528.990 million in 2016 to Rs.962.597 million in 2017. Contributions growth was recorded mainly Motor and Health & miscellaneous businesses which resulted in increase of 10.27% in motor and 1,023% in miscellaneous businesses respectively as compared to 2016. The Company's net Contributions income stood at 71.37% of the Gross written contribution which increased by 34.79% in comparison to year 2016. General & administrative expenses increased by Rs.38.208 million in 2017. Direct expenses of Participants takaful fund increased from Rs.52.501 million in 2016 to Rs.91.687 million in 2017. Investment income of PTF stood at Rs.5.829 million showing an increase of Rs.1.950 million in year 2017

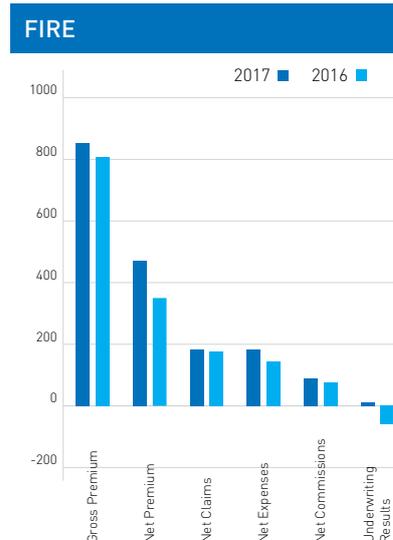
Earnings Per Share

Your Company has reported earnings per share of Rs. 1.46 in 2017 as compared to Rs. 1.39 in 2016.

Segments at a Glance Conventional

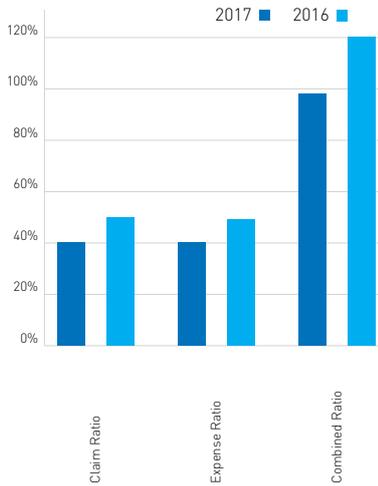
Fire and Property Damage

The gross written premium increased to Rs. 853.006 million in 2017 as compared to Rs. 805.256 million in 2016 and constituted 20.49 % of the total gross written premium of the Company. Net claims as percentage of net premium revenue were 39.60 % in 2017 as against 50.26 % in 2016. The underwriting profit for the year increased to Rs. 8.25 million as compared to loss of Rs. (68.379) million in 2016 due to increase in claims.

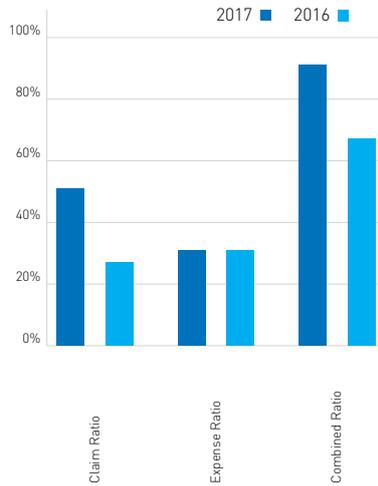


DIRECTORS' REPORT TO THE MEMBERS

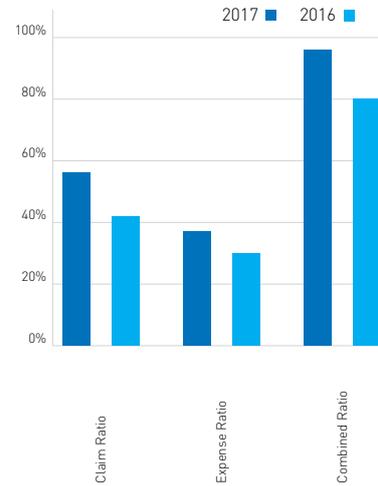
FIRE - RATIOS



MARINE - RATIOS



MOTOR - RATIOS



Marine, Aviation and Transport

The gross written premium increased to Rs. 244.844 million in 2017 as compared to Rs. 227.415 million in 2016 and constituted 5.89 % of the total gross written premium of the Company. Net claims as a percentage of net premium revenue were 51.024 % in 2017 as against 27.50 % in 2016. The underwriting profit for the year was Rs. 15.877 million in 2017 as compared to Rs. 50.613 million in 2016.

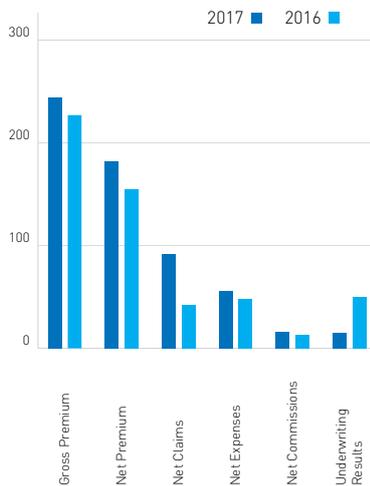
Motor

The gross written premium decreased to Rs. 826.864 million in 2017 as compared to Rs. 885.795 million in 2016. The gross written premium of this segment constituted 19.86 % of the total gross written premium of the Company. Net claims as percentage of net premium revenue was to 55.53 % in 2017 as against 41.992 % in 2016. The underwriting profit decreased to Rs. 27.530 million in 2017 as compared to Rs. 123.488 million in 2016 due to increase in claims.

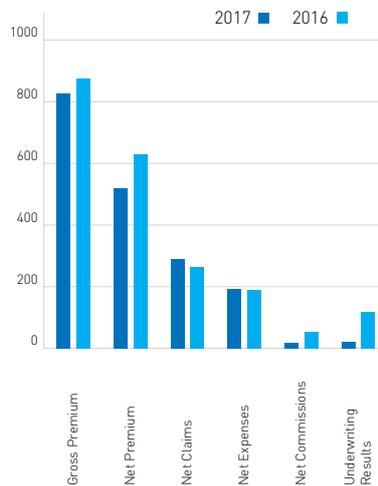
Crop

The gross written premium increased to Rs. 816.548 million in 2017 as compared to Rs. 546.969 million in 2016. The gross written premium of this segment constituted 19.61 % of the total gross written premium of the Company. Net claims as percentage of net premium revenue was to 15.78 % in 2017 as against 9.67 % in 2016. The underwriting profit increased Rs. 262.65 million in 2017 as compared to Rs. 198.79 million in 2016 due to commission expense.

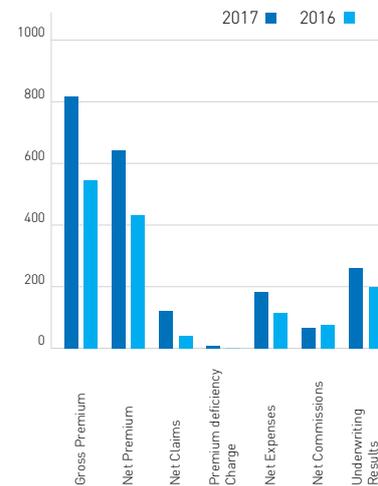
MARINE



MOTOR

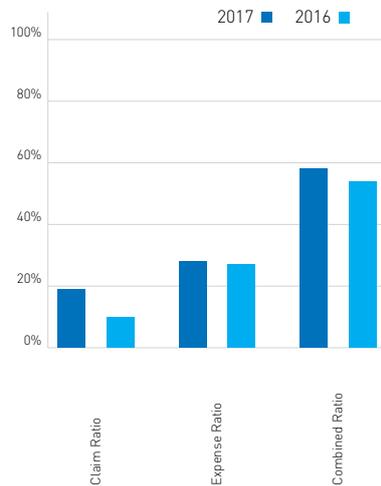


CROP



DIRECTORS' REPORT TO THE MEMBERS

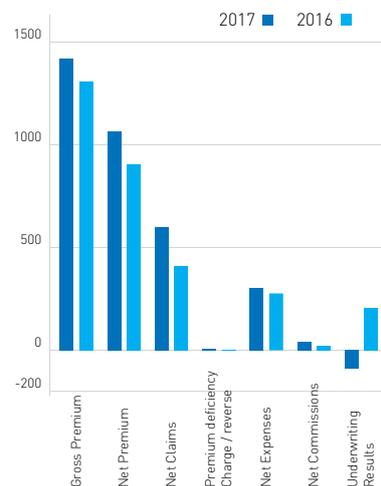
CROP - RATIOS



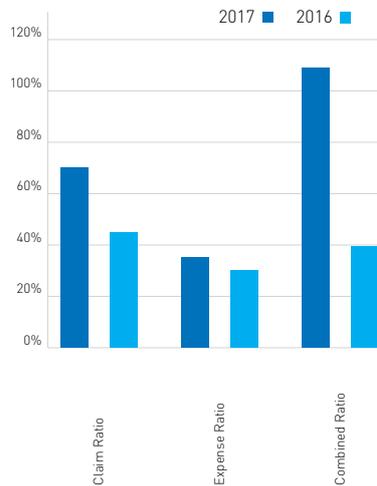
Miscellaneous

The gross written premium increased to Rs. 1,422.283 million in 2017 as compared to Rs. 1,316.306 million in 2016. The gross written premium of this segment constituted 34.61 % of the total gross written premium of the Company. Net claims as percentage of net premium revenue was to 72% in 2017 as compared to 45.25% in 2016. The underwriting loss for the year was Rs. (87.62) million in 2017 as compared to Rs.198.679 million in 2016.

MISCELLANEOUS



MISCELLANEOUS - RATIOS



Claims

Prompt settlement of claims is a vital function at the UIC. Natural Catastrophic claims are unavoidable and are complex in nature; these are either total or partial loss. Motor "own damage", Crop and Health claims accounted for majority of the claims which were promptly settled.

Re-insurance

Your Company follows a policy of optimizing risk retention through a carefully designed program of re-insurance. We have structured our reinsurance program to protect the value at risk at all times during the policy period. Our reinsurance coverage and strategic disaster planning is based on Company's exposure, accumulation and concentration of risk at the location.

UIC's reinsurance arrangements predominantly comprise of excess of loss treaties, our panel consists of Swiss Re (Rated 'AA-' by S&P),



Korean Re (Rated A- by AM Best), Trust Re (Rated 'A-' by AM BEST), Labuan Re (Rated 'A-' by AM BEST), Malaysian Re (Rated 'A-' by AM BEST), PRCL(AA JCR-VIS) Hannover Re (AA-S&P), Mapfre Assistance, (A1 by Moody's) and Kuwait Re (A- AM Best), our enhanced capacity allows us to underwrite large risks

Investment Income

Our investment objective is to attain maximum return on our investment portfolio for the company and shareholders. The investment committee implements and monitors our investment strategies, guidelines, policies of the Board and the group's investment guideline. The Company will continue to place special emphasis on generating revenues by safe and sound investments generating good returns. During the year, income from investment decreased from Rs. 73.106/- million in 2016 to Rs. 67.205/- million in 2017. The break-up of investment income is as under:

DIRECTORS' REPORT TO THE MEMBERS

	2017 Rupees	2016 Rupees Re-stated
Income from equity securities	15,961,760	2,093,046
Income from debt securities	48,929,788	65,394,064
Income from term deposits	4,400,830	5,901,310
	69,292,378	73,388,420
Investment related expenses	(2,087,672)	(282,328)
Net Investment Income	67,204,706	73,106,092

Company's Assets

The total assets of the Company as on 31 December, 2017 stood at Rs. 6,211.319/- million against Rs. 5,499.512/- million last year showing as increase of 12.98% mainly due to investment in assets and Re-Insurance recoveries from assets.

Risk Management Policy

The Company has developed and implemented a risk management policy which identifies major risks which may threaten the existence of the Company. Our Company's Risk Management approach is made for qualitative evaluation of risk and minimizing its hazards. The same has also been adopted by your Board and is also subject to its review from time to time. Risk mitigation process and measures have been formulated and clearly spelled out in the said guidelines.

ISO 9001 Certification

All Department of UIC Insurance are ISO 9001:2005 certified. By complying with this standard we have not only continuously improved our processes with the ultimate aim of Customer

satisfaction but this also helped us in effective monitoring. At UIC, we are fully aware of how beneficial this standard is for us which includes but not limited to more organized operating environment, better working conditions, increased job satisfaction and enhanced customer satisfaction. Quality awareness has increased because all employees have been trained to take the "ownership" of processes that they are involved in developing and improving. This has helped to develop a strong quality culture, where the employees identify problems such as systems or process issues and work on fixing them.

We have successfully achieved third Certification of ISO 9001: 2015 in November 2017.

Information Technology

Your Directors recognize the importance of Technology in today's business environment by ensuring that we are up to date with the new technology in time with increasing numbers of policies and claims. The Communication infrastructure has been strengthened by upgrading the

Reinsurance Management System fully integrated with our existing MIS. The Company is also developing "Business Intelligence Module (BIM)" through a software developer which would lead to further better quality services of chain of documents from branches to head office and vice versa.

Human Resource

At UIC, a greater emphasis is being placed on enhancing the quality of our HR, which will further enhance our marketing & administration capabilities of our employees, resulting in improved efficiency and qualitative services. At UIC we provide continuous & challenging opportunities for growth of our employees. The Company has created a culture that promotes teamwork, collaboration, openness and transparency of processes which builds overall trust resulting in improvement and reward recognition for its employees.

Corporate Social Responsibilities – CSR

UIC is voluntarily contributing for a better society and a cleaner environment for the citizens of Pakistan especially for the youth and special children. The Company as an aim and its business strategy is contributing in society through its business activities and its social investment. The Company has conducted various CSR activities in the areas of sports, environment,

DIRECTORS' REPORT TO THE MEMBERS

occupational safety & health and also arranged seminars, medical camps, motivation speeches.

Related Party Transactions

At each board meeting, the Board of Directors approves the Company's transactions with Associated Companies/Related Parties, all the transactions executed with related parties are on arm's length basis.

Trading in Company's Shares

Except as stated below, during the year 2017, no trading in the shares of the Company was carried out by the Directors, CEO, CFO, Secretary, Head of Internal Audit and Executive and their spouses and minor children.

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

Regulatory Matters

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

a) Annual Statement of Compliance with Section 11 & 12 of the Insurance Ordinance, 2000 Section 11 imposes conditions on registered insurers which have to be followed at all times. They include minimum paid up capital requirement, minimum statutory deposits, minimum solvency requirement etc. Section 12 deals the criteria for sound and prudent management. Since 2015 insurance companies have been directed to file statement of compliance with the provision of above sections. The statement signed by chief executive officer and two directors with certification by external auditors is filed annually with SECP along with financial statements and regulatory returns

b) The Companies (Compliance with Licensing Conditions) General Order 2016 SECP has selected 18 classes of companies, including insurance, to submit annually compliance report with respect to its status of compliance with the applicable licensing conditions imposed by the relevant licensing authority. The report shall be signed by Chief Executive of the Company or at least by two directors. The external auditors shall certify the report. The Compliance Report shall be filed with

the registrar with the annual return under section 156 of the Companies Ordinance, 1984.

c) Code of Corporate Governance for Insurers, 2016 The Code was promulgated by way of SRO issued on November 9, 2016 superseding earlier Code issued in 2003. It covers various important aspects of insurance business including Investment, Risk Management, Compliance, Grievances etc. The time lines have been given in the Code and the Management ensures that all efforts shall be made that within the time limit the provisions shall be complied with. If for some valid reasons the compliance within time limit could not be achieved we assure that by the end of accounting year 2017, UIC shall be in compliance.

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

We shall like to inform the readers of the Annual Report 2017 that an important policy has been incorporated in Rule 58. All general insurance companies shall issue insurance

DIRECTORS' REPORT TO THE MEMBERS

policy after receipt of full premium or upon receipt of first installment of mutually agreed installments. These installments have to be mentioned on policies with due date of payments.

In case of non-payment of installment by due date policy shall be suspended, not cancelled. The cover note can be issued without receipt of premium but its validity for Motor shall be 7 days and for Non Motor 30 days.

Investment in Associates

The decision to make further investment in pursuant of the requirements of Section 199 of the Companies Act, 2017 (the "Act") The United Insurance Company of Pakistan Limited (the "Company") be and is hereby authorized to further invest in Apna Microfinance Bank Limited (the "Bank") by way of share deposit money to the extent of Rs. 400,000,000/- (Rupees Four Hundred Million Only).

Insurer's Financial Strength Rating

The Pakistan Credit Rating Agency (PACRA) has upgraded the Insurer's Financial Strength (IFS) rating of your Company to "AA-" (Double A minus). The rating denotes a "very strong capacity to meet policyholder and contract obligations. Risk factors

are modest, and the impact of any adverse business and economic factors is expected to be very small"

Code of Conduct

Your Company has designed a Code of Conduct to ensure ethical practices and integrity signed by all the employees. All our operational activities are carried out in a transparent manner strictly following the code of ethics, to which there is no compromise.

Appropriations

Your Directors' are pleased to present the following figures with recommendations for the year ended December 31, 2017.

Report on corporate and financial reporting frame work is part of Directors' report which is available at page no 38.

Future Outlook

A decade-high GDP growth, contained inflation, expansion in all key sectors, dividends of massive CPEC investment being cashed in and a visible improvement in security and power supply are there external vulnerabilities? Can twin deficits reverse the rising tide? Is the growth thrust strong enough to survive political upheaval? Is it sensible for stakeholders cognisant of risks in an election year and the key players and attempts to identify crucial drivers to project the trend in focal sectors

	2017	2016
	Rupees	Rupees
Particulars		Re-stated
Profit after tax	292,284,179	278,447,919
Other comprehensive income/ (loss) for the year:		
Items to be re-classified to profit and loss account in subsequent period:	(58,743,493)	37,110,744
Items not to be re-classified to profit and loss account in subsequent year:	834,940	8,743,218
Share of other comprehensive loss from associate	(613,431)	(696,374)
	(58,521,984)	45,157,588
Total comprehensive income for the year	233,762,195	323,605,507
Last year unappropriated profit	338,329,095	374,395,588
Profit available for appropriation	572,091,290	698,001,095
Appropriated/appropriations:		
13% Final stock dividend (2016: 11%)	260,201,760	198,352,000
Nil% Final cash dividend (2016: 10%)	-	180,320,000
Qard-e-hasna returned to Operators fund (OPF)	-	(19,000,000)
Unappropriated profit	311,889,530	338,329,095
Total	572,091,290	698,001,095

DIRECTORS' REPORT TO THE MEMBERS

in the New Year. The acceleration in economic growth and the political compulsion to focus on voters in 2018 may augur well for the masses. The failure of the system to deliver on the promise of a decent, secure life for all has not weakened citizens' romance with democracy in Pakistan. The government's confidence, however, on its finance team to handle the risks on the external front efficiently appears misplaced. The challenge of succeeding in raising funds to match loan repayment obligations and finance essential imports may prove daunting. By mid-2018, for lack of other options, Pakistan may find itself back in the IMF fold. For now, however, people-centric initiatives are expected to improve the quality and coverage of basic public utilities. The expanding job market will improve job prospects and achieve salary increase for the working class. The inflation graph will look up but it is not expected to get out of control and accelerate into double digits unless there is a major upswing in the global oil market. The exchange rate may come under pressure because of external sector vulnerabilities but currency dealers do not foresee a major dip after the December seven per cent adjustment in the value of the rupee against the dollar. Assuming everything else remains the same, devaluation by at most 5% during 2018 is expected. The year ahead is expected to turn out better for Pakistanis engaged in capital formation in the real sector as opposed to those shuffling assets through speculative businesses. Gamers, gamblers and speculators

may be driven out of the mainstream to watch the economy grow from the sidelines. Business houses may expand their industry and explore new projects in collaboration with Chinese companies. Improved credit access under the new policy may bolster medium and small enterprises. This under reported sector is considered to be highly potent lending resilience to the economy. There are multiple factors indicating that the farming community may plough back its profit in the hope of richer dividends in 2018, in an environment where it expects higher demand for its produce and a more congenial government stance. Growth in Pakistan may not be even across all segments of the service sector. While transport, construction and communication may boom the pace of growth in retail and banking may be moderate. The demand of higher compliance standards and the closer financial engagement with China may necessitate costly adjustments in the banking sector. In 2018, the retail sector is expected to expand but the pace may be slower, as in an uncertain political situation consumers tend to be less enthusiastic. An online survey by Dawn to gauge people's perception on financial expectations in 2018 supported this projection. The capital market may recover but an upward swing, if at all, is expected towards the end of the year. The brokers' community, unruffled by the blot on their credibility for unrealistic projections for 2017, continues to sell optimism. At the start of last year,

brokers predicted a 20% increase in the index in a year. Instead the index took a beating in the second half, dropping by about the same percentage. It wiped out stakes worth billions of rupees from the markets, hitting retail investors the hardest that had entered the rings too late. The regional disparities can't vanish but the growth tide is expected to lift all boats. In the absence of provincial economic surveys, a deeper insight into the regional economies is lacking.

Acknowledgement

Your Directors would like to express their sincere appreciation for the assistance and co-operation received from the SECP, Bankers, Government Authorities and Business associates at all levels. Your Directors also wish to place on record their deep sense of appreciation for the committed services by the Company's executives, staff and workers.

For and behalf of directors of The United Insurance Company of Pakistan Limited



Mohammed Rahat Sadiq
Chief Executive Officer

Date: March 22, 2018

REPORT ON CORPORATE

and Financial Reporting Framework

1. The financial statements prepared by the Company, present fairly its state of affairs, the results of its operation, cash flows and change in equity;
2. The Company has maintained proper books of accounts as required under the Companies Ordinance, 1984;
3. The Company has followed consistently appropriate accounting policies in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
4. Financial Statements have been prepared by the Company in accordance with the International Financial Reporting Standard and any other regulation or law (including but not limited to the Shariah guidelines/ principles) as applicable in Pakistan. The departure therefrom (if any) has been adequately disclosed and explained;
5. The system of internal control is sound and is being implemented and monitored by the internal audit department. This is a continuing process and any weaknesses are removed and its effective implementation shall be ensured.
6. The fundamentals of the Company are strong and there are no doubts about its ability to continue as a going concern;
7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations;
8. Key operating and financial data for the last six years in summarized form, is included in this annual report on page 17;
9. Outstanding taxes and duties amounting to Rs. 100,459,091/- which will be paid partially in the month of January, 2018 and partially in with income tax return of tax year - 2018;
10. There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as at December 31, 2017, except as those disclosed in the financial statements;
11. All significant plans, major decisions such as corporate restructuring, business expansion and discontinuance of operations, shall be outlined along with future prospect;
12. The value of investment in assets of gratuity fund and Employees provident fund amounts to Rs. Nil (2016: Rs. 32,155,786 /-) and Rs. 30,026,219/- (2016: Rs. Nil) respectively as at December 31, 2017 ;
13. The number of meetings attended by each Director is given hereunder;

Sr. no	Name of Directors	Meetings Attended
1.	Mr. Javaid Sadiq	4
2.	Mr. Khawas Khan Niazi	3
3.	Mr. Taseer Yousaf Makhdoom	4
4.	Mr. Agha Ali Imam	3
5.	Mr. Najeeb ur Rehman	1
6.	Mr. Muhammad Rahat Sadiq	4
7.	Ms. Huma Waheed	4

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

Board Committees

Your Company maintains following three board committees.

Audit Committee

The Board is responsible for effective implementation of a sound internal control system, including compliance with control procedures. The Audit Committee is assisted by the Internal Auditor in reviewing the adequacy of operational controls

and in monitoring and managing risks so as to provide reasonable assurance that such system continues to operate satisfactorily and effectively in the Company and to add value and improve the Company's operations by providing independent and objective assurance. The Audit Committee comprises of five (5) members, of whom two (2) are independent directors and two (2) are non-executive directors. The Chairman of the Committee is an independent director. The term of reference of the Audit Committee is aligned with the Code of Corporate Governance. During the year, the Audit Committee held four (4) meetings, each before the Board of Directors meeting to review the financial statement, internal audit reports, compliance with the best practices of the Corporate Governance requirement and other associated matters.

Investment Committee

The Company has a board level investment committee that meets on a quarterly basis to review the investment portfolio. The committee is also responsible for developing the investment policy for the Company. The Investment Committee comprises of four (4) members including Chairman of the Committee is an independent director. During the year, the Investment Committee held four (4) meetings.

Ethics, Human Resource & Remuneration Committee

The Ethics, Human Resource & Remuneration Committee is responsible for formulating Human Resource policies of the Company. It also makes recommendations to the Board regarding selection, evaluation, compensation (including retirement benefits) of key officers of the Company. The Committee regularly reviews the Human Resource policies and sets criteria for recruitment and selection, training & development, succession planning and health & safety of the employees. The Committee comprises of three (3) members including Chairman of the Committee is a non-executive director. During the year, the Committee held four (4) meetings.

Management Committees

As part of the Code of Corporate Governance, your Company maintains following four (4) management committees which meet at least once every quarter:

Underwriting Committee

The underwriting committee formulates the underwriting policy of your Company. It sets out the criteria of assessing various types of insurance risks and determines the premium policy of different insurance

covers. The committee regularly reviews the underwriting and premium policies of the Company with due regard to relevant factors such as its business portfolio and market development.

Claims Settlement Committee

Besides formulating and updating claim settlement policy, the Claim Committee monitors progress of settlement of claims. It ensures that the claims are settled efficiently and expeditiously. The Claims Settlement Committee determines the circumstances under which the claim disputes are to be brought to its attention and decides how to deal with such claims disputes. It also oversees the implementation of the measures for combatting fraudulent claim cases.

Reinsurance & Co-insurance Committee

This committee ensures that adequate reinsurance arrangements are made for the company's businesses. It evaluates the proposed reinsurance agreements prior to execution, review the agreement time to time and subject to the consent of the participation reinsurers, make appropriate adjustments as and when necessary. It also assesses the future effectiveness of the reinsurance program.

REPORT ON CORPORATE

and Financial Reporting Framework

Risk Management & Compliance Committee

Risk Management Committee identifies, assesses and prioritizes risks followed by coordinated efforts to minimize, monitor and mitigate/control the probability and/or impact of unfortunate events or to maximize the realization of opportunities. The Company has laid down a comprehensive Risk Assessment and Minimization procedure, which is reviewed by the Board from time-to-time. These procedures are reviewed to ensure that executive management controls risk through means of a properly defend framework. The major risks have been identified by the Company and its mitigation process/measures have been formulated in the areas such as business, project execution, event, financial, human, environment and statutory compliance.

Pattern of Shareholding

The statement of pattern of shareholding as at December 31, 2017 is reported at page 47. There was no trading in shares of the Company by the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary, Executives and their spouses and minor children during the year 2017, except the following shares which were purchased by the new Directors as qualification shares:

Name of Director	Shares Purchased
Jamil Ahmed Khan	1,500

Directors

Ch. Najeeb ur Rehman resigned from the Board. The casual vacancies on the Board were filled by co-option of Mr. Jamil Ahmad Khan for the remainder of the term. The Board also acknowledged their contributions toward the Company's growth over the past 21 years, he will be missed dearly. His innovative contributions were also recorded in the Minutes Book as a history and to highlight their steadfastness and commitments to the Company's wellbeing and progress.

Auditors

The Company's Auditors M/s. Ilyas Saeed & Co, Chartered Accountants retire and offer themselves for re-appointment as Company's statutory auditors. The Audit Committee reviewed and recommended to the Board of Directors for re-appointment of M/s. Ilyas Saeed & Co, Chartered Accountants as external auditors and their remuneration for the year ending December 31, 2018.

Material Changes

During the reporting year, the company further invested in Apna Microfnace Bank Limited by resulted in increase from Rs. 148,712,806/- in 2016

to Rs. 397,487,931/- in 2017 and percentage of holding in associate came to 44.50% in 2017.

Insurance Ordinance, 2000

- In their opinion and to the best of their belief the annual statutory accounts of the Company set out in the forms attached with this statement have been drawn up in accordance with the Insurance Ordinance, 2000 and any rules made there under;
- The Company has at all times in the year complied with the provisions of the Ordinance and the rules made there under relating to the paid-up capital, solvency and re-insurance arrangements; and
- As at the date of the statement, the Company continues to be in compliance with the provisions of the Ordinance and rules framed there under as mentioned above.

For and behalf of the Board



Mohammed Rahat Sadiq
Chief Executive Officer

Date: March 22, 2018

CODE OF CONDUCT

The directors and employees at all levels of “The United Insurance Company of Pakistan Limited” hereinafter called UICL shall adopt this code of conduct.

Relationship with Employees

The entity is an equal opportunity employer. Its employee recruitment and promotional policies are free of any gender bias, and is merit, and excellence oriented. It believes in providing its employees safe and healthy working conditions, and maintaining good channels of communications. The UICL expects its employees to abide by certain personal ethics, whereby UICL information and assets are not used for any personal advantage or gain. Any conflict of interests should be avoided, where it exists it should be disclosed, and guidance sought.

Relationship with the Company

The UICL’s policy is to conduct business with honesty and integrity and be ethical in all its dealings, showing respect for the interest of those with whom it has relationship. The advancement in the business procedures and practices and upgrading of electronic technology shall be adopted for the well-being of the company. The UICL does not support any political party nor contributes to the funds of groups whose activities promote party interests.

Relationship with the Clients

The UICL believes in fair competition, and supports appropriate competition laws. The UICL is committed to provide services, which consistently offer value in terms of price and quality and satisfy customer needs and expectations.

Relationship with the Socio-Economic Environment

The UICL is committed to run its business in an environment that is sound and sustainable. As a good corporate citizen, the UICL recognizes its social responsibilities, and will endeavor to contribute to community activities, for betterment of society as a whole.

Relationship with Members

We are fully supported by our members to serve in the best interest of the company by achieving consistent growth and reputation of the company.

Compliance of Applicable Laws and Regulations

The UICL complies with all laws and regulations. All employees are expected to familiarize themselves with laws and regulations governing their individual areas of responsibility, and not to transgress them. If in doubt, employees are expected to seek advice. The

UICL believes in and fully adheres to the principles of reliability and credibility in its financial reporting and in transparency of business transactions. The rules and regulations formulated and practiced shall not supersede any Government or legislative body laws and regulations applicable to the company. The Board ensures that the above principles of Code of conduct are complied with, for which the Board has constituted the audit committee, to be supportive of compliance.

REVIEW REPORT TO THE MEMBERS

on the Statement of Compliance with the Best Practices of Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors (the Board) of THE UNITED INSURANCE COMPANY OF PAKISTAN LIMITED (the Company) for the year ended December 31, 2017 to comply with the requirements of Listing Regulations of the Pakistan Stock Exchange, where the Company is listed.

The responsibility for compliance with the Code is that of the Board 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 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 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's statement on the 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 for their review and approval its related party transactions distinguishing between transaction 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 the related party transactions by the Board upon recommendation of the audit Committee. We have not carried out any procedure 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.



ILYAS SAEED & CO.

Chartered Accountants

Engagement Partner: Muhammad Ilyas

Date: March 22, 2018

Place: Lahore

STATEMENT OF COMPLIANCE

with the Code of Corporate Governance for Insurers, 2016 & Code of Corporate Governance, 2012 for the year ended December 31, 2017

This statement is being presented in compliance with the Code of Corporate Governance for Insurers, 2016 (the code) for the purpose of establishing a framework of good governance, whereby an insurer is managed in compliance with the best practices of corporate governance and the Code of Corporate Governance 2012 (CCG 2012) as contained in Regulation no. 5.19.24 of the rule book of the Pakistan Stock Exchange.

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

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

Category	Names
Independent Director	Agha Ali Imam Jamil Ahmed Khan
Executive Directors	Mohammed Rahat Sadiq Huma Waheed
Non-Executive Directors	Khawas Khan Niazi Javaid Sadiq Taseer Yousaf Makhdoom

The independent director meets the criteria of independence as laid down under the Code and CCG, 2012.

- The directors have confirmed that none of them is serving as a director in more than seven listed companies including this company (excluding the listed subsidiaries of listed holding

companies where applicable).

- All the resident Directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, DFI or an NBFIs or, being a member of stock exchange, has been declared as a defaulter by a stock exchange.
- A casual vacancy occurred on the Board on November 20, 2017 was filled up by the directors within 07 days.
- The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
- 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.
- 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 non-

executive directors, have been taken by the Board.

- The meetings of the Board were presided over by the Chairman and Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meeting. The minutes of the meeting were appropriately recorded and circulated.
- The Board has established a system of sound internal control, which is effectively implemented at all levels within the Company. The Company has adopted and complied with all the necessary aspects of internal controls given in the Code.
- Out of seven, two directors have earlier obtained certificate of Directors. While the remaining will undertake the Directors Training Program within the stipulated time.
- There was no new appointment of Chief Financial Officer (CFO) & Corporate Secretary or Head of Internal Audit during the year. The Board had however, approved the increase in remuneration of CFO & Corporate Secretary and the Head of Internal Audit Department on the recommendation of Audit Committee.

STATEMENT OF COMPLIANCE

with the Code of Corporate Governance for Insurers, 2016 & Code of Corporate Governance, 2012 for the year ended December 31, 2017

12. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and CCG 2012 and fully describes the salient matters required to be disclosed.

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

14. The directors, Chief Executive Officer and executives do not hold any interest in the shares of the company other than disclosed in the pattern of shareholding.

15. The company has complied with all the corporate and financial reporting requirements of Code and CCG 2012.

16. The Board has formed the following Board Committees:

Ethics, Human Resource & Remuneration Committee:

Name of Member	Category
Mr. Javaid Sadiq	Chairman
Mr. Mohammed Rahat Sadiq	Member
Mr. Taseer Yousaf Makhdoom	Member
Mr. Athar A. Khan	Member
Mr. Wakeel Ahmed Mirza	Secretary

Investment Committee:

Name of Member	Category
Mr. Agha Ali Imam	Chairman
Mr. Khawas Khan Niazi	Member
Mr. Mohammed Rahat Sadiq	Member
Ms. Huma Waheed	Member
Mr. Tajammal Iqbal	Member
Mr. Maqbool Ahmed	Secretary

17. The Board has formed an Audit Committee. It comprises of five (5) members, of whom two (2) is independent director and two (2) are non-executive directors. The chairman of the Committee is an independent director. The composition of the Audit Committee is as follows:

Audit Committee:

Name of Member	Category
Mr. Agha Ali Imam	Chairman
Mr. Taseer Yousaf Makhdoom	Member
Mr. Khawas Khan Niazi	Member
Mr. Jamil Ahmed Khan	Member
Mr. Maqbool Ahmed	Member
Mr. Abdul Mannan Munir	Secretary

18. The Board has formed the following Management Committees:

Underwriting Committee:

Name of Member	Category
Mr. Taseer Yousaf Makhdoom	Chairman
Mr. Mohammed Rahat Sadiq	Member
Mr. Syed Qaisar Imam	Member
Mr. Tajammal Iqbal	Member
Mr. Fahad Butt	Secretary

Claims Settlement Committee:

Name of Member	Category
Ms. Huma Waheed	Chairperson
Mr. Mohammed Rahat Sadiq	Member
Mr. Kamran Zaman	Member
Mr. Mazhar Bhatti	Member
Mr. Kashif Shafique	Member
Mr. Rizwan Safdar	Secretary

Reinsurance & Co-insurance Committee:

Name of Member	Category
Mr. Khawas Khan Niazi	Chairman
Mr. Agha Ali Imam	Member
Mr. Mohammed Rahat Sadiq	Member
Mr. Abrar Ahmed Minhas	Member
Mr. Amir Hameed	Member
Mr. Tayyab Bashir	Secretary

STATEMENT OF COMPLIANCE

with the Code of Corporate Governance for Insurers, 2016 & Code of Corporate Governance, 2012 for the year ended December 31, 2017

Risk Management & Compliance Committee:

Name of Member	Category
Mr. Javaid Sadiq	Chairman
Mr. Mohammed Rahat Sadiq	Member
Ms. Huma Waheed	Member
Mr. S. Rahat Ali Shah	Member
Mr. Tayyab Bashir	Member
Mr. Saad Munir	Secretary

19. The meetings of the Underwriting, Claims, Re-insurance & Co-insurance, Risk Management, Investment & Audit Committees were held at every quarter prior to approval of interim and final results of the company and as required by the Code of Corporate Governance for Insurers, 2016. The terms of references of the aforesaid Committees have been formed and advised to the Committees for compliance.
20. The Board has set up an effective internal audit department which comprises of suitably qualified and experienced staff for the purpose and are conversant with the policies and procedures of the company and are involved in the internal audit function on a regular basis.
21. The Chief Executive Officer, Chief Financial Officer & Corporate Secretary, Compliance Officer and the Head of Internal Audit possess such qualification and experience as is required

under the Code. Moreover, the persons heading the underwriting, claim, reinsurance, risk management and grievance function possess qualification and experience of direct relevance to their respective functions, as required under section 12 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000):

Name of the Person	Designation
Mohammed Rahat Sadiq	Chief Executive Officer
Maqbool Ahmed	Chief Financial Officer
Rahat Ali Shah	Compliance Officer
Athar A. Khan	Company Secretary
Abdul Mannan Munir	Head of Internal Audit
S.M. Qaiser Imam	Head of Underwriting
Kamran Zaman	Head of Claims
Abrar Ahmed Minhas	Head of Reinsurance
Tayyab Bashir	Head of Risk Management

22. The statutory auditors of the company have been appointed from the panel of auditors approved by the Commission in terms of section 48 of the Insurance Ordinance, 2000 (Ordinance No, XXXIX of 2000). The statutory auditors have confirmed that they have been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the institute of Chartered Accountants of Pakistan.
23. The statutory auditors or the persons associated with them have not been appointed to provide other services and the auditors have confirmed that they have observed IFAC guidelines in this regard.
24. The Board ensures that the investment policy of the Company has been drawn up in accordance with the provisions of the Code of Corporate Governance for Insurer 2016.
25. The Board ensures that the risk management system of the Company is in place as per the requirements of the Code of Corporate Governance for Insurer, 2016.
26. The Board has set up a risk management function, which carries out its tasks as covered

STATEMENT OF COMPLIANCE

with the Code of Corporate Governance for Insurers, 2016 & Code of Corporate Governance, 2012 for the year ended December 31, 2017

under Code of Corporate Governance for Insurers, 2016.

27. The Company has been rated by PACRA and the rating assigned by this rating agency on September 09, 2017 is AA- with stable outlook.
28. The Board has set up Grievance function in compliance with the requirement of the Code of Corporate Governance for Insurers, 2016.
29. The Company has not obtained any exemption from the Securities and Exchange Commission of Pakistan in respect of the requirements of the Code of Corporate Governance for Insurers, 2016.
30. The 'closed period', prior to the announcement of interim / final results and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange as required by CCG 2012.
31. Material / price sensitive information has been disseminated among all market participants at once through the Pakistan Stock Exchange as required by CCG 2012.
32. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
33. We confirm that all other material principles contained in the Code and CCG, 2012 have been complied.

For & on behalf of the Board



MOHAMMED RAHAT SADIQ
Chief Executive Officer

Date: March 22, 2018

PATTERN OF SHAREHOLDING

As At December 31, 2017

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
361	1	500	7,525
206	101	600	56,097
139	501	1000	102,489
366	1001	5000	882,490
135	5001	10000	989,139
53	10001	15000	685,710
30	15001	20000	512,972
27	20001	25000	607,627
16	25001	30000	443,556
13	30001	35000	420,570
11	35001	40000	418,396
5	40001	45000	213,375
8	45001	50000	384,350
5	50001	55000	265,851
7	55001	60000	396,405
5	60001	65000	310,226
2	65001	70000	131,764
2	75001	80000	155,174
5	80001	85000	413,105
3	85001	90000	264,807
1	90001	95000	91,141
2	95001	100000	196,614
1	100001	105000	101,590
1	105001	110000	107,485
3	110001	115000	337,005
3	115001	120000	350,605
2	135001	140000	273,353
1	165001	170000	165,473
1	170001	175000	175,000
1	175001	180000	178,567
1	180001	185000	182,553
1	190001	195000	193,295
1	195001	200000	197,603

PATTERN OF SHAREHOLDING

As At December 31, 2017

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
1	250001	255000	250,883
1	255001	260000	256,818
1	265001	270000	265,517
1	275001	280000	275,801
1	310001	315000	314,457
1	335001	340000	339,038
1	395001	400000	400,000
1	435001	440000	439,961
1	445001	450000	446,483
1	460001	465000	463,948
1	475001	480000	478,000
1	555001	560000	558,435
1	810001	815000	813,146
1	850001	855000	852,774
1	1175001	1180000	1,178,498
1	1350001	1355000	1,350,056
1	1685001	1690000	1,687,896
1	2405001	2410000	2,407,511
1	3180001	3185000	3,181,041
1	3975001	3980000	3,977,613
1	5295001	5300000	5,296,333
1	5715001	5720000	5,717,449
1	5785001	5790000	5,785,970
1	5855001	5860000	5,856,119
1	6045001	6050000	6,048,753
1	6620001	6625000	6,624,181
1	14495001	14500000	14,497,743
1	16735001	16740000	16,738,610
1	16760001	16765000	16,763,638
1	19135001	19140000	19,136,877
1	29350001	29355000	29,351,551
1	38185001	38190000	38,188,188
1,450			200,155,200

CATEGORIES OF SHAREHOLDING

As per Code of Corporate Governance as at December 31, 2017

Sr. No.	Categories of Shareholding	Number of Shareholders	Share held	Percentage %
1	Associated Companies, Undertaking & Related Parties (List "A" attached)	2	477,674	0.24
2	NIT, ICP & Government entity (List "B" attached)	3	14,387	0.01
3	Directors , CEO & Their Spouse and minor children (List "C" attached)	7	48,958	0.02
4	Executives	NIL	NIL	NIL
5	Public Sector companies & Corporations (List "D" attached)	1	852,774	0.43
6	Banks, DFIs, NBFI & Insurance Companies (List "E" attached)	4	14,738	0.01
7	Shareholders' Holding 5% or more (List "F" attached)	6	139,036,146	69.46
8	Individuals	1,427	59,710,523	29.83
	Total	1,450	200,155,200	100.00

CATEGORIES OF SHAREHOLDING

As per Code of Corporate Governance as at December 31, 2017

List A Associated Companies, Undertaking & Related Parties

Sr. No.	Name	No. of Shares
1	Aziz Mines (Private) Limited	31,191
2	Indus Coal Mines (Private) Limited	446,483
		477,674

List B NIT, ICP & Government Entities

Sr. No.	Name	No. of Shares
1	National Bank of Pakistan Investor Account	13,049
2	Trustees First Capital Mutual Fund	1,285
3	IDBL (ICP Unit)	53
		14,387

List C Directors , CEO & Their Spouse and Minor Children

Sr. No.	Name	No. of Shares
1	Javaid Sadiq	1,312
2	Muhammed Rahat Sadiq	7,795
3	Khawas Khan Niazi	19,695
4	Miss. Huma Waheed	15,067
5	Agha Ali Imam	2,209
6	Taseer Yousuf Makhdoom	1,380
7	Jamil Ahmed Khan	1,500
		48,958

List D Public Sector Companies & Corporations

Sr. No.	Name	No. of Shares
1	Pakistan Re-insurance Company Limited	852,774

List E Banks, DFIs, NBFIs, Insurance Companies

Sr. No.	Name	No. of Shares
1	Eastern Federal Union Insurance Co., Ltd	7,934
2	Habib Bank Limited	267
3	Habib Bank AG Zurich, Deira Dubai	5,522
4	Al-Zamin Management (Private) Limited	1,015

List F Shareholders' Holding 5% or above

Sr. No.	Name	No. of Shares
1	Margalla News International	29,351,551
2	UIG Global Services Ltd	16,763,638
3	United Track System (Pvt.) Ltd	41,369,229
4	United International Farms (Pvt.) Ltd	16,738,610
5	United Software & Technologies (Pvt.) Ltd	20,315,375
6	Tawasul Risk Management Services (Pvt.) Ltd	14,497,743
		139,036,146

اراکین کو ڈائریکٹرز رپورٹ

اپنے غیر حقیقی تجربے دینے کے باعث ابھی خاموش ہے اور مسلسل پر امید خیالات بچھنے کی کوشش میں ہیں۔ پچھلے سال کے شروع میں بروکرز نے یہ پیش گوئی کی تھی کہ مارکیٹ میں 20 فی صد اضافہ دیکھنے میں آئے گا لیکن ایسا نہیں ہو سکا بلکہ پچھلے سال کے نصف میں مارکیٹ تقریباً اسی لیول سے نیچے گر گئی۔ اس سے مارکیٹ میں سے اربوں روپے نکل گئے جس سے ریٹیل انڈسٹری کو زیادہ نقصان ہوا جو مارکیٹ میں دیر سے داخل ہوئے تھے۔ خطے کے مسائل ختم نہیں ہو سکتے لیکن ترقی کی یہ لہر پورے خطے پر اثر انداز ہوگی۔ صوبائی معاشی تجزیوں کی عدم موجودگی کے باعث خطے کی معاشی سرگرمیوں کا احاطہ کرنا ممکن نہیں ہے۔

اعتراف:

آپ کے ڈائریکٹرز مختلف اداروں جیسا کہ ایس ای سی پی، بنکاروں، کاروباری معاونین اور حکومت کی مسلسل حمایت کے بے حد مشکور ہیں۔ آپ کے ڈائریکٹرز کمپنی کے افسران اعلیٰ اور ملازمین کی پر عزم کوششوں کی قدر کرتے ہیں، جن کی انتھک محنت سے کمپنی اپنے مقاصد حاصل کرنے میں کامیاب ہوتی ہے۔

بورڈ کی جانب سے



محمد راحت صادق

چیف ایگزیکٹو آفیسر

تاریخ ۲۲ مارچ ۲۰۱۸

بروقت ادائیگیوں اور برآمدات میں توازن حاصل کرنے کے لئے وسائل اکٹھا کرنے کا چیلنج بری طرح متاثر ہوا ہے۔ 2018 کے وسط میں وسائل کی عدم دستیابی کے باعث پاکستان کو ایک دفعہ پھر IMF کے پاس جانا پڑے گا۔ تاہم اب سے لوگوں کی بہتری سے متعلق اقدامات سے بنیادی مسائل کی کوالٹی اور احاطہ کرنے میں کامیابی وصول ہوگی۔ ملازمتی مواقع بڑھنے سے ملازمتوں میں اضافہ ہوگا اور کام کرنے والی کلاس کی تنخواہوں میں اضافہ ہوگا۔ مہنگائی میں اضافہ ہو گا مگر یہ اضافہ قابو سے باہر نہیں ہوگا اور مہنگائی کے اعداد و شمار دو ہندسوں میں نہیں جائیں گے۔ جب تک تیل کی قیمتوں میں عالمی منڈیوں میں اضافہ نہیں ہوگا۔ ایس پی سیج ریٹ پر دباؤ پڑے گا، لیکن ایس پی سیج ڈیلر یہ سمجھتے ہیں کہ مستقبل میں ایس پی سیج ریٹ پر کوئی بڑا گراؤ نہیں آئے گا۔ دسمبر کے بعد ڈالر کے مقابلے میں روپے کی قدر میں سات فی صد تک فرق پڑے گا۔ اگر باقی تمام عوامل کو ویسے ہی توقع کیا جائے تو روپے کی قدر میں 2018 کے دوران 5 فی صد کا فرق پڑے گا۔ اگلا سال ان پاکستانیوں کے لئے بہتر ثابت ہوگا جو پراپرٹی کے کاروبار میں سرمایہ کاری کر رہے ہیں، نہ کہ ان لوگوں کے لئے جو اندازوں سے متعلق کاروباری جیسا کہ اسٹاک مارکیٹ میں سرمایہ کاری کریں گے۔ کاروباری ادارے اپنے کاروبار کو مزید پھیلائیں گے اور چینی کمپنیوں کے ساتھ تعاون کو بڑھاتے ہوئے نئے پراجیکٹس پر کام کریں گے۔ نئی پالیسی کے تحت قرض کی فراہمی میں آسانی چھوٹے اور درمیانے درجے کے کاروباری افراد کو فائدہ پہنچا سکتی ہے۔ یہ شعبہ معاشی سرگرمیوں کے لئے کافی فائدہ مند ثابت ہو سکتا ہے۔ یہ بھی متوقع ہے کہ کسان اپنا منافع 2018 میں واپس حاصل کر سکیں۔ جبکہ زراعت نقل و حمل، تعمیرات اور مواصلات کے شعبہ جات میں ترقی میں تیزی دیکھنے میں آئی۔ چین کے ساتھ معاشی سرگرمیاں اور زیادہ تعمیلاتی ضروریات، ٹنگ شعبہ جات میں مہنگی انڈجسٹمنٹ کرنی پڑے گی۔ ریٹیل شعبہ جات میں ترقی دیکھنے میں آئے گی لیکن اس کی رفتار ست ہوگی۔ کیونکہ غیر یقینی سیاسی صورتحال میں صارفین کا جذبہ ذرا ماند پڑ جاتا ہے۔ اسٹاک مارکیٹ میں بہتری دیکھنے میں آئے گی لیکن یہ بہتری سال کے آخر میں نظر آئے گی۔ بروکرز کیونٹی سال 2017 سے متعلق

اراکین کو ڈائریکٹرز رپورٹ

مستقبل کے نقطہ نظر:

دس سال میں سب سے زیادہ GDP تناسب تمام شعبہ جات میں ترقی، سی بیک میں سرمایہ کاری، سے حاصل ہونے والی آمدنی کا حصول اور ملکی سیکوریٹی حالات میں واضح بہتری اور توانائی کے شعبہ میں ہونے والی بہتری بیرونی خطرات میں کمی آئی ہے۔ کیا جڑواں نقصانات اس ابھرتی لہر کو واپس کر دیں گے؟ کیا یہ ترقی کی بھوک سیاسی انقلابات کو برداشت کر پائے گی۔ کیا ایکشن کے سال میں اسٹیک ہولڈرز کی رسک آگاہی اور اہم کھلاڑیوں کی نئے سال کے لئے کوششیں عقل مندانه اقدام ہیں؟ معاشی ترقی میں تیزی اور 2018 میں ووٹرز کو راغب کرنے کی کوششیں اکثریت کو متاثر کریں گی۔ شہریوں کو اچھی اور محفوظ زندگی مہیا کرنے میں سسٹم کی ناکامی نے شہریوں کی جمہوریت پر اعتبار کو متزلزل نہیں کیا ہے۔ تاہم حکومت کا اپنی معاشی ٹیم پر بیرونی عوامل سے نمٹنے کا اعتماد کافی کمزور ہو گیا ہے۔ قرض کی

کی بہترین صلاحیت ہے۔ رسکی عوامل سے متعلق خطرات معمولی ہیں۔ کاروباری و معاشی عوامل کے منفی اثرات بہت کم متوقع ہیں۔

ضابطہ اخلاق:

آپ کی کمپنی نے ایک ضابطہ اخلاق تیار کیا ہے جو اخلاقی طرز عمل کو یقینی بنانے کیلئے ملازمین سے دستخط شدہ ہے۔ ہماری تمام آپریشنل سرگرمیاں سخت شفاف انداز میں چلائی جاتی ہیں جس میں اخلاقیات پر کوئی سمجھوتا نہیں کیا جاتا ہے۔

اپدہری ایشن:

آپ کے ڈائریکٹرز 31 دسمبر 2017 کے لیے مندرجہ ذیل اعداد و شمار کی سفارشات کو پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

سارے معاملات کو سمو لیتا ہے مثلاً سرمایہ کاری، رسک مینجمنٹ اور تعمیلاتی معاملات۔ قانون کے اندر مختلف معاملات سے متعلق وقت کی حد بندی کر دی گئی ہے۔ تاکہ تمام معاملات مقررہ وقت پر سر انجام دیئے جاسکیں۔ اگر کسی معاملے میں مقررہ وقت پر قانون کی تعمیل نہیں کی جاسکی تو ہم نے اس بات کو یقینی بنایا ہے کہ سال 2017 کے اختتام پر تمام تعمیلات مکمل کی جائیں۔

انشورنس قوانین 2017:

ایس ای سی پی نے 9 فروری 2017 کو انشورنس قوانین 2017 متعارف کروائیں جنہوں نے انشورنس قوانین 2002 اور سیکوریٹی اینڈ انویسٹمنٹ کمیشن قوانین 2002 کو تبدیل کر دیا ہے۔ ہم سالانہ رپورٹ 2017 کے پڑھنے والوں کو ایک ضروری پالیسی سے آگاہ کرتے ہوئے خوش محسوس کریں گے کہ انشورنس قوانین 2017 کے قانون نمبر 58 میں یہ تبدیلی کی گئی ہے کہ تمام جزل انشورنس کمپنیز اس بات کو یقینی بنائیں گی کہ بیمہ کی مکمل رقم وصول ہونے کے بعد پالیسی جاری کی جائے گی یا پھر اگر رقم اقساط میں وصول ہوتی ہے تو پہلی قسط کے وصول ہونے کے بعد پالیسی جاری کی جائے گی۔ یہ تمام اقساط کا شیڈول پالیسی پر لکھا جائے گا اور اگر کوئی قسط مقررہ وقت پر ادا نہیں کی جائے گی تو پالیسی کینسل کرنے کی بجائے معطل کر دی جائے گی۔ کور نوٹ رسید کے بغیر جاری کیا جاسکتا ہے لیکن اس کی معیاد موٹر کی صورت میں سات دن اور تمام دوسرے انشورنس کاروبار میں تیس دن ہوگی۔

منسلک کمپنی میں سرمایہ کاری:

یہ فیصلہ کیا گیا ہے کہ کمپنیز آرڈیننس 2017، کے سیکشن 199 کے تحت مزید سرمایہ کاری سے متعلق، دی یونائیٹڈ انشورنس کمپنی آف پاکستان لمیٹڈ کو یہ متفقہ اجازت دی جاتی ہے کہ، اپنا مانیکرو فنانس بنک ”میں شیئر ڈیپوزٹ مئی کی مد میں 400 ملین روپے کی سرمایہ کاری کی جاسکتی ہے۔

انشورنس کی مالی مضبوطی کی درجہ بندی:

پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے آپ کی کمپنی کی درجہ بندی میں بہتری کرتے ہوئے کمپنی کی مالی درجہ بندی AA- کر دی ہے۔ یہ درجہ بندی ظاہر کرتی ہے کہ کمپنی میں پالیسی ہولڈرز سے متعلقہ معاہداتی ذمہ داریوں کو پورا کرنے

2017	2016	جزئیات
روپے	روپے	
292,284,179	278,447,919	بعد از ٹیکس منافع
دیگر جامع آمدنی (نقصان) سال کے دوران		
(58,743,493)	37,110,744	بعد میں آنے والے عرصہ میں مرتب کیا گیا نفع و نقصان کا کھاتہ
834,940	8,743,218	بعد میں آنے والے عرصہ میں نہ مرتب کیا گیا نفع و نقصان کا کھاتہ
(613,431)	(696,374)	منسلک کمپنیز سے دیگر نقصان کا حصہ
(58,521,984)	45,157,588	
233,762,195	323,605,507	کل جامع آمدنی رواں سال کے دوران
338,329,095	374,395,588	گزشتہ سال کا غیر مختص شدہ منافع
572,091,290	698,001,095	منافع مختص کرنے کے لئے دستیاب
مختص شدہ/اختصاصات		
260,201,760	198,352,000	13% حتمی اسٹاک دیویڈنڈ (2016:11%)
-	180,320,000	0% حتمی اسٹاک دیویڈنڈ (2016:10%)
-	(19,000,000)	قرضہ حسنہ آپریٹر فنڈ کو واپس کیا گیا
311,889,530	338,329,095	غیر مختص شدہ منافع
572,091,290	698,001,095	کل

اراکین کو ڈائریکٹرز رپورٹ

کمپنی کے اثاثہ جات:

2017 کے اختتام پر کمپنی کے اثاثہ جات 6222.228 ملین روپے رہے جو کہ 2016 میں 5489.477 ملین روپے رہے جن میں مجموعی طور پر 13.14 فیصد اضافہ ہوا جسکی وجہ سرمایہ کاری اور ری انشورنس واجبات میں اضافہ ہوا۔

ضابطہ رسک مینجمنٹ:

کمپنی نے ایسے تمام نمایاں رسک جن سے کمپنی کے وجود کو خطرہ لاحق ہو کو شناخت کرنے کیلئے ایک موثر رسک مینجمنٹ پالیسی بنائی اور نافذ کی ہے آپ کا بورڈ بھی کام وقتاً فوقتاً جائزہ لے کر سر انجام دے رہا ہے۔ رسک سے بچنے کیلئے طریقے کار اور اقدامات اس پالیسی میں واضح الفاظ میں لکھ دیا گیا ہے۔

آئی ایس او 9001 سرٹیفیکیشن:

یو آئی سی کے تمام شعبہ جات آئی ایس او 9001:2015 سرٹیفائیڈ ہیں۔ اس سرٹیفیکیشن کو اپنانے سے ناصرف بہتر طریقہ کار کے ذریعے کسٹمرز کا اطمینان حاصل ہوتا ہے بلکہ یو آئی سی میں موثر نگرانی کرنے میں مدد ملتی ہے۔ ہم اس بات سے پوری طرح آگاہ ہیں کہ اس سرٹیفیکیشن کو اپنانے سے ہم کمپنی کے اندر بہتر، منظم اور زیادہ پیشہ ورانہ ماحول قائم کر سکتے ہیں جو کسٹمرز کے لیے اطمینان کا باعث ہو۔ کوالٹی کو یقینی بنانے کیلئے ملازمین کو تربیت کے ذریعے آگاہی دی گئی ہے۔ یہ تربیت اس لئے بھی ضروری ہے تاکہ انتظامی امور کو بنانے اور بہتر چلانے کیلئے ملازمین کو مدد مل سکے اور وہ ان تمام انتظامی امور کی ذمہ داری قبول کر سکیں۔ اس سے بہتر کوالٹی ماحول بنانے میں مدد ملی ہے جس میں ملازمین مسائل کو نشانہ دہی اور انکو ختم کرنے کیلئے کام کر سکتے ہیں۔ ہم نے آئی ایس او 9001:2015 کامیابی سے نومبر 2017 میں مکمل کر لیا ہے۔

انفارمیشن ٹیکنالوجی:

آپ کے ڈائریکٹرز آج کے دور میں ٹیکنالوجی کی اہمیت سے خوب واقف ہیں اسی لئے پالیسیز اور کلیمز کی بڑھتی ہوئی مقدار کے پیش نظر، ہم نئی ٹیکنالوجی کے استعمال سے اپنے سسٹم کو اپڈیٹ کرتے ہیں۔ ہماری مواصلات کا ڈھانچہ بھی مضبوط ہو چکا ہے جو کہ ری انشورنس مینجمنٹ سسٹم کو اپ گریڈ کرنے کی وجہ سے ہے یہ سسٹم مکمل

طور پر ایم۔ آئی۔ ایس سسٹم سے جڑا ہوا ہے۔ کمپنی بزنس انٹیلی جنس ماڈیول بنا رہی ہے جس سے ہیڈ آفس اور براؤنر کے درمیان دستاویزات کی سرورسز کو بہتر بنانے میں مدد ملے گی۔

انسانی وسائل:

یو آئی سی میں، اس بات پر پورا زور دیا جاتا ہے کہ ہمارے ایچ آر کے معیار کو مزید بہتر بنایا جائے، جس سے ہمارے ملازمین کی مارکیٹنگ اور ایڈمن صلاحیتوں میں نکھار آئے، جس کے نتیجے میں ہماری خدمات کا معیار اور کارکردگی مزید بہتر ہوتی ہے۔

یو آئی سی میں، ہم اپنے ملازمین کی نشوونما کے لئے مسلسل چیلنجنگ مواقع فراہم کرتے رہتے ہیں۔ کمپنی ایسا ماحول قائم کرتی ہے جہاں ٹیم ورک، تعاون، کشادگی اور کام کی شفافیت ہو جس سے خود اعتمادی کی فضا قائم ہوتی ہے۔ جس میں ملازمین کو ترقی اور انعامات سے نوازا جاتا ہے۔

کارپوریٹ سماجی ذمہ داری:

یو آئی سی مستقل طور پر پاکستان کے شہریوں خاص طور پر معذوروں اور نوجوانوں کیلئے بہتر اور صاف معاشرے کیلئے رضاکارانہ طور پر کوشش کر رہا ہے۔ کمپنی مختلف شعبوں جیسا کہ کھیل، ماحولیات اور صحت کیلئے بے شمار سماجی سرگرمیاں سرانجام دیتی ہے۔ اس کے علاوہ کمپنی میڈیکل کیپ، سیمینار اور ترقیاتی تقاریر کا انتظام کرتی ہے۔

متعلقہ پارٹی لین دین:

ہر ایک بورڈ مینٹنگ میں ڈائریکٹرز منسلک کمپنیوں اور متعلقہ پارٹیز کے لین دین کی منظوری دیتے ہیں۔ متعلقہ پارٹیز سے تمام لین دین ایک خاص حد تک ہی کیا جاتا ہے۔

کمپنی کے حصص کی تجارت:

مندرجہ ذیل لین دین کے علاوہ 2017 میں کمپنی کے شیئر کی کسی قسم کی تجارت کمپنی کے ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، سیکرٹری، ہیڈ آف انٹرنل آڈٹ اور کمپنی کے اعلیٰ آفسران یا ان کے بیوی بچوں کی جانب سے نہیں کی گئی ہے۔ ایسے کسی بھی لین

دین کی معلومات آنے والی بورڈ آف ڈائریکٹرز کی مینٹنگ میں زیر بحث لائی جاتی ہیں۔

ریگولیزری معاملات:

ایس ای سی پی نے انشورنس کمپنیوں کے مطابق نئی ریگولیزری پالیسی بنائی ہے۔ ایس ای سی پی میں کسی بھی قسم کے حکم نامہ جاری کرنے سے پہلے ملازمین کی فعال شرکت کو یقینی بنایا جاتا ہے۔ بورڈ آف ڈائریکٹرز یہ سمجھتے ہیں کہ اس مضمون پر حصہ داروں کی توجہ دلانا ضروری ہے۔ اس بارے میں کچھ ضروری اقدامات درج ذیل ہیں

انشورنس آرڈیننس کے سیکشن 11 اور 12 کے مطابق سالانہ تعمیلاتی بیان دینا ضروری ہے۔

سیکشن 11 رجسٹرڈ انشورر پر مختلف شرائط نافذ کرتا ہے جس کی پیروی کرنا ضروری ہے۔

یہ شرائط کم از کم پیڈ اپ کیپٹل، کم از کم قانونی ذخائر اور کم از کم مالیاتی شرائط سے متعلقہ ہیں۔

سیکشن 12 ساؤنڈ اینڈ پیروونٹ انتظام سے متعلقہ ہے۔

2015 سے انشورنس کمپنیوں کے لئے ضروری ہے کہ وہ اوپر بیان کردہ سکشنز کے تحت سٹیٹمنٹ جمع کروائیں۔

ایس ای سی پی میں چیف ایگزیکٹو اور دو ڈائریکٹرز سے دستخط شدہ سٹیٹمنٹ سالانہ جمع کرائی جاتی ہے۔

کمپنی جزل آرڈر 2016 کے تحت ایس ای سی پی نے انشورنس کمپنیز کے لئے یہ ضروری بنایا ہے کہ وہ سالانہ تعمیلاتی رپورٹ متعلقہ ادارے میں جمع کروائیں۔ یہ رپورٹ چیف ایگزیکٹو اور دو ڈائریکٹرز سے دستخط شدہ ہو گی۔ بیرونی آڈیٹرز اس رپورٹ کی تصدیق کریں گے، یہ رپورٹ کمپنیز آرڈیننس 1984 کے سیکشن 156 کے تحت جمع کرائی جانے والی سالانہ ریٹرن کے ساتھ جمع کرائی جائے گی۔

ضابطہ برائے کاروباری نظم و نسق:

یہ ضابطہ ایس آر او کے تحت 09 نومبر 2016 کو پیش کیا گیا جس نے 2003 سے جاری کردہ ضابطے کو ختم کر دیا ہے۔ یہ انشورنس کے کاروبار سے متعلقہ بہت

اراکین کو ڈائریکٹرز رپورٹ

کنونشن کاروبار کے مختلف شعبوں کا طائرانہ تجزیہ

شعبہ فائر اور پراپرٹی نقصان:

خام بیمہ 2017 میں 853.006 ملین روپے رہا جوکہ 2016 میں 805.256 ملین روپے تھا اس طرح یہ مجموعی خام بیمہ کا 20.49 فیصد رہا۔ 2017 میں خالص کلیم خالص بیمہ کا 39.60 فیصد رہے جوکہ 2016 میں 50.26 فیصد تھے۔ 2017 کا ذمیرہ نویسی منافع 8.256 ملین روپے رہا جوکہ 2016 میں 68.379 ملین روپے نقصان ریکارڈ کیا گیا۔

شعبہ آبی، فضائی اور ذرائع نقل و حمل:

خام بیمہ 2017 میں 244.844 ملین روپے رہا جوکہ 2016 میں 227.415 ملین روپے تھا اس طرح یہ مجموعی خام بیمہ کا 5.89 فیصد رہا۔ 2017 میں خالص کلیم خالص بیمہ کا 51.024 فیصد رہے جوکہ 2016 میں 27.50 فیصد تھے۔ 2017 کا ذمیرہ نویسی منافع 15.877 ملین روپے رہا جوکہ 2016 میں 50.613 ملین ریکارڈ کیا گیا۔

شعبہ موٹر:

خام بیمہ 2017 میں 826.864 ملین روپے رہا جس میں 2016 کی نسبت کمی دیکھنے میں آئی۔ 2016 میں خام بیمہ 885.795 ملین روپے رہا۔ اس طرح یہ مجموعی خام بیمہ کا 19.86 فیصد رہا۔ 2017 میں خالص کلیم خالص بیمہ کا 55.53 فیصد رہے جوکہ 2016 میں 41.992 فیصد تھے۔ 2017 کا ذمیرہ نویسی منافع کمی کے ساتھ 27.530 ملین روپے رہا جوکہ 2016 میں 123.488 ملین ریکارڈ کیا گیا۔

شعبہ فصل:

خام بیمہ 2017 میں اضافے کے ساتھ 816.548 ملین روپے رہا جوکہ 2016 میں 546.969 ملین روپے رہا۔ اس طرح یہ مجموعی خام بیمہ کا 19.61 فیصد رہا۔ اس طرح 2017 میں خالص کلیم خالص بیمہ کا 15.78 فیصد رہے جوکہ 2016 میں 9.67 فیصد ریکارڈ کئے گئے۔ 2017 کا ذمیرہ نویسی منافع اضافے کے ساتھ 262.65 ملین روپے

رہا جوکہ 2016 میں 198.79 ملین ریکارڈ کیا گیا۔ یہ اضافہ کمیشن اخراجات میں کمی کے باعث ہوا۔

متفرق شعبہ جات:

خام بیمہ 2017 میں اضافے کے ساتھ 1422.883 ملین روپے رہا جوکہ 2016 میں 1316.306 ملین روپے رہا۔ اس طرح یہ مجموعی خام بیمہ کا 34.61 فیصد رہا۔ 2017 میں خالص کلیم خالص بیمہ کا 72 فیصد رہے جوکہ 2016 میں 45.25 فیصد تھے۔ 2017 کا ذمیرہ نویسی نقصان 87.620 ملین روپے رہا جوکہ 2016 میں 198.679 ملین روپے منافع تھا۔

شعبہ کلیمز:

کلیمز کی بروقت ادائیگی کمپنی کا بنیادی اصول رہا ہے۔ قدرتی آفات کی وجہ سے ہونے والے کلیمز مشکل نوعیت کے ہوتے ہیں جس میں مکمل یا جزوی نقصان ہوتا ہے۔ موٹر، فصل اور صحت کے کلیمز کی بروقت ادائیگی کی گئی ہے۔

ری - انشورنس شعبہ جات:

آپ کی کمپنی انشورنس پروگرام کو احتیاط سے مرتب کرتے ہوئے رسک رینشنس کو کم از کم کرنے کی پالیسی پر گامزن ہے۔ ری انشورنس کی کوریج اور سٹریٹیجک تباہی کی منصوبہ بندی کمپنی کے ایکسیچوٹو اور رسک کی کثافت

کی بنیاد پر کی جاتی ہے۔ کمپنی کے ری انشورنس معاہدے زیادہ تر ایکس آف لاس ٹریڈی پر مشتمل ہیں۔

ہمارا بینیل درج ذیل ری انشورنس اداروں پر مشتمل ہے۔
Swiss Re (Rated 'AA-' by S&P),
Korean Re (Rated A- by AM Best),
Trust Re (Rated 'A-' by AM BEST),
Labuan Re (Rated 'A-' by AM BEST), Malaysian Re (Rated 'A-' by AM BEST), PRCL(AA JCR-VIS)
Hannover Re (AA-S&P), Mapfre Assistance,(A1 by Moody's) and
Kuwait Re (A- AM Best)
ہماری بہتر صلاحیت ہمیں بڑے خطرات کو انڈر رائٹ کرنے کی اجازت دیتی ہے۔

سرمایہ کاری آمدن:

ہماری سرمایہ کاری کا مقصد حصہ داروں کو زیادہ سے زیادہ منافع دینا ہے۔ سرمایہ کاری کمپنی سرمایہ کاری کی حکمت عملیوں کی ہدایات اور بورڈ کی پالیسیوں اور گروپ کی سرمایہ کاری کی ہدایات کو نافذ کرتی ہے اور اس کی جانچ پڑتال کرتی ہے۔ کمپنی اچھا منافع کمانے کے لئے سرمایہ کاری کو زیادہ سے زیادہ محفوظ بنانے پر خاص توجہ دیتی رہے گی۔ اس سال سرمایہ کاری سے آمدن کمی کے ساتھ 67.205 ملین روپے رہی جوکہ 2016 میں 73.106 ملین روپے تھی۔

2017	2016
درنگی	درنگی
روپے	روپے
15,961,760	2,093,046
48,929,788	65,394,064
4,400,830	5,901,310
69,292,378	73,388,420
(2,087,672)	(282,328)
67,204,706	73,106,092

غیر تجارتی سرمایہ کاری

آمدن مقوم

حکومتی سیکورٹیز پر منافع

فروخت کے لیے دستیاب سرمایہ کاری پر منافع

کثیر المدتی سرمایہ کاری

سرمایہ کاری اخراجات

خالص سرمایہ کاری آمدن

**یونائیٹڈ انشورنس کمپنی آف پاکستان لمیٹڈ کے
ڈائریکٹرز اٹھاونویں (۵۸) سالانہ کنونشن اور
مکافل کاروبار کے آڈٹ شدہ مالیاتی گوشوارے
پیش کرتے ہوئے خوش محسوس کر رہے ہیں۔**

معاشی جائزہ:

پاکستانی معیشت تیزی سے استحکام کی طرف رواں دواں ہے اور 2013 کے بعد مختصر عرصے میں نمایاں فوائد حاصل کرنے میں کامیاب ہوئی ہے۔ پاکستان کی جی ڈی پی 2016-2017 میں کامیابی سے 5.28 فی صد تک پہنچ چکی ہے جو کہ پچھلے سال کے مقابلے میں اور گزشتہ نو سالوں میں سب سے زیادہ ہے۔ پچھلے سال کے مقابلے میں زرعی شعبے میں بھی مثبت ترقی ہوئی ہے۔ سال 2017 میں زرعی شعبے کی ترقی جی ڈی پی کا 19.53 فیصد اور روزگار کا 42.3 فیصد رہی ہے جو کہ پچھلے سال کی 0.27 فیصد ترقی کی نسبت 3.46 فیصد مثبت ترقی کا مظہر ہے۔

مالیاتی خسارہ 8 فیصد سے کم ہو کر 5 فیصد رہا اسی طرح بین الاقوامی ذخائر 3 گنا اضافے سے 18 ارب ڈالر تک پہنچ گئے جو کہ قابل ذکر کامیابی کا مظہر ہیں۔ پاکستان مالیاتی خسارے اور بیرونی ذخائر کے دباؤ کو کم کرنے کے لئے نمایاں ساختی اصلاحات کر رہا ہے۔ شعبہ مالیات، شعبہ محصولات اور کاروباری ماحول میں بہتری لانے کے لئے نمایاں اصلاحات کی گئی ہیں۔ اسی طرح توانائی کے شعبے میں بھی نمایاں اصلاحات کی گئیں ہیں۔ اس سال بڑے پیمانے پر مینوفیکچرنگ میں 8.5 فیصد متاثر کن ترقی دیکھنے میں آئی ہے جس میں پہلی سہ ماہی کی ترقی کی بلند ترین سطح شامل ہے جو کہ پچھلے عرصے میں سب سے زیادہ شرح رہی ہے۔ غیر معمولی ترقی کی بنیادی وجہ سگریٹ کی پیداوار میں اضافہ ہے جس نے مجموعی ترقی کی 8.4 فیصد شرح میں سے 1.9 فیصد حصہ ڈالا ہے۔ امید کی جاسکتی ہے کہ سی پیک کی وجہ سے تعمیراتی شعبے کی ترقی میں اضافہ دیکھنے کو ملے گا جس سے مستقبل میں بڑے پیمانے پر پیداوار میں اضافہ ہو گا۔ اس کے علاوہ بیرونی سرمایہ کاری 74.4 فیصد اضافے سے 939.7 ملین ڈالر رہی اور ایف بی آر کی شرح ترقی میں 19.5 فیصد اضافہ ہوا۔

مہنگائی میں اپریل 2017 کی نسبت 4.6 فیصد اضافہ ہوا اور پچھلے رجحان کو دیکھتے ہوئے یہی کہا جاسکتا ہے کہ

افراط زر میں مزید اضافہ دیکھنے میں آئے گا جس کی وجہ تیل کی عالمی قیمتوں اور پٹرولیم مصنوعات کی قیمتوں میں دسمبر تک مزید اضافہ ہے۔ روپے کی قدر میں پچھلے چار سالوں کی نسبت کمی دیکھنے میں آئے گی جس کے بارے میں ایس۔بی۔پی کا کہنا ہے کہ یہ زر مبادلہ کی شرح میں تبدیلی اور بیرونی کھاتوں میں عدم توازن پیدا کرے گا۔

یہ سال پاکستان کی کیپیٹل مارکیٹ کے لئے بد قسمت ثابت ہوا جس کے نتیجے میں ایکویٹی بیڈ فنڈز میں 10 سے 20 فیصد کمی آئی۔ کے ایس ای 100 انڈیکس میں پچھلے سال کی تاریخی کامیابی کی نسبت 15.34 فیصد کمی دیکھنے میں آئی۔ 2008 کے مارکیٹ کریش کے بعد یہ سال پاکستان کی کیپیٹل مارکیٹ کے لئے بدترین سال ثابت ہوا۔ کیپیٹل مارکیٹ میں منفی رجحان کی بنیادی وجوہات میں سے ایک ملک میں سیاسی عدم استحکام ہے۔ پچھلے سال کی نسبت انشورنس انڈسٹری میں معمولی ترقی اور منافع دیکھنے میں آیا ہے۔ ہمسایہ ممالک کی نسبت ہمارے ملک میں انشورنس رسائی اور کثافت میں کمی رہی۔ دوسری جانب ایس ای سی پی نے پولیسی ہولڈرز کے مفادات کی حفاظت کے لئے اور محفوظ قانون سازی کیلئے انشورنس بل 2017 پاس کیا ہے۔ اس کے علاوہ ایس ای سی پی نے کم از کم کیپیٹل کی ضرورت میں اضافہ کیا ہے۔

کنونشن بزنس کا دسمبر 2017 کے اختتام پر کارکردگی کا جائزہ:

2017 میں مثالی قیمتوں کے دباؤ کے باوجود کمپنی بیہر میں نمایاں اضافہ حاصل کرنے میں کامیاب رہی ہے۔ کمپنی کا خام بیہر 10.096 فیصد اضافے سے 4163.546 ملین روپے رہا جو کہ 2016 میں 3781.741 ملین روپے تھا۔ بیہر میں زیادہ تر اضافہ مجموعی طور پر شعبہ فائر، موٹر اور فصل کے کاروبار میں رہا۔ کمپنی کا خالص بیہر، خام بیہر کا 64.34 فیصد رہا۔ مجموعی طور پر کمپنی کے ذمیرہ نوٹس نتائج 56 فیصد کمی کے ساتھ 2017 میں 222.75 ملین روپے رہے جو کہ 2016 میں 503.194 ملین روپے تھے۔ کمپنی کی سرمایہ کاری آمدن 2016 میں 73.106 ملین روپے سے کم ہو کر 2017 میں 67.205 ملین روپے رہی۔ کمپنی کے انتظامی اخراجات خام بیہر کا 22.11 فیصد رہے۔ منسلک کمپنیوں میں سرمایہ کاری سے ہونے والا

انقصان 2016 میں 276.33 ملین روپے سے کم ہو کر 2017 میں 25.669 ملین روپے رہا جو کہ انتظامی معاملات پر بہتر گرفت سے حاصل ہوا۔ تاہم یہ دیکھا گیا کہ منسلک کمپنی کی آمدن 2016 میں 447.155 ملین روپے اضافے سے 2017 میں 1441.502 ملین روپے رہی۔ اسی طرح کمپنی نے 2017 میں قبل از محصول منافع 497.779 ملین روپے حاصل کیا جو کہ 2016 میں 357.960 ملین روپے تھا۔ اسی طرح بعد از محصول منافع 2017 میں 303.179 ملین روپے رہا جو کہ 2016 میں 278.439 ملین روپے رہا۔

31 دسمبر 2017 کے اختتام پر ونڈو مکافل آپریشنز کی کارکردگی کا جائزہ:

شراکتی مکافل فنڈ کی خام شراکت 2017 میں 81.97 فیصد اضافے سے 962.597 ملین روپے رہی جو کہ 2016 میں 528.990 ملین روپے ریکارڈ کی گئی تھی۔ 2016 کی نسبت سال 2017 میں خام شراکت میں اضافہ دیکھنے میں آیا جو کہ موثر اور صحت کے کاروبار میں بالترتیب 10.27 فیصد اور 10.23 فیصد اضافے کی وجہ سے ممکن ہوا ہے۔ کمپنی کی خالص شراکتی آمدن خام شراکتی آمدن کا 71.37 فیصد رہی جس میں سال 2016 کی نسبت 34.79 فیصد اضافہ ہوا ہے۔ انتظامی اخراجات میں 2017 میں 38.208 ملین روپے اضافہ ہوا۔ شراکتی مکافل فنڈ کے براہ راست اخراجات 2016 میں 52.501 ملین روپے سے بڑھ کر 2017 میں 91.687 ملین روپے رہے۔ شراکتی مکافل فنڈ کی سرمایہ کاری آمدن 2017 میں 1.950 ملین روپے اضافے سے 5.829 ملین روپے رہی۔

فی حصص آمدنی:

آپکی کمپنی نے 2017 میں فی حصص آمدنی 1.46 روپے حاصل کی جو کہ 2016 میں 1.39 روپے فی حصص تھی۔



The background of the cover is a grayscale photograph of a desk. On the left, a silver calculator is partially visible with a hand holding a pen over it. In the center, a blue rectangular box contains the title and subtitle. On the right, a laptop keyboard is visible. In the foreground, there are several sheets of paper with financial charts and graphs, including a line graph and a bar chart.

Financial Statements

for the year ended 31 December 2017

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed statement of financial position of THE UNITED INSURANCE COMPANY OF PAKISTAN LIMITED ("the Company") as at December 31, 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 the above said statements in conformity with the approved accounting standards and the requirements of Insurance Ordinance, 2000 (XXXIX of 2000) and the Companies Ordinance, 1984 (XLVII of 1984). Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. 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 Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- b) in our opinion :
 - i) the statement of financial position and statement of comprehensive income together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes as stated in note 3.13 and 3.28 with which we concur;
 - 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, conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Insurance Ordinance, 2000 and the 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 December 31, 2017 and of the profit, comprehensive income, its cash flows and changes in equity for the year then ended; and

AUDITORS' REPORT TO THE MEMBERS

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

The financial statements of the Company for the year ended December 31, 2016 were audited by another firm of chartered accountants whose report dated April 06, 2017, expressed unqualified opinion on those statements.



ILYAS SAEED & CO.

Chartered Accountants

Engagement Partner: Muhammad Ilyas

Date: March 22, 2018

Place: Lahore

STATEMENT OF FINANCIAL POSITION

As at December 31, 2017

	Note	2017 Rupees	2016 Rupees Re-stated	2015 Rupees Re-stated
Assets				
Property and equipment	5	810,595,553	841,897,391	695,565,114
Intangible assets	6	4,687,812	6,250,416	8,333,888
Investment property	7	2,576,528	2,712,135	2,854,879
Investments in subsidiary and associate	8	876,239,590	610,923,976	426,142,564
Investments				
Equity securities	9	82,573,398	202,646,662	68,447,709
Debt securities	10	282,770,694	283,987,489	542,582,297
Term deposits	11	59,939,775	103,031,579	40,893,911
Total assets in window takaful operations	11A	466,952,852	259,231,625	170,915,240
Loans and other receivables	12	175,713,991	238,937,862	177,012,527
Insurance / Reinsurance receivables	13	1,070,663,833	1,210,110,484	1,210,732,473
Reinsurance recoveries against outstanding claims	25	1,022,607,058	581,301,466	686,761,318
Salvage recoveries accrued		-	-	-
Deferred commission expense / Acquisition cost	26	175,925,630	197,015,310	177,257,172
Deferred taxation	15	-	-	9,823,424
Taxation - provision less payment		-	-	-
Prepayments	16	690,012,811	595,977,299	517,279,181
Cash & bank	17	490,059,464	365,488,217	324,822,286
Total assets		6,211,318,989	5,499,511,911	5,059,423,983

The annexed notes from 1 to 46 form an integral part of these financial statements.



Mohammad Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director

STATEMENT OF FINANCIAL POSITION

As at December 31, 2017

	Note	2017 Rupees	2016 Rupees Re-stated	2015 Rupees Re-stated
Equity and Liabilities				
Capital and reserves attributable to Company's equity holders				
Ordinary share capital	18	2,001,552,000	1,803,200,000	1,288,000,000
Share premium		-	-	-
Reserves	19	46,490,767	105,234,260	68,123,516
Unappropriated profit		593,724,039	679,890,351	889,595,588
Total Equity		2,641,766,806	2,588,324,611	2,245,719,104
Surplus on revaluation of fixed assets	19A	81,106,747	81,941,687	39,235,655
Liabilities				
Total liabilities in window takaful operations	11A	72,593,162	60,293,684	41,838,276
Underwriting provisions				
Outstanding claims including IBNR	25	1,385,321,234	791,222,496	800,096,330
Unearned premium reserves	24	1,581,500,585	1,490,001,500	1,389,096,411
Premium deficiency reserves		18,728,362	1,696,000	5,261,422
Unearned Reinsurance Commission	26	102,043,115	83,462,765	103,583,933
Retirement benefit obligations	14	-	58,683,316	62,669,003
Deferred taxation	15	13,841,974	14,332,308	-
Borrowings	20	69,741,811	80,605,304	110,644,177
Premium received in advance		-	-	-
Insurance / Reinsurance payables	21	107,818,532	146,211,061	113,697,917
Other creditors and accruals	22	68,890,402	85,031,576	88,014,764
Taxation - provision less payment		67,966,259	17,705,603	59,566,991
Total Liabilities		3,488,445,436	2,829,245,613	2,774,469,224
Total Equity and Liabilities		6,211,318,989	5,499,511,911	5,059,423,983
Contingency(ies) and commitment(s)	23	-	-	-

The annexed notes from 1 to 46 form an integral part of these financial statements.



Khawas Khan Niazi
Director / President



Javaid Sadiq
Chairman

PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2017

	Note	2017 Rupees	2016 Rupees Re-stated
Net insurance premium	24	2,678,707,848	2,473,431,973
Net insurance claims	25	(1,287,193,319)	(934,519,161)
Premium deficiency		(17,032,362)	3,565,422
Net Commission and other acquisition costs	26	(231,943,707)	(234,999,746)
Insurance claims and acquisition expenses		(1,536,169,388)	(1,165,953,485)
Management expenses	27	(921,226,383)	(797,737,785)
Underwriting results		221,312,077	509,740,703
Investment income	28	67,204,706	73,106,092
Rental income	29	2,404,078	2,142,000
Other income	30	46,982,668	30,387,428
Other expenses	31	(8,869,947)	(19,455,575)
Results of operating activities		329,033,582	595,920,648
Finance cost	32	(5,374,936)	(10,430,384)
Share of loss from associate		(35,382,354)	(276,733,384)
Profit from Window Takaful Operations		199,068,982	49,203,557
Profit before tax		487,345,274	357,960,437
Income tax expense	33	(195,061,095)	(79,512,518)
Profit after tax		292,284,179	278,447,919
Earnings (after tax) per share - Rupees			
- basic and diluted (Restated)	34	1.46	1.39

The annexed notes from 1 to 46 form an integral part of these financial statements.



Mohammad Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director



Khawas Khan Niazi
Director / President



Javaid Sadiq
Chairman

STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2017

	2017 Rupees	2016 Rupees Re-stated
Profit for the year	292,284,179	278,447,919
Other comprehensive income/ (loss) for the year		
Items to be re-classified to profit and loss account in subsequent period:		
Unrealized (loss)/gain on revaluation of available for sale investments	(24,679,530)	31,466,937
Realized loss/(gain) on revaluation of available for sale investments	(31,500,721)	5,609,878
Share of other comprehensive (loss)/income from takaful		
Unrealized (loss)/gain on revaluation of available for sale investments	(2,529,313)	33,929
Realized (gain) on revaluation of available for sale investments	(33,929)	-
	(58,743,493)	37,110,744
Items not to be re-classified to profit and loss account in subsequent period:		
Actuarial gain on defined benefit plan	-	6,300,427
Incremental depreciation net of deferred tax	834,940	819,301
Share of other comprehensive income from takaful	-	1,623,490
	834,940	8,743,218
Share of other comprehensive loss from associate	(613,431)	(696,374)
Total comprehensive income for the year	233,762,195	323,605,507

The annexed notes from 1 to 46 form an integral part of these financial statements.



Mohammad Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director



Khawas Khan Niazi
Director / President



Javaid Sadiq
Chairman

CASH FLOW STATEMENT

For the year ended December 31, 2017

	Note	2017 Rupees	2016 Rupees Re-stated
Operating cash flows:			
a) Underwriting activities			
Insurance premium received		4,120,876,981	3,774,840,512
Reinsurance premium paid		(1,524,119,248)	(1,253,588,720)
Claims paid		(2,152,055,829)	(1,585,320,709)
Reinsurance and other recoveries received		1,205,270,305	760,641,562
Commission paid		(441,582,442)	(479,255,093)
Commission received		249,308,765	204,376,041
Management expenses paid		(810,227,077)	(680,834,859)
Net cash flow from underwriting activities		647,471,455	740,858,734
b) Other operating activities			
Income tax paid		(133,636,724)	(97,507,131)
General expenses paid		(8,869,947)	(19,455,575)
Other operating (payments)		(71,516,739)	(387,078,093)
Other operating receipts		266,184,920	110,267,230
Loans advanced		(19,583,101)	(16,789,692)
Loan repayments received		23,010,213	13,940,685
Net cash flow from other operating activities		55,588,622	(396,622,576)
Total cash flow from all operating activities		703,060,077	344,236,158
Investment activities:			
Profit/return received		66,231,794	74,801,311
Dividend received		8,966,317	1,743,034
Rental received		2,404,078	2,142,000
(Payment) for investment/ investment properties		(508,484,564)	(524,629,514)
Proceeds from investment/ investment properties		302,015,065	440,769,626
Fixed capital expenditure		(40,706,671)	(185,847,137)
Proceeds from sale of property and equipment		26,975,590	8,122,919
Net assets in window takaful operations		(195,421,749)	(57,534,307)
Intangible assets		-	-
Total cash flow from investing activities		(338,020,140)	(240,432,068)
Financing activities:			
Proceeds from issuance of shares		-	-
Interest paid		-	-
Loan received		-	-
Loan paid		-	-
Dividends paid		(180,320,000)	-
Lease liability paid		(60,148,690)	(63,138,159)
Total cash flow from financing activities		(240,468,690)	(63,138,159)
Net cash flow from all activities		124,571,247	40,665,931
Cash and cash equivalents at the beginning of the year		365,488,217	324,822,286
Cash and cash equivalents at the end of the year		490,059,464	365,488,217

CASH FLOW STATEMENT

For the year ended December 31, 2017

	Note	2017 Rupees	2016 Rupees Re-stated
Reconciliation to profit and loss account			
Operating cash flows		703,060,076	344,236,158
Depreciation & Amortization expense		(107,998,066)	(105,333,096)
Provision for doubtful debts		(3,001,240)	(11,569,830)
Finance charges on lease rentals		(5,374,936)	(10,430,384)
Profit on disposal of property and equipment		17,339,620	5,217,648
(Loss)/Profit on disposal of investment/ investment properties		(31,500,721)	5,609,878
Rental income		2,404,078	2,142,000
Dividend income		8,966,317	1,743,034
Increase in assets other than cash		106,169,730	259,947,294
(Increase) in Liabilities other than borrowings		(659,199,822)	(54,776,389)
Revaluation adjustment		-	-
Others			
Gain and other investment income		97,732,515	69,191,433
Share of loss from associate		(35,382,354)	(276,733,384)
Income from window takaful operations		199,068,982	49,203,557
Profit after taxation		292,284,179	278,447,919

The annexed notes from 1 to 46 form an integral part of these financial statements.



Mohammad Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director



Khawas Khan Niazi
Director / President



Javaid Sadiq
Chairman

STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2017

	Share capital	Capital reserve	Revenue reserves			Unappropriated profit	Total
			Reserve for issuance of bonus shares	General reserve	Available for sale reserve		
----- Rupees -----							
Balance as at January 01, 2016 (as previously reported)	1,288,000,000	-	-	75,115,917	-	881,893,837	2,245,009,754
Effect on equity due to change in accounting policy- note 3.28					(6,992,401)	7,701,751	709,350
Balance as at January 01, 2016 (Re-stated)	1,288,000,000	-	-	75,115,917	(6,992,401)	889,595,588	2,245,719,104
Transfer to reserve for issue of bonus shares	-	-	515,200,000	-	-	(515,200,000)	-
Bonus share reserve capitalized on issuance of shares	515,200,000	-	(515,200,000)	-	-	-	-
Total comprehensive income for the year							
Profit for the year	-	-	-	-	-	278,447,919	278,447,919
Other comprehensive income (re-stated)	-	-	-	-	37,110,744	8,046,844	45,157,588
	-	-	-	-	37,110,744	286,494,763	323,605,507
Qarz-e-hasna returned from Participants' Takaful Fund (PTF)	-	-	-	-	-	19,000,000	19,000,000
Balance as at December 31, 2016 (Re-stated)	1,803,200,000	-	-	75,115,917	30,118,343	679,890,351	2,588,324,611
Balance as at January 01, 2017 (Re-stated)	1,803,200,000	-	-	75,115,917	30,118,343	679,890,351	2,588,324,611
Transfer to reserve for issue of bonus shares	-	-	198,352,000	-	-	(198,352,000)	-
Bonus share reserve capitalized on issuance of shares	198,352,000	-	(198,352,000)	-	-	-	-
Dividends relating to 2016	-	-	-	-	-	(180,320,000)	(180,320,000)
Total comprehensive income for the year							
Profit for the year	-	-	-	-	-	292,284,179	292,284,179
Other comprehensive income	-	-	-	-	(58,743,493)	221,509	(58,521,984)
	-	-	-	-	(58,743,493)	292,505,688	233,762,195
Balance as at December 31, 2017	2,001,552,000	-	-	75,115,917	(28,625,150)	593,724,039	2,641,766,806

The annexed notes from 1 to 46 form an integral part of these financial statements.


Mohammad Rahat Sadiq
 Chief Executive Officer


Huma Waheed
 Director


Khawas Khan Niazi
 Director / President


Javaid Sadiq
 Chairman

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

1 LEGAL STATUS AND NATURE OF BUSINESS

The United Insurance Company of Pakistan Limited ("the Company") was incorporated on October 20, 1959, as a Public Limited Company under the Defunct Companies Act, 1913, now the repealed Companies Ordinance, 1984, and its shares are quoted on Pakistan Stock Exchange Limited. The Registered Office of the Company is situated at 204, 2nd floor, Madina City Mall, Abdullah Haroon Road, Saddar, Karachi, in the province of Sindh, and its Head Office is located in Lahore, in the province of Punjab. The principal activity of the Company is General Insurance Business and it qualifies as a domestic insurance Company under Insurance Ordinance, 2000 and undertakes Fire & Property Damage, Marine, Aviation & Transport, Motor, Crop and Miscellaneous General insurance. The Company has been allowed to carry on Window Takaful Operation on August 18, 2014 by Securities and Exchange Commission of Pakistan (SECP) under Takaful Rules, 2012. The Company has not transacted any insurance business outside Pakistan.

For the purpose of carrying on takaful business, the Company has formed a Waqf/ Participants' Takaful Fund (PTF) on June 09, 2014 under a trust deed. The trust deed governs the relationship of shareholders and policy holders for management of takaful operations.

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

During the year, the Companies Ordinance, 1984, has been repealed and the Companies Act, 2017 (the Act) has been promulgated. However, the Securities and Exchange Commission of Pakistan (SECP) vide its circular no. 23 of 2017 dated October 04, 2017, has communicated Commission's decision that "the companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984."

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

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

A separate set of financial statements of the General Takaful operations has been annexed to these financial statements as per the requirements of the Takaful Rules 2012.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

2.1 Basis of measurement

The financial statements have been prepared under the historical cost convention except for certain obligations under employee retirement benefits which are measured at present value, certain property and equipment which are measured at revalued amount and certain financial instruments which are measured at fair value.

2.2 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is the Company's functional and presentation currency. All figures have been rounded to the nearest rupee, unless otherwise stated.

2.3 Standards, interpretations and amendments effective in the (current year)

The following standards, interpretations and amendments to standards and interpretations have been effective and are mandatory for the financial statements of the Company for the periods beginning on or after January 01, 2017 and, therefore, have been applied in preparing these financial statements.

- Annual improvements - 2014-2016 cycle:

Annual Improvements to IFRSs through 2014-2016 cycle have been issued by IASB on December 08, 2016, amending the following standard:

• IFRS 12: Disclosure of Interests in Other Entities

Clarify that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 - 'Non-current Assets Held for Sale and Discontinued Operations'. The amendment is not likely to have an impact on Company's financial statements.

- IAS 7 Cash flows statement:

The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are not likely to have a significant impact on Company's financial statements except for certain presentational amendments.

- IAS 12 Income taxes:

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

- **IFRS 5: Non-current Assets Held for Sale and Discontinued Operations:**

Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued. The amendments are not likely to have an impact on Operator's financial statements.

- **IFRS - 7: Financial Instruments: Disclosures:**

Adds additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of determining the disclosures required. It also clarifies the applicability of the amendments to IFRS - 7 on offsetting disclosures to financial statements. The amendments are not likely to have any material impact on Operator's financial statements.

- **IFRS 10, IFRS 12 and IAS 28 Investment Entities:**

The amendments clarify the application of the consolidation exception for investment entities and their subsidiaries. The amendments are not likely to have any material impact on Operator's financial statements.

2.4 **Standards, interpretations and amendments becoming effective in current year but not relevant:**

There are certain amendments to standards that became effective during the year and are mandatory for accounting periods of the Operator's beginning on or after January 01, 2017 but are considered not to be relevant to the Company's operations and are, therefore, not disclosed in these financial statements.

2.5 **Standards, interpretations and amendments not effective at year end**

The following standards, amendments to standards and interpretations have been published IASB and are mandatory for the Company's accounting period beginning on or after their respective effective dates.

- **Annual improvements - 2014-2016 cycle:**

The improvements address amendments to following approved accounting standards:

- IFRS 1: First-time Adoption of International Financial Reporting Standards
- IAS 28: Investments in Associates and Joint Ventures

Effective for annual period beginning on or after January 01, 2018. The application of these amendments is not expected to have any material impact on the Company's financial statements.

- **Annual Improvements 2015-2017 Cycle:**

The improvements address amendments to following approved accounting standards:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

- **• IFRS 3 Business Combinations and IFRS 11 Joint Arrangement**

The amendment clarify the accounting treatment when a Company increases its interest in a joint operation that meets the definition of a business.

- **• IAS 12 Income Taxes**

The amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognised 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.

The above amendments are effective from annual period beginning on or after January 01, 2019. The application of these amendments are not expected to have any material impact on the Company's financial statements.

- **IFRS 15 Revenue from Contracts with Customers:**

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 Company is currently in the process of analyzing the potential impact of changes required in revenue recognition policies on adoption of the standard. Management is in the process of assessing the impact of adoption of this standard on the financial statements.

The standard is effective for accounting periods beginning on or after January 01, 2018. The Management is in the process of evaluating the impact of application of the standard on the Company's financial statements.

- **IFRS 2 - Share based payments:**

The amendments to IFRS 2 address the main areas of vesting conditions, classification and accounting for modification to the terms and conditions.

The amendment is effective for accounting period beginning on or after January 01, 2018. The application of amendments is not expected to have any material impact on the Company's financial statements.

- **IFRS 4 - Insurance Contracts:**

Amended by applying IFRS 9 "Financial Instruments" along with IFRS 4 "Insurance Contracts", allowing an entity to apply the overlay approach retrospectively to qualifying financial assets when it first applies IFRS 9 or chooses to apply the deferral approach for annual periods beginning on or after January 01, 2018.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

The management of the Company is reviewing the changes to evaluate the impact of application of standard on the financial statements.

- **IFRS 9 Financial Instruments (2014):**

IFRS 9 contains accounting requirements for financial instruments in the areas of classification and measurement, impairments, hedge accounting, de-recognition:

All recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at Fair Value Through Other Comprehensive Income. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, standard requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

In relation to the impairment of financial assets, standard requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39.

The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The standard is effective for accounting period beginning on or after January 01, 2018. The management of the Company is reviewing the changes to evaluate the impact of application of standard on the financial statements.

- **IFRS 16 Leases:**

Replaces the current IAS - 17 and requires lessees to recognize a lease liability reflecting future lease payments for virtually all lease contracts.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

The amendments are effective for accounting periods beginning on or after January 01, 2019. The Management is in the process of evaluating the impact of application of the standard on the Company's financial statements.

- **IAS 40 - Investment Property:**

Provides guidance on transfers of investments property. The Standard is effective for accounting periods beginning on or after January 01, 2018. The Management is in the process of evaluating the impact of application of the standard on the Company's financial statements.

- **IFRIC 22 - Foreign Currency Transactions and Advance Consideration:**

The amendments 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 Standard is effective for accounting periods beginning on or after January 01, 2018. The application of interpretation is not likely to have an impact on Company's financial statements.

- **IFRIC 23 - Uncertainty over Income Tax Treatments**

The amendments 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 Standard is effective for accounting periods beginning on or after January 01, 2019. The application of interpretation is not likely to have an impact on Company's financial statements.

2.6 Standards, interpretations and amendments becoming effective in future period but not relevant:

There are certain new standards, amendments to standards and interpretations that are effective for different future periods but are considered not to be relevant to Company's operations, therefore not disclosed in these financial statements.

2.7 Adoption of new Insurance Rules, 2017 and Insurance Accounting Regulations, 2017

During the period SECP has issued the Insurance Rules, 2017 including the new Insurance Regulations, 2017 and format for the preparation of the financial statements. The new Insurance Rules are effective for the current period financial statements. The significant changes resulting from such new rules effecting these financial statements are as follows:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

2.7.1 Certain changes have been made to the presentation of the financial statements which includes the following:

Changes in sequence of assets / liabilities in the statement of financial position ;

Discontinuation of separate statements of premiums, claims, expenses and investment income, which are now presented (on aggregate basis) into the notes of financial statements (Notes 24, 25, 26 & 28)

Underwriting results in relation to various classes of business which were previously presented on the face of the profit and account are now presented in a separate note (note 37)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these financial statements are set out below:

3.1 Property and Equipment

3.1.1 Operating assets

3.1.1.1 Owned assets

These are stated at cost less accumulated depreciation and accumulated impairment, if any, except for freehold land and certain buildings which are stated at revalued amount, less impairment in value, if any.

Depreciation on all property & equipment assets is charged to profit and loss account on reducing balance method so as to write off depreciable amount of an asset over its useful life at the rates specified in note 5.1 to the financial statements. Depreciation on additions to/ disposal from property & equipment for the year is charged on "number of days basis".

Maintenance and normal repairs are charged to profit and loss account as and when incurred, while major renewals and improvements are capitalized. The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

Surplus arising on revaluation of an item of property & equipment assets is created to surplus on revaluation of property & equipment, except to the extent of reversal of deficit previously charged to income, in which case that portion of the surplus is recognized in income. Deficit on revaluation of an item of property & equipment is charged to surplus on revaluation of that asset to the extent of surplus and any excess deficit is charged to income. On subsequent sale or retirement of revalued item of property & equipment, the attributable balance of surplus is transferred to unappropriated profit through statement of comprehensive income. The surplus on revaluation of property & equipment to the extent of incremental depreciation charged on the related assets is transferred to an appropriated profit through statement of comprehensive income.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

3.1.1.2 Leased assets

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance lease are recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as borrowings (liabilities against assets subject to finance lease). The liabilities are classified as current and non current depending upon the timing of payment. Lease payments are apportioned between finance charges and reduction of the liabilities against assets subject to finance lease so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit and loss account, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs.

3.1.1.3 Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In case lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis.

- Ijarah contracts

Ijarah rentals (Ujrah) under Ijarah contracts are recognised as an expense in the profit and loss on a straight-line basis over the Ijarah term.

3.2 Intangibles assets

These are stated at cost less accumulated amortisation and accumulated impairment loss, if any.

Amortisation on intangibles is charged to profit and loss account on the reducing balance method so as to write off amortisation amount of an intangible asset over its useful life at the rates specified in note 6 to the financial statements. Amortisation on additions to/ disposal from intangibles, if any is charged on "number of days basis".

The gain or (loss) on disposal or retirement of an intangible asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

3.3 Investment property

Investment properties are held for earning rentals and capital appreciation. Investment property is accounted for under the cost model in accordance with International Accounting Standards (IAS) 40 'Investment property' and SRO 938 issued by the Securities and Exchange Commission of Pakistan.

Depreciation policy, subsequent capital expenditures and gain/ losses on disposal are accounted for in the same manner as Property & equipment.

3.4 Insurance contracts

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

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

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

- Fire and property damage
- Marine, aviation and transport
- Motor
- Crop
- Miscellaneous

Fire and property insurance contracts mainly compensate the Company's customers for damage suffered to their properties or for the value of property lost.

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

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

Crop insurance provides financial protection against natural disasters, fire and lightning and insect/ pets attack on standing crop.

Other various types of insurance are classified in miscellaneous category which includes mainly engineering and livestock, personal accident, worker's compensation, travel guard, products of financial institutions and health insurance etc.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

The Company does not issue any insurance contracts with discretionary participation features (DPF) or any investment contracts.

3.5 Deferred Commission expense / Acquisition cost

Commission and other incremental acquisition costs incurred in obtaining and recording policies of insurance and reinsurance were deferred and calculated by applying twenty-fourths method and recognized as assets where they can be reliably measured and it is probable that they will give rise to premium revenue that will be recognised in subsequent reporting periods. Incremental acquisition costs of a policy are costs of selling, underwriting and initialing an insurance policy which has been issued, i.e., the costs are identified at the level of an individual policy and not at the level of a portfolio of policies.

Deferred acquisition costs (if any) were amortized systematically over the reporting periods over which the related premium revenue is recognised.

An acquisition cost which is not incremental were recognised as expense during the period in which the related premium revenue is recognised.

3.6 Unearned premium

The portion of premium written relating to the unexpired period of coverage is recognized as unearned premium by the Company. This liability is calculated by applying twenty-fourths method as specified in the Insurance Accounting Regulations, 2017.

3.7 Premium deficiency

The Company maintains a provision in respect of premium deficiency for the class of business where the unearned premium reserves are not adequate to meet the expected future liability after reinsurance, from claims and other supplementary expenses, expected to be incurred after the statement of financial position date in respect of the unexpired policies in that class of business at the statement of financial position date. This provision (liability adequacy test) is recognized in accordance with the requirements given in International Financial Reporting Standard 4- Insurance contracts. The movement in the premium deficiency reserve is recorded as an expense/ income in profit and loss account for the year.

For this purpose, loss ratios for each class are estimated based on historical claim development. Historical experience is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims. 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 Insurance rules, 2017. If these ratios are adverse, premium deficiency is determined. The loss ratios estimated on these basis for the unexpired portion are as follows:

	2017	2016
- Fire and property damage	33%	32%
- Marine, aviation and transport	44%	37%
- Motor	44%	34%
- Crop	14%	12%
- Miscellaneous	58%	46%

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

Based on analysis of combined operating ratio for the expired period of each reportable segment, the management considers that the unearned premium reserves for all the classes of business as at the year end is adequate to meet the expected future liability, after reinsurance, from claims and other expenses expected to be incurred after the statement of financial position date in respect of policies in those classes of business in force at the statement of financial position date. No reserve for the same has been made in these financial statements except for the segment of crop and personal accident where actuary provides for the figure, for personal accident only, to be recognised as premium deficiency reserve.

3.8 Reinsurance contracts held

Insurance contracts entered into by the Company with reinsurers for compensation of losses suffered on insurance contracts issued are reinsurance contracts. These reinsurance contracts include both facultative and treaty arrangement contracts.

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

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

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

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

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

3.9 Receivables and payables related to insurance contracts

Receivables and payables related to insurance contracts are recognized when due at cost which is the fair value of the consideration given less provision for impairment, if any.

3.9.1 Insurance / Reinsurance receivable

Receivables under insurance contracts are recognized when due at the fair value of consideration receivable less provision for doubtful debts, if any. If there is objective evidence that the receivable is impaired, the Company reduces the carrying amount of the receivable accordingly and recognizes that impairment loss in profit and loss account.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

3.9.2 Reinsurance recoveries against outstanding claims

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

3.10 Segment reporting

A business segment is a distinguishable component of the Company that is engaged in providing services that are subject to risks and returns that are different from those of other business segments. The Company follows IFRS 8 'Operating Segments', the Insurance Ordinance, 2000 and the Insurance Rules, 2007 for segment reporting of operating results using the classes of business as specified therein.

Based on its classification of insurance contracts issued, the Company has five primary business segments for reporting purposes namely Fire & Property Damage, Marine, Aviation & Transport, Motor, Crop and Miscellaneous. The nature and business activities of these segments are disclosed in respective notes to the Financial Statements.

Assets and liabilities are allocated to particular segments on the basis of gross premium written. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

3.10.1 Financial instruments

Financial assets and financial liabilities within the scope of IAS - 39 are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and de-recognized when the Company loses control of contractual rights that comprise of the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognizing of the financial assets and financial liabilities is included in the profit and loss account for the year.

Financial instruments carried on the statement of financial position date include cash and bank deposits, investments, insurance/reinsurance receivables, premium and claim reserves detained by cedents, accrued investment income, reinsurance recoveries against outstanding claims, sundry receivables, provision for outstanding claims, insurance/reinsurance payables, other creditors and accruals and liabilities against assets subject to finance lease.

The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

3.11 Cash & cash equivalents

Cash & equivalents are carried in the statement of financial position at cost. For the purposes of cash flow statement, cash & cash equivalents comprise cash in hand and balances with banks.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

3.12 Revenue recognition

3.12.1 Premium

Premium income includes administrative surcharge that represents documentation and other charges recovered by the Company from policy holders in respect of policies issued, at the rate of 5% of the premium written subject to a maximum of Rs. 5,000/- per policy.

Premium written under a policy is recognized as income over the period of insurance from the date of issuance of the policy to which it relates to its expiry. Where the pattern of incidence of risk varies over the period of the policy, premium is recognized as revenue in accordance with the pattern of the incidence of risk.

3.12.2 Commission income

Commission income from reinsurers is recognized at the time of issuance of the underlying insurance policy by the Company. This income is deferred and recognized as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates. Commission from reinsurers is arrived at after taking the impact of opening and closing unearned re-insurance commission. Profit/ commission, if any, which the Company may be entitled to under the terms of reinsurance is recognized on accrual basis.

3.12.3 Investment income

Return on investments and term deposits are recognized using the effective interest rate method. Profit or loss on sale of investments is recognized at the time of sale. Dividend income is recognized when right to receive such dividend is established.

3.12.4 Dividend income and other income

Dividend income and entitlement of bonus shares are recognized when the Company's right to receive such dividend and bonus shares is established. Rental and other income are recognized as and when accrued.

3.13 Investment

3.13.1 Recognition

All investments are initially recognized at cost, being the fair value of the consideration given and including transaction cost, except for held for trading investments in which case transaction costs are charged to the profit and loss account. These are classified into the following categories:

- In subsidiary and associates
- In equity securities
- In debt securities
- In term deposits

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

3.13.2 Measurement

In subsidiary and associates

Entities in which the Company has significant influence but not control and which are neither its subsidiary nor joint ventures are associates and are accounted for by using the equity method of accounting.

Under equity method of accounting, the investments are initially recognised at cost; thereafter its carrying amount is increased or decreased for the Company's share of post acquisition changes in the net assets of the associate and dividend distributions. Goodwill relating to an associate is included in carrying amount of the investment and is not amortised. The Company's share of the profit and loss of the associate is accounted for in the Company's profit and loss account, whereas changes in the associate's equity which has not been recognised in the associates' profit and loss account are recognised directly in other comprehensive income of the Company.

After application of equity method, the carrying amount of investment in associate is tested for impairment by comparing its recoverable amount (higher of value in use and fair value less cost to sell) with its carrying amount and loss, if any, is recognised in profit and loss account.

In equity securities

Available for sale

Available for sale investments are those non-derivative investments that are designated as available for sale or are not classified in any other category. These are primarily those investments that are intended to be held for an undefined period of time or may be sold in response to the need for liquidity.

Subsequent to initial recognition at cost including the transaction cost, these are measured at fair value, Changes in fair value are recognized as other comprehensive income until the investment is derecognized or impaired. Gains and losses on derecognition and impairment losses are recognized in profit or loss.

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

Held to maturity

Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held to maturity and are initially measured at cost. At subsequent reporting dates, these are measured at amortized cost using the effective yield method.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

Any premium paid or discount availed on acquisition of held to maturity investments is deferred and amortized over the term of the investment using the effective yield unless the impact of amortization is immaterial to the financial statements.

Income from held to maturity investments is recognized 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 amortized and taken to the profit and loss account over the term of investment.

In Term deposits

Held to maturity

Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held to maturity and are initially measured at cost. At subsequent reporting dates, these are measured at amortized cost using the effective yield method.

Any premium paid or discount availed on acquisition of held to maturity investments is deferred and amortized over the term of the investment using the effective yield unless the impact of amortization is immaterial to the financial statements.

Income from held to maturity investments is recognized 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 amortized and taken to the profit and loss account over the term of investment.

Investment in window takaful operations

Investment in window takaful operations has been measured and disclosed in accordance with the provisions of Takaful Rules 2012 and Circular No. 25 of 2015, dated July 09, 2015 on "Financial Reporting of Window Takaful Operations by Non-Life Insurers".

'Net assets in window takaful operations are recorded after adjusting the portion of profit/ (loss) and other comprehensive income/ (loss) from Operators Fund (OPF) of takaful operations.

'Profit/ loss share from takaful operations in profit and loss account is recorded as 100 percent share of profit/ loss from Operators' Fund (OPF) in takaful operations. Similarly share of other comprehensive income/ (loss) from takaful operations is recorded in other comprehensive income of the Company based on 100 percent share of other comprehensive income/ (loss) from OPF.

Qarz-e-Hasna funded by Operators' Fund (OPF) of takaful operations to Participants' Takaful Fund (PTF) of takaful operations is recorded as apportionment of profit in the financial statements of the Company.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

3.14 Offsetting of financial assets and liabilities

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

3.15 Provisions

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

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

Provision for liability in respect of claims reported but not settled at the statement of financial position date is made on the basis of individual case estimates. The case estimates are based on the assessed amounts of individual losses and where loss assessments have not been carried out, the estimates are established in light of currently available information, past experience of similar claims and in some cases in relation to the sums insured. Case estimates are reviewed periodically to ensure that the recognized outstanding claim amounts are adequate to cover expected future payments including expected claims settlement costs and are updated as and when new information becomes available.

The provision for claims incurred but not reported (IBNR) is made at the statement of financial position date in accordance with SECP Circular no. 9 of 2016. IBNR claim have been estimated using Chain Ladder (CL) methodology. The Chain Ladder (CL) Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level.

IBNR for health and personal accident is determined and recognized in accordance with valuation carried out by an appointed actuary which is also based on Chain Ladder (CL) method.

3.16 Taxation

Income tax expense comprises of current and deferred tax. Income tax expense is recognized in the profit and loss account, except to the extent that it relates to items recognized directly in other comprehensive income or below equity, in which case it is recognized in other comprehensive income or below equity.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

3.16.1 Current

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

3.16.2 Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences at the statement of financial position date between the tax bases and carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date. Deferred tax is charged or credited to the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

3.17 Staff retirement benefits

Defined benefit plan

During the year the scheme has been closed by the Company with effect from 30th April 2017 and all the liabilities of the scheme have been discharged/paid by the Fund. There are no Gratuity Fund assets as at 31.12.2017 after settlements of all Gratuity Benefits.

Defined contribution plan

The Company operates an approved defined contribution provident funds for all permanent employees. Equal contributions are made by employees and the Company at the rate of 8.34 percent of gross salary per month and charged to profit and loss account.

3.18 Leases

The policy relating to leased assets is given under note 3.1.1.2 to the financial statements.

3.19 Impairment of assets

The carrying amount of assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

Where impairment loss subsequently reverses, the carrying amounts of the assets are increased to the revised recoverable amounts but limited to the carrying amounts that would have been determined had no impairment loss been recognised for the assets in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

In addition, impairment on available for sale investments and reinsurance assets are recognized as follows:

3.19.1 Available for sale

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

3.19.2 Reinsurance assets

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

3.20 Dividend distribution

Profit distribution to share holders is recognized as a deduction from accumulated profit in statement of changes in equity and as a liability, to the extent it is unclaimed/unpaid, in the Company's financial statements in the year in which the dividends are approved by the Board of Directors of the directors.

3.21 Management expenses

Management expenses include expenses incurred for the purpose of business and are recorded in the financial statements as and when accrued.

3.22 Creditors, accruals and provisions

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

3.23 Foreign currency transactions and translations

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the date of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the statement of financial position date. Foreign exchange gains and losses on translation are recognized in the profit and loss account. All non-monetary items are translated into rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

3.24 Zakat

Zakat on investment income is accounted for in the year of deduction, under Zakat and Ushr Ordinance, 1980.

3.25 Earnings per share

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

3.26 Bonus shares

Reserve for issue of bonus shares is created in the year in which such an issue is approved.

3.27 Related party transactions

Party is said to be related, if they are able to influence the operating and financial decisions of the Company and vice versa. The Company in the normal course of business carries out transactions with related parties. Transactions with related parties are priced at comparable uncontrolled market price and are carried out at arm's length prices.

3.28 Change in accounting policies

The company has changed its accounting policy in relation to the available-for-sale investments to comply with the requirements of IAS - 39 "Financial Instruments - Recognition and measurement". These investments are now carried at fair value. Surplus/ (deficit) on revaluation from one reporting date to another is taken to other comprehensive income in the statement of comprehensive income. On de-recognition or impairment in available-for-sale investments, the cumulative gain or loss previously reported in other comprehensive income is transferred to profit and loss for the period within statement of comprehensive income. Previously the investments were carried at lower of cost and market value. This change in accounting policy has been applied retrospectively and comparative information has been restated in accordance with the requirement of IAS - 8 "Accounting Policies, Change in Accounting Estimates and Errors".

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

The impact of change in accounting policy is summarized below:

Statement of Financial Position and Statement of Changes in Equity	Rupees
Increase in equity as January 01, 2016	709,350
Increase in investment and equity as at December 31, 2016	31,466,937
Decrease in equity as at December 31, 2017	24,679,530
Decrease in investment as at December 31, 2017	35,233,527
Increase in deferred tax as at December 31, 2017	10,570,058

Statement of Comprehensive Income

Increase in total comprehensive income for the year ended December 31, 2016	37,076,815
Decrease in total comprehensive income for the year ended December 31, 2017	(56,180,251)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities as well as income and expenses.

The judgments, estimates and assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the estimates about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the current and future periods if the revision affects both current and future periods.

In particular, the matters involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are:

- Useful life of property and equipment	3.1
- Deferred commission expense / acquisition cost	3.5
- Unearned premium reserves	3.6
- Premium deficiency reserve	3.7
- Provision for doubtful debt	3.9.1
- Segment Information	3.10
- Outstanding claims (including IBNR)	3.15
- Taxation and deferred tax	3.16
- Staff retirement benefits	3.17
- Impairment in value of investments	3.19
- Unearned re-insurance commission	3.12.2

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

	Note	2017 Rupees	2016 Rupees
5	PROPERTY AND EQUIPMENT		
Operating assets	5.1	810,595,553	841,897,391
Capital work-in-progress		-	-
		810,595,553	841,897,391

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

5.1 OPERATING ASSETS

Description	2017					Depreciation Rate %
	Cost		Depreciation		Written down value	
	As at 01 January	Addition (Disposal)	Adjustment	As at 31 December	For the year (Disposal) Adjustment	As at 31 December
Owned assets						
Freehold land	268,295,000	-	-	268,295,000	-	-
Buildings	174,301,419	-	-	174,301,419	6,927,433	42,680,142
Furniture and fixtures	135,712,101	895,188	(73,245)	136,534,044	7,174,447	(40,486)
Office equipment	50,537,932	4,225,427	(136,203)	54,627,156	3,488,421	(50,431)
Computer equipment	24,383,206	2,878,066	(230,177)	27,031,095	3,315,335	(223,727)
Vehicles	471,585,721	9,208,950	(38,566,069)	493,756,602	36,675,580	(30,168,496)
Cycles	99,200	8,040	(3,600)	103,640	5,793	(3,326)
Motor tracking devices	125,636,000	23,491,000	(8,912,000)	140,215,000	24,262,992	(7,798,176)
Total	1,250,550,579	40,706,671	(47,921,294)	1,294,863,956	81,850,001	(38,284,642)
Leased assets						
Vehicles	154,113,000	43,929,000	-	146,514,000	24,118,568	(24,165,427)
Office Equipment	3,510,000	-	-	3,510,000	331,286	-
Total	157,623,000	43,929,000	(51,528,000)	150,024,000	24,449,854	(24,165,427)
Grand Total	1,408,173,579	84,635,671	(47,921,294)	1,444,887,956	106,299,855	(38,284,642)

----- Rupees -----

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

5.1 OPERATING ASSETS

Description	2016												
	As at 01 January	Addition	(Disposal)	Adjustment	Revaluation	As at 31 December	As at 01 January	For the year	Depreciation (Disposal)	Adjustment	As at 31 December	Written down value As at 31 December	Depreciation Rate %
Rupees													
Owned assets													
Freehold land	164,729,600	60,714,300	-	-	42,851,100	268,295,000	-	-	-	-	-	268,295,000	-
Buildings	158,038,229	15,300,000	-	-	963,190	174,301,419	28,831,452	6,921,257	-	-	35,752,709	138,548,710	5
Furniture and fixtures	133,663,065	2,639,757	(590,721)	-	-	135,712,101	56,753,970	7,835,948	(310,820)	-	64,279,098	71,433,003	10
Office equipment	45,557,654	5,486,993	(506,715)	-	-	50,537,932	15,038,889	3,344,164	(174,930)	-	18,208,123	32,329,809	10
Computer equipment	20,200,173	4,621,587	(438,554)	-	-	24,383,206	13,131,232	3,159,380	(387,971)	-	15,902,641	8,480,565	33.33
Vehicles	405,559,535	55,496,500	(13,134,814)	23,664,500	-	471,585,721	287,178,380	30,212,991	(10,891,812)	11,180,582	317,680,141	153,905,580	20
Cycles	86,200	13,000	-	-	-	99,200	62,975	6,981	-	-	69,956	29,244	20
Motor tracking devices	84,061,000	41,575,000	-	-	-	125,636,000	40,199,378	23,559,629	-	-	63,759,007	61,876,993	33.33
Total	1,011,895,456	185,847,137	(14,670,804)	23,664,500	43,814,290	1,250,550,579	441,196,276	75,040,350	(11,745,533)	11,180,582	515,651,675	734,898,904	
Leased assets													
Vehicles	158,604,500	19,173,000	-	(23,664,500)	-	154,113,000	33,738,566	27,869,392	-	(11,180,582)	50,427,376	103,685,624	20
Office Equipment	-	3,510,000	-	-	-	3,510,000	-	197,137	-	-	197,137	3,312,863	10
Total	158,604,500	22,683,000	-	(23,664,500)	-	157,623,000	33,738,566	28,066,529	-	(11,180,582)	50,624,513	106,998,487	
Grand Total	1,170,499,956	208,530,137	(14,670,804)	-	43,814,290	1,408,173,579	474,934,842	103,106,879	(11,745,533)	-	566,276,188	841,897,391	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

5.1.1 Disposal of fixed assets

Particulars	Cost	Accumulated depreciation	Written down value	Sales proceeds	Gain/(loss)	Mode of disposal	Sold To	Status
-----Rupees-----								
Vehicles								
LEA-06-8961 - ALTO	504,000	451,550	52,450	400,000	347,550	Negotiation	Mr. Afzaal.	Outsider
LEF-13-9204-GLI	1,725,500	955,143	770,357	1,350,000	579,643	Negotiation	Mr. Tariq Khan	Outsider
LEF-13-9213-GLI	1,790,500	991,124	799,376	1,350,000	550,624	Negotiation	Mr. Faheem Khan	Outsider
LEF-13-9206-CIVIC	2,209,000	1,222,783	986,217	1,600,000	613,783	Negotiation	Muhammad Amir	Outsider
LZA-4011-VTI	1,153,000	1,102,423	50,577	650,000	599,423	Negotiation	Mr. Qasir Aziz	Outsider
LWP-2554-CULTUS	595,000	537,292	57,708	335,000	277,292	Negotiation	Mr. Rana Zulfiqar Ali	Outsider
LEC-07-4088-CIVIC VTI	1,460,500	1,293,672	166,828	870,000	703,172	Negotiation	Mr. Qasir Aziz	Outsider
LXG-7074 Honda CIVIC	535,000	235,611	299,389	400,000	100,611	Negotiation	Mr. Muzanffar	Outsider
LRM-4584 - ALTO	365,000	312,474	52,526	250,000	197,474	Negotiation	Mr. Afzaal	Outsider
LEB-14-5149- GLI	1,750,500	913,906	836,594	1,450,000	613,406	Negotiation	Mr. Qasir Aziz	Outsider
LEB-14-5147- GLI	1,750,500	913,906	836,594	1,450,000	613,406	Negotiation	Mr. Muzanfar	Outsider
LEE-14-2294-CULTUS	1,044,000	544,310	499,690	850,000	350,310	Negotiation	Mr. Qasir Aziz	Outsider
LEE-14-2287-CULTUS	1,044,000	544,310	499,690	850,000	350,310	Negotiation	Mr. Qasir Aziz	Outsider
LEJ-07-6300-CIVIC	1,382,000	1,227,166	154,834	850,000	695,166	Negotiation	Mr. Qasir Aziz	Outsider
LWK-5735-XLI	879,000	800,992	78,008	740,000	661,992	Negotiation	Mr. Qasir Aziz	Outsider
LED-08-4173-ALTO	524,000	457,279	66,721	360,000	293,279	Negotiation	Mr. Qasir Aziz	Outsider
LEE-07-8977-CIVIC VTI	1,460,500	1,294,418	166,082	830,000	663,918	Negotiation	Mr. Qasir Aziz	Outsider
LE-11-151-COROLA	1,570,880	1,038,944	531,936	975,000	443,064	Negotiation	Mr. Akmal	Outsider
LEB-07-4900-CIVIC VTI	1,460,500	1,318,737	141,763	850,000	708,237	Negotiation	Mr. Qasir Aziz	Outsider
RIA-07-9656-MEHRAN	310,000	101,959	208,041	150,000	(58,041)	Negotiation	Mr. Shoukat Ali	Employee
LED-08-6135-VTECH	1,561,000	1,364,604	196,396	925,000	728,604	Negotiation	Mr. Qaiser Aziz	Outsider
LEA-07-5602-CIVIC VTI	1,460,500	1,330,940	129,560	825,000	695,440	Negotiation	Mr. Qaiser Aziz	Outsider
LED-07-4900-CIVIC VTI	1,370,500	1,218,578	151,922	850,000	698,078	Negotiation	Mian M. Asif	Outsider
Sub-Total	27,905,380	20,172,121	7,733,258	19,160,000	11,426,742			

The following assets with book value below Rs. 50,000/- were disposed off during the year:

Particulars	Cost	Accumulated depreciation	Written down value	Sales proceeds	Gain/(loss)	Mode of disposal	Sold To
Vehicles	10,660,689	9,996,373	663,634	6,061,000	5,397,366	Negotiation	Various
Computer Equipment	230,177	223,727	6,450	16,770	10,320	Negotiation	Various
Furniture & Fixture	73,245	40,486	32,759	31,899	(860)	Negotiation	Various
Office Equipment	136,203	50,431	85,772	40,421	(45,351)	Negotiation	Various
Cycles	3,600	3,326	274	3,500	3,226	Negotiation	Various
Tracking Devices	8,912,000	7,798,176	1,113,824	1,662,000	548,176	As per board approval	United Tack System (Private) Limited a related party
Sub-Total	20,015,914	18,112,519	1,902,712	7,815,590	5,912,878		
Grand Total 2017	47,921,294	38,284,640	9,635,970	26,975,590	17,339,620		
Grand Total 2016	14,670,804	11,765,533	2,905,270	8,122,919	5,217,648		

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

- 5.1.2** There are no assets held by third parties and assets with zero values.
- 5.1.3** The land and buildings of the Company have been revalued by Empire Enterprises (Private) Limited, independent valuer, by using market value basis method on December 31, 2016. Fair values are determined by using observable prices in an active market on arm's length terms. All the revaluation surplus is charged to surplus on revaluation of fixed assets as per requirements of Section 235 of the Companies Ordinance, 1984.
- 5.1.4** Had there been no revaluation, the cost, accumulated depreciation and book value of revalued assets as at December 31, 2017 would have been as follows:

Description	Cost		Depreciation		Written down values as at 31 December	Depreciation Rate %
	As at 01 January	As at 31 December	As at 01 January	As at 31 December		
Land	201,806,610	201,806,610	-	-	201,806,610	-
Building	144,119,262	144,119,262	31,285,932	5,641,667	107,191,663	5%
2017	345,925,872	345,925,872	31,285,932	5,641,667	308,998,273	
Land	141,092,310	201,806,610	-	-	201,806,610	-
Building	128,819,262	144,119,262	25,149,950	6,135,982	112,833,330	5%
2016	269,911,572	345,925,872	25,149,950	6,135,982	314,639,940	

Description	Cost		Amortization		Written down value as at 31 December	Amortization period
	As at 01 January	As at 31 December	As at 01 January	As at 31 December		
Finite Useful life						
Computer software - 2017	8,339,600	8,339,600	2,089,184	1,562,604	3,651,788	4
Finite Useful life						
Computer software - 2016	8,339,600	8,339,600	5,712	2,083,472	2,089,184	4

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

	Note	2017 Rupees	2016 Rupees
8 INVESTMENT IN SUBSIDIARY AND ASSOCIATE			
Investment in associate	8.1	397,487,931	148,712,806
Share deposit money	8.2	350,000,000	300,000,000
Advance for purchase of shares	8.3	128,751,659	162,211,170
		876,239,590	610,923,976
8.1 Investment in associate- Apna Microfinance Bank Limited			
8.1.1 Movement of investment in associate			
Beginning of the year		148,712,806	426,142,564
Acquisition of investment in associate		284,770,910	-
		433,483,716	426,142,564
Share of loss during the year		(35,382,354)	(276,733,384)
Less: Dividend received		-	-
Change in Comprehensive income		(613,431)	(696,374)
End of the year		397,487,931	148,712,806

The Company's interest in its associate was as follows:

Name	Country of Incorporation	Assets	Liabilities	Revenues	Profit/(loss)	% interest held
Apna Microfinance Bank Limited	Pakistan	6,222,697,650	5,768,613,863	702,201,047	(35,382,354)	44.50%
Total 2017		6,222,697,650	5,768,613,863	702,201,047	(35,382,354)	44.50%
Apna Microfinance Bank Limited	Pakistan	5,099,015,935	4,832,967,507	542,293,155	(276,733,384)	37.62%
Total 2016		5,099,015,935	4,832,967,507	542,293,155	(276,733,384)	37.62%

8.1.2 Particulars of investment in associate

2017	2016	Face value per share (Rupees)	Name of associate	2017 Rupees	2016 Rupees
Number of shares					
111,250,000	82,772,909	10	Apna Micro Finance Bank Limited	397,487,931	148,712,806

Market value of investment and percentage of holding in associate are Rs. 831,037,500/- and 44.50% respectively (2016: Rs. 703,569,727/- and 37.62%). 111,250,000 (2016: 82,772,909) number of shares in associate are frozen with CDC under the provision of section 10 (2) of Micro finance Institutions Ordinance, 2001.

Auditors of the associate has expressed qualified opinion on financial statements for the year ended December 31, 2017.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

	Note	2017 Rupees	2016 Rupees
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8.2 Share deposit money

Apna Microfinance Bank Limited		350,000,000	300,000,000
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8.3 Advance for purchase of shares

Advance for purchase of shares	8.3.1	128,751,659	162,211,170
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8.3.1 These advances have been given for the purchase of shares of M/s. Apna Microfinance Bank Limited to the other sponsors/ shareholders of M/s. Apna Microfinance Bank Limited.

	Note	2017 Rupees	2016 Rupees Re-stated
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9 INVESTMENTS IN EQUITY SECURITIES

Available for sale	9.1	82,573,398	202,646,662
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9.1 Available for sale

Listed shares		115,206,925	10,030,310
Less: unrealized loss on revaluation of investment		(35,256,473)	(1,582,341)
Carrying value	9.1.1	79,950,452	8,447,969

Mutual Funds		2,600,000	30,778,964
Add: unrealized gain on revaluation of investment		22,946	3,828,529
Carrying value	9.1.2	2,622,946	34,617,493

Government securities	9.1.3	-	130,360,451
Add: unrealized gain on revaluation of investment		-	29,220,749
Carrying value		-	159,581,200

		82,573,398	202,646,662
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

9.1.1 Ordinary shares of quoted companies

2017	2016	2017	2016		2017	2016
Number of shares		Market value per share		Name of Investee Company	Rupees	Rupees Re-stated
Textile Composite						
400,000	900,000	3.8	7.96	Kohinoor Industries Ltd	1,520,000	7,164,000
Engineering						
-	690	-	1000	Exide Pakistan Ltd	-	690,000
860,000	-	17.7	-	Aisha Steel Mills Ltd	15,256,400	-
Chemicals						
-	5.00	275.4	993.73	ICI Pakistan Limited	-	4,969
46,500	-	15.1	-	Leather Up Limited	700,290	-
6,285	-	49.5	-	United Distributors Pak Ltd	311,108	-
2,800	-	188.3	-	Wah Nobal Chemicals Ltd	527,240	-
18,200	-	167.9	-	Glaxo Smithline Pakistan Ltd	3,055,414	-
Leasing						
155,000	155,000	2.8	3.8	SME Leasing Limited	430,900	589,000
Capital Markets						
88,000	-	39.6	-	Arif Habib Limited	3,480,400	-
425,500	-	35.5	-	Arif Habib Corporation Ltd	15,092,485	-
Oil and gass						
100,000	-	12.8	-	Byco Petroleum Pakistan Ltd	1,280,000	-
Food and Beverages						
4,100	-	493.5	-	Shezan International	2,023,350	-
54,750	-	36.1	-	Roshan Packages Ltd	1,975,380	-
10,000	-	80.3	-	Engro Foods Ltd	803,100	-
Auto Industry						
109,500	-	154.6	-	Ghandhara Nissan Ltd	16,931,985	-
30,000	-	552.1	-	Ghandhara Industries Ltd	16,562,400	-
2,310,635	1,055,695				79,950,452	8,447,969

9.1.1.1 Cost of ordinary shares of quoted companies as at December 31, 2017 is Rs. 117,078,309/- (2016: Rs. 10,973,817/-).

9.1.2 Mutual fund certificates

2017	2016	Unit Price (Rupees)		2017	2016
Number of Units			Name of entity	Rupees	Rupees Re-stated
-	615,422	56.25	Meezan Capital Preservation Plan	-	34,617,493
239,265	-	10.96	NBP NAFA Income Opportunity Fund	2,622,946	-
239,265	615,422			2,622,946	34,617,493

Cost of Mutual fund certificates as at December 31, 2017 is Rs. 2,600,000/- (2016: Rs. 31,227,980/-)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

9.1.3 Government securities

Face value (Rupees)	Effective yield %	Profit payment	Types of security	Maturity date	2017 Rupees	2016 Rupees
40,000,000	12.6	Half yearly	Pakistan investment bonds - 10 years	19-Jul-2022	-	39,021,259
10,900,000	13.5	Half yearly	Pakistan investment bonds - 10 years	18-Aug-2021	-	10,267,577
9,100,000	13.2 - 14.08	Half yearly	Pakistan investment bonds - 10 years	22-Jul-2020	-	8,622,699
12,700,000	12.5	Half yearly	Pakistan investment bonds - 10 years	3-Sep-2019	-	12,533,857
61,300,000	12.57 - 14.86	Half yearly	Pakistan investment bonds - 10 years	30-Aug-2018	-	58,969,441
1,040,000	13.52 - 13.67	Half yearly	Pakistan investment bonds - 10 years	22-Aug-2017	-	945,618
135,040,000					-	130,360,451

Market value of Pakistan Investment Bonds as at December 31, 2017 is Nil (2016: Rs. 159,581,200/-).

10 INVESTMENTS IN DEBT SECURITIES

10.1 Held to maturity

Government securities	10.1.1	282,770,694	283,987,489
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10.1.1 Government securities

Face value (Rupees)	No. of Certificates	Types of security	2017 Rupees	2016 Rupees
67,000,000	670,000	Pakistan investment bonds - 10 years	69,194,991	69,402,790
200,000,000	2,000,000	Pakistan investment bonds - 10 years	213,575,703	214,584,698
267,000,000	2,670,000		282,770,694	283,987,488

The Pakistan Investment Bonds amounting to Rs. 267,000,000/- (2016: Rs. 267,000,000/-) are placed as statutory deposit with the State Bank of Pakistan in accordance with the requirements of clause (a) of the sub-section 2 of section 29 of the Insurance Ordinance, 2000.

11 INVESTMENTS IN TERM DEPOSITS

11.1 Held to maturity

Deposits maturing within 12 months	11.2	59,939,775	103,031,579
Deposits maturing after 12 months		-	-

59,939,775 103,031,579

11.2 The rate of return on Term Deposit Certificates issued by various banking companies ranges from 4.00% to 11.50% per annum (2016: 4.00% to 11.50% per annum). These Term Deposit Certificates have maturity up to December 2018.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

	Note	2017 Rupees	2016 Rupees
11A INVESTMENT IN WINDOW TAKAFUL OPERATIONS (WTO)			
Total assets in operators' fund		466,952,852	259,231,625
Total liabilities in operators' fund		(72,593,162)	(60,293,684)
Net assets in Window Takaful Operations (WTO)		394,359,690	198,937,941
Movement of Investment in Window Takaful Operations (WTO)			
Balance at beginning of the year		198,937,941	129,076,965
Profit from WTO Operations		199,068,982	49,203,557
Share in other comprehensive (loss)/income of WTO		(3,647,233)	1,657,419
Qarz-e-hasna return from Participants' Takaful Fund (PTF)		-	19,000,000
Balance at year end		394,359,690	198,937,941
12 LOANS AND OTHER RECEIVABLE			
Considered good			
Loans to related parties		-	-
Receivable from related parties	12.1	-	66,514,865
Rent receivable		-	-
Accrued investment income		6,103,833	13,556,698
Lease security deposits		25,786,725	26,538,950
Other security deposits		45,926,965	41,189,750
Advance to supplier		-	-
Agents commission receivable		-	-
Loans to employees	12.2	13,967,699	17,394,811
Branch balance receivable		49,848,985	43,011,835
Other receivable		34,079,784	30,730,953
Less: provision for impairment of loans and receivables		-	-
		175,713,991	238,937,862
12.1	Represents amount due from M/s United Track System (Pvt) Ltd., an associated undertaking, amounting to Rs. nil (2016: Rs. 66,514,865/-)		
12.2 Loans to employees			
Executives		8,176,835	7,713,531
Non-executives		5,790,864	9,681,280
	12.2.1	13,967,699	17,394,811

12.2.1 These represent interest free loan to employees.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

	Note	2017 Rupees	2016 Rupees
13			
INSURANCE / REINSURANCE RECEIVABLES			
Unsecured and considered good			
Due from insurance contract holders		763,903,406	721,234,420
Less : Provision for impairment of receivables from insurance contract holders	13.1	(6,508,518)	(12,007,530)
Due from other insurers / reinsurers		313,268,945	500,883,594
Less : Provision for impairment of due from other insurers / reinsurers		-	-
		1,070,663,833	1,210,110,484
13.1			
Provision for impairment of receivables from insurance contract holders			
Balance at the beginning of the year		(12,007,530)	(18,772,350)
Provision made during the year		(3,001,240)	(11,569,830)
Bad debts recovered during the year		8,500,252	18,334,650
		(6,508,518)	(12,007,530)
14			
RETIREMENT BENEFIT OBLIGATIONS			
14.1			
Statement of financial position reconciliation			
Fair value of plan assets		-	32,155,786
Present value of defined benefit obligation		-	(90,839,102)
Funded status		-	(58,683,316)
Unrecognised net actuarial loss/(gain)		-	-
Recognised asset/(liability)		-	(58,683,316)
14.2			
Movement in fair value of plan assets			
Fair value as at January 1		32,155,786	28,967,080
Expected return on plan assets excluding interest income		1,057,084	(1,811,294)
Actuarial gains/(losses)		4,671,612	-
Employer contributions		65,047,014	10,497,950
Benefit paid		(102,931,496)	(5,497,950)
Fair value as at December 31		-	32,155,786

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

	Note	2017 Rupees	2016 Rupees			
14.3 Movement in defined benefit obligation						
Obligation as at January 01		90,839,102	91,636,083			
Service cost		5,737,285	14,659,450			
Interest cost		1,049,956	7,697,777			
Settlement and curtailment		-	-			
Actuarial losses/(gains)		5,305,153	2,318,323			
Benefits paid		(102,931,496)	(5,497,950)			
Benefit due but not paid		-	(6,712,500)			
Experience adjustment		-	(13,262,081)			
Obligation as at December 31		-	90,839,102			
14.4 Cost						
Current service cost		5,737,285	14,659,450			
Interest cost		1,049,956	7,697,777			
Expected return on plan assets		(1,057,084)	(2,832,037)			
Settlement and curtailment		633,541	-			
Recognition of actuarial loss		-	-			
(Income)/expense		6,363,698	19,525,190			
Actual return on plan assets		3,167,183	2,152,956			
Principal actuarial assumptions used are as follows:						
Discount rate & expected return on plan assets		8.00% p.a	9.00% p.a			
Future salary increases		N/A	7.00% p.a			
Discount rate used for year end obligation		N/A	8.25% p.a			
		2017	2016	2015	2014	2013
		----- Rupees -----				
14.5 Comparison for five years						
As at December 31						
Present value of defined benefits obligations	-	90,839,102	91,636,083	70,173,470	56,282,584	
Fair value of plan assets	-	(32,155,786)	(28,967,080)	(8,067,544)	(6,517,705)	
Surplus	-	58,683,316	62,669,003	62,105,926	49,764,879	
Experience adjustments						
Actuarial (gain) / loss on obligation	-	13,262,081	3,151,501	(3,109,934)	2,362,604	
Actuarial (loss) / gain on assets	-	(4,643,331)	2,096,794	(327,374)	(153,517)	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

	2017		2016	
	Fair value	Percentage	Fair value	Percentage
14.6 Plan assets comprise of the following:				
Cash at bank	-	-	52,553	0.16%
Mutual fund (NAFA income opportunity fund)	-	-	32,103,234	99.84%
	-	-	32,155,787	100.00%

14.7 The gratuity scheme has been closed by the Company with effect from 30th April 2017 and all the liabilities of the scheme have been discharged/ paid by the Fund. There are no Gratuity Fund Assets as at 31.12.2017 after settlements of all Gratuity Benefits.

	Note	2017	2016
		Rupees	Rupees
15 DEFERRED TAXATION			
Deferred tax liability / (asset) arising in respect of:			
Accelerated depreciation on property and equipment		24,582,449	15,033,849
Accelerated depreciation on intangibles		155,404	-
Liability against assets subject to finance lease		8,811,975	7,917,955
Provision for impairment of receivables from insurance contract holders		(1,952,555)	(3,602,259)
Unrealised gain/(loss) on remeasurement of investment		(11,654,050)	-
Provision for gratuity		-	(17,604,995)
Liability relating to revaluation surplus on fixed assets		(8,044,312)	8,402,135
Accrued investment income		1,943,063	4,185,623
Deferred tax liability/ (asset)		13,841,974	14,332,308

16 PREPAYMENTS			
Prepaid reinsurance premium ceded	24	688,364,984	595,977,299
Prepaid rent		1,647,827	-
Prepaid miscellaneous expenses		-	-
		690,012,811	595,977,299

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

	Note	2017 Rupees	2016 Rupees
17 CASH & BANK			
Cash and Cash Equivalent			
-Cash in hand		195,693	160,190
-Policy & Revenue stamps, Bond papers		-	-
Cash at bank			
-Current accounts	17.1	289,573,399	278,350,196
-Saving accounts	17.2	200,290,372	86,977,831
		490,059,464	365,488,217
17.1	This includes Rs. 2,502,479/- (2016: Rs. 16,775,338/-) held with Apna Microfinance Bank Limited an associated undertaking.		
17.2	This includes Rs. 32,820/- (2016: Rs. 31,645) held with Apna Microfinance Bank Limited an associated undertaking.		
17.3	The rate of return on PLS saving accounts maintained at various banks ranges from 2.20% to 4.05% per annum (2016: 2.26% to 4.05% per annum).		
17.4	Cash and short term borrowing include the following for the purpose of the cash flow statement.		
Cash and cash equivalents		490,059,464	365,488,217
Short term borrowings of up to three months including running finance, if any		-	-
		490,059,464	365,488,217

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

18 SHARE CAPITAL

18.1 Authorized share capital

2017	2016	Note	2017	2016
Number of shares			Rupees	Rupees
300,000,000	300,000,000	Ordinary shares of Rs. 10/- each	3,000,000,000	3,000,000,000

18.2 Issued, subscribed and paid-up share capital

2017	2016		2017	2016
Number of shares			Rupees	Rupees
10,963,475	10,963,475	Ordinary shares of Rs. 10/- each fully paid in cash	109,634,750	109,634,750
189,191,725	117,836,525	Ordinary shares of Rs. 10/- each issued as fully paid bonus shares	1,891,917,250	1,693,565,250
200,155,200	180,320,000		2,001,552,000	1,803,200,000

Reconciliation of issued, subscribed and paid up share capital

180,320,000	128,800,000	Ordinary shares of Rs. 10/- each fully paid in cash	1,803,200,000	1,288,000,000
19,835,200	51,520,000	Bonus shares issued during the year	198,352,000	515,200,000
200,155,200	180,320,000	At the end of the year	2,001,552,000	1,803,200,000

18.3 As at December 31, 2017, Aziz Mines (Private) Limited, Indus Coal Mines (Private) Limited and United Track System (Private) Limited associated undertakings held 31,191/- (2016: 28,240/-), 446,483/- (2016: 404,240/-) and 41,369,229/- (2016: 37,455,165/-) ordinary shares of the Company of Rs. 10 each, respectively.

	Note	2017	2016
		Rupees	Rupees Re-stated
19 RESERVES			
Capital reserves			
Reserve for exceptional loss		-	-
Revenue reserves			
General reserve		75,115,917	75,115,917
Reserve for bonus shares	19.1	-	-
Available for sale reserve		(28,625,150)	30,118,343
		46,490,767	105,234,260

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

	Note	2017 Rupees	2016 Rupees
19.1 Reserve for bonus shares			
Balance at the beginning of the year		-	-
Transfer from unappropriated profit		198,352,000	515,200,000
Bonus shares issued		(198,352,000)	(515,200,000)
Balance at the end of the year		-	-
19A SURPLUS ON REVALUATION OF FIXED ASSETS			
Movement in revaluation surplus			
Surplus on land			
Opening balance		66,488,390	23,637,290
Add: Addition made during the year		-	42,851,100
Revaluation surplus on land		66,488,390	66,488,390
Surplus on buildings			
Balance at beginning of the year		23,855,432	24,097,097
Add: Revaluation made during the year		-	963,190
Total revaluation surplus on building		23,855,432	25,060,287
Less: Incremental depreciation charged in current year		(1,192,763)	(1,204,855)
		22,662,669	23,855,432
Related deferred tax liability			
Balance at beginning of the year		(8,402,135)	(8,498,732)
Add: Related deferred tax liability on revaluation made during the year		-	(288,957)
Less: Related deferred tax liability on incremental depreciation transferred to retained earnings		357,823	385,554
		(8,044,312)	(8,402,135)
Net revaluation surplus on buildings at the end of year		14,618,357	15,453,297
Total revaluation surplus at the end of year		81,106,747	81,941,687

19B The land and buildings of the Company have been revalued by Empire Enterprises (Private) Limited, independent valuer, by using market value basis method on December 31, 2016. Fair values are determined by using observable prices in an active market on arm's length terms. All the revaluation surplus is charged to surplus on revaluation of fixed assets as per requirements of Section 235 of the Companies Ordinance, 1984. Revaluation surplus is carried at the amount after adjustment of deferred taxation and incremental depreciation.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

	Note	2017 Rupees	2016 Rupees
20			
BORROWINGS			
Liabilities against assets subject to finance lease	20.1	69,741,811	80,605,304
Current portion		34,307,934	47,417,594
Non-current portion		35,433,877	33,187,710

20.1 Liabilities against assets subject to finance lease

Future minimum lease payments under finance lease together with the present value of the minimum lease payments are as follows:

	2017			2016		
	Minimum lease payments (MLP)	Financial charges for future periods	Principal outstanding	Minimum lease payments (MLP)	Financial charges for future periods	Principal outstanding
	----- Rupees -----					
Not later than one year	36,912,346	2,604,412	34,307,934	51,631,280	4,213,686	47,417,594
Later than one year and not later than five years	36,367,668	933,791	35,433,877	35,294,704	2,106,994	33,187,710
Over five years	-	-	-	-	-	-
Total	73,280,014	3,538,203	69,741,811	86,925,984	6,320,680	80,605,304

20.1 The Company intends to exercise its option to acquire leased vehicles upon completion of lease period. The average rate of interest implicit in the lease ranges from 10.50% to 20.00% per annum (2016: 10.55% to 20.00% per annum). These are secured against personal guarantees of chief executive and directors of the Company, demand promissory note for full lease rentals plus residual value, security deposit and title of ownership of leased vehicles. These rentals are payable in equal monthly instalments and there is no financial restriction in the lease agreements.

	2017 Rupees	2016 Rupees
21		
INSURANCE / REINSURANCE PAYABLES		
Due to insurance contract holders	-	-
Due to insurers / reinsurers	107,818,532	146,211,061
	107,818,532	146,211,061

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

	Note	2017 Rupees	2016 Rupees
22 OTHER CREDITORS AND ACCRUALS			
Agents commission payable		-	227,059
Federal Excise Duty / Sales Tax		14,539,856	32,657,992
Federal Insurance Fee		3,440,199	6,940,616
WWF		-	19,421,019
Payable to related parties	22.1	6,637,386	-
Accrued expenses		5,238,300	6,016,015
Other tax payables		9,390,717	7,191,864
Unpaid and Unclaimed Dividend		1,946,665	-
Provident fund contribution		3,605,074	-
Auditors' remuneration		2,300,000	2,012,500
Others		21,792,205	10,564,511
		68,890,402	85,031,576

22.1 Represents amount due to M/s United Track System (Pvt) Ltd., an associated undertaking, amounting to Rs. 6,637,386/- (2016: Rs. Nil)

23 CONTINGENCY(IES) AND COMMITMENT(S)

23.1 COMMITMENT(S)

For future Ijarah rentals payable	23.1.1	18,851,154	32,050,865
23.1.1 Commitments for rentals under Ijarah contracts in respect of vehicles are as follows:			
Not later than one year		10,880,793	11,699,232
Later than one year and not later than five years		7,970,361	20,351,633
Later than five years		-	-
		18,851,154	32,050,865

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

	Note	2017 Rupees	2016 Rupees
24 NET INSURANCE PREMIUM			
Written Gross Premium		4,163,545,967	3,781,740,808
Add: Unearned premium reserve - Opening		1,490,001,500	1,389,096,411
Less: Unearned premium reserve - Closing		(1,581,500,585)	(1,490,001,500)
Premium earned		4,072,046,882	3,680,835,719
Less: Reinsurance premium ceded		1,485,726,719	1,286,101,864
Add: Prepaid reinsurance premium - Opening		595,977,299	517,279,181
Less: Prepaid reinsurance premium - Closing		(688,364,984)	(595,977,299)
Reinsurance expense		1,393,339,034	1,207,403,746
		2,678,707,848	2,473,431,973

25 NET INSURANCE CLAIMS EXPENSE			
Claims Paid		2,152,055,829	1,585,320,709
Add: Outstanding claims including IBNR - Closing	25.1	1,385,321,234	791,222,496
Less: Outstanding claims including IBNR - Opening		(791,222,496)	(800,096,330)
Claims expense		2,746,154,567	1,576,446,875
Less: Reinsurance and other recoveries received		1,017,655,656	747,387,566
Add: Reinsurance and other recoveries in respect of outstanding claims - Closing		1,022,607,058	581,301,466
Less: Reinsurance and other recoveries in respect of outstanding claims - Opening		(581,301,466)	(686,761,318)
Reinsurance and other recoveries revenue		1,458,961,248	641,927,714
		1,287,193,319	934,519,161

25.1 Claim development

Accident year	2013	2014	2015	2016	2017
Estimate of ultimate claims costs:					
At end of accident year	1,029,795,395	1,641,038,910	775,298,207	1,576,607,002	2,487,302,833
One year later	1,130,979,552	2,138,704,912	1,177,615,557	735,237,255	-
Two years later	1,134,040,458	1,782,860,709	259,036,434	-	-
Three years later	1,087,913,305	30,106,735	-	-	-
Four years later	25,758,860	-	-	-	-
Current estimate of cumulative claims	25,758,860	30,106,735	259,036,434	735,237,255	2,487,302,833
Cumulative payments to date	(25,758,860)	(30,106,735)	(221,917,363)	(523,825,164)	(1,350,512,761)
Liability recognised in the statement of financial position	-	-	37,119,071	211,412,091	1,136,790,072

25.2 The aforesaid includes outstanding claims of Rs. 207,331,534/- (2016: Rs. 35,696,629/-) which are payable to a related party.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

	Note	2017 Rupees	2016 Rupees
26 NET COMMISSION EXPENSE / ACQUISITION COST			
Commission paid or payable		441,582,442	479,255,093
Add: Deferred commission expense - Opening		197,015,310	177,257,172
Less: Deferred commission expense - Closing		(175,925,630)	(197,015,310)
Net Commission		462,672,122	459,496,955
Less: Commission received or recoverable		249,308,765	204,376,041
Add: Unearned re-insurance commission - Opening		83,462,765	103,583,933
Less: Unearned re-insurance commission - Closing		(102,043,115)	(83,462,765)
Commission from reinsurers		230,728,415	224,497,209
		231,943,707	234,999,746
27 MANAGEMENT EXPENSES			
Employee benefit cost	27.1	443,494,104	328,850,192
Travelling expenses		12,047,137	15,915,111
Advertisements & sales promotion		6,953,124	5,295,887
Printing and stationery		7,327,848	6,896,983
Depreciation expense	27.2	106,435,462	103,249,624
Amortisation		1,562,604	2,083,472
Rent, rates and taxes		58,342,921	57,260,161
Legal & professional fee - business related		43,316,663	40,578,055
Electricity, gas and water		10,826,198	9,786,214
Entertainment		17,166,978	17,109,254
Vehicle running expenses		73,201,833	19,194,560
Office repairs and maintenance		11,624,421	11,476,278
Bank charges		3,860,456	4,780,110
Postage, telegrams and telephone		11,945,210	13,614,451
Annual supervision fee SECP		6,116,757	4,859,192
Bad and doubtful debts		3,001,240	11,569,830
Motor Tracking Devices Charges		66,483,098	116,715,296
Miscellaneous		37,520,329	28,503,115
		921,226,383	797,737,785
27.1 Employee benefit cost			
Salaries, allowance and other benefits		419,153,773	309,325,002
Charges for post employment benefit		24,340,331	19,525,190
		443,494,104	328,850,192
27.2 Depreciation			
Investment property		135,607	142,744
Fixed assets		106,299,855	103,106,879
		106,435,462	103,249,623

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

	2017 Rupees	2016 Rupees Re-stated
28 INVESTMENT INCOME		
Income from equity securities		
Available for sale		
Dividend income on shares	4,339,574	75,400
Dividend income on mutual fund	4,626,743	1,667,634
Income from debt securities		
Available for sale		
Return on Government securities	5,525,848	27,212,685
Held to maturity		
Return on Government securities	21,530,941	12,972,719
Income from term deposits		
Return on term deposits	4,400,830	5,901,310
	40,423,936	47,829,748
Net realized gains / (loss) on investments		
Available for sale financial assets		
-Equity securities	6,995,443	350,012
-Mutual funds	(540,540)	-
Government securities	22,413,539	25,208,660
Total investment income	69,292,378	73,388,420
Less: (Provision) / Reversal for impairment in value of available for sale securities		
-Equity securities	-	-
-Debt securities	-	-
Less: Investment related expenses	(2,087,672)	(282,328)
Net Investment Income	67,204,706	73,106,092
	2017 Rupees	2016 Rupees
29 RENTAL INCOME		
Rental income	2,404,078	2,142,000
Less: Expenses of investment property	-	-
	2,404,078	2,142,000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

	Note	2017 Rupees	2016 Rupees
30			
OTHER INCOME			
Income from financial assets			
Bad debts recovered		8,500,252	18,334,650
Return on bank balances		8,311,517	6,817,829
Liabilities written back		12,391,109	-
Miscellaneous Income		431,550	14,301
		29,634,428	25,166,780
Income from non financial assets			
Gain on disposal of fixed assets		17,339,620	5,217,648
Discount income		8,620	3,000
		17,348,240	5,220,648
		46,982,668	30,387,428
31			
OTHER EXPENSES			
Auditors' remuneration	31.1	3,300,000	2,790,000
Subscriptions		3,955,685	6,031,613
Registration fee		10,250	-
Expenses on bonus issue		218,187	515,200
Donations		1,385,825	1,213,537
Workers Welfare Fund		-	7,405,225
Others		-	1,500,000
		8,869,947	19,455,575
31.1			
Auditors' remuneration:			
Annual audit fee and report on CCG compliance		1,900,000	1,750,000
Fee for audit of provident fund		100,000	-
Half yearly review		500,000	250,000
Other certifications		600,000	580,000
Tax services		-	-
Out of pocket expenses		200,000	210,000
		3,300,000	2,790,000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

	2017	2016
	Rupees	Rupees
32 FINANCE COST		
Mark-up on finance lease	5,356,197	10,416,286
Exchange loss	18,739	14,098
	5,374,936	10,430,384

33 TAXATION		
For the year		
Current	99,432,826	57,544,947
Deferred	11,163,715	23,866,775
For the prior year(s)		
Current expense/ (income)	84,464,554	(1,899,204)
Deferred	-	-
	195,061,095	79,512,518

	2017	2016
	%	Re-stated %
33.1 Reconciliation between effective and applicable tax rate		
Applicable tax rate	30.00	31.00
Effect of income charged at different rates	(0.44)	0.03
Effect of tax on amounts deductible for tax purposes	8.17	(14.83)
Effective tax rate	37.73	15.55

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

34 EARNINGS PER SHARE - BASIC AND DILUTED

34.1 Basic earnings per share

Basic earnings per share is calculated by dividing the net profit for the year by the weighted average number of shares as at the year end as follows:

	2017	2016
	-----Rupees-----	
Profit after tax for the year	292,284,179	278,447,919
	Number of shares	
Weighted average number of shares of Rs. 10/- each	200,155,200	200,155,200
	-----Rupees-----	
Earnings per share - basic and diluted (Restated)	1.46	1.39

No figure for diluted earnings per share has been presented as the Company has not issued any instrument which would have an impact on earnings per share when exercised.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

35 COMPENSATION OF DIRECTORS AND EXECUTIVES

	2017				2016			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
	-----Rupees-----							
Fee	-	-	-	-	-	-	-	-
Managerial remuneration	3,832,296	7,441,841	84,499,776	95,773,913	3,237,000	6,559,800	93,006,506	102,803,306
Leave encashment	-	-	-	-	-	-	-	-
Bonus	-	-	-	-	-	-	-	-
Ex-gratia allowance	-	-	-	-	-	-	-	-
Rent & house maintenance	1,724,472	3,345,980	37,192,044	42,262,496	1,419,300	2,876,220	40,779,776	45,075,296
Medical allowance	383,232	744,179	8,470,968	9,598,379	323,700	655,980	9,300,651	10,280,331
Utilities	-	-	-	-	-	-	-	-
Charge for defined benefit plan	2,475,000	9,300,000	36,556,184	48,331,184	-	-	-	-
Contribution to defined contribution plan	577,962	1,172,098	14,796,224	16,546,284	-	-	1,249,000	1,249,000
	8,992,962	22,004,098	181,515,196	212,512,256	4,980,000	10,092,000	144,335,933	159,407,933
Executive Directors	8,992,962	13,100,160	-	22,093,122	4,980,000	3,120,000	-	8,100,000
Non-Executive Director	-	8,903,938	-	8,903,938	-	6,972,000	-	6,972,000
	8,992,962	22,004,098	-	30,997,060	4,980,000	10,092,000	-	15,072,000
Number of persons	1	2	114	117	1	2	119	122

35.1 The chief executive officer, chairman and certain executives are also provided with free use of the Company's maintained car.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

36 RELATED PARTY TRANSACTIONS

Related parties comprise of chief executive officer, directors, major shareholders, key management personnel, associated companies, entities with common directors and employee retirement benefit funds. The transactions with related parties are carried out at commercial terms and conditions and compensation to key management personnel is on employment terms. The transactions and balances with related parties other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

		2017	2016
		Rupees	Rupees
Nature of relationship	Nature of transaction		
Balances at year end:			
Associated undertakings	(Payable)/Receivable at year end	(6,637,386)	66,514,865
	Investment through equity shares at year end	397,487,931	148,712,806
	Investment through term deposits at year end	2,500,000	2,500,000
	Share deposit money	350,000,000	300,000,000
	Bank deposits at year end	2,535,299	16,806,983
	Claims lodged / payable	432,566,253	35,969,629
Associated persons	Advance for purchase of shares	56,643,479	90,102,990
	Loan to key management personnel	8,176,835	7,713,531
Key management personnel			
Staff retirement benefits plan	(Payable to) defined benefit plan	-	(58,683,316)
	Defined benefits due but not paid	-	6,712,500
	(Payable to) defined contribution plan	3,605,074	-
Transactions during the year:			
	Motor tracking devices purchased	23,491,000	41,575,000
	Motor tracking device charges paid	46,782,430	81,663,569
	Device monitoring charges paid	19,700,668	35,051,727
	Rental income received during the year	2,404,078	1,300,000
	Health service charges	11,466,362	8,641,801
	Interest received on bank deposits	796,762	155,104
	Cash deposited in bank deposits	262,621,081	236,757,697
	Cash withdrawals in bank deposits	272,664,563	239,699,236
	Insurance premium received during the year	-	21,015,926
	Claims paid	25,092,127	27,722,324
	Share deposit money paid	350,000,000	300,000,000
Associated persons	Advance for purchase of shares paid	56,643,479	90,102,990
Key management personnel	Remuneration of key management personnel	147,634,788	158,158,933
	Bonus shares Issued	-	779,524
Staff retirement benefits plan	Provision for gratuity during the year	6,363,697	19,525,190
	Benefits paid	102,931,496	5,497,950
	Employer's Contributions made during the period	17,976,634	-
Employees' Provident Fund			
Provisions for doubtful debts		-	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

37 SEGMENT INFORMATION

The operator has five primary business segments for reporting purposes namely Fire & Property Damage, Marine, Aviation & Transport, Motor, Crop and Miscellaneous.

Assets and liabilities, wherever possible have been assigned to the following segments based on specific identification or allocated on the basis of Premium written by each segment.

2017	FIRE AND PROPERTY DAMAGE	MARINE AVIATION AND TRANSPORT	MOTOR	CROP	MISCELLANEOUS	TREATY	TOTAL
----- Rupees -----							
Gross Written Premium (inclusive of Admin surcharge)	853,006,459	244,844,487	826,864,620	816,547,669	1,422,282,732	-	4,163,545,967
Gross direct Premium	809,128,455	233,523,054	764,941,408	816,547,669	1,307,513,721	-	3,931,654,307
Facultative inward Premium	25,722,783	1,741,053	36,127,747	-	106,592,520	-	170,184,103
Administrative surcharge	18,155,221	9,580,380	25,795,465	-	8,176,491	-	61,707,557
Insurance Premium earned	824,895,167	249,927,641	847,229,012	806,813,363	1,343,181,699	-	4,072,046,882
Insurance Premium ceded to reinsurance	(356,654,730)	(67,862,757)	(325,478,597)	(165,611,907)	(477,731,043)	-	(1,393,339,034)
Net Insurance Premium	468,240,437	182,064,884	521,750,415	641,201,456	865,450,656	-	2,678,707,848
Commission income	25,399,386	5,569,215	71,113,991	40,870,984	87,774,839	-	230,728,415
Net underwriting income	493,639,823	187,634,099	592,864,406	682,072,440	953,225,495	-	2,909,436,263
Insurance claims	(385,940,266)	(174,546,451)	(405,696,874)	(281,562,510)	(1,498,408,466)	-	(2,746,154,567)
Insurance claims recovered from reinsurance	200,528,259	81,649,404	115,959,175	161,407,706	899,416,704	-	1,458,961,248
Net claims	(185,412,007)	(92,897,047)	(289,737,699)	(120,154,804)	(598,991,762)	-	(1,287,193,319)
Commission expenses	(113,358,884)	(22,364,518)	(89,258,723)	(108,340,314)	(129,349,683)	-	(462,672,122)
Management expenses	(186,617,496)	(56,541,573)	(191,670,121)	(182,526,817)	(303,870,376)	-	(921,226,383)
Premium deficiency expense	-	-	-	(8,398,084)	(8,634,278)	-	(17,032,362)
Net Insurance claims and expenses	(485,388,387)	(171,803,138)	(570,666,543)	(419,420,019)	(1,040,846,099)	-	(2,688,124,186)
Underwriting results	8,251,436	15,830,961	22,197,863	262,652,421	(87,620,604)	-	221,312,077
Net investment income	-	-	-	-	-	-	67,204,706
Rental income	-	-	-	-	-	-	2,404,078
Other income	-	-	-	-	-	-	46,982,668
Other expenses	-	-	-	-	-	-	(8,869,947)
Finance cost	-	-	-	-	-	-	(5,374,936)
Profit from WTO Operations	-	-	-	-	-	-	199,068,982
Share of loss of associates	-	-	-	-	-	-	(35,382,354)
Profit before tax	-	-	-	-	-	-	487,345,274
Segment assets - Conventional	784,692,953	141,041,642	446,677,677	382,243,355	1,129,023,363	-	2,883,678,990
Segment assets - Operator	94,461,918	39,973,732	41,302,692	-	183,235,850	-	358,974,192
Unallocated assets - Conventional	-	-	-	-	-	-	2,860,687,147
Unallocated assets - Operator	-	-	-	-	-	-	107,978,659
Total assets	-	-	-	-	-	-	6,211,318,989
Segment liabilities - Conventional	775,542,617	131,704,483	573,948,625	286,885,506	1,408,602,234	-	3,176,683,465
Segment liabilities - Operator	17,596,595	7,433,542	21,744,330	-	21,415,205	-	68,189,672
Unallocated liabilities - Conventional	-	-	-	-	-	-	239,168,809
Unallocated liabilities - Operator	-	-	-	-	-	-	4,403,490
Total liabilities	-	-	-	-	-	-	3,488,445,436

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

37.1 SEGMENT INFORMATION

The operator has five primary business segments for reporting purposes namely Fire & Property Damage, Marine, Aviation & Transport, Motor, Crop and Miscellaneous.

Assets and liabilities, wherever possible have been assigned to the following segments based on specific identification or allocated on the basis of Premium written by each segment.

2016 Re-stated	FIRE AND PROPERTY DAMAGE	MARINE AVIATION AND TRANSPORT	MOTOR	CROP	MISCELLANEOUS	TREATY	TOTAL
----- Rupees -----							
Gross Written Premium (inclusive of Admin surcharge)	805,256,120	227,414,710	885,794,995	546,969,011	1,316,305,972	-	3,781,740,808
Gross direct Premium	784,037,781	218,504,619	839,432,873	546,969,011	1,297,176,089	-	3,686,120,373
Facultative inward Premium	-	-	19,984,332	-	-	-	19,984,332
Administrative surcharge	21,218,339	8,910,091	26,377,790	-	19,129,883	-	75,636,103
Insurance Premium earned	765,021,062	317,203,636	886,583,881	565,311,399	1,146,715,741	-	3,680,835,719
Insurance Premium ceded to reinsurance	(414,653,667)	(161,493,476)	(256,722,494)	(132,120,893)	(242,413,216)	-	(1,207,403,746)
Net Insurance Premium	350,367,395	155,710,160	629,861,387	433,190,506	904,302,525	-	2,473,431,973
Commission income	63,214,283	22,087,377	52,666,894	23,852,664	62,675,991	-	224,497,209
Net underwriting income	413,581,678	177,797,537	682,528,281	457,043,170	966,978,516	-	2,697,929,182
Insurance claims	(604,465,950)	(45,948,585)	(294,832,325)	(41,906,570)	(589,293,445)	-	(1,576,446,875)
Insurance claims recovered from reinsurance	428,372,709	3,137,351	30,344,356	-	180,073,298	-	641,927,714
Net claims	(176,093,241)	(42,811,234)	(264,487,969)	(41,906,570)	(409,220,147)	-	(934,519,161)
Commission expenses	(134,608,793)	(36,007,718)	(106,165,314)	(100,017,630)	(82,697,500)	-	(459,496,955)
Management expenses	(171,258,457)	(48,365,596)	(188,387,123)	(116,327,050)	(273,399,559)	-	(797,737,785)
Premium deficiency expense	-	-	-	-	3,565,422	-	3,565,422
Net Insurance claims and expenses	(481,960,491)	(127,184,548)	(559,040,406)	(258,251,250)	(761,751,784)	-	(2,188,188,479)
Underwriting results	(68,378,813)	50,612,989	123,487,875	198,791,920	205,226,732	-	509,740,703
Net investment income							73,106,092
Rental income							2,142,000
Other income							30,387,428
Other expenses							(19,455,575)
Finance costs							(10,430,384)
Profit from WTO Operations							49,203,557
Share of loss of associates							(276,733,384)
Profit before tax							- 357,960,437
Segment assets - Conventional	906,236,636	132,348,057	460,135,566	184,593,919	902,123,490	-	2,585,437,668
Segment assets - Operator	82,057,974	29,703,026	53,917,031	-	15,591,625	-	181,269,656
Unallocated assets - Conventional							- 2,654,876,547
Unallocated assets - Operator							- 77,928,040
Total assets							- 5,499,511,911
Segment liabilities - Conventional	834,499,261	103,853,851	508,293,444	106,424,973	959,522,292	-	2,512,593,821
Segment liabilities - Operator	10,252,377	3,679,689	19,388,618	-	3,295,570	-	36,616,254
Unallocated liabilities - Conventional							- 256,358,108
Unallocated liabilities - Operator							- 23,677,430
Total liabilities							- 2,829,245,613

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

38 MOVEMENT IN INVESTMENTS

	Held to maturity	Available for sale	Fair value through P&L	Total
At beginning of previous year	583,476,208	67,738,359	-	651,214,567
Additions	189,571,233	2,348,327,594	-	2,537,898,827
Disposals (sale and redemption)	(386,028,374)	(2,244,447,212)	-	(2,630,475,586)
Fair value net gains (excluding net realised gains)	-	31,466,937	-	31,466,937
Designated at fair value through profit or loss upon initial recognition	-	-	-	-
Classified as held for trading	-	-	-	-
Impairment losses	-	-	-	-
At beginning of current year	387,019,067	203,085,678	-	590,104,746
Additions	91,797,824	655,477,716	-	747,275,540
Disposals (sale and redemption)	(136,106,422)	(740,317,454)	-	(876,423,876)
Fair value net gains (excluding net realised gains)	-	(35,233,527)	-	(35,233,527)
Designated at fair value through profit or loss upon initial recognition	-	-	-	-
Classified as held for trading	-	-	-	-
Impairment losses	-	-	-	-
At end of current year	342,710,469	83,012,413	-	425,722,883

39 MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

39.1 Insurance risks

39.1.1 Risk management framework

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

Insurance risk

The Company accepts the insurance risk through its insurance contracts where it assumes the risk of loss from persons or organizations that are directly subject to the underlying loss. The Company is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

The Company manages its risk via its underwriting and reinsurance strategy within an overall risk management framework. Exposures are managed by having documented underwriting limit and criteria. Reinsurance is purchased to mitigate the risk of potential loss to the Company. Reinsurance policies are written with approved reinsurers either on a proportional, excess of loss treaty or facultative basis.

A concentration of risk may also arise from a single insurance contract issued to particular demographic type of policyholder, within a geographical location or to types of commercial business. The Company minimizes its exposure to significant losses by obtaining reinsurance from a number of reinsurers who are dispersed over several geographical regions.

Further the Company adopts strict claim review policies including active management and prompt pursuing of the claims, regular detailed review of claim handling procedures and frequent investigation of possible false claims to reduce the insurance risk.

Geographical concentration of insurance risk

To optimize benefits from the principle of average and law of large numbers, geographical spread of risk is of extreme importance. There are a number of parameters which are significant in assessing the accumulation of risks with reference to the geographical location, the most important of which is risk 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 insurers. Details regarding the fire separation/segregation with respect to the manufacturing processes, storage, utilities, etc. are extracted from the layout plan of the insured facility. Such details are formed part of the reports which are made available to the underwriters/reinsurance personnel for their evaluation. Reference is made to the standard construction specifications as laid down by IAP (Insurance Association of Pakistan). For instance, the presence of Perfect Party Walls, Double Fire Proof Iron Doors, physical separation between the buildings within an insured's premises. It is basically the property contained within an area which is separated by another property by sufficient distance to confine insured damage from uncontrolled fire and explosion under the most adverse conditions to that one area. Address look-up and geocoding is the essential field of the policy data interphase of IT systems. It provides instant location which is dependent on data collection provided under the policy schedule. All critical underwriting information is punched into the IT system/application through which a number of MIS reports can be generated to assess the concentration of risk.

Reinsurance arrangements

Reinsurance arrangements are key components in the global economy as a means of supporting acceptance of risk by insurance organizations. Arrangements are the most effective ways of getting risks of all types, underwritten by the Company. The Company has prestigious reinsurance arrangements with the world wide acclaimed reinsurers.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

39.1.2 Sources of Uncertainty in 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 that occur during the term of the insurance contract.

An estimated amount of the claim is recorded immediately on intimation to the Company. The estimation of the amount is based on the amount notified by the policy holder, management or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims. Incurred But Not Reported (IBNR) claims have been estimated using Chain Ladder (CL) methodology. The Chain Ladder (CL) Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level.

There are several variable factors which affect the amount and timing of recognized claim liabilities. However, the management considers that uncertainty about the amount and timing of claim payments is generally resolved within a year. 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. It is likely that final settlement of these liabilities may be different from recognised amounts.

39.1.3 Changes in assumptions

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

Sensitivity analysis

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate will not effect fair value of any financial instrument. For cash flow sensitivity analysis of variable rate instruments a hypothetical change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit for the year by the amounts shown below:

	Increase / (decrease) in basis points	Effect on profit before tax	Effect on equity
As at December 31, 2017			
Cash flow sensitivity - variable rate financial liabilities	100	(697,418)	(488,193)
	(100)	697,418	488,193
Cash flow sensitivity - variable rate financial assets	100	6,383,877	4,468,714
	(100)	(6,383,877)	(4,468,714)
As at December 31, 2016			
Cash flow sensitivity - variable rate financial liabilities	100	(806,053)	(556,177)
	(100)	806,053	556,177
Cash flow sensitivity - variable rate financial assets	100	6,148,751	4,242,638
	(100)	(6,148,751)	(4,242,638)

It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. Variations in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified above. The analysis assumes that all other variables remain constant.

a) Foreign currency risk

Foreign currency risk is the risk that the value of financial assets or liability will fluctuate due to changes in foreign currency rates. Foreign exchange risk arises mainly where receivables and payables exists due to transactions in foreign currencies. As of the statement of financial position date, the Company does not have material assets or liabilities which are exposed to foreign currency risk except for amount due from and due to reinsurers.

b) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest / mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. The Company is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs. 79,950,454 /- (2016: Rs. 8,447,969/-) at the statement of financial position date.

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The Company manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies. The Company has strategic equity investment in its associate amounting to Rs. 397,487,931 /- (2016: Rs. 148,712,806/-) which is held for long term.

Market prices are subject to fluctuation and consequently the amount realized 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 relative quantity of the security being sold. The Company has no significant concentration of price risk.

c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. To guard against the risk, the Company maintains balance of cash and other equivalents and readily marketable securities. The maturity profile of assets and liabilities are also monitored to ensure adequate liquidity is maintained.

On the financial position date the Company has cash and bank balance of Rs. 490,059,464 /- (2016: Rs. 365,488,217/-).

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date on an undiscounted cash flow basis.

	2017			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	-----Rupees-----			
Financial liabilities				
Outstanding claims including IBNR	1,385,321,234	1,385,321,234	1,385,321,234	-
Insurance / Reinsurance payables	107,818,532	107,818,532	107,818,532	-
Other Creditors and Accruals	68,890,402	68,890,402	68,890,402	-
Borrowings	69,741,811	73,280,014	34,307,934	35,433,877
	1,631,771,979	1,635,310,182	1,596,338,102	35,433,877

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

	2016			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
-----Rupees-----				
Financial liabilities				
Outstanding claims including IBNR	791,222,496	791,222,496	791,222,496	-
Amount due to other insurers/ reinsurers	146,211,061	146,211,061	146,211,061	-
Other Creditors and Accruals	85,031,576	85,031,576	85,031,576	-
Borrowings	80,605,304	86,925,984	51,631,280	35,294,704
	1,103,070,437	1,109,391,117	1,074,096,413	35,294,704

39.1.4 Sensitivity analysis

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

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

10% increase in loss	Profit before tax		Share holders' equity	
	2017	2016	2017	2016
----- Rupees -----				
Net				
Fire and property damage	(18,541,201)	(17,609,324)	(12,978,840)	(12,150,434)
Marine, aviation and transport	(9,289,705)	(42,811,234)	(6,502,793)	(29,539,752)
Motor	(28,973,770)	(26,448,797)	(20,281,639)	(18,249,670)
Crop	(12,015,480)	(4,190,657)	(8,410,836)	(2,891,553)
Miscellaneous	(59,899,176)	(40,922,015)	(41,929,423)	(28,236,190)
	(128,719,332)	(131,982,027)	(90,103,531)	(91,067,599)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

10% decrease in loss	Profit before tax		Share holders' equity	
	2017	2016	2017	2016
----- Rupees -----				
Net				
Fire and property damage	18,541,201	17,609,324	12,978,840	12,150,434
Marine, aviation and transport	9,289,705	42,811,234	6,502,793	29,539,752
Motor	28,973,770	26,448,797	20,281,639	18,249,670
Crop	12,015,480	4,190,657	8,410,836	2,891,553
Miscellaneous	59,899,176	40,922,015	41,929,423	28,236,190
	128,719,332	131,982,027	90,103,532	91,067,599

Claims development table

The table shown in note 25.1 the development of claims over a period of time. The disclosure goes back to the period when the earliest material claim arose for which there is still uncertainty about the amount and timing of the claims payments.

39.2 Financial risk

39.2.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market variables such as interest rates, foreign exchange rates and market prices.

a) Equity price risk

The table below summarizes the Company's equity price risk as of December 31, 2017 and 2016 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios, indeed results could be worse in Company's equity investment portfolio because of the nature of equity markets.

	Fair Value	Hypothetical price change	Estimated fair value after hypothetical change in price	Hypothetical increase / (decrease) in shareholder's equity	Hypothetical increase / (decrease) in profit/(loss) before tax
December 31, 2017	82,573,398	10 % increase	90,830,738	5,780,138	8,257,340
		10 % decrease	74,316,058	(5,780,138)	(8,257,340)
December 31, 2016	202,646,662	10 % increase	222,911,328	14,185,266	20,264,666
		10 % decrease	182,381,995	(14,185,266)	(20,264,666)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

b) Interest/ mark up rate risk

Interest/ mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest/ mark-up rates. Sensitivity to interest/ mark-up rate risk arises from mismatches of financial assets and liabilities that mature or reprise in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The short term borrowing arrangements have variable rate pricing that is dependent on the Karachi Inter Bank Offer Rate (KIBOR) as indicated in respective notes.

At the statement of financial position date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

FINANCIAL ASSETS AND LIABILITIES	2017						Total
	Interest/mark-up bearing		Non-interest/ mark-up bearing		Sub Total	Sub Total	
	Maturity up to one year	Maturity over one year to five years	Maturity up to one year	Maturity over one year to five years			
	----- Rupees -----						
	----- % -----						
FINANCIAL ASSETS							
Investments in associate	-	-	-	-	876,239,590	876,239,590	876,239,590
Investments	-	-	-	-	-	-	-
- Equity securities	-	-	-	82,573,398	-	82,573,398	82,573,398
- Government securities	-	-	-	-	-	-	-
- Term deposits	59,939,775	282,770,694	282,770,694	-	-	59,939,775	282,770,694
Loans and other receivables	6,103,833	-	6,103,833	169,610,158	-	169,610,158	175,713,991
Insurance / Reinsurance receivables	-	-	-	1,064,155,315	6,508,518	1,070,663,833	1,070,663,833
Reinsurance recoveries against outstanding claims	-	-	-	1,022,607,058	-	1,022,607,058	1,022,607,058
Prepayments	-	-	-	-	-	-	-
Cash and bank	289,573,399	-	289,573,399	200,486,065	-	200,486,065	490,059,464
December 31, 2017	355,617,007	282,770,694	638,387,701	2,539,431,994	882,748,108	3,422,180,102	4,060,567,803
FINANCIAL LIABILITIES							
Premium received in advance	-	-	-	-	-	-	-
Borrowings	34,307,934	35,433,877	69,741,811	-	-	-	69,741,811
Outstanding claims including IBNR	-	-	-	1,385,321,234	-	1,385,321,234	1,385,321,234
Insurance / Reinsurance payables	-	-	-	107,818,532	-	107,818,532	107,818,532
Other Creditors and Accruals	-	-	-	68,890,402	-	68,890,402	68,890,402
December 31, 2017	34,307,934	35,433,877	69,741,811	1,562,030,168	-	1,562,030,168	1,631,771,979
OFF STATEMENT OF FINANCIAL POSITIONS ITEMS							
Financial Commitments:							
For future Jarah rentals payable	10,880,793	7,970,361	18,851,154	-	-	-	18,851,154
	10,880,793	7,970,361	18,851,154	-	-	-	18,851,154

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

2016

FINANCIAL ASSETS AND LIABILITIES	Interest/mark-up bearing		Non-interest/ mark-up bearing		Total
	Maturity up to one year	Maturity over one year to five years	Maturity up to one year	Maturity over one year to five years	
	Sub Total	Sub Total	Sub Total	Sub Total	
%	Rupees				
FINANCIAL ASSETS					
Investments in associate	-	-	-	610,923,976	610,923,976
Investments	-	-	-	-	-
- Equity securities	34,617,493	-	34,617,493	8,447,969	43,065,462
- Government securities	159,581,200	283,987,489	443,568,689	-	443,568,689
- Term deposits	103,031,579	-	103,031,579	-	103,031,579
Loans and other receivables	13,556,698	-	13,556,698	224,348,055	237,904,753
Insurance / Reinsurance receivables	-	-	-	1,198,102,954	1,210,110,484
Reinsurance recoveries against outstanding claims	-	-	-	581,301,466	581,301,466
Prepayments	-	-	-	-	-
Cash and bank	278,350,196	-	278,350,196	86,977,831	365,328,027
December 31, 2016	589,137,166	283,987,489	873,124,655	2,099,178,275	622,931,506
December 31, 2016	47,417,594	33,187,710	80,605,304	1,022,465,133	1,103,070,437
FINANCIAL LIABILITIES					
Premium received in advance	-	-	-	-	-
Borrowings	47,417,594	33,187,710	80,605,304	-	80,605,304
Outstanding claims including IBNR	-	-	-	791,222,496	791,222,496
Insurance / Reinsurance payables	-	-	146,211,061	-	146,211,061
Other Creditors and Accruals	-	-	-	85,031,576	85,031,576
December 31, 2016	47,417,594	33,187,710	80,605,304	1,022,465,133	1,103,070,437
OFF STATEMENT OF FINANCIAL POSITIONS ITEMS					
Financial Commitments:					
For future Ijarah rentals payable	11,699,232	20,351,633	32,050,865	-	32,050,865
	11,699,232	20,351,633	32,050,865	-	32,050,865

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For the year ended December 31, 2017

39.3 Credit risk and concentration of credit risk

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

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

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

	2017 Rupees	2016 Rupees
Investments in subsidiary and associate Investments	876,239,590	610,923,976
-Equity securities	82,573,398	43,065,462
-Government securities	282,770,694	443,568,689
-Term deposits	59,939,775	103,031,579
Loans and other receivables	175,713,991	237,904,753
Insurance / Reinsurance receivables	1,070,663,833	1,210,110,484
Reinsurance recoveries against outstanding claims	1,022,607,058	581,301,466
Cash & bank	490,059,464	365,328,027
	4,060,567,803	3,595,234,436

The Company did not hold any collateral against the above during the year. General provision is made for receivables according to the Company's policy. The impairment provision is written off when the Company expects that it cannot recover the balance due. During the year receivables of Rs. 3,001,240/- (2016: Rs. 11,569,830/-) were further provided for and the provision of Rs. 8,500,252/- (2016: Rs. 18,334,650/-) were reversed due to recoveries. The movement in the provision for doubtful debt account is shown in note no.13 to the financial statements. The remaining past due balances were not impaired as they relate to a number of policy holders and other insurers/reinsurers for whom there is no recent history of default.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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

	Ratings		Ratings Agency	2017	2016
	Short term	Long term		Rupees	Rupees
Bank Alfalah Limited	A1+	AA	PACRA	12,862,388	8,872,583
Allied Bank Limited	A1+	AA+	PACRA	16,708,930	17,068,572
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	1,021,407	1,302,598
Habib Bank Limited	A-1+	AAA	JCR-VIS	21,187,371	37,766,956
Bank Al-Habib Limited	A1+	AA+	PACRA	31,482,666	22,802,981
Bank Islami Pakistan Limited	A1	A+	PACRA	1,038,984	3,417,430
Soneri Bank Limited	A1+	AA-	PACRA	5,883,450	10,163,609
Albaraka Bank Pakistan Limited	A1	A	PACRA	906,525	4,860,809
Askari Bank Limited	A1+	AA+	PACRA	571,137	1,276,917
Zarai Targiati Bank Limited	A-1+	AAA	JCR-VIS	52,844,528	14,731,938
Industrial Development Bank of Pakistan *	-	-	-	66,924	-
The Bank of Khyber	A1	A	PACRA	1,800,512	5,088,601
The Bank of Punjab	A1+	AA	PACRA	8,183,885	3,677,151
Faysal Bank Limited	A1+	AA	PACRA	4,855,600	11,416,868
First Women Bank Limited	A2	A-	PACRA	49,443	1,813,806
MCB Bank Limited	A1+	AAA	PACRA	4,700,631	1,532,712
National Bank of Pakistan Limited	A1+	AAA	PACRA	6,879,513	10,793,656
NIB Bank Limited	A1+	AA-	PACRA	4,204,902	2,287,033
Punjab Provincial Co-operative Bank Limited *	-	-	-	7,995,839	6,757,039
Samba bank Limited	A-1	AA	JCR-VIS	179,381,385	124,880,434
Silk Bank Limited	A-2	A-	JCR-VIS	67,775,669	5,553,287
SME Bank Limited	B	B	PACRA	19,428	19,428
United Bank Limited	A-1+	AAA	JCR-VIS	3,510,181	7,762,905
U Microfinance bank Limited	A-2	A-	JCR-VIS	2,620,271	2,798,628
Summit Bank Limited	A-1	A-	JCR-VIS	33,824,956	30,680,543
APNA Microfinance Bank Limited	A3	BBB+	PACRA	2,552,100	16,806,983
Sindh Bank Limited	A-1+	AA	JCR-VIS	1,470,390	857,286
Karakoram Co-Operative Bank Limited*	-	-	-	220,710	954,658
Tameer Microfinance Bank Limited	A1	A+	PACRA	5,147,776	4,257,904
Bank Of Azad Jammu & Kashmir*	-	-	-	200,156	1,130,421
NRSP Micro Finance Bank Limited	A-2	A-	JCR-VIS	5,927,716	1,833,940
JS Bank Limited	A1+	AA-	PACRA	2,478,592	1,809,095
Khushali Bank Limited	A-1	A+	JCR-VIS	1,489,806	351,256
				489,863,771	365,328,027

* Credit ratings are not available

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The age analysis of due from insurance contract holders and due from insurers/ reinsurers is as follows:

	2017 Rupees	2016 Rupees
Upto 1 year	953,288,640	943,808,001
1-2 years	112,017,386	202,875,727
2-3 years	11,427,314	75,434,285
Over 3 years	-	-
	1,076,733,340	1,222,118,013

Reinsurance risk

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

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

The credit quality of amount due from other insurers and reinsurers can be assessed with reference to external credit ratings as follows:

	Due from insurers / reinsurers	Reinsurance recoveries against outstanding claims	Other reinsurance assets	2017	2016
	-----Rupees-----				
A or above (including PRCL)	259,951,986	550,400,896	273,640,148	1,083,993,030	715,517,742
Others	53,316,959	472,206,162	414,724,836	940,247,957	963,677,726
Total	313,268,945	1,022,607,058	688,364,984	2,024,240,987	1,679,195,468

39.4 CAPITAL MANAGEMENT

The Company's objectives when managing capital or to safeguard the company's ability to continue as going concern in order to provide returns for shareholders and benefits 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 paid up capital requirement as required by Security and Exchange Commission of Pakistan.

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39.5 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the Company uses market observable data to the extent possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Company using valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account.

Fair values are categorized into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).
- Transfers between levels of the fair value hierarchy are recognized by the Company at the end of the reporting period during which the change occurred.

	Carrying amount				Fair value				
	Investments	Loans and receivables	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
----- Rupees -----									
31 December 2017									
Financial assets - not measured at fair value									
Cash in hand*	-	-	195,693	-	195,693	-	-	-	-
Cash at bank*	-	-	489,863,771	-	489,863,771	-	-	-	-
Term deposits maturing within 12 months*	-	-	105,866,740	-	105,866,740	-	-	-	-
Term deposits maturing after 12 months*	-	-	25,786,725	-	25,786,725	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-
- Equity securities	115,206,925	-	-	-	115,206,925	79,950,452	-	-	79,950,452
- Mutual Fund Certificates	2,622,946	-	-	-	2,622,946	2,622,946	-	-	2,622,946
- Pakistan Investment Bonds	282,770,694	-	-	-	282,770,694	-	26,700,000	-	26,700,000
- Investment in associate	397,487,931	-	-	-	397,487,931	831,037,500	-	-	831,037,500
- Share deposit money*	350,000,000	-	-	-	350,000,000	-	-	-	-
- Advance for purchase of shares*	128,751,659	-	-	-	128,751,659	-	-	-	-
Loans to employees*	-	13,967,699	-	-	13,967,699	-	-	-	-
Due from insurance contract holders*	-	757,394,888	-	-	757,394,888	-	-	-	-
Due from other insurers / reinsurers*	-	313,268,945	-	-	313,268,945	-	-	-	-
Accrued investment income*	-	6,103,833	-	-	6,103,833	-	-	-	-
Reinsurance recoveries against outstanding claims*	-	1,022,607,058	-	-	1,022,607,058	-	-	-	-
Sundry receivables*	-	83,928,769	-	-	83,928,769	-	-	-	-
	1,276,840,155	2,197,271,192	621,712,929	-	4,095,824,276	913,610,898	26,700,000	-	940,310,898
Financial liabilities - not measured at fair value									
Outstanding claims including IBNR*	-	-	-	1,385,321,234	1,385,321,234	-	-	-	-
Insurance / Reinsurance Payables*	-	-	-	107,818,532	107,818,532	-	-	-	-
Accrued expenses*	-	-	-	7,538,300	7,538,300	-	-	-	-
Other creditors and accruals*	-	-	-	57,199,685	57,199,685	-	-	-	-
Borrowings*	-	-	-	69,741,811	69,741,811	-	-	-	-
	-	-	-	1,627,619,562	1,627,619,562	-	-	-	-

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

	Carrying amount				Total	Fair value			Total
	Investments	Loans and receivables	Cash and cash equivalents	Other financial liabilities		Level 1	Level 2	Level 3	
----- Rupees -----									
31 December 2016									
Financial assets - not measured at fair value									
Cash in hand*	-	-	160,190	-	160,190	-	-	-	-
Cash at bank*	-	-	365,328,027	-	365,328,027	-	-	-	-
Term deposits maturing within 12 months*	-	-	138,190,119	-	138,190,119	-	-	-	-
Term deposits maturing after 12 months*	-	-	32,570,160	-	32,570,160	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-
- Equity securities	10,030,310	-	-	-	10,030,310	8,447,969	-	-	8,447,969
- Mutual Fund Certificates	30,788,964	-	-	-	30,788,964	34,617,493	-	-	34,617,493
- Pakistan Investment Bonds	414,347,940	-	-	-	414,347,940	-	487,400,867	-	487,400,867
- Investment in associate	148,712,806	-	-	-	148,712,806	703,569,727	-	-	703,569,727
- Share deposit money*	300,000,000	-	-	-	300,000,000	-	-	-	-
- Advance for purchase of shares*	162,211,170	-	-	-	162,211,170	-	-	-	-
Loans to employees*	-	17,394,811	-	-	17,394,811	-	-	-	-
Due from insurance contract holders*	-	709,226,890	-	-	709,226,890	-	-	-	-
Due from other insurers / reinsurers*	-	501,916,703	-	-	501,916,703	-	-	-	-
Accrued investment income*	-	13,556,698	-	-	13,556,698	-	-	-	-
Reinsurance recoveries against outstanding claims*	-	581,301,466	-	-	581,301,466	-	-	-	-
Sundry receivables*	-	40,544,335	-	-	139,224,544	-	-	-	-
	1,066,091,190	1,863,940,903	536,248,496	-	3,564,960,798	746,635,189	487,400,867	-	1,234,036,056
Financial liabilities - not measured at fair value									
Outstanding claims including IBNR*	-	-	-	791,222,496	791,222,496	-	-	-	-
Insurance / Reinsurance Payables*	-	-	-	146,211,061	146,211,061	-	-	-	-
Accrued expenses*	-	-	-	7,402,019	7,402,019	-	-	-	-
Other creditors and accruals*	-	-	-	77,629,557	77,629,557	-	-	-	-
Borrowings*	-	-	-	80,605,304	80,605,304	-	-	-	-
	-	-	-	1,103,070,437	1,103,070,437	-	-	-	-

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

2017
Rupees

40 STATEMENT OF SOLVENCY

Assets

Property and equipment	810,595,553
Intangible asset	4,687,812
Investment property	2,576,528
Investments in subsidiary & associate	876,239,590
Investments	
Equity securities	82,573,398
Debt securities	282,770,694
Term deposits	59,939,775
Total Assets in Window Takaful Operations	446,952,852
Loans and other receivables	175,713,991
Insurance / Reinsurance receivables	1,070,663,833
Reinsurance recoveries against outstanding claims	1,022,607,058
Deferred commission expense	175,925,630
Prepayments	690,012,811
Cash & bank	490,059,464
Total assets (A)	6,211,318,989

In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000

(h)	Insurance / Reinsurance receivables	619,122,391
(i)	Intangible asset- computer software	4,687,812
(k)	Amounts available to the insurer under guarantees	14,665,303
(l)	Assets subject to encumbrances	2,066,916
(t)	Loans to employees and agents	13,967,699
(u)-(i)	Motor vehicles including leased	241,568,650
(u)-(i)	Motor tracking devices	59,991,177
(u)-(ii) & (iii)	Furniture, fixtures, office and computer equipments	109,120,448
(U)-(i)	Assets in WTO	23,566,484
Total of inadmissible assets (B)		1,088,756,880
Total admissible assets (C=A-B)		5,122,562,110

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

	2017 Rupees
Total Liabilities	
Total liabilities in window takaful operations	72,593,162
Underwriting provisions	
Outstanding claims including IBNR	1,385,321,234
Unearned premium reserve	1,581,500,585
Premium deficiency reserve	18,728,362
Unearned Reinsurance Commission	102,043,115
Deferred taxation	13,841,974
Borrowings	69,741,811
Premium received in advance	-
Insurance / Reinsurance payables	107,818,532
Other Creditors and Accruals	68,890,402
Taxation - provision less payment	67,966,259
Total liabilities (D)	3,488,445,436
Total net admissible assets (E=C-D)	1,634,116,673
Minimum Solvency Requirement (higher of following)	517,264,033
Method A - U/s 36(3)(a)	150,000,000
Method B - U/s 36(3)(b)	517,264,033
Method C - U/s 36(3)(c)	317,159,244
Excess in net admissible assets over minimum requirements	1,116,852,640

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

41 PROVIDENT FUND RELATED DISCLOSURE

The Company has maintained an employee provident fund trust and investments out of provident fund have been made in accordance with the provisions of Companies Act 2017, and the rules formulated for this purpose. The salient information of the fund is as follows:

	Note	2017 Rupees Audited	2016 Rupees
Size of the fund - Total assets		41,842,842	-
Cost of investments	41.1	30,000,000	-
Percentage of investments made		71.69%	-
Fair value of investments		30,026,219	-

41.1 The break-up cost of investments is as follows:

Term deposit receipts	25,000,000	-
Mutual Funds	5,000,000	-
	30,000,000	-

2017 2016

---Numbers---

42 NUMBER OF EMPLOYEES

As at December 31	782	959
Average number of employees during the year	844	967

43 CORRESPONDING FIGURES

43.1 As a result of adoption of the Insurance Rules, 2017, and the Insurance Accounting Regulations, 2017, (note 2.7), corresponding figures have been rearranged and reclassified, wherever necessary, to facilitate better comparisons. No significant reclassifications have been made during the current year except as disclosed in note 2.7 and are as follows:

Particulars	Note	From	To	Rupees Aggregate
Intangible assets	6	Fixed assets	Intangible assets	6,250,416
Term deposit receipts	11	Cash and bank deposits	Investments	103,031,579
Security deposits against rent agreements	12	Cash and bank deposits	Loans and other receivables	14,751,160

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

Particulars	Note	From	To	Rupees Aggregate
Lease security deposits	12	Cash and bank deposits	Loans and other receivables	26,538,950
Miscellaneous security deposits	12	Cash and bank deposits	Loans and other receivables	26,438,590
Sundry Receivables	12	Amount due from other insurers / reinsurers	Loans and other receivables	1,033,109
Loans to Employees and agents	12	Loans to Employees and agents	Loans and other receivables	17,394,811
Accrued Investment Income	12	Current assets-others	Loans and other receivables	13,556,698
Premium due but unpaid	13	Current assets-others	Insurance / Reinsurance receivables	709,226,890
Amount due from other insurers / reinsurers	13	Current assets-others	Insurance / Reinsurance receivables	500,883,594
Prepaid reinsurance premium ceded	16	Prepaid reinsurance premium ceded	Prepayments	595,977,299
Liabilities against assets subject to finance lease	20	Other liabilities	Borrowings	80,605,304
Accrued expenses	22	Accrued expenses	Other creditors and Accruals	7,402,019
Administrative expenses	27	General and Administrative expenses	Management Expenses	274,599,048
Car Ijarah Expense	27	Profit and Loss Account	Management Expenses	10,569,751
Administrative expenses	31	General and Administrative expenses	Other Expenses	19,455,575
Finance Charge on Lease Rentals	32	Profit and Loss Account	Finance Cost	10,416,286

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

43.2 The following nomenclature have been changed during the year for the purpose of better understanding.

Sr. #	Old Nomenclature	New Nomenclature
1	Issued, subscribed and paid-up share capital	Ordinary share capital
2	Amount due to other insurers / reinsurers	Insurance / reinsurance payables
3	Accrued expenses	Other creditors and accruals
4	Fixed assets - Tangibles owned	Property and equipment
5	Deferred tax liability	Deferred taxation
6	Staff retirement benefits	Retirement benefit obligations
7	Provision for outstanding claims (including IBNR)	Outstanding claims including IBNR
8	Provision for unearned premium	Unearned premium reserves
9	Commission income unearned	Unearned reinsurance commission
10	Net premium revenue	Net insurance premium
11	Net claims	Net insurance claims
12	Change in premium deficiency reserve	Premium deficiency
13	Net commission	Net commission and other acquisition costs
14	Provision for taxation	Income tax expense

44 SUBSEQUENT EVENTS-NON ADJUSTING

The board of directors have proposed final cash dividend for the year ended December 31, 2017 of Rs. Nil per share (2016: Rs. 1.0 per share) in addition to bonus shares for the year ended December 31, 2017 of Rs. 1.3 per share (2016: Rs. 1.1 per share), amounting to Rs. 260,201,760 (2016: Rs.198,352,000/-) at their meeting held on March 22, 2018 for the approval of the members at the annual general meeting to be held on Monday April 30, 2018. For the purpose of dividend bonus shares to be issued will not be considered.

45 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on March 22, 2018 by the Board of Directors of the Company.

46 GENERAL

The figures in the financial statements has been rounded off to the nearest Rupee.



Mohammad Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director



Khawas Khan Niazi
Director / President



Javid Sadiq
Chairman

OUR BRANCHES

Mr. Asad Rafique,

Branch Manager,
Office No. 1, 2nd Floor,
Ali Plaza, Supply Bazar, Mansehra Road,
Abbottabad.

Mian Anwar Zahid,

Executive Director,
Aziz Plaza, Circular Road,
Bahawalpur.

Mr. Aftab Alam,

Branch Manager,
Khan Baba Road, Near WF, Continental Hotel,
Bahawalnagar.

Haji Waris Khan,

Branch Manager,
Shop No. 10, City Centre Market,
North Circular Road Near Toyota Motor
Dera Ismail Khan.

Mian Kashif Rasheed,

Executive Director,
1st & 2nd Floor, Upper BOP
Kotwali Road
Faisalabad.

Mr. Akram Ali Shah,

Zonal Manager,
11-Cheema Chambers, Railway Road,
Faisalabad.

Mr. Farrukh Zeeshan,

Branch Head,
1st Floor, Faisal Complex, Bilal Road, Civil Line,
Faisalabad.

Mr. Muhammad Rauf

Branch Manager
5th Floor, State Life Building,
2-Liaqut Road,
Faisalabad.

Mr. Edwin Jamil

Corporate Head Business/Agency,
Lower Ground Floor, Lyallpur Trade Centre,
355-A Small D-Ground, People Colony No. 1
Faisalabad.

Khawaja Adnan Hassan,

Executive Director
Khawaja Mudassar Arcade, Opp: Din Plaza,
G.T. Road,
Gujranwala.

Mr. Waseem Bari Mughal

Zonal Manager
Trust Plaza, Block-H3,
1st Floor, G.T Road,
Gujranwala.

Mir Muhammad Jalal-ud-Din

Deputy General Manager,
1st Floor, Office # 2, Shahzada Market, Near KCBL
CANTT br, Shehreh-e-Quaid-e- Azam, Jutial
Gilgit Balitistan.

Mian Muhammad Ahsan

Zonal Manager,
Kunjah Road, Near N.B.P,
Gujrat.

Muhammad Muneef,

Manager,
Ali Akbar Plaza, Shah Hussain Chowk,
Circular Road,
Gujrat.

Mr. Junaid Samoo

Regional Manager,
2nd Floor, Goal Building,
Risala Road,
Hyderabad.

Mian M. Asif,

General Manager,
Chamber No.1 & 2, Mezzanine Floor,
City View Plaza, Unit No. 7, Latifabad,
Hyderabad.

OUR BRANCHES

Mr. Zeeshan Aslam

Vice President/Branch Manager
Office No.2&3,2nd floor MB City Mall, I-8 Markaz,
[Islamabad.](#)

Ch. Aslam Feroze

Executive Director,
21-E Huma Plaza, Mezzanine Floor, Blue Area,
[Islamabad.](#)

Mr. Intisar Ahmed Intisar,

Zonal Manager,
M-6, Gulistan House Branch,
82-East Fazal-e-Haq Road, Blue Area,
[Islamabad.](#)

Dr. Murtaza Mughal,

Executive Director,
402-4th Floor, Gulistan House,
Fazal-e-Haq Road, Blue Area,
[Islamabad.](#)

Ch. Iqbal Tahir

Joint Director,
Kashmir Commercial Complex, Building No. 1032-
E, 2nd Floor, Fazal-e-Haq Road, Blue Area,
[Islamabad.](#)

Mr. Rizwan Ul Haq,

Executive Director,
Office No. 304, 305 (3rd Floor),
Capital Business Centre, F-10, Markaz,
[Islamabad.](#)

Malik Zafar Yousaf

Joint Director,
Office No.301, 3rd Floor, Capital Business Centre,
F-10, Markaz,
[Islamabad.](#)

Hafiz Sohail Ahmed

General Manager,
Office No. 5, 1st Floor, Ahmad Centre
I-8 Markez
[Islamabad.](#)

Mr. Shahid Mahmood

Branch Head,
1st Floor, Dossal Plaza, Jinnah Avenue Blue Area,
[Islamabad.](#)

Mr. Tahir Mehmood Khan

Branch Manager,
3rd Floor, Sikandar Plaza, G.T. Road, Jada Chowk,
[Jhelum.](#)

Mr. Nazir Ahmad Memon,

Branch Manager,
Camp Office, 404-Madina City Mall,
Abdullah Haroon Road, Saddar,
[Karachi.](#)

Mr. Junaid Samoo,

Regional Manager,
Office No., 226-2nd Floor,
FP chambers S.I.T.E.
[Karachi.](#)

Syed Muteen Ahmed,

Deputy General Manager,
The United Insurance Company of Pakistan Ltd.
2nd Floor, State Life Building No. 2-A
Wallace Road, Policy Branch,
[Karachi.](#)

Mr. Tanveer Ahmed Bhatti,

Joint Director,
Office No. 303 3rd Floor, Europa Centre,
Hasrat Mohani Road,
[Karachi.](#)

Mr. Shakeel Ahmed,

Executive Director,
Suit No. 201, 2nd Floor, Aamir Trade Centre
PECHS Block-2, Allah Wali Chowrangi,
Main Shahrah-e-Quaideen,
[Karachi.](#)

Mr. Altamash Malik,

General Manager,
Central Office,
Office No. 202, 2nd Floor,
Clifton Centre, Block No. 5, Clifton,
[Karachi.](#)

OUR BRANCHES

Mian Anwar Zahid,
Executive Director,
302-A, Panorama Centre No. 2,
Raja Ghazanfar Ali Khan Road, Saddar
Karachi.

Pervaiz Samoo,
Regional Manager,
Office No. 226, 2nd Floor, FP Chambers
S.I.T.E
Karachi.

Mian Muhammad Asif
General Manager,
Office No. 201 & 202, 2nd floor,
Rehmani Chamber, Altaf Hussain Road, (near MCB
Bank New Challi Branch)
Karachi.

Mr. Salem Anwar
Assistant General Manager/Branch Head,
Office No. 201 & 202, 2nd floor,
Karachi Export Processing Zone (KEPZ)
Karachi.

Mr. Mohsin Ullah
Joint Director,
Plot No. 77-Q, Block-2 PECHS,
Karachi.

Mr. Shahrukh
Senior Executive Vice President
Office No. 606, 6th Floor Business Centre,
Main I.I Chundrigar Road,
Karachi.

Mr. Muhammad Naseem Butt
Joint Director,
18-Taj Mansion, 46-Shahrah-e-Quaid-e-Azam,
Lahore.

Mr. Imran Ali Hashmi
Branch Manager,
18-Taj Mansion, 46-Shahrah-e-Quaid-e-Azam,
Lahore.

Mr. Muhammad Rafi,
Joint Director,
40-Bank Square, The Mall,
Lahore.

Mr. Waqar Ahmed Noshahi
Assistant General Manager,
Office No: 12, 11nd Floor, Jalal Centre,
Mozang Road,
Lahore.

Mr. Asad Ali Qureshi
SVP Branch Head,
2nd Floor, Nizam Chamber, Queens Road,
Lahore.

Mr. Faisal Javed
Joint Director,
1st Floor, 93-B Shadman Colony,
Lahore.

Mr. Khalid Masood Bhatti,
AGM,
Pak Chambers, 2nd Floor, 5-Temple Road,
Lahore.

Mr. Shafaqat Ali Goraya,
Joint Director
2nd Floor, Shehpar Plaza,
19-Templer Road,
Lahore.

Mr. Muhammad Ayyaz Khattak,
Dev Manager,
House No. 166, Street No. 1, Sector-I,
KDA,
Kohat.

Mr. Ahsan Khurshid Haq,
SVP/Zonal Manager,
Office No. 303, 3rd Floor,
Khalij Tower Branch No. II, Jail Road,
Lahore.

OUR BRANCHES

Mr. Edwin Jamil

Business Head Corporate & Agency,
Office # 224, 2nd Floor,
Land Mark Plaza, Gulberg V, Jail Road,
Lahore.

Sheikh Muhammad Siddique,

Executive Director,
129-E, 2nd Floor, Tahawar Plaza,
Main Boulevard, Gulberg-III,
Lahore.

Mr. Zafar Mehmood,

General Manager/Head of Corporate Accounts
Office No. 10, 1st Floor, Centre Point Plaza,
Main Boulevard, Gulberg-III,
Lahore.

Mr. Muhammad Aslam Rajput,

Joint Director,
3rd Floor, Office No. 303,
Al-Hafeez Shopping Mall, Main Boulevard, Gulberg,
Lahore.

Mr. Muhammad Azeem,

Zonal Manager,
51-F, Auto Centre, 108-Lytton Road,
Lahore.

Mr. Agha Saud Mehmood,

Branch Manager,
2nd Floor, Asif Centre, 19-A, Abbott Road,
Lahore.

Mr. Fahad Liaqat,

Joint Director,
4th Floor, Suit No. 407, Empress Tower,
46-Empress Road,
Lahore.

Mr. Nadeem Safdar Chaudhry,

D.G.M,
FF-II, Central Plaza, Barket Market, Garden Town,
Lahore.

Raja Akhtar Khan,

General Manager,
Office No. 14, 3rd Floor, Bilal Centre,
Nicholson Road,
Lahore.

Mr. Nouman Ul Haq,

General Manager,
2nd Floor, Plaza No. 51-T, Phase-II Commercial,
D.H.A,
Lahore-Cantt.

Mr. Akmal Aslam

Deputy General Manager,
Office No. 1, 2nd Floor,
Carpet Chambers, 10-Abbot Road,
Lahore.

Mr. Muhammad Amaan Akhtar,

SVP / Zonal Manager
Office No. 5, Khurshid Building,
2nd Floor, 10-Abbot Road,
Lahore.

Mr. Khurram Mansoor Malik,

Joint Director
1st Floor, 31-Commercial Cavalry Ground,
CANTT,
Lahore.

Mr. Muhammad Mazhar Shah

Joint Director (Engineering Project)
Office No. 303, 3rd Floor,
Al-Qadir Center, New Garden Town,
Lahore.

Mian Kashif Rasheed,

Executive Director,
1st Floor, Nizam Chambers,
Shahrah-e-Fatima Jinnah,
Lahore.

Syed Naseem Hussain Jafree,

General Manager,
Iqbal Market, 7. 5-KM, Main Raiwind Road,
Lahore.

OUR BRANCHES

Mr. Jahanzeb Ali

Branch Manager,
2nd floor Shayam Plaza, Nihar Kinara Bahadar Khan
Road.
Mardan.

Mr. Muhammad Naseem Butt

Joint Director,
18-Taj Mansion, 46-Shahrah-e-Quaid-e-Azam,
Lahore.

Mian Anwar Zahid,

Executive Director,
1st Floor, London Tower, Shadman Colony,
Opp: High Court, Multan Cantt,
Multan.

Mr. Afzaal Khan,

Deputy General Manager,
2nd Floor, Commercial Plaza No.1, Opposite
children Complex, Abdali Road, Camp Office,
Multan.

Mr. Ayaz Ahmad,

Branch Manager,
2nd Floor, Alvaz Arcade, Opp: PTCL Exchange,
Mumtazabad,
Multan.

Mr. Ibad Ali Malik,

Branch Head,
Office No.8, 1st Floor, Al-Muzaffar Building, Water
Works road, Chowk Ghannta Ghar,
Multan.

Mr. Rizwan Saleem,

Branch Head,
Office No. 11, 1st Floor, Muhammad Arcade, LMQ
Road, Near Chungi No. 9,
Multan.

Mr. M. Tariq Khan,

Development Manager,
S/o. Saeed A. Khan,
House No. 439, B-VII, Upper Story,
Wapda- IIInd Sub Division, D.G. Khan Road,
Muzaffar Garh.

Syed Hamid Ali Zaidi

Zonal Manager,
Office No. 17-18, 4th Floor,
Bilour Shopping Plaza, Saddar Road,
Peshawar Cantt.

Mr. Muhammad Sohail Khan

Assistant General Manager
Office No. 265-266, 3rd Floor,
Dean's Centre,
Peshawar Cantt.

Mr. Jahanzeb Khan

Assistant General Manager,
Office No.6, 5th Floor,
Falak Shir Plaza Sadar Road,
Peshawar Cantt.

Mr. Muhammad Afsaar Ahmed

Zonal Manager,
House No. 1844/1, Nishtar Road,
Hameed Pur Colony No.3,
Mir Pur Khas.

Mr. Zarar Ahmed Butt

Executive Director,
Chandni Chowk, Bilal Plaza, Murree Road,
Rawalpindi.

Mr. Tanveer Ahmad Bhatti

Joint Director,
Office No. 5, 1st Floor, Crown Plaza, B-224, Satellite
Town, Rawalpindi.
Rawalpindi.

Malik Meharban Khan,

General Manager,
Munaf Plaza, 2nd Floor, Main Commercial Area,
Double Road, Chaklala Scheme-III,
Rawalpindi.

Mr. Muhammad Younas

Branch Manager,
Office No.17 1st Floor Royal Plaza 6th Road,
Satellite Town
Rawalpindi.

OUR BRANCHES

Mr. Mujeeb-Ur-Rehman Khokhar,
General Manager,
Office No. 13, 2nd Floor,
Resham Plaza, Chandni Chowk,
Rawalpindi.

Mr. Mushtaq Ahmed,
Chief Manager,
Century Tower, 2nd Floor
Opposite Statelife Building 6th The Mall,
Rawalpindi.

Mr. Shafaat Hussain Malick,
General Manager,
Office No. 03, 1st Floor, National Building,
Opp Rawalpindi General Hospital, Murree Road,
Rawalpindi.

Raja Muhammad Abdullah,
Regional Manager,
1st Floor, Shahzad Plaza, Nishtar Market, Near
Purana Taxi Stand,
Sargodha.

Mr. Tanveer Ejaz,
SVP/Zonal Chief,
2nd Floor, Office No. 3, Sharif Plaza, Sargodha Road,
Sheikhupura.

Mr. Muhammad Rafique Javaid,
Regional Manager,
280-X, Housing Colony, Lahore Road,
Sheikhupura.

Mr. Ashfaq Ali Moriani,
Regional Manager,
House No. 34/38, Old Saddar,
Sheikhupura.

Khawaja Sohail Anwaar
Branch Head
Al-Sheikh Welfare Centre Urdu Bazar,
Sialkot.

Mr. Muhammad Ilyas Butt,
Branch Manager,
Rehman Centre, Near Shahab Pura,
Railway Crossing, Defense Road,
Sialkot.

Mr. Tahir Mustafa,
Zonal Manager,
Office # 26/27, 2nd Floor,
Mughal Plaza, Kutchery Road,
Sialkot.

Syed Farhat Abbas,
Manager Development,
Warraich Plaza, Paris Road,
Sialkot.

Mr. Sajjid Iqbal,
Branch Head,
Office No. 8, C-2, 3rd Floor, Jawad Centre,
Defence Road,
Sialkot.

Mr. Muhammad Yaseen Chaudhry,
Zonal Manager,
147-Railway Road,
Sahiwal.

Syed Athar Raza Zaidi,
VP/Zonal Manager,
405-V2- Green View Complex, Stadium Road,
Sahiwal.

Ch. Ejaz Ahmed,
Senior General Manager,
House No: 1408/475,
New Latif Park Old,
Sukkur.

Mr. Zulfiqar Ali,
Branch Manager
Office No. 7, Mezzanine Floor,
Shalimar Complex, Minara Road,
Sukkur.

OUR BRANCHES

Mr. Muhammad Yasin,
Branch Manager
House No. 183-V,
Peoples Colony,
Vehari.

Mr. Mansoor Shoaib,
Branch Head
20-Model Town,
Rahim Yaar Khan.

Rao Nisar Ahmad,
Zonal Manager,
1st Floor, Shah Din Plaza, Farid Gate,
Bahawalpur.

WINDOW TAKAFUL OPERATION

Mr. Shakeel Ahmed,
Head of Window takaful operations,
Shahrah-e-Qaideen Branch,
Karachi.

Mr. Taufeeq Mannan,
Corporate Head/General Manager Marketing,
Ibrahim Trade Tower Branch,
Karachi.

Mr. Hassan Nadeem,
Branch Head,
F-7, Markaz Branch,
Islamabad.

Mr. Mumtaz Kahloon,
Branch Manager,
Tahawar Plaza Branch
Lahore.

Mr. Faisal Afzaal,
Branch Head,
Eden Centre Branch,
Lahore.

Mr. Irfan Tirmazi,
Branch Head,
Taj Arcade Branch
Lahore.

United Window Takaful Operations

Annexure



SHARIAH ADVISOR'S REPORT TO THE BOARD OF DIRECTORS

for the Year Ended December 31, 2017

الحمد لله رب العالمين والصلاة والسلام على سيد الانبياء
والمرسلين وعلى اله واصحابه اجمعين، وبعد.

Being a Shariah Advisor of The United Insurance of Pakistan Limited Window Takaful Operations (hereafter referred as the "Operator") it is my responsibility to review the Takaful products including PMDs and all relevant documents, underwriting procedures, Re-Takaful Arrangements, and all financial activities related to the Participants and shareholder funds undertaken by the operator.

On the other hand it is the responsibility of the Operator to follow the prevailing Takaful Rules issued by SECP and guidelines set by the Shariah Advisor and to take prior approval of Shariah Advisor for all policies and services being offered by the Operator.

In my opinion and to the best of my understanding based on Shariah compliance review, explanations provided by the Operator and audit report of the External auditors, blow are the findings:

- 1- Underwriting, investments and financial activities undertaken by the Operator for the year of ended 31 December, 2017 were in accordance with Takaful Rules, 2012 and guidelines issued by me in the capacity of Shariah Advisor.
- 2- Appropriate accounting policies and basis of measurement have been consistently applied in preparation of the financial statements of "Participant Takaful Fund (Waqf Fund)" and "Operator Fund".
- 3- The Operator found performing its duties to its level best by following Shariah guidelines and through consultation with me where needed.
- 4- Any cases which were required to be consulted in accordance with the Shariah and Takaful Rules have been discussed and duly resolved

Consequently, I pray to Allah Almighty to grant United Window Takaful Operations remarkable success and help the entire team at every step and keep away from every hindrance and difficulty.

وصل اللهم وسلم وبارك على سيدنا محمد وعلى اله واصحابه اجمعين



Mufti Muhammad Farhan Farooq

Shariah Advisor

Window Takaful Operations
The United Insurance Company of
Pakistan Limited

Date :March 22, 2018

SHARIAH AUDITOR'S REPORT ON COMPLIANCE

Independent assurance report to the Board of Directors and Shariah Advisor of The United Insurance Company of Pakistan Limited- Window Takaful Operations (WTO) in respect of WTO's compliance with the Shariah rules and principles

We have performed an independent assurance engagement (Shariah Compliance Audit) of The United Insurance Company Pakistan Limited - Window Takaful Operations (WTO) to ensure that the WTO has complied with the Shariah rules and principles as prescribed by the Shariah of the WTO and the Takaful Rules, 2012, during the year ended December 31, 2017.

MANAGEMENT RESPONSIBILITY FOR SHARIAH COMPLIANCE

It is the responsibility of the WTO to ensure that the financial arrangements, contracts, products and transactions entered into by the WTO and The United Insurance Company Pakistan Limited (Window Takaful Operations) - Participant Takaful Fund (PTF) with participants, other financial institutions and stakeholders are, in substance and in their legal form, in compliance with the requirements of Shariah rules and principles as determined by the WTO's Shariah Advisor and the Takaful Rules, 2012.

OUR RESPONSIBILITY

Our responsibility in connection with this engagement is to express an opinion, based on the procedures performed on the sample basis, whether these financial arrangements, contracts, products and transactions are in compliance with the requirements of the Shariah rules and principles as prescribed by the WTO's Shariah Advisor and the Takaful Rules, 2012.

The procedures selected by us for the engagement depended on our judgment, including the assessment of the risks of material non-compliance with the said Shariah rules and principles. In making those risk assessments, we considered such internal control procedures as were relevant to the WTO's compliance with Shariah rules and principles. Our engagement was, however, not intended for expressing opinion on the effectiveness of the WTO's internal controls for the purposes of compliance with the Shariah rules and principles.

We believe that the evidence we have obtained through performing our procedures on a sample basis was sufficient and appropriate to provide a basis for our opinion.

In addition, interpretation and conclusion of the Shariah Advisor of the WTO is considered final for the purpose of interpretation of the Shariah matters mentioned in the Takaful Rules, 2012.

SHARIAH AUDITOR'S REPORT ON COMPLIANCE

FRAMEWORK FOR THE ENGAGEMENT

We have conducted our engagement in accordance with International Standard for Assurance Engagements 3000 (ISAE 3000) issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants. This Standard requires that we comply with ethical requirements and plan and perform the engagement to obtain reasonable assurance regarding the subject matter i.e. the WTO's compliance with the Shariah rules and principles as determined by the Shariah Advisor and the Takaful Rules, 2012.

OUR OPINION

In our opinion, based on the sample selected, the financial arrangements, contracts, products and transactions entered into by the WTO and the PTF, as the case may be, for the year ended December 31, 2017, are in compliance with the requirements of the Shariah rules and principles as prescribed by the Shariah Advisor and the Takaful Rules, 2012 in all material respects.



ILYAS SAEED & CO.

Chartered Accountants

Engagement Partner: Muhammad Ilyas

Date: March 22, 2018

Place: Lahore

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed statement of financial position of The United Insurance Company of Pakistan Limited – Window Takaful Operations (“the Operator”) as at December 31, 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in funds 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 the above said statements in conformity with the approved accounting standards and the requirements of Insurance Ordinance, 2000 (XXXIX of 2000) and the Companies Ordinance, 1984 (XLVII of 1984). Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. 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 Window Takaful Operator as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- b) in our opinion :
 - i) the statement of financial position and statement of comprehensive income together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes as stated in note 3.11 and 3.23 with which we concur;
 - ii) the expenditure incurred during the year was for the purpose of the Window Takaful Operator business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Window Takaful Operator;
- 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 funds together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Window Takaful Operator affairs as at December 31, 2017 and of the profit, comprehensive income, its cash flows and changes in funds for the year then ended; and

AUDITORS' REPORT TO THE MEMBERS

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

The financial statements of the Window Takaful Operator for the year ended December 31, 2016 were audited by another firm of chartered accountants whose reports dated April 06, 2017, expressed unqualified opinion on those statements.



ILYAS SAEED & CO.

Chartered Accountants

Engagement Partner: Muhammad Ilyas

Date: March 22, 2018

Place: Lahore

STATEMENT OF FINANCIAL POSITION

As at December 31, 2017

Note	PTF	OPF	Aggregate	Aggregate	Aggregate	
	Participants' Takaful Fund	Operator's Fund	2017	2016 Re-stated	2015 Re-stated	
-----Rupees-----						
Assets						
Property and equipment	5	46,264,585	19,981,610	66,246,195	77,638,772	55,446,855
Intangible assets		-	-	-	-	-
Investment property		-	-	-	-	-
Investment in subsidiary and associate		-	-	-	-	-
Investments						
Equity Securities	6	28,914,112	14,914,856	43,828,968	8,663,749	6,130,291
Debt Securities	7	62,046,973	20,078,987	82,125,960	80,581,932	20,320,000
Term deposits	8	46,000,000	20,000,000	66,000,000	63,000,000	78,000,000
Loans and others receivables	9	39,923,640	344,283,862	384,207,502	169,498,851	124,571,957
Takaful / Re-takaful receivables	10	344,131,218	-	344,131,218	142,674,565	125,986,838
Retakaful recoveries against outstanding claims		50,883,177	-	50,883,177	14,196,873	9,484,012
Salvage recoveries accrued		-	-	-	-	-
Deferred commission expense		-	44,263,854	44,263,854	36,180,197	30,804,962
Deferred taxation		-	-	-	-	-
Taxation - payment less provision		-	-	-	-	-
Prepayments	11	169,830,482	-	169,830,482	44,918,892	45,178,099
Cash & bank	12	23,948,759	3,429,683	27,378,442	14,999,226	37,102,876
Total assets		811,942,946	466,952,852	1,278,895,798	652,353,056	533,025,890
Fund and Liabilities						
Waqf/ Participants' Takaful Fund (PTF)						
Ceded money	13	500,000	-	500,000	500,000	500,000
Accumulated deficit		10,350,095	-	10,350,095	(51,036,774)	1,865,931
Available for sale reserve		(5,101,569)	-	(5,101,569)	129,820	31,743
Total Waqf/Participants' Takaful Funds		5,748,526	-	5,748,526	(50,406,954)	2,397,674
Operator's Fund (OPF)						
Statutory fund	14	-	50,000,000	50,000,000	50,000,000	50,000,000
Accumulated Profit		-	347,972,994	347,972,994	148,904,012	79,076,965
Available for sale reserve		-	(3,613,304)	(3,613,304)	33,929	-
Total Operator's funds		-	394,359,690	394,359,690	198,937,941	129,076,965
Liabilities						
Underwriting provisions						
Provision for outstanding claims (including IBNR)		116,989,901	-	116,989,901	59,800,049	27,963,453
Contribution deficiency reserve		633,460	-	633,460	20,207,851	5,724,464
Reserve for unearned contribution		295,890,385	-	295,890,385	155,854,152	155,932,108
Reserve for unearned retakaful rebate		35,558,525	-	35,558,525	8,612,773	8,926,325
Staff retirement benefits	15	-	-	-	3,337,406	2,477,799
Deferred taxation		-	-	-	-	-
Borrowings		-	-	-	-	-
Contribution received in advance		-	-	-	-	-
Takaful / Re-takaful payables	16	29,895,051	37,560,735	67,455,786	53,539,355	37,911,744
Other creditors and accruals	17	327,227,099	35,032,427	362,259,527	202,470,484	162,615,358
Taxation - payment less provision		-	-	-	-	-
Total liabilities		806,194,421	72,593,162	878,787,584	503,822,070	401,551,251
TOTAL FUND AND LIABILITIES		811,942,946	466,952,852	1,278,895,798	652,353,056	533,025,890
Contingency(ies) and commitment(s)	18	-	-	-	-	-

The annexed notes from 1 to 39 form an integral part of these financial statements.



Mohammad Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director

PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2017

	Note	2017 Rupees	2016 Rupees
Participants' Takaful Fund Revenue Account			
Net takaful contribution	19	687,024,865	405,110,999
Net takaful claims	20	(205,643,480)	(191,097,240)
Contribution deficiency income/expense		19,574,391	(14,483,387)
Net rebate on retakaful	21	28,183,116	25,277,501
Wakala fee	25	(384,845,183)	(211,596,196)
Takaful claims and acquisition expenses		(542,731,156)	(391,899,322)
Direct expenses	22	(91,687,066)	(52,501,368)
Underwriting results		52,606,643	(39,289,691)
Investment Income	23	5,828,656	3,878,096
Other income	24	2,951,569	1,508,890
Result of operating activities-PTF		61,386,868	(33,902,705)
Operator's Revenue Account			
Wakala fee	25	384,845,183	211,596,196
Net commission & other acquisition cost	26	(78,333,964)	(69,670,131)
Management expenses	27	(107,296,876)	(92,278,051)
		199,214,343	49,648,014
Other income	28	561,810	236,957
Investment income	29	1,672,557	986,446
Other expenses	30	(2,379,729)	(1,667,861)
Profit for the year		199,068,981	49,203,558

The annexed notes from 1 to 39 form an integral part of these financial statements.



Khawas Khan Niazi
Director / President



Javaid Sadiq
Chairman

STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2017

	2017 Rupees	2016 Rupees (Re-stated)
Participants' Takaful Fund (PTF)		
Result of operating activities-PTF	61,386,869	(33,902,705)
Other comprehensive income for the year		
Item to be re-classified to profit and loss account in subsequent period:		
Unrealized loss on revaluation of available for sale investments	(5,101,569)	129,820
Realized loss on revaluation of available for sale investments	(129,820)	(31,743)
	(5,231,389)	98,077
Total comprehensive income/(loss) for the year	56,155,480	(33,804,628)
Operator's Fund (OPF)		
Profit for the year	199,068,982	49,203,557
Other comprehensive income for the year		
Item to be re-classified to profit and loss account in subsequent period:		
Unrealized loss on revaluation of available for sale investments	(3,613,304)	33,929
Realized loss on revaluation of available for sale investments	(33,929)	-
Item not to be re-classified to profit and loss account in subsequent period:		
Actuarial gain on defined benefit plan	-	1,623,490
	(3,647,233)	1,657,419
Total comprehensive income for the year	195,421,749	50,860,976

The annexed notes from 1 to 39 form an integral part of these financial statements.



Mohammad Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director



Khawas Khan Niazi
Director / President



Javaid Sadiq
Chairman

CASH FLOW STATEMENT

For the year ended December 31, 2017

	PTF Participants' Takaful Fund	OPF Operator's Fund	Aggregate 2017	Aggregate 2016
-----Rupees-----				
Operating cash flows:				
a) Underwriting activities:				
Takaful Contribution received	738,279,973	-	738,279,973	545,926,230
Retakaful contribution (paid) / received	(247,476,040)	944,482	(246,531,558)	(108,070,629)
Claims paid	(258,896,932)	-	(258,896,932)	(233,490,126)
Retakaful and other recoveries received	96,617,871	-	96,617,871	35,893,154
Commission paid	-	(86,417,623)	(86,417,623)	(75,045,366)
Management and other expenses paid	(67,165,789)	(103,690,430)	(170,856,219)	(117,201,384)
Wakala fee (paid)/ received	(384,845,183)	384,845,183	-	-
Retakaful rebate received	55,128,868	-	55,128,868	24,963,949
Net cash flow from underwriting activities	(68,357,233)	195,681,612	127,324,378	72,975,828
b) Other operating activities:				
Other operating (payments)/ receipts	108,971,262	(165,082,347)	(56,111,085)	(19,067,667)
Loans advanced	-	(2,388,009)	(2,388,009)	(1,445,803)
Loan repayments received	-	1,771,420	1,771,420	315,000
Net cash flow from other operating activities	108,971,262	(165,698,936)	(56,727,674)	(20,198,470)
Total cash flow from all operating activities	40,614,029	29,982,676	70,596,705	52,777,358
Investment activities:				
Investment income/ (loss) received	4,893,570	1,694,891	6,588,461	3,411,575
(Payments) for investment / Investment properties	(23,620,378)	(28,311,644)	(51,932,022)	(28,600,616)
Fixed capital expenditure	(10,373,925)	(2,500,004)	(12,873,929)	(49,691,966)
Total cash flow from investing activities	(29,100,733)	(29,116,757)	(58,217,490)	(74,881,007)
Financing activities:				
Statutory reserve	-	-	-	-
Ceded money	-	-	-	-
Qarz e hasna	-	-	-	-
Total cash flow financing activities	-	-	-	-
Net cash flow from all activities	11,513,296	865,919	12,379,214	(22,103,649)
Cash and cash equivalents at the beginning of the year	12,435,463	2,563,764	14,999,228	37,102,876
Cash and cash equivalents at the end of the year	23,948,759	3,429,683	27,378,442	14,999,226

CASH FLOW STATEMENT

For the year ended December 31, 2017

	PTF	OPF	Aggregate	Aggregate
	Participants' Takaful Fund	Operator's Fund	2017	2016
-----Rupees-----				
Reconciliation of profit and loss account				
Net cash flow from underwriting activities	40,614,029	29,982,676	70,596,705	52,777,358
Depreciation expense	(21,569,707)	(2,696,799)	(24,266,507)	(27,500,049)
Rentals on Car Ijarah	-	(2,727,566)	(2,727,566)	(3,419,260)
Increase/ (decrease) in assets other than cash	398,546,466	185,137,593	583,684,059	92,472,571
(Increase)/ decrease in liabilities other than borrowings	(362,032,575)	(12,299,478)	(374,332,054)	(102,270,819)
Realized loss on revaluation of available for sale investments	(129,820)	(33,929)	(163,749)	(31,743)
Investment income	5,958,476	1,706,486	7,664,963	3,272,794
(Deficit)/profit for the year	61,386,869	199,068,983	260,455,851	15,300,852
Attributed to:				
Participants' takaful fund	61,386,869	-	61,386,869	(33,902,705)
Operator's fund	-	199,068,982	199,068,982	49,203,557
	61,386,869	199,068,982	260,455,851	15,300,852

The annexed notes from 1 to 39 form an integral part of these financial statements.



Mohammad Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director



Khawas Khan Niazi
Director / President



Javaid Sadiq
Chairman

STATEMENT OF CHANGES IN FUNDS

As at December 31, 2017

	Ceded money	Accumulated deficit	Available for sale reserve	Total
-----Rupees-----				
Participants' Takaful Fund				
Balance as at January 01, 2016 (as previously reported)	500,000	1,865,931	-	2,365,931
Effect of change in accounting policy-note 24.2			31,743	31,743
Balance as at January 01, 2016 (re-stated)	500,000	1,865,931	31,743	2,397,674
Total comprehensive loss				
Deficit for the year	-	(33,902,705)	-	(33,902,705)
Other comprehensive income (Re-stated)	-	-	98,077	98,077
	-	33,902,705)	98,077	(33,804,628)
Qarz-e-hasna returned to Operator's fund (OPF)	-	(19,000,000)	-	(19,000,000)
Balance as at December 31, 2016 (as previously reported)	500,000	(51,036,774)	-	(50,536,774)
Balance as at December 31, 2016 (Restated)	500,000	(51,036,774)	129,820	(50,406,954)
Total comprehensive income				
Surplus for the year	-	61,386,869	-	61,386,869
Other comprehensive loss	-	-	(5,231,389)	(5,231,389)
	-	61,386,869	(5,231,389)	56,155,480
Balance as at December 31, 2017	500,000	10,350,095	(5,101,569)	5,748,526
	Statutory fund	Accumulated profit	Available for sale reserve	Total
-----Rupees-----				
Operator's fund				
Balance as at January 01, 2016	50,000,000	79,076,965	-	129,076,965
Total comprehensive income for the year				
Profit after tax	-	49,203,557	-	49,203,557
Other comprehensive income for the year (Re-stated)	-	1,623,490	33,929	1,657,419
	-	50,827,047	33,929	50,860,976
Qarz-e-hasna to Participants' Takaful Fund	-	19,000,000	-	19,000,000
Balance as at December 31, 2016 (as previously reported)	50,000,000	148,904,012	-	198,904,012
Balance as at December 31, 2016 (Restated)	50,000,000	148,904,012	33,929	198,937,941
Total comprehensive income				
Profit after tax	-	199,068,982	-	199,068,982
Other comprehensive loss	-	-	(3,647,233)	(3,647,233)
	-	199,068,982	(3,647,233)	195,421,749
Balance as at December 31, 2017	50,000,000	347,972,994	(3,613,304)	394,359,690

The annexed notes from 1 to 39 form an integral part of these financial statements.



Mohammad Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director



Khawas Khan Niazi
Director / President



Javid Sadiq
Chairman

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

1 LEGAL STATUS AND NATURE OF BUSINESS

The United Insurance Company of Pakistan Limited (hereinafter called 'the Company') was incorporated in Pakistan on October 20, 1959, as a Public Limited Company under the Defunct Companies Act, 1913, now the repealed Companies Ordinance 1984, and its shares are quoted on Pakistan Stock Exchange Limited. The Registered Office of the Company is situated at 204, 2nd floor, Madina City Mall, Abdullah Haroon Road, Saddar, Karachi, and its Head Office is located in Lahore. The principal activity of the Company is General Insurance Business and it qualifies as a domestic Insurance company under Insurance Ordinance, 2000 and undertakes Fire & Property Damage, Marine, Aviation & Transport, Motor, Crop and Miscellaneous General insurance.

The United Insurance Company of Pakistan Limited has been allowed to work as Window Takaful Operator (WTO) (hereinafter called "the Operator") through License No. 1 on August 18, 2014 by Securities and Exchange Commission of Pakistan under Takaful Rules, 2012 to carry on Islamic General Insurance in Pakistan. For the purpose of carrying on takaful business, the Company has formed a Waqf/Participants' Takaful Fund (PTF) on June 09, 2014 under a trust deed. The trust deed governs the relationship of shareholders and policy holders for management of takaful operations. The Operator has not transacted any business outside Pakistan.

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

During the year, the Companies Ordinance, 1984, has been repealed and the Companies Act, 2017 (the Act) has been promulgated. However, the Securities and Exchange Commission of Pakistan (SECP) wide its circular no. 23 of 2017 dated October 04, 2017, has communicated Commission's decision that "the companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984."

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 International Accounting Standard 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 SECP Takaful Rules, 2012. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017 and SECP Takaful Rules, 2012 shall prevail.

These financial statements reflect the financial position and results of Window Takaful Operations of both the Operators' Fund (OPF) and the Participants' Takaful Fund (PTF) in a manner that assets, liabilities, income and expenses of the Operator and PTF remains separately identifiable.

2.1 Basis of measurement

The financial statements have been prepared under the historical cost convention except for certain obligations under employee retirement benefits which are measured at present value and certain financial instruments which are measured at fair value.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

2.2 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is the Operator's functional currency and presentation currency. All figures have been rounded to the nearest rupee, unless otherwise stated.

2.3 Standards, interpretations and amendments effective in the current year:

The following standards, interpretations and amendments to standards and interpretations have been effective and are mandatory for the financial statements of the Operator for the periods beginning on or after January 01, 2017 and, therefore, have been applied in preparing these financial statements.

- Annual improvements - 2014-2016 cycle:

Annual Improvements to IFRSs through 2014-2016 cycle have been issued by IASB on December 08, 2016, amending the following standard:

• IFRS 12: Disclosure of Interests in Other Entities

Clarify that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 – 'Non-current Assets Held for Sale and Discontinued Operations'. The amendment is not likely to have an impact on Operator's financial statements.

- IAS 7 Cash flows statement:

The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are not likely to have a significant impact on Operator's financial statements except for certain presentational amendments.

- IAS 12 Income taxes:

The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have an impact on Operator's financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

- **IFRS 5: Non-current Assets Held for Sale and Discontinued Operations:**

Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued. The amendments are not likely to have an impact on Operator's financial statements.

- **IFRS - 7: Financial Instruments: Disclosures:**

Adds additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of determining the disclosures required. It also clarifies the applicability of the amendments to IFRS - 7 on offsetting disclosures to financial statements. The amendments are not likely to have any material impact on Operator's financial statements.

- **IFRS 10, IFRS 12 and IAS 28 Investment Entities:**

The amendments clarify the application of the consolidation exception for investment entities and their subsidiaries. The amendments are not likely to have any material impact on Operator's financial statements.

2.4 Standards, interpretations and amendments becoming effective in current year but not relevant:

There are certain amendments to standards that became effective during the year and are mandatory for accounting periods of the Operator's beginning on or after January 01, 2017 but are considered not to be relevant to the operations and are, therefore, not disclosed in these financial statements.

2.5 Standards, interpretations and amendments becoming effective in future periods

The following standards, amendments to standards and interpretations have been published IASB and are mandatory for the Operator's accounting period beginning on or after their respective effective dates.

- **Annual improvements - 2014-2016 cycle:**

The improvements address amendments to following approved accounting standards:

- IFRS 1: First-time Adoption of International Financial Reporting Standards
- IAS 28: Investments in Associates and Joint Ventures

Effective for annual period beginning on or after January 01, 2018. The application of these amendments is not expected to have any material impact on the Operator's financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

- Annual Improvements 2015–2017 Cycle:

The improvements address amendments to following approved accounting standards:

• IFRS 3 Business Combinations and IFRS 11 Joint Arrangement

The amendment clarify the accounting treatment when a Operator increases its interest in a joint operation that meets the definition of a 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 Operator 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.

The above amendments are effective from annual period beginning on or after January 01, 2019. The application of these amendments are not expected to have any impact on the Operator's financial statements.

- IFRS 15 Revenue from Contracts with Customers:

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programs'. The Operator is currently in the process of analyzing the potential impact of changes required in revenue recognition policies on adoption of the standard. Management is in the process of assessing the impact of adoption of this standard on the financial statements.

The standard is effective for accounting periods beginning on or after January 01, 2018. The Management is in the process of evaluating the impact of application of the standard on the Operator's financial statements.

- IFRS 2 - Share based payments:

The amendments to IFRS 2 address the main areas of vesting conditions, classification and accounting for modification to the terms and conditions.

The amendment is effective for accounting period beginning on or after January 01, 2018. The application of amendments is not expected to have any impact on the Operator's financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

- IFRS 4 - Insurance Contracts:

Amended by applying IFRS 9 "Financial Instruments" along with IFRS 4 "Insurance Contracts", allowing an entity to apply the overlay approach retrospectively to qualifying financial assets when it first applies IFRS 9 or chooses to apply the deferral approach for annual periods beginning on or after January 01 2018.

The management of the Operator is reviewing the changes to evaluate the impact of application of standard on the financial statements.

- IFRS 9 Financial Instruments (2014):

IFRS 9 contains accounting requirements for financial instruments in the areas of classification and measurement, impairments, hedge accounting, de-recognition:

All recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at Fair Value Through Other Comprehensive Income. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, standard requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

In relation to the impairment of financial assets, standard requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39.

The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The standard is effective for accounting period beginning on or after January 01, 2018. The management of the company is reviewing the changes to evaluate the impact of application of standard on the financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

- IFRS 16 Leases:

Replaces the current IAS - 17 and requires lessees to recognize a lease liability reflecting future lease payments for virtually all lease contracts.

The amendments are effective for accounting periods beginning on or after January 01, 2019. The Management is in the process of evaluating the impact of application of the standard on the Operator's financial statements.

- IAS 40 - Investment Property:

Provides guidance on transfers of investments property. The Standard is effective for accounting periods beginning on or after January 01, 2018. The Management is in the process of evaluating the impact of application of the standard on the Operator's financial statements.

- IFRIC 22 - Foreign Currency Transactions and Advance Consideration:

The amendments 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 Standard is effective for accounting periods beginning on or after January 01, 2018. The management is in the process of evaluating the impact of application of the standard on operator's financial statements.

- IFRIC 23 - Uncertainty over Income Tax Treatments

The amendments 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 Standard is effective for accounting periods beginning on or after January 01, 2019. The application of interpretation is not likely to have an impact on Operator's financial statements.

2.6 Standards, interpretations and amendments becoming effective in future period but not relevant:

There are certain new standards, amendments to standards and interpretations that are effective for different future periods but are considered not to be relevant to operator's operations, therefore not disclosed in these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

2.7 Adoption of new insurance rules, 2017 and insurance accounting regulations, 2017

During the period SECP has issued the insurance rules, 2017 including the new insurance regulations, 2017 and format for the preparation of the financial statements. The new insurance rules are effective for the current period financial statements. The significant changes resulting from such new rules effecting these financial statements are as follows:

2.7.1 Certain changes have been made to the presentation of the financial statements which includes the following:

Changes in sequence of assets / liabilities in the statement of financial position;

Discontinuation of separate statements of contribution, claims, rebate and investment income, which are now presented (on aggregate basis) into the notes of financial statements (19,20,21,23);

Underwriting results in relation to various classes of business which were previously presented on the phase of the profit & loss account are now presented in a separate note (note 33).

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these financial statements are set out below.

3.1 Property and equipment

3.1.1 Operating assets

These are stated at cost less accumulated depreciation except for freehold land, which is stated at cost, and certain buildings which are stated at revalued amount so as to keep the carrying value equal to the fair market value of the asset.

Depreciation on all property and equipment is charged to profit and loss account on the reducing balance method so as to write off depreciable amount of an asset over its useful life at the rates stated in note 5.3. Depreciation on additions to/ disposal from property and equipment for the year is charged on "number of days basis".

Maintenance and normal repairs are charged to profit and loss account as and when incurred, while major renewals and improvements are capitalized.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the operator and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the period in which they are incurred.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

- Ijarah contracts

Ijarah rentals (Ujrah) under ijarah contracts are recognized as an expense in the profit and loss on a straight-line basis over the ijarah term.

3.2 Takaful contracts

The Takaful contracts are based on the principles of wakala. The takaful contracts so agreed usually inspire concept of tabarru (to donate for benefit of others) and mutual sharing of losses with the overall objective of eliminating the element of uncertainty. Contracts under which the Participant Takaful Fund (PTF) accepts significant takaful risk from another party (the policy holder) by agreeing to compensate the policyholder if a specified uncertain future event (the takaful event) adversely affects the policyholder are classified as takaful contracts. Takaful risk is significant if a takaful event could cause the PTF to pay significant benefits due to the happening of the takaful event compared to its non happening. 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.

The PTF underwrites non-life takaful contracts that can be categorized into fire and property, marine, aviation and transport, motor, health and miscellaneous contracts. Contracts may be concluded for a fixed term of one year, for less than one year and in some cases for more than one year. However, most of the contracts are for twelve months duration. Takaful contracts entered into by the PTF under which the contract holder is another takaful operator/ insurer of a facultative nature are included within the individual category of takaful contracts, other than those which fall under the treaty.

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

Marine, aviation and transport takaful provides coverage against cargo risk, terminals, damage occurred in between the points of origin and final destination and other related perils.

Motor takaful provides comprehensive car coverage, indemnity against third party loss and other related covers.

Health takaful provides basic hospital care including maternity care and outpatient care.

Miscellaneous takaful provides cover against burglary, loss of cash in safe and cash in transit, money, engineering losses, travel and other coverage.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

3.3 Deferred commission expense / Acquisition cost

Commission and other incremental acquisition costs incurred in obtaining and recording policies of takaful and retakaful were deferred and calculated by applying twenty-fourths method and recognized as assets where they can be reliably measured and it is probable that they will give rise to contribution revenue that will be recognized in subsequent reporting periods. Incremental acquisition costs of a policy are costs of selling, underwriting and initialing an insurance policy which has been issued, i.e., the costs are identified at the level of an individual policy and not at the level of a portfolio of policies.

Deferred acquisition costs (if any) were amortized systematically over the reporting periods over which the related contribution revenue is recognized.

An acquisition cost which is not incremental were recognized as expense during the period in which the related contribution revenue is recognized.

3.4 Unearned contribution

The unearned portion of contribution written net of wakala fee is set aside as a reserve and is recognized as a liability. This liability is calculated by applying twenty-fourths method as specified in the Insurance Accounting Regulations, 2017.

3.5 Contribution deficiency reserves

The Operator 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 statement of financial position date in respect of the unexpired policies in that class of business at the statement of financial position date. The movement in the contribution deficiency reserve is recorded as an expense/ income in profit and loss account for the year.

For this purpose, loss ratios for each class are estimated based on historical claim development. Historical experience is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims. Further, actuarial valuation has been carried out to determine the amount of contribution deficiency reserve in respect of Accident and Health Takaful classes as required by Insurance Rules, 2017. If these ratios are adverse, contribution deficiency is determined. The loss ratios estimated on these basis for the unexpired portion are as follows:

	2017	2016
- Fire and property damage	50%	84%
- Marine, aviation and transport	66%	53%
- Motor	26%	35%
- Health & Miscellaneous	74%	112%

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

Based on analysis of combined operating ratio for the expired period of each reportable segment, the management considers that the unearned contribution reserves for all the classes of business, except for the segment of fire, as at the year end is adequate to meet the expected future liability, after retakaful, from claims and other expenses expected to be incurred after the statement of financial position date in respect of policies in those classes of business in force at the statement of financial position date. Hence, no reserve for the same has been made in these financial statements except for the segment of Personal Accident where actuary provides for the figure to be recognized as contribution deficiency reserve.

3.6 Re-takaful ceded

Takaful contracts entered into by the operator with retakaful companies for compensation of losses suffered on takaful contracts issued are retakaful contracts. These retakaful contracts include both facultative and treaty arrangement contracts.

The operator enters into retakaful contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward retakaful contributions are accounted for in the same period as the related contributions for the direct or accepted retakaful business.

Retakaful liabilities represent balance due to retakaful companies. Amounts payable are estimated in a manner consistent with the related retakaful contract. Retakaful assets represent balances due from retakaful companies. Amounts recoverable from retakaful companies are estimated in a manner consistent with the provisions for outstanding claims or settled claims associated with the retakaful policies and are in accordance with the related retakaful contract.

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

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

The operator assesses its retakaful assets for impairment on statement of financial position date. If there is objective evidence that retakaful assets are impaired, the operator reduces the carrying amount of the retakaful assets to its recoverable amount and recognizes impairment loss in the profit and loss account, if any.

3.7 Receivables and payables related to takaful contracts

Receivables and payables related to takaful contracts are recognized when due at cost which is the fair value of the consideration given less provision for impairment, if any.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

3.7.1 Takaful / Re-takaful receivables

Contributions due from takaful/retakaful represents the amount due from participants and other takaful insurers on account of takaful contracts. These are recognized at cost, which is the fair value of the contribution to be received less provision for impairment, if any.

3.7.2 Retakaful recoveries against outstanding claims

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

3.8 Segment reporting

A business segment is a distinguishable component of the operator that is engaged in providing services that are subject to risks and returns that are different from those of other business segments. The operator accounts for segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the Takaful Rules, 2012 as the primary reporting format.

Based on its classification of takaful contracts issued, the operator has four primary business segments for reporting purposes namely Fire & Property Damage, Marine, Aviation & Transport, Motor and Health & Miscellaneous. The nature and business activities of these segments are disclosed in respective notes to the Financial Statements.

Assets and liabilities are allocated to particular segments on the basis of contribution written. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

3.8.1 Financial instruments

Financial assets and financial liabilities within the scope of IAS - 39 are recognized at the time when the Operator becomes a party to the contractual provisions of the instrument and de-recognized when the Operator loses control of contractual rights that comprise of the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognizing of the financial assets and financial liabilities is included in the profit and loss account for the year.

Financial instruments carried on the balance sheet date include cash and bank deposits, investments, takaful/retakaful receivables, contribution and claim reserves detained by cedants, accrued investment income, retakaful recoveries against outstanding claims, sundry receivables, provision for outstanding claims, takaful/retakaful payables, other creditors and accruals and liabilities against assets subject to finance lease.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

3.9 Cash and cash equivalents

Cash & bank are carried in the statement of financial position at cost. For the purposes of cash flow statement, cash and cash equivalents comprise cash, cheques, pay orders, demand drafts and balances with banks.

3.10 Revenue recognition

a) Contribution

Contributions including administrative surcharge received/ receivable (if any) under a takaful policy are recognized as written at the time of issuance of participant membership document (PMD) and recorded as income of the PTF. Contributions are stated gross of commission payable to intermediaries and exclusive of taxes and duties levied on contributions. Takaful contribution income under a policy is recognized as income of PTF over the period of takaful. Administrative surcharge recovered from participant is recognized as part of contribution.

Wakala fee

The operator manages the general takaful operations for the participants and charges 40% on gross contribution for all classes as wakala fee against the services. It is recognized as expense of PTF and income of OPF.

b) Rebate Income/Commission expense

Rebate income from retakaful operator is recognized at the time of issuance of the underlying takaful policy by the operator. This income is deferred and recognized as revenue in accordance with the pattern of recognition of the retakaful contribution to which it relates. Rebate from retakaful operator is arrived at after taking the impact of opening and closing unearned rebate. Profit/ rebate, if any, which the Operator may be entitled to under the terms of retakaful is recognized on accrual basis. Further, Rebate on retakaful is recognized as income of PTF according to the requirements of Takaful Rules, 2012. Commission expenses and other acquisition costs are charged to the profit and loss account at the time the PMD's are accepted.

c) Investment Income

Return on investments and term deposits are recognized using the effective interest rate method. Profit or loss on sale of investments is recognized at the time of sale.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

d) Dividend Income

Dividend income is recognized when right to receive such dividend is established. Rental and other income is recognized as and when accrued.

e) Rental and Other income

Rental and other income is recognized as and when accrued.

3.11 Investments

a) In equity securities

Available for sale

Available for sale investments are those non-derivative investments that are designated as available for sale or are not classified in any other category. These are primarily those investments that are intended to be held for an undefined period of time or may be sold in response to the need for liquidity.

Subsequent to initial recognition at cost including the transaction cost, these are measured at fair value, Changes in fair value are recognized as other comprehensive income until the investment is derecognized or impaired. Gains and losses on derecognition and impairment losses are recognized in profit or loss.

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

b) In debt securities

Held to maturity

Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held to maturity and are initially measured at cost. At subsequent reporting dates, these are measured at amortized cost using the effective yield method.

Any contribution paid or discount availed on acquisition of held to maturity investments is deferred and amortized over the term of the investment using the effective yield unless the impact of amortization is immaterial to the financial statements.

Income from held to maturity investments is recognized 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 amortized and taken to the profit and loss account over the term of investment.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

c) In term deposits

Held to maturity

Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held to maturity and are initially measured at cost. At subsequent reporting dates, these are measured at amortized cost using the effective yield method.

Any contribution paid or discount availed on acquisition of held to maturity investments is deferred and amortized over the term of the investment using the effective yield unless the impact of amortization is immaterial to the financial statements.

Income from held to maturity investments is recognized 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 amortized and taken to the profit and loss account over the term of investment.

3.12 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Operator intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

3.13 Provisions

The Operator recognizes liability in respect of all claims incurred up to the statement of financial position date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of incident giving rise to the claims except as otherwise expressly indicated in an Takaful contract. The liability for claims include amounts relating to unpaid reported claims, claims Incurred But Not Reported (IBNR) and expected claims settlement costs.

The provision for claims incurred but not reported (IBNR) is consistently made at the statement of financial position date in accordance with SECP Circular no. 9 of 2016, IBNR claim have been estimated using Chain Ladder (CL) methodology. The Chain Ladder (CL) Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

3.14 Staff retirement benefits

Defined benefit plan

During the year the gratuity scheme has been closed by the Company with effect from 30th April 2017 and all the liabilities of the scheme have been discharged/paid by the Fund. There are no Gratuity Fund assets as at 31.12.2017 after settlements of all Gratuity Benefits.

Defined contribution plan

The Company operates an approved defined contribution provident funds for all permanent employees. Equal contributions are made by employees and the employer at the rate of 8.34 percent of gross salary per month and charged to profit and loss account.

3.15 Impairment of assets

The carrying amount of assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account.

Where impairment loss subsequently reverses, the carrying amounts of the assets are increased to the revised recoverable amounts but limited to the carrying amounts that would have been determined had no impairment loss been recognized for the assets in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

In addition, impairment on available for sale investments and retakaful assets are recognized as follows:

i) Available for sale

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

ii) Re-takaful assets

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

3.16 Management expenses

3.16.1 Direct expense

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

3.16.2 Management expense

Expenses not allocable to the underwriting business are charged as management expenses. Management expenses of takaful business are allocated to revenue account of operator as per requirements of Takaful Rules, 2012.

3.16.3 Claims expense

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

3.17 Creditors, accruals and provisions

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

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

3.18 Foreign currency transactions and translations

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the date of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the statement of financial position date. Foreign exchange gains and losses on translation are recognized in the profit and loss account. All non-monetary items are translated into rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

3.19 Takaful surplus

Takaful surplus attributable to the participants is calculated after charging all direct costs and setting aside various reserves and charity. Allocation to participants, if applicable, is made after deducting the claims paid to them during the year. Further, surplus will be distributed to participants after payment of qarz-e-hasna to operator.

3.20 Qarz-e-hasna

Qarz-e-hasna is provided by Operators' Fund to Participants' Takaful Fund in case of deficit in Participants' Takaful Fund.

3.21 Zakat

Zakat on investment income is accounted for in the year of deduction, under Zakat & Ushr Ordinance, 1980.

3.22 Related party transactions

Party is said to be related, if they are able to influence the operating and financial decisions of the operator and vice versa. The operator in the normal course of business carries out transactions with related parties. Transactions with related parties are priced at comparable uncontrolled market price and are carried out at arm's length prices.

3.23 Change in accounting policies

The company has changed its accounting policy in relation to the available-for-sale investments to comply with the requirements of IAS - 39 "Financial Instruments - Recognition and measurement". These investments are now carried at fair value. Surplus/ (deficit) on revaluation from one reporting date to another is taken to other comprehensive income in the statement of comprehensive income. On de-recognition or impairment in available-for-sale investments, the cumulative gain or loss previously reported in other comprehensive income is transferred to profit and loss for the period within statement of comprehensive income. Previously the investments were carried at lower of cost and market value. This change in accounting policy has been applied retrospectively and comparative information has been restated in accordance with the requirement of IAS - 8 "Accounting Policies, Change in Accounting Estimates and Errors". The impact of change in accounting policy is summarized below:

Statement of Financial Position and Statement of Changes in Funds	Rupees
---	--------

Increase in fund as at 1st January, 2016	
Participants' Takaful Fund	31,743
Operator's fund	-
Increase in fund as at 31st December, 2016	
Participants' Takaful Fund	129,820

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

Statement of Financial Position and Statement of Changes in Funds	Rupees
Operator's fund	33,929
Increase in investment as at 31st December, 2016	
Participants' Takaful Fund	129,820
Operator's fund	33,929
Statement of Comprehensive Income	
Increase in total Comprehensive Income for the year ended 31st December, 2016	
Participants' Takaful Fund	129,820
Operator's fund	33,929
Decrease in total comprehensive income for the year ended 31st December, 2017	
Participants' Takaful Fund	(5,231,389)
Operator's fund	(3,647,233)

4 USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities as well as income and expenses.

The judgments, estimates and assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the estimates about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the current and future periods if the revision affects both current and future periods.

In particular, the matters involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are:

- Useful life of property and equipment	3.1
- Deferred commission/acquisition cost	3.3
- Unearned contribution reserve and provision for bad debts	3.4
- Contribution deficiency reserves	3.5
- Segment reporting	3.8
- Provision for outstanding claims (including IBNR)	3.13
- Staff retirement benefits	3.14
- Impairment of assets	3.15

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

	Note	2017 Rupees	2016 Rupees
5			
PROPERTY AND EQUIPMENT			
5.1			
Participants' takaful fund			
Operating assets	5.3	46,264,585	57,460,367
5.2			
Operator's fund			
Operating assets	5.3	19,981,610	20,178,405

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

5.3 Operating assets

Particulars	PARTICIPANTS' TAKAFUL FUND		OPERATOR'S FUND				Grand Total
	Motor Tracking devices	Total	Furniture and fixture	Office equipment	Computer equipment	Motor Vehicles	
-----Rupees-----							
COST							
Balance as at January 01, 2016	41,297,202	41,297,202	15,524,010	3,206,091	2,131,155	-	20,861,256
Additions during the year	45,385,770	45,385,770	914,682	665,303	579,061	2,147,150	4,306,196
Disposals	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-
Balance as at December 31, 2016	86,682,972	86,682,972	16,438,692	3,871,394	2,710,216	2,147,150	25,167,452
Balance as at January 01, 2017	86,682,972	86,682,972	16,438,692	3,871,394	2,710,216	2,147,150	25,167,452
Additions during the year	10,373,925	10,373,925	545,000	108,316	186,038	1,660,650	2,500,004
Disposals	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-
Balance as at December 31, 2017	97,056,897	97,056,897	16,983,692	3,979,710	2,896,254	3,807,800	27,667,456
DEPRECIATION							
Balance as at January 01, 2016	4,478,065	4,478,065	1,331,089	278,127	624,322	-	2,233,538
Charge for the year	24,744,540	24,744,540	1,505,141	346,777	558,207	345,384	2,755,509
Disposals	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-
Balance as at December 31, 2016	29,222,605	29,222,605	2,836,230	624,904	1,182,529	345,384	4,989,047
Balance as at January 01, 2017	29,222,605	29,222,605	2,836,230	624,904	1,182,529	345,384	4,989,047
Charge for the year	21,569,707	21,569,707	1,409,296	330,470	535,810	421,223	2,696,799
Disposals	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-
Balance as at December 31, 2017	50,792,312	50,792,312	4,245,526	955,374	1,718,339	766,607	7,685,846
Written down values as at December 31, 2016	57,460,367	57,460,367	13,602,462	3,246,490	1,527,687	1,801,766	20,178,405
Written down values as at December 31, 2017	46,264,585	46,264,585	12,738,166	3,024,336	1,177,915	3,041,193	19,981,610
Rate of depreciation (%)	33.33		10	10	33.33	20	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

	Note	2017 Rupees	2016 Rupees Re-stated				
6 INVESTMENT IN EQUILY SECURITIES							
6.1 Participants' takaful fund							
Available for sale							
Listed shares at cost		24,771,144	-				
Less: unrealized loss on revaluation of investment		(4,135,364)	-				
Carrying value	6.1.1	20,635,780	-				
Mutual Funds at cost		9,244,537	5,000,000				
Less: unrealized loss on revaluation of investment		(966,205)	129,820				
Carrying value	6.1.2	8,278,332	5,129,820				
		28,914,112	5,129,820				
6.1.1 Listed shares							
		2017	2016	Fair value per share	Name of Investee Company	2017	2016 Re-stated
		Number of shares				Rupees	Rupees
		194,000	-	106.37	International Steel Limited - fully paid ordinary shares of Rs. 10/- each	20,635,780	-
6.1.2 Mutual Funds							
		2017	2016	Unit Price	Name of Investee Company	2017	2016 Re-stated
		Number of Units		(Rupees)		Rupees	Rupees
		210,162	526,357	9.74	NAFA-NBP Fullerton Asset Management Ltd.	2,046,837	5,129,820
		72,435	-	86.03	NAFA-NBP Fullerton Asset Management Ltd.	6,231,495	-
		282,597	526,357			8,278,332	5,129,820
6.2 Operator's fund							
Listed shares at cost		10,910,020	-				
Less: unrealized loss on revaluation of investment		(2,876,730)	-				
Carrying value	6.2.1	8,033,290	-				
Mutual Funds at cost		7,618,141	3,500,000				
Less: unrealized loss on revaluation of investment		(736,575)	33,929				
Carrying value	6.2.2	6,881,566	3,533,929				
		14,914,856	3,533,929				

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

6.2.1 Listed shares

2017	2016	Fair value per share	Name of Investee Company	2017	2016 Re-stated
Number of shares				Rupees	Rupees
29,000	-	240.11	International industries Limited - fully paid ordinary shares of Rs. 10/- each	6,963,190	-
10,000	-	107.01	Bolan Casting Limited - fully paid ordinary shares of Rs. 10/- each	1,070,100	-
39,000	-	-		8,033,290	-

6.2.2 Mutual Funds

2017	2016	Fair value per share (Rupees)	Name of Investee Company	2017	2016 Re-stated
Number of Units				Rupees	Rupees
210,410	362,607	9.74	NAFA-NBP Fullerton Asset Management Ltd.	2,049,247	3,533,929
56,171	-	86.03	NAFA-NBP Fullerton Asset Management Ltd.	4,832,319	-
266,581	362,607	-		6,881,566	3,533,929

	Note	2017 Rupees	2016 Rupees
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7 INVESTMENT IN DEBT SECURITIES

7.1 Participants' takaful fund

Held-to maturity

Sukuk bonds	7.1.1	62,046,973	60,442,277
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Face value (Rupees)	Profit payment	Types of security	Maturity date	2017 Rupees	2016 Rupees
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7.1.1 Participants' takaful fund-Sukuk Bonds

61,000,000	Half yearly	Government of Pakistan Ijarah Sukuk	30-06-2020	62,046,973	60,442,277
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7.2 Participants' takaful fund-Sukuk Bonds

Held-to maturity

Sukuk bonds	7.2.1	20,078,987	20,139,655
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

Face value (Rupees)	Profit payment	Types of security	Maturity date	2017 Rupees	2016 Rupees
7.2.1 Operator's fund-Sukuk Bonds					
20,000,000	Half yearly	Government of Pakistan Ijarah Sukuk	29-Mar-2019	20,139,655	-
			Note	2017 Rupees	2016 Rupees
8 INVESTMENT IN TERM DEPOSITS					
8.1 Participants' takaful fund					
Short term deposits			8.1.1	46,000,000	53,000,000
8.1.1 The rate of return on Certificate of Islamic Investments issued by various Islamic banking operations range from 4.30% to 5.32% (2016: 4.97% to 5.32%) per annum. These Term Deposit Certificates have maturity up to December 2018.					
8.2 Operator's fund					
Short term deposits			8.2.1	20,000,000	10,000,000
8.2.1 The rate of return on Certificate of Islamic Investment issued by Meezan Bank Limited is 5.20% (2017: 5.21%) per annum. This Certificate of Islamic Investment has maturity up to November 2018.					
9 LOAN AND OTHER RECEIVABLES					
9.1 Participants' takaful fund -Considered good					
Receivable from related parties			9.1.1	1,456,049	-
Accrued investment income				1,754,231	819,145
Security deposits			9.1.2	20,196,503	1,573,107
Advance tax				579,298	149,501
Other receivables				15,937,559	321,424
Less: provision for impairment of loans and receivable				-	-
				39,923,640	2,863,177

9.1.1 Represents amount due from associated undertaking M/s United Tracks (Private) Limited. amounting to Rs. 1,456,049 (2016: Rs. Nil)

9.1.2 Security deposit represents earnest money deposited against tenders offered by different parties.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

	Note	2017 Rupees	2017 Rupees
9.2 Operator's fund -Considered good			
Receivable from related parties		-	-
Accrued investment income		373,044	395,378
Security deposits		1,174,000	1,174,000
Loan to employees	9.2.1	1,859,732	1,243,143
Advance tax		404,665	190,441
Other receivables		40,772,186	18,543,253
Wakala fee receivable		299,700,235	145,089,458
Less: provision for impairment of loans and receivable		-	-
		344,283,862	166,635,673
9.2.1 Unsecured			
Executives		1,701,112	894,803
Non-executives		158,620	348,340
		1,859,732	1,243,143
10 TAKAFUL / RE-TAKAFUL RECEIVABLES			
10.1 Participants' takaful fund -Unsecured and considered good			
Due from Takaful contract holders		233,891,193	9,573,669
Less: Provision for impairment of receivables from takaful contract holders		-	-
Due from Takaful/ retakaful		110,240,025	133,100,896
Less: Provision for impairment of receivables from takaful/retakaful		-	-
		344,131,218	142,674,565
11 PREPAYMENTS			
11.1 Participants' takaful fund			
Prepaid re-takaful contribution ceded		169,830,482	44,918,892

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

	Note	2017 Rupees	2016 Rupees
12 CASH & BANK			
12.1 Participants' takaful fund			
Cash at bank			
-Current accounts		14,336,447	6,383,950
-Saving accounts	12.3	9,612,312	6,051,512
		23,948,759	12,435,462
12.2 Operator's fund			
Cash in hand		136,226	219,448
Cash at bank			
-Current accounts		1,995,065	1,693,147
-Saving accounts	12.3	1,298,392	651,169
		3,429,683	2,563,764
12.3	The rate of return on PLS saving accounts maintained at various banks range from 1% to 2.90% (2016:2.90% to 5.20%) per annum.		
13 CEDED MONEY			
Waqf money	13.1	500,000	500,000
13.1	The amount of Rs. 500,000/- has been set apart for Waqf Fund/ Participant Takaful Fund as Waqf money according to the Waqf deed prepared for the purpose of creation of Waqf Fund/ Participant Takaful Fund.		
14 STATUTORY FUND			
Statutory reserves	14.1	50,000,000	50,000,000
14.1	Amount of Rs 50 million is deposited as statutory reserves to comply with provisions of para 4 of Circular No 8 of 2014 read with section 11(c) of Takaful Rules, 2012 issued by Securities and Exchange Commission of Pakistan which states that "Every insurer who is interested to commence window takaful business shall transfer an amount of not less than 50 million Rupees to be deposited in a separate bank account for window takaful business duly maintained in a scheduled bank".		

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

	Note	2017 Rupees	2016 Rupees
15			
STAFF RETIREMENT BENEFITS			
15.1			
Balance Sheet Reconciliation			
Fair value of plan assets	15.1.1	-	3,773,819
Present value of defined benefit obligation	15.1.2	-	(7,111,225)
Fund status		-	(3,337,406)
Unrecognised net actuarial loss/(gain)		-	-
Recognised asset/(liability)		-	(3,337,406)
15.1.1			
Movement in fair value of plan assets			
Fair value as at January, 01		3,773,819	1,787,990
Expected return on plan assets excluding interest income		90,659	101,829
Actuarial gains/(losses)		(58,283)	-
Employer contributions		2,823,307	1,900,000
Benefit paid		(3,571,502)	(16,000)
Benefit due but not paid		(3,058,000)	-
Fair value as at December 31		-	3,773,819
15.1.2			
Movement in defined benefit obligation			
Obligation as at January, 01		7,111,225	4,265,789
Service cost		1,474,814	4,245,595
Interest cost		101,239	383,201
Settlement and curtailment		-	(1,742,229)
Actuarial losses/(gains)		(2,057,776)	(25,131)
Benefits paid		(3,571,502)	(16,000)
Benefit due but not paid		(3,058,000)	-
Obligation as at December 31		-	7,111,225

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

	2017	2016
	Rupees	Rupees
Cost		
Current service cost	1,474,814	4,245,595
Interest cost	101,239	383,201
Expected return on plan assets	(90,659)	(245,699)
Settlement and curtailment	-	-
Recognition of actuarial loss	(1,999,493)	-
(Income)/expense	(514,099)	4,383,097
Actual return on plan assets	90,659	(389,569)
Principal actuarial assumptions used are as follows:	8.00% p.a	8.05% p.a
Discount rate & expected return on plan assets	N/A	7.00% p.a
Future salary increases	N/A	8.00% p.a

Comparison for five years	2017	2016	2015	2014	2013
As at December 31					
Fair value of plan assets	-	3,773,819	1,787,990	-	-
Benefit obligations	-	(7,111,225)	(4,265,789)	(766,216)	-
(Deficit)/Surplus	-	(3,337,406)	(2,477,799)	(766,216)	-

Plan assets comprise of the following:	2017		2016	
	Rupees	%	Rupees	%
Cash at bank	3,058,000	100.00%	20,216	1.13%
Meezan Islamic Income Fund	-	0.00%	1,767,774	98.87%
	3,058,000	100%	1,787,990	100%

	2017	2016
	Rupees	Rupees
16 TAKAFUL / RE-TAKAFUL OPERATORS PAYABLE		
16.1 Participants' takaful fund		
Takaful / re-takaful operators payables	29,895,051	16,923,102

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

	Note	2017 Rupees	2016 Rupees
16.2 Operator's fund			
Takaful / re-takaful operators payables		37,560,735	36,616,253
17 OTHER CREDITORS AND ACCRUALS			
17.1 Participants' takaful fund			
Agents commission payable		-	-
Federal Excise Duty / Sales tax		-	-
Federal Takaful Fee		3,424,329	-
Payable to related parties	17.1.1	-	21,923,305
Other taxes payable		1,697,731	386,371
Wakala fee payable		299,700,234	145,089,458
Other payables		22,404,805	14,731,325
		327,227,099	182,130,459
17.1.1 Represents amount due to M/s United Track System (Private) Limited amounting to Rs. Nil (2016: Rs. 21,923,305) .			
17.2 Operator's fund			
Commission payable		30,628,937	17,450,433
Payable to related parties		-	-
Accrued Expenses		825,394	166,482
Auditors' remuneration		760,000	472,500
Other taxes payable		2,818,096	1,259,681
Other payables		-	990,929
		35,032,427	20,340,025
18 CONTINGENCY(IES) AND COMMITMENT(S)			
Future Ijarah rentals payable	18.1	3,036,062	5,786,378

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

	Note	2017 Rupees	2016 Rupees
18.1	Commitments for rentals under Ijarah contracts are as follows:		
	Due within one year	2,750,316	2,750,316
	Due after one year but not later than five year	285,746	3,036,062
		3,036,062	5,786,378
19	NET TAKAFUL CONTRIBUTION		
	Written gross contribution	962,597,497	528,990,490
	Add: Provision for unearned contribution- Opening	155,854,152	155,932,108
	Less: Provision for unearned contribution - Closing	(295,890,385)	(155,854,152)
	Contribution earned	822,561,264	529,068,446
	Less: Re-takaful contribution ceded	260,447,989	123,698,240
	Add: Prepaid re-takaful contribution - Opening	44,918,892	45,178,099
	Less: Prepaid re-takaful contribution - Closing	(169,830,482)	(44,918,892)
	Re-takaful expense	135,536,399	123,957,447
		687,024,865	405,110,999
20	NET TAKAFUL CLAIMS		
	Claims Paid	258,896,932	233,490,126
	Add: Outstanding claims including IBNR - Closing	20.1 116,989,901	59,800,049
	Less: Outstanding claims including IBNR - Opening	(59,800,049)	(27,963,453)
	Claims expense	316,086,784	265,326,722
	Less: ReTakaful and other recoveries received	73,757,000	69,516,621
	Add: ReTakaful and other recoveries in respect of outstanding claims - Closing	50,883,177	14,196,873
	Less: ReTakaful and other recoveries in respect of outstanding claims - Opening	(14,196,873)	(9,484,012)
	ReTakaful and other recoveries revenue	110,443,304	74,229,482
		205,643,480	191,097,240

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

Accident year	2014	2015	2016	2017
20.1 Claim development				
Estimate of ultimate claims costs::				
At end of accident year		200,843,444	257,551,293	362,538,154
One year later		216,393,890	117,800,307	-
Two years later		129,042,103	-	-
Current estimate of cumulative claims		129,042,103	117,800,307	362,538,154
Cumulative payments to date		(126,728,265)	(106,765,461)	(258,896,937)
Liability recognised in the statement of financial position		2,313,838	11,034,846	103,641,217
			2017	2016
			Rupees	Rupees
21 NET REBATE ON RETAKAFUL				
Rebate received or recoverable			55,128,868	24,963,949
Add: Unearned reTakaful rebate - opening			8,612,773	8,926,325
Less: Unearned reTakaful rebate - closing			(35,558,525)	(8,612,773)
Rebate from reinsurers			28,183,116	25,277,501
22 DIRECT EXPENSES				
Depreciation			21,569,707	24,744,540
Annual monitoring fee			44,415,841	26,109,389
Health service charges			22,380,290	1,527,378
Bank charges			190,425	120,059
Annual supervision fee SECP			757,769	-
Legal and professional charges			973,034	-
Other expenses			1,400,000	-
			91,687,066	52,501,366
23 INVESTMENT INCOME				
PARTICIPANTS' TAKAFUL FUND				
Income from equity securities				
Available for sale				
Dividend income on mutual fund			1,429	-
Income from debt securities				
Held to maturity				
Return on Government securities			3,082,543	1,880,743

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

	Note	2017 Rupees	2016 Rupees
Income from term deposits			
Return on term deposits		1,851,247	514,317
		4,935,219	2,395,060
Net realized gains on investments			
Available for sale financial assets			
-Equity securities		915,417	-
-Debt securities		-	1,483,036
Realised loss on:			
-Equity securities		-	-
-Debt securities		-	-
		915,417	1,483,036
Net unrealized gains/(losses) on investments			
Net unrealised gains / (losses) on investments at fair value through profit or loss (held for trading purpose)		-	-
Net unrealised gains / (losses) on investments at fair value through profit or loss (designated upon initial recognition)		-	-
		-	-
Total investment income		5,850,636	3,878,096
Less: (Provision) / Reversal for impairment in value of available for sale securities			
-Equity securities		-	-
-Debt securities		-	-
Less: Investment related expenses		(21,980)	-
Net Investment Income		5,828,656	3,878,096

24 OTHER INCOME

Return on bank balances		412,027	476,939
Liabilities written back		1,472,957	396,138
Stamp duty		1,066,585	635,813
		2,951,569	1,508,890

25 WAKALA FEE

Wakala fee	25.1	384,845,183	211,596,196
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25.1 Wakala fee for different segments is calculated at 40 percent of the contribution written.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

	Note	2017 Rupees	2016 Rupees
26 NET COMMISSION AND OTHER ACQUISITION COST			
Commission paid or payable		86,417,623	75,045,366
Add: Deferred commission expense - Opening		36,180,197	30,804,962
Less: Deferred commission expense - Closing		(44,263,856)	(36,180,197)
Net Commission		78,333,964	69,670,131
27 MANAGEMENT EXPENSES			
Employee benefit cost	27.1	65,892,480	55,776,028
Travelling expenses		782,724	1,120,583
Advertisements & sales promotion		2,957,899	3,640,700
Printing and stationery		2,093,614	1,720,709
Depreciation expense		2,696,799	2,755,510
Rent, rates and taxes	27.2	9,106,904	7,862,857
Electricity, gas and water		1,136,373	795,962
Entertainment		1,613,133	909,739
Vehicle running expenses		17,531,496	14,598,989
Office repairs and maintenance		1,734,267	2,110,294
Bank charges		76,997	6,385
Postage, telegrams and telephone		1,168,806	966,674
Miscellaneous		505,383	13,630
		107,296,875	92,278,060
27.1 Employee benefit cost			
Salaries, allowance and other benefits		62,605,608	51,392,922
Charges for post employment benefit		3,286,872	4,383,097
		65,892,480	55,776,019
27.2 Rent, rates and taxes include rental on car ijarah amounting to Rs.2,727,566/-(2016:3,419,260)			
28 OTHER INCOME			
Return on bank balances		47,711	76,160
Liabilities written back		-	160,797
Gain on settlement of post employment benefit		514,099	-
		561,810	236,957

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

	Note	2017 Rupees	2016 Rupees
29			
INVESTMENT INCOME			
OPERATORS FUND			
Income from equity securities			
Available for sale			
Dividend income on mutual fund		1,430	-
Dividend income on listed shares		50,000	-
Income from debt securities			
Held to maturity			
Return on Government securities		996,664	543,929
Income from term deposits			
Return on term deposits		380,410	52,669
		1,428,504	596,598
Net realized gains on investments			
Available for sale financial assets			
-Equity securities		249,863	389,848
-Debt securities		-	-
Realised loss on:			
-Equity securities		-	-
-Debt securities		-	-
		249,863	389,848
Net unrealized gains/(losses) on investments			
Net unrealised gains / (losses) on investments at fair value through profit or loss (held for trading purpose)		-	-
Net unrealised gains / (losses) on investments at fair value through profit or loss (designated upon initial recognition)		-	-
		-	-
Total investments income		1,678,367	986,446
Less: Investment related expenses		(5,810)	-
Net Investment Income		1,672,557	986,446
30			
OTHER EXPENSES			
Shariah advisor fee		1,118,051	954,471
Legal and professional charges		261,678	98,390
Auditors' remuneration	30.1	1,000,000	615,000
		2,379,729	1,667,861

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

	2017 Rupees	2016 Rupees
30.1 AUDITORS' REMUNERATION		
Audit fee	1,000,000	615,000
Special certification and sundry advisory services	-	-
Out-of-pocket expenses	-	-
	1,000,000	615,000

31 REMUNERATION OF EXECUTIVES

Accident year	Chief Executive		Directors		Exe cutives	
	2017 Rupees	2016 Rupees	2017 Rupees	2016 Rupees	2017 Rupees	2016 Rupees
Fee	-	-	-	-	-	-
Managerial remuneration	-	-	-	-	18,690,228	24,378,849
Leave encashment	-	-	-	-	-	-
Bonus	-	-	-	-	-	-
Ex-gratia allowance	-	-	-	-	-	-
Charge for defined benefit plan	-	-	-	-	3,286,710	-
Contribution to defined contribution plan	-	-	-	-	2,189,592	-
Rent and house maintenance	-	-	-	-	7,639,932	8,068,545
Utilities	-	-	-	-	-	-
Medical	-	-	-	-	1,698,744	1,793,706
Conveyance	-	-	-	-	-	-
Other (to be specific, if material)	-	-	-	-	-	-
					33,505,206	34,241,100
Number of persons	-	-	-	-	16	27

Certain executives are also provided with free use of the Company's maintained car.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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32 RELATED PARTY TRANSACTIONS

Related parties comprise of directors, major shareholders, key management personnel, associated companies, entities with common directors and employee retirement benefit funds. The transactions with related parties are carried out at commercial terms and conditions and compensation to key management personnel is on employment terms. The transactions and balances with related parties other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

Relation with undertaking	Nature and transaction	2017 Rupees	2016 Rupees
Balances at year end:			
Associated undertakings	Receivable/ (payable) at year end	1,456,049	155,682
Key management personnel	Loan to key management personnel	1,701,112	894,803
Staff retirement benefits plan	(Payable) to defined benefit plan	-	(3,337,406)
	(Payable) to defined contribution plan	(825,394)	-
Transactions during the year:			
Associated undertakings	Motor tracking devices purchased	10,373,925	45,385,770
	Device monitoring charges paid	44,415,841	26,109,389
	Health service charges paid	22,118,465	1,424,977
Key management personnel	Remuneration of key management personnel	28,028,904	34,241,100
Staff retirement benefits plan	Provision for gratuity during the year	-	4,383,097
	Contribution paid during the year	3,286,872	-
	Benefits paid	3,571,502	16,000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

33 SEGMENT REPORTING

The operator has four primary business segments for reporting purposes namely fire & property damage, marine aviation & transport, motor, and health & miscellaneous.

Assets and liabilities, wherever possible have been assigned to the following segments based on specific identification or allocated on the basis of contribution written by each segment.

2017	FIRE AND PROPERTY DAMAGE	MARINE AVIATION AND TRANSPORT	MOTOR	HEALTH & MISCELLANEOUS	TREATY	TOTAL
----- Rupees -----						
Gross written contribution (inclusive of admin surcharge)	84,460,134	34,550,978	308,851,424	534,734,961	-	962,597,497
Gross direct contribution	61,874,576	33,119,014	286,170,262	517,975,830	-	899,139,682
Facultative inward contribution	22,545,034	1,385,642	22,343,869	16,698,259	-	62,972,804
Administrative surcharge	40,524	46,322	337,293	60,872	-	485,011
Takaful contribution earned	106,215,248	34,547,231	303,122,264	378,676,521	-	822,561,264
Takaful contribution ceded to retakaful	(64,639,334)	(20,421,520)	(13,942,898)	(36,532,647)	-	(135,536,398)
Net Takaful contribution	41,575,914	14,125,711	289,179,366	342,143,874	-	687,024,866
Rebate income	12,057,451	4,935,017	3,030,565	8,160,083	-	28,183,116
Net underwriting income	53,633,365	19,060,728	292,209,931	350,303,957	-	715,207,982
Takaful claims	110,354,227	19,605,099	112,282,695	73,844,764	-	316,086,784
Takaful claims recovered from retakaful	77,521,864	4,761,252	16,387,877	11,772,311	-	110,443,304
Net claims	32,832,363	14,843,847	95,894,818	62,072,453	-	205,643,480
Wakala fee	33,767,824	13,801,863	123,405,641	213,869,855	-	384,845,183
Direct expenses	8,044,799	3,290,968	29,417,988	50,933,313	-	91,687,068
Contribution deficiency expense/income	-	-	-	19,574,391	-	19,574,391
Net Takaful claims and expenses	74,644,986	31,936,678	248,718,447	307,301,230	-	662,601,340
Underwriting results	(21,011,620)	(12,875,950)	43,491,484	43,002,727	-	52,606,641
Net investment income						5,828,656
Rental income						-
Other income						2,951,569
Other expenses						-
Result of operating activities-PTF						61,386,866
Operators' fund account						
Wakala fee	33,767,824	13,801,863	123,405,641	213,869,855	-	384,845,183
Net Commission and other acquisition costs	(24,811,123)	(5,339,279)	(31,120,046)	(17,063,516)	-	(78,333,964)
Management expenses						(107,296,876)
Other income						561,810
Investment income						1,672,557
Other expenses						(2,379,729)
Profit for the year						199,068,981
Segment assets - (PTF)	94,009,151	12,005,132	103,010,495	355,820,100	-	564,844,877
Unallocated assets - (PTF)						247,098,070
Total assets - (PTF)						811,942,947
Segment assets - (OPF)	94,461,918	39,973,732	41,302,692	183,235,850	-	358,974,192
Unallocated assets - (OPF)						107,978,660
Total assets - (OPF)						466,952,852
Segment liabilities - (PTF)	119,976,629	32,302,633	281,947,882	343,806,953	-	778,034,097
Unallocated liabilities - (PTF)						28,160,324
Total liabilities - (PTF)						806,194,421
Segment liabilities - (OPF)	17,596,595	7,433,542	21,744,330	21,415,205	-	68,189,672
Unallocated liabilities - (OPF)						4,403,490
Total liabilities - (OPF)						72,593,162

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

33.1 SEGMENT REPORTING

The operator has four primary business segments for reporting purposes namely fire & property damage, marine aviation & transport, motor, and health & miscellaneous.

Assets and liabilities, wherever possible have been assigned to the following segments based on specific identification or allocated on the basis of contribution written by each segment.

2016 Re-stated	FIRE AND PROPERTY DAMAGE	MARINE, AVIATION AND TRANSPORT	MOTOR	HEALTH & MISCELLANEOUS	TREATY	TOTAL
----- Rupees -----						
Gross written contribution (inclusive of admin surcharge)	148,114,823	53,160,009	280,104,970	47,610,688	-	528,990,490
Gross direct contribution	40,027,061	31,065,390	271,935,917	45,227,613	-	388,255,981
Facultative inward contribution	108,069,129	22,071,490	8,097,718	2,341,959	-	140,580,296
Administrative surcharge	18,633	23,129	71,335	41,116	-	154,213
Takaful contribution earned	117,033,901	58,747,730	282,156,906	71,129,909	-	529,068,446
Takaful contribution ceded to retakaful	(56,964,941)	(29,575,943)	(19,279,017)	(18,137,546)	-	(123,957,447)
Net Takaful contribution	60,068,960	29,171,787	262,877,889	52,992,363	-	405,110,999
Rebate income	10,512,059	7,049,438	3,907,814	3,808,190	-	25,277,501
Net underwriting income	70,581,019	36,221,225	266,785,703	56,800,553	-	430,388,500
Takaful claims	(79,347,295)	(22,191,011)	(84,703,435)	(79,084,981)	-	(265,326,722)
Takaful claims recovered from retakaful	51,034,595	12,391,657	2,055,606	8,747,624	-	74,229,482
Net claims	(283,212,700)	(9,799,354)	(82,647,829)	(70,337,357)	-	(191,097,240)
Wakala fee	(59,245,929)	(21,264,004)	(112,041,988)	(19,044,275)	-	(211,596,196)
Direct expenses	(14,700,135)	(5,276,036)	(27,799,921)	(4,725,276)	-	(52,501,368)
Contribution deficiency expense/income	(9,010,851)	-	-	(5,472,536)	-	(14,483,387)
Net Takaful claims and expenses	(111,269,615)	(36,339,394)	(222,489,738)	(99,579,444)	-	(469,678,191)
Underwriting results	(40,688,596)	(118,169)	44,295,965	(42,778,891)	-	(39,289,691)
Net investment income						3,878,096
Rental income						-
Other income						1,508,890
Other expenses						-
Result of operating activities-PTF						(33,902,705)
Operators' fund account						
Wakala fee						211,596,196
Net Commission and other acquisition costs						(69,670,131)
Management expenses						(93,945,912)
Other income						236,957
Investment income						986,446
Other expenses						-
Profit for the year						49,203,556
Segment assets - (PTF)	80,025,300	18,875,410	81,648,384	21,241,237	-	201,790,331
Unallocated assets - (PTF)						191,201,282
Total assets - (PTF)						392,991,613
Segment assets - (OPF)	82,057,974	29,703,026	53,917,031	15,591,625	-	181,269,656
Unallocated assets - (OPF)						77,928,040
Total assets - (OPF)						259,197,696
Segment liabilities - (PTF)	140,218,811	38,092,231	157,711,556	70,464,788	-	406,487,386
Unallocated liabilities - (PTF)						37,041,000
Total liabilities - (PTF)						443,528,386
Segment liabilities - (OPF)	10,252,377	3,679,689	19,388,618	3,295,570	-	36,616,253
Unallocated liabilities - (OPF)						23,677,431
Total liabilities - (OPF)						60,293,684

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For the year ended December 31, 2017

34 MOVEMENT IN INVESTMENTS

	Held to maturity	Available for sale	Fair value through P&L	Total
At beginning of previous year	98,320,000	6,130,291	-	104,450,291
Additions	190,337,013	191,300,000	-	381,637,013
Disposals (sale and redemption)	(145,075,081)	(188,930,291)	-	(334,005,372)
Fair value net gains (excluding net realised gains)		163,749	-	163,749
Designated at fair value through profit or loss upon initial recognition			-	-
Classified as held for trading			-	-
Impairment losses			-	-
At beginning of current year	143,581,932	8,663,749	-	152,245,681
Additions	154,157,209	65,749,167	-	219,906,376
Disposals (sale and redemption)	(149,613,181)	(30,583,947)	-	(180,197,128)
Fair value net gains (excluding net realised gains)	-	(8,714,873)	-	(8,714,873)
Designated at fair value through profit or loss upon initial recognition	-	-	-	-
Classified as held for trading	-	-	-	-
Impairment losses	-	-	-	-
	148,125,960	35,114,096	-	183,240,056
At end of current year	296,251,920	70,228,193	-	214,234,431

35 MANAGEMENT OF TAKAFUL RISK AND FINANCIAL RISK

35.1 Risk management framework

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

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35.2 Takaful risks

35.2.1 Takaful risk

The operator accepts the takaful risk through its takaful contracts where it assumes the risk of loss from persons or organizations that are directly subject to the underlying loss. The operator is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts.

The operator manages its risk via its underwriting and retakaful strategy within an overall risk management framework. Exposures are managed by having documented underwriting limit and criteria. Retakaful is purchased to mitigate the risk of potential loss to the operator. Retakaful policies are written with approved retakaful companies on either a proportional or excess of loss treaty basis.

A concentration of risk may also arise from a single takaful contract issued to particular demographic type of policyholder, within a geographical location or to types of commercial business. The operator minimizes its exposure to significant losses by obtaining retakaful from a number of retakaful companies who are dispersed over several geographical regions

Further, the operator adopts strict claim review policies including active management and prompt pursuing of the claims, regular detailed review of claim handling procedures and frequent investigation of possible false claims to reduce the takaful risk.

Geographical concentration of takaful risk

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

Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated with the commercial/ industrial residential occupation of the takaful companies. Details regarding the fire separation/ segregation with respect to the manufacturing processes, storage, utilities, etc are extracted from the layout plan of the insured facility. Such details are formed part of the reports which are made available to the underwriters/ retakaful personnel for their evaluation. Reference is made to the standard construction specifications as laid down by IAP (Takaful Association of Pakistan). For instance, the presence of Perfect Party Walls, Double Fire Proof Iron Doors, physical separation between the buildings within an policy holder'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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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

35.2.2 Retakaful arrangements

Retakaful arrangements are key components in the global economy as a means of supporting acceptance of risk by takaful organizations. Arrangements are the most effective ways of getting coverage of all types of risks, underwritten by the operator. The operator has prestigious retakaful arrangements with the world wide acclaimed retakaful companies.

In compliance of the regulatory requirement, the retakaful agreements are duly submitted with Securities and Exchange Commission of Pakistan (SECP) on an annual basis.

The operator's class wise risk exposure (based on maximum loss coverage in a single policy) is as follows:

	Maximum sum insured		Retakaful cover		Highest net liability	
	2017	2016	2017	2016	2017	2016
----- Rupees -----						
Fire and property damage	1,360,000,000	667,000,000	1,345,000,000	652,000,000	15,000,000	15,000,000
Marine, aviation and transport	800,000,000	350,000,000	787,500,000	337,500,000	12,500,000	12,500,000
Motor	38,099,000	32,110,000	36,599,000	30,860,000	1,500,000	1,250,000
Health & Miscellaneous	1,000,000,000	2,180,407,674	985,000,000	2,165,407,674	15,000,000	15,000,000
	3,198,099,000	3,229,517,674	3,154,099,000	3,185,767,674	44,000,000	43,750,000

The table below sets out the concentration of takaful contract liabilities by type of contract:

	Gross liabilities		Gross assets		Net liabilities / (assets)	
	2017	2016	2017	2016	2017	2016
----- Rupees -----						
Fire and property damage	166,787,549	140,218,811	94,461,918	80,025,300	72,325,631	60,193,511
Marine, aviation and transport	49,026,047	38,092,231	39,973,732	18,875,410	9,052,316	19,216,821
Motor	168,734,863	157,711,556	41,302,692	81,648,384	127,432,171	76,063,172
Health & Miscellaneous	393,485,637	70,464,788	168,225,749	21,241,237	225,259,888	49,223,551
	778,034,096	406,487,386	343,964,091	201,790,331	434,070,006	204,697,055

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

35.2.3 Uncertainty in the estimation of future claims payment

Claims on general takaful contracts are payable on a claim occurrence basis. The operator is liable for all insured events that occur during the term of the takaful contract.

An estimated amount of the claim is recorded immediately on intimation to the Company. The estimation of the amount is based on the amount notified by the policy holder, management or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims. Incurred But Not Reported (IBNR) claims have been estimated using Chain Ladder (CL) methodology. The Chain Ladder (CL) Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level.

There are several variable factors which affect the amount and timing of recognized claim liabilities. However, the management considers that uncertainty about the amount and timing of claim payments is generally resolved within a year. The operator 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 recognised amounts.

35.2.4 Key assumptions

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

35.2.5 Sensitivity analysis

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

As the operator enters into short term takaful contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below, showing the impact on profit of PTF net of retakaful.

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	Profit		Participants' takaful fund	
	2017	2016	2017	2016
	----- Rupees -----			
10% increase in loss				
Net				
Fire and property damage	(3,283,236)	(670,099)	(3,283,236)	(670,099)
Marine, aviation and transport	(1,484,385)	(1,726,791)	(1,484,385)	(1,726,791)
Motor	(9,589,482)	(1,678,600)	(9,589,482)	(1,678,600)
Health & Miscellaneous	(6,207,245)	(8,829,286)	(6,207,245)	(8,829,286)
	(20,564,348)	(12,904,776)	(20,564,348)	(12,904,776)

	Profit		Participants' takaful fund	
	2017	2016	2017	2016
	----- Rupees -----			
10% decrease in loss				
Net				
Fire and property damage	3,283,236	670,099	3,283,236	670,099
Marine, aviation and transport	1,484,385	1,726,791	1,484,385	1,726,791
Motor	9,589,482	1,678,600	9,589,482	1,678,600
Health & Miscellaneous	6,363,202	8,829,286	6,363,202	8,829,286
	20,564,348	12,904,776	20,564,348	12,904,776

35.3 Financial risk

35.3.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market variables such as interest rates, foreign exchange rates and market prices.

a) Interest / mark up rate risk

Interest/ mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest/ mark-up rates. Sensitivity to interest/ mark-up rate risk arises from mismatches of financial assets and liabilities that mature or reprise in a given period. The operator manages this mismatch through risk management strategies where significant changes in gap position can be adjusted. The short term borrowing arrangements have variable rate pricing that is dependent on the Karachi Inter Bank Offer Rate (KIBOR) as indicated in respective notes.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

At the statement of financial position date, the interest rate profile of the operator's significant interest bearing financial instruments was as follows:

FINANCIAL ASSETS AND LIABILITIES	2017					Total	
	Effective Yield/ Mark-up rate per annum	Interest/mark-up bearing			Non interest-bearing financial instruments		
		Maturity upto one year	Maturity over one year to five years	Maturity over five years			Sub Total
%	Rupees						
FINANCIAL ASSETS							
Cash and bank deposits	2 to 3	23,948,759	-	-	23,948,759	11,043,652	27,378,442
Investments	4 to 8	109,828,968	82,125,960	-	191,954,928	-	191,954,928
Loans and others receivables		-	-	-	-	384,207,502	384,207,502
Takaful / Re-takaful receivables		-	-	-	-	344,131,218	344,131,218
Retakaful recoveries against outstanding claims		-	-	-	-	50,883,177	50,883,177
		133,777,727	82,125,960	-	215,903,687	790,265,549	998,555,267
FINANCIAL LIABILITIES							
Provision for outstanding claims (including IBNR)		-	-	-	-	116,989,901	116,989,901
Takaful / Re-takaful payables		-	-	-	-	67,455,786	67,455,786
Other creditors and accruals		-	-	-	-	362,259,527	362,259,527
		-	-	-	-	546,705,214	546,705,214

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

FINANCIAL ASSETS AND LIABILITIES	2016						Total
	Effective Yield/ Mark-up rate per annum %	Interest/mark-up bearing			Sub Total	Non interest/mark-up bearing financial instruments	
		Maturity upto one year	Maturity over one year to five years	Maturity over five years			
	----- Rupees -----						
FINANCIAL ASSETS							
Cash and bank deposits	2 to 3	6,702,681	-	6,702,681	8,296,545	14,999,226	
Investments	4 to 8	71,663,749	80,581,932	152,245,681	-	152,245,681	
Loans and others receivables		-	-	-	169,498,851	169,498,851	
Takaful / Re-takaful receivables		-	-	-	142,674,565	142,674,565	
Retakaful recoveries against outstanding claims		-	-	-	14,196,873	14,196,873	
		78,366,430	80,581,932	158,948,362	334,666,834	493,615,196	
FINANCIAL LIABILITIES							
Provision for outstanding claims (including IBNR)		-	-	-	59,800,049	59,800,049	
Takaful / Re-takaful payables		-	-	-	53,539,355	53,539,355	
Other creditors and accruals		-	-	-	205,807,890	205,807,890	
		-	-	-	319,147,294	319,147,294	

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Sensitivity analysis

The operator does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate will not effect fair value of any financial instrument. For cash flow sensitivity analysis of variable rate instruments a hypothetical change of 100 basis points in interest rates at the reporting date would have increased/ (decreased) profit for the year by the amounts shown below.

	Increase / (decrease) in basis points	Effect on profit	Effect on fund
-----Rupees-----			
As at December 31, 2017			
Cash flow sensitivity - variable rate financial liabilities	100	-	-
	(100)	-	-
Cash flow sensitivity - variable rate financial assets	100	2,159,037	2,159,037
	(100)	(2,159,037)	(2,159,037)
As at December 31, 2016			
Cash flow sensitivity - variable rate financial liabilities	100	-	-
	(100)	-	-
Cash flow sensitivity - variable rate financial assets	100	1,416,707	1,416,707
	(100)	(1,416,707)	(1,416,707)

b) Foreign currency risk

Foreign currency risk is the risk that the value of financial assets or liability will fluctuate due to changes in foreign currency rates. Foreign exchange risk arises mainly where receivables and payables exists due to transactions in foreign currencies. As of the statement of financial position date, the operator does not have material assets or liabilities which are exposed to foreign currency risk except for amount due from and due to retakaful companies.

35.3.2 Liquidity risk

Liquidity risk is the risk that the operator will encounter difficulty in meeting obligations associated with its financial liabilities. To guard against the risk, the operator maintains balance of cash and other equivalents and readily marketable securities. The maturity profile of assets and liabilities are also monitored to ensure adequate liquidity is maintained. All financial liabilities of the operator are short term in nature.

Liquidity risk is the risk that the operator may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

On the statement of financial position date the operator has cash and bank balance of Rs. 27,378,442/- (2016: Rs.14,999,226 /-).

The table below analyses the operator's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date on an undiscounted cash flow basis.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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	2017			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
-----Rupees-----				
Financial liabilities				
Provision for outstanding claims (including IBNR)	116,989,901	116,989,901	116,989,901	-
Amounts due to other takaful/retakaful	67,455,786	67,455,786	67,455,786	-
Other creditors and accruals	362,259,527	362,259,527	362,259,527	-
	546,705,214	546,705,214	546,705,214	-
	2016			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
-----Rupees-----				
Financial liabilities				
Provision for outstanding claims (including IBNR)	59,800,049	59,800,049	59,800,049	-
Amounts due to other takaful/retakaful	53,539,355	53,539,355	53,539,355	-
Other creditors and accruals	205,807,890	205,807,890	205,807,890	-
	319,147,294	319,147,294	319,147,294	-

35.3.3 Credit risk and concentration of credit risk

Credit risk is the risk that arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The operator 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.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

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

	2017	2016
	Rupees	Rupees
		(Re-stated)
Investments	191,954,928	152,245,681
Loans and other receivables	384,207,502	169,498,851
Takaful / Re-takaful receivables	344,131,218	142,674,565
Retakaful recoveries against outstanding claims	50,833,177	14,196,873
Cash & Bank	27,378,442	14,999,226
	998,555,267	493,615,196

The operator did not hold any collateral against the above during the year. General provision is made, whenever necessary for receivables according to the operator's policy. The impairment provision is written off when the operator expects that it cannot recover the balance due.

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

	Ratings		Ratings Agency	2017	2016
	Short term	Long term		Rupees	Rupees
Meezan bank limited	A-1+	AA	JCR-VIS	8,339,306	7,041,742
Summit bank limited	A-1	A-	JCR-VIS	396,639	417,723
Askari bank limited	A1+	AA+	PACRA	2,557,109	2,055,489
Habib bank limited	A-1+	AAA	JCR-VIS	2,629,636	452,254
Allied bank limited	A1+	AA+	PACRA	12,828	12,828
United bank limited	A1+	AAA	JCR-VIS	7,169,368	-
Bank al habib limited	A1+	AA+	PACRA	1,452,235	-
Bank Islami limited	A1	A+	PACRA	1,136,027	502,796
Bank of khyber limited	A1	A	PACRA	551,834	223,149
Faysal bank limited	A1+	AA	PACRA	-	2,359,353
Albaraka bank limited	A1	A	PACRA	1,286,714	1,616,829
National bank of Pakistan	A1+	AAA	PACRA	1,710,519	97,615
				27,242,215	14,779,778

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

The age analysis of contributions due but unpaid and amount due from other takaful/ retakaful is as follows:

	2017 Rupees	2016 Rupees
Upto 1 year	316,178,039	2,121,565
1-2 years	27,802,009	140,553,000
	343,980,048	142,674,565

Re-takaful risk

Retakaful ceded does not relieve the operator from its obligation towards policy holders and, as a result, the operator remains liable for the portion of outstanding claims reinsured to the extent that retakaful Operator fails to meet the obligation under the retakaful agreement.

To minimize its exposure to significant losses from retakaful companies' insolvencies, the operator obtains retakaful companies' ratings who are dispersed over several geographical regions.

The credit quality of amount due from other takaful companies and retakaful companies can be assessed with reference to external credit ratings as follows:

	Amount due from other takaful / re-takaful	Re-takaful recoveries against outstanding claims	Other re-takaful assets	2017	2016
	-----Rupees-----				
A or above (including PRCL)	110,240,025	50,883,117	169,830,482	330,953,684	154,139,540
Total	110,240,025	50,883,117	169,830,482	330,953,684	154,139,540

35.4 FUND MANAGEMENT

The operator's objectives when managing capital or to safeguard operator's ability to continue as going concern in order to provide returns for operator or participants and to offer benefits 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 amount of return paid to operators or to participants may be adjusted.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

35.5 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the Company uses market observable data to the extent possible. If the fair value of an asset or liability is not directly observable, it is estimated by the company using valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. Inputs used are consistent with the characteristics of the asset/liability that market participants would take into account.

Fair values are categorized into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).
- Transfers between levels of the fair value hierarchy are recognized by the Company at the end of the reporting period during which the change occurred.

	Carrying amount				Total	Fair value			Total
	Investments	Loans and receivables	Cash and cash equivalents	Other financial liabilities		Level 1	Level 2	Level 3	
----- Rupees -----									
31 December 2017									
Financial assets - not measured at fair value									
Cash in hand*	-	-	136,226	-	136,226	-	-	-	-
Cash at bank*	-	-	27,242,216	-	27,242,216	-	-	-	-
Term deposits maturing within 12 months*	-	-	86,196,503	-	86,196,503	-	-	-	-
Term deposits maturing after 12 months*	-	-	1,174,000	-	1,174,000	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-
- Equity securities	28,669,070	-	-	-	28,669,070	35,681,164	-	-	35,681,164
- Mutual Fund Certificates	15,159,898	-	-	-	15,159,898	16,862,678	-	-	16,862,678
- Sukuk Bonds	82,125,960	-	-	-	82,125,960	81,000,000	-	-	81,000,000
Loans to employees*	-	1,859,732	-	-	1,859,732	-	-	-	-
Due from takaful contract holders*	-	233,891,193	-	-	233,891,193	-	-	-	-
Due from other takaful / re-takaful*	-	110,240,025	-	-	110,240,025	-	-	-	-
Accrued investment income*	-	2,127,276	-	-	2,127,276	-	-	-	-
Reinsurance recoveries against outstanding claims*	-	50,883,177	-	-	50,883,177	-	-	-	-
Wakala fee receivables*	-	299,700,235	-	-	299,700,235	-	-	-	-
Sundry receivables*	-	59,149,756	-	-	59,149,756	-	-	-	-
	125,954,928	757,851,394	114,748,945	-	998,555,267	133,543,842	-	-	133,543,842
Financial liabilities - not measured at fair value									
Outstanding claims including IBNR*	-	-	-	116,989,901	116,989,901	-	-	-	-
Takaful / re-takaful Payables*	-	-	-	67,455,786	67,455,786	-	-	-	-
Accrued expenses*	-	-	-	1,585,394	1,585,394	-	-	-	-
Wakala fee payable*	-	-	-	299,700,235	299,700,235	-	-	-	-
Other creditors and accruals*	-	-	-	60,973,898	60,973,898	-	-	-	-
	-	-	-	546,705,214	546,705,214	-	-	-	-

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

	Carrying amount				Total	Fair value			Total
	Investments	Loans and receivables	Cash and cash equivalents	Other financial liabilities		Level 1	Level 2	Level 3	
----- Rupees -----									
31 December 2016									
Financial assets - not measured at fair value									
Cash in hand*	-	-	219,448	-	219,448	-	-	-	-
Cash at bank*	-	-	14,779,778	-	14,779,778	-	-	-	-
Term deposits maturing within 12 months*	-	-	64,173,107	-	64,173,107	-	-	-	-
Term deposits maturing after 12 months*	-	-	1,574,000	-	1,574,000	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-
- Equity securities	-	-	-	-	-	-	-	-	-
- Mutual Fund Certificates	8,663,749	-	-	-	8,663,749	8,663,749	-	-	8,663,749
- Sukuk Bonds	80,581,932	-	-	-	80,581,932	80,581,932	-	-	80,581,932
Loans to employees*	-	1,243,143	-	-	1,243,143	-	-	-	-
Due from takaful contract holders*	-	9,573,669	-	-	9,573,669	-	-	-	-
Due from other takaful / re-takaful*	-	133,100,896	-	-	133,100,896	-	-	-	-
Accrued investment income*	-	1,214,523	-	-	1,214,523	-	-	-	-
Reinsurance recoveries against outstanding claims*	-	14,196,873	-	-	14,196,873	-	-	-	-
Wakala fee receivables*	-	145,089,458	-	-	145,089,458	-	-	-	-
Sundry receivables*	-	19,204,620	-	-	19,204,620	-	-	-	-
	89,245,681	323,623,182	80,746,333	-	493,615,196	89,245,681	-	-	89,245,681
Financial liabilities - not measured at fair value									
Outstanding claims including IBNR*	-	-	-	59,800,049	59,800,049	-	-	-	-
Takaful / re-takaful Payables*	-	-	-	53,539,355	53,539,355	-	-	-	-
Accrued expenses*	-	-	-	638,982	638,982	-	-	-	-
Wakala fee payable*	-	-	-	145,089,458	145,089,458	-	-	-	-
Other creditors and accruals*	-	-	-	56,742,044	56,742,044	-	-	-	-
	-	-	-	315,809,888	315,809,888	-	-	-	-

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

2017
Rupees

36 STATEMENT OF SOLVENCY

Assets	46,264,585
Property and equipment	
Investments	
Equity Securities	28,914,112
Debt Securities	62,046,973
Term deposits	46,000,000
Loans and others receivables	39,923,640
Takaful / Re-takaful receivables	344,131,218
Retakaful recoveries against outstanding claims	50,883,177
Prepayments	169,830,482
Cash & bank	23,948,759
Total assets (A)	811,942,946

In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000

(h) Takaful / retakaful receivables	198,827,222
(q) Equity securities	13,413,257
(u) Property and equipment	46,264,585
(v) Security deposits	20,196,503
Total of inadmissible assets (B)	278,701,567
Total admissible assets (C=A-B)	533,241,379

Total liabilities

Underwriting provisions	
Provision for outstanding claims (including IBNR)	116,989,901
Contribution deficiency reserve	633,460
Reserve for unearned contribution	295,890,385
Reserve for unearned retakaful rebate	35,558,525
Takaful / re-takaful payables	29,895,051
Other creditors and accruals	27,526,865

Total liabilities (D) 506,494,187

Total net admissible assets (E=C-D) 26,747,192

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

Minimum Solvency Requirement (higher of following)

As per requirement of section 10(k) of Takaful Rules, 2012 An Operator shall ensure that in case of General takaful each participant takaful fund, at all times, has admissible assets in excess of its liabilities.

37 CORRESPONDING FIGURES

As a result of adoption of the Insurance Rules, 2017, and the Insurance Accounting Regulations, 2017, (note 2.7), corresponding figures have been rearranged and reclassified, wherever necessary, to facilitate better comparisons. No significant reclassifications have been made during the current year except as disclosed in note 2.7 and are as follows:

Particulars	Note	From	To	Rupees Agregate
Term Deposits	8.1	Deposits Maturing within 12 months	Term deposits-PTF	53,000,000
Term Deposits	8.2	Deposits Maturing within 12 months	Term deposits-OPF	10,000,000
Accrued investment income	9.1	Accrued investment income	Loans and other receivables	819,145
Accrued investment income	9.2	Accrued investment income	Loans and other receivables	395,378
Security deposits	9.1	Deposits Maturing within 12 months	Loans and other receivables	1,173,107
Security deposits	9.2	Deposits Maturing after 12 months	Loans and other receivables	1,574,000
Advance tax	9.1	Other advances and receivables	Loans and other receivables	149,501
Other receivables	9.1	Other advances and receivables	Loans and other receivables	321,424
Other receivables	9.2	Other advances and receivables	Loans and other receivables	18,733,696
Loans to employees	9.2	Loans to employees	Loans and other receivables	1,243,143
Wakala fee receivables	9.2	Wakala fee receivable	Loans and other receivables	145,089,458
Due from takaful contract holders	10.1	Contribution due but unpaid	Takaful re-takaful receivables	9,573,669
Due from takaful / re-takaful operators	10.1	Amount due from other takaful/ re-takaful	Takaful re-takaful receivables	133,100,896
Cash & bank	12	cash and other equivalent	Cash & bank	219,448
Cash & bank	12	Current and other accounts	Cash & bank	14,779,778
Due to other takaful / re-takaful operators	16.1	Amount due to other takaful / re-takaful	Due to other takaful / re-takaful operators	16,923,102
Due to other takaful / re-takaful operators	16.2	Amount due to other takaful / re-takaful	Due to other takaful / re-takaful operators	36,616,253
Other creditors and accruals	17.1	Wakala fee payable	Other creditors and accruals	145,089,458
Other creditors and accruals	17.2	Accrued expenses	Other creditors and accruals	638,982
Wakala fee	25	Net takaful contribution	Wakala fee	211,596,196

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

Particulars	Note	From	To	Rupees Agregate
Management expenses	27	Administrative expnses	Management expenses	21,437,416
Management expenses	27	Rental on car ijarah	Management expenses	3,419,260
Other expenses	30	Administrative expenses	Other expenses	1,667,861

38 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on March 22, 2018 by the Board of Directors of the Company.

39 GENERAL

The figures in the financial statements have been rounded off to the nearest rupees.



Mohammad Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director



Khawas Khan Niazi
Director / President



Javaid Sadiq
Chairman

ANNUAL GENERAL MEETING

NOTICE is hereby given that the 58th Annual General Meeting of THE UNITED INSURANCE COMPANY OF PAKISTAN LIMITED will be held on Monday the April 30, 2018 at 09:00 a.m. at the Institute of Chartered Accountants of Pakistan Auditorium Hall, Chartered Accountants Avenue Clifton, Karachi, to transact the following business:

ORDINARY BUSINESS:

- 1) To confirm the minutes of the 57th Annual General Meeting of the Company held on April 29, 2017.
- 2) To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended December 31, 2017 together with the Directors' and Auditors' reports thereon.
- 3) To appoint External Auditors of the Company for the financial year 2018 and fix their remuneration. The retiring Auditors M/s. Ilyas Saeed & Company, Chartered Accountants, being eligible, have offered themselves for re-appointment.
- 4) To elect Seven (7) Directors of the Company as fixed by the Board in the meeting held on March 22, 2018 in accordance with the provision of Section 159(1) of the Companies Acts – 2017 for the period of three (3) years commencing from May 01, 2018 in place of retiring Directors namely:
 - i) Mr. Javaid Sadiq
 - ii) Mr. Khawas Khan Niazi
 - iii) Mr. Muhammad Rahat Sadiq
 - iv) Ms. Huma Waheed
 - v) Mr. Agha Ali Imam
 - vi) Mr. Taseer Yousaf Makhdoom
 - vii) Mr. Jamil Ahmed Khan

The retiring Directors are eligible for re-election.

SPECIAL BUSINESS:

- 5) To consider and approve in the ratio of 13 shares for every 100 shares held i.e. 13% as recommended by the Board of Directors and, if considered appropriate, to pass with or without modification(s) the following resolutions:

Resolved that a sum of Rs. 260,201,760/= out of the profits available for appropriation as at December 31, 2017 be capitalized and adopted to the issue of ordinary shares of Rs.10 each allotted as fully paid Bonus Shares (B-23) @ 13 % in the proportion of 13 share for every 100 shares held by Company's members whose names appear on the register of members as at close of business on 23-04-2018 and that the Bonus shares shall rank pari passu in all respects with the existing shares.

Further Resolved that in the event of any member becoming entitled to a fraction of bonus share the Directors be and are hereby authorized to consolidate all such fraction share(s) so constituted on the stock market and to pay the proceed of the sale when realized to a recognized charitable institution as may be selected by the Directors of the Company.

Further Resolved that the Company Secretary be and is hereby authorized and empowered to give effect to these resolutions and to do or cause to be done all acts, deeds and things that may be necessary or required for issue, allotment and distribution of Bonus Shares.

ANNUAL GENERAL MEETING

- 6) To consider and if deemed fit, to pass the following Special Resolution under section 199 of the Companies Act – 2017, with or without modification, additions(s) or deletions(s) as recommended by the Directors.

Resolved that in pursuant of the approval from the shareholders at 13th EOGM held on 31 August 2016, under the Section 199 of the Companies Act 2017. The United Insurance Company of Pakistan Limited be and is hereby authorised to enhance investment in Apna Microfinance Bank Limited by way of share deposit money to the extent of Rs. 400,000,000/- (Rupees Four Hundred Million Only)

- 7) To consider and approve the remuneration of Executive Directors (including Chief Executive Officer) and fee to the non-executive /independent Directors of the Company during the year 2018.
- 8) To transact any other business may be brought forward with the permission of the Chair.

Date : April 06, 2018

By order of the Board
Karachi

(Athar A. Khan)
Company Secretary

NOTES:

1. Any person who seeks to contest the election of Directors shall, whether he is retiring Director or otherwise, must file the following documents & information with the Company at its registered office not later than fourteen (14) days before the above said meeting his/her intention to offer himself/herself for the election of the Directors in terms of Section 159(3) of the Companies Act – 2017 together with:
 - i) His/her Folio No./CDC Investor Account No./CDC Participate ID No./Sub-Account No.
 - ii) Notice of his/her intention to offer himself/herself for the election of Directors in terms of Section 159(3) of the Companies Act – 2017.
 - iii) Detailed profile along with his/her office address as required under SRO 1222(1) 2015 dated December 10, 2015 of the Securities and Exchange Commission of Pakistan (SECP).
 - iv) An attested copy of valid computerized National Identity Card.
 - v) Signed declaration in respect of being complaint with the requirements of the Code of Governance and the eligibility criteria as set out in the Companies Act – 2017 to act as Director of the listed company.
 - vi) Information on Annexure A and affidavits on Annexure B & C required under the Insurance Companies (Sound and Prudent Management) Regulations 2012.
2. The Register of Members and the Share Transfer Books of the Company shall remain closed from April 24, 2018 to April 30, 2018 (both days inclusive). Transfers received at Company's Share Registrar M/s. F.D. Registrar Services (SMC-Pvt.) Limited, Office # 1705, 17th Floor, Saima Trade Tower – A, I. I. Chundrigar Road, Karachi by the close of business on 23-04-2018, will be treated in time for the purpose of determine entitlement to the Dividend & Bonus Shares and to attending the meeting.
3. All members are entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend and vote instead of him/her.
 - a) A proxy must be a member of the Company. Proxies in order to be effective must be received at the Registered Office, situated at 204, Madina City Mall, Abdullah Haroon Road, Karachi not later than forty eight (48) hours before the time fixed for the meeting.
 - b) The Proxy shall produce his/her original CNIC or Passport at the time of the meeting.
 - c) Proxy from shall be witnessed by two persons whose, name, CNIC Nos. and addresses shall be mentioned on the proxy form.
4. CDC Account holders are required to follow the below mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

Notice of the 58th
ANNUAL GENERAL MEETING

- a) In case of individual(s), the account holder (s) or sub-account holder (s) shall authenticate his/her identity by showing his/her original CNIC card or original passport at the time of attending the Meeting.
- b) In case of corporate entities, the Board of Directors' resolution/ power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.
5. Shareholders are requested to immediately notify change in address, if any, to the Company's Share Registrar, at the following address:

M/s. F.D. Registrar Services (SMC-Pvt.) Limited,

Office # 1705, 17th Floor, Saima Trade Tower – A,

I.I. Chundrigar Road, Karachi – 74000.

6. Withholding Tax on Bonus Issue @ 5%:

Pursuant to the provisions of the Financial Act, 2014 listed companies issuing bonus shares have been made responsible for collecting tax on the said deemed income, which is 5 percent of the value of bonus shares Under Section 236 M of Income Tax Ordinance, 2001. Tax collected by the company shall be a final tax on the income of the shareholder of the company arising from issuance of bonus shares. The Company quoted on the stock

exchange, issuing bonus shares to the shareholders of the company, shall withhold 5% of the bonus shares be issued. These bonus shares withheld shall only be issued to the shareholder if the company collects, within fifteen days, from the shareholder tax equal to five percent of the value of the total bonus shares issued to the shareholder determined on the basis of the day-end price on the first day of closure of books. In case of default, either on the part of the company or the shareholder, the company may deposit the bonus shares withheld in Central Depository Company of Pakistan Limited or any other entity as may be prescribed.

7. Placement of Financial Statement

The Company has placed the Audited Annual Financial Statement for the year ended December 31, 2017 along with Auditors and Directors' Reports thereon on its website: www.theunitedinsurance.com

8. Video Conference Facility

Pursuant under Section 132(2) of the Companies Act, 2017, members of the Company may also attend and participate in the AGM through video conference facility. If members residing in the vicinity, collectively holding 10% or more shareholding, may demand in writing, to participate in the AGM through video conference (as per format appended below) at least seven (7) days prior to the date of AGM.

After receiving the consent of members having 10% or more shareholding in aggregate, the company will intimate members regarding venue of video conference facility at least five (5) days before the date of AGM.

I/we, _____ of _____, being a member of The United Insurance Company of Pakistan Limited, holding _____ ordinary share(s) as per CDC Participant ID & sub-account No. _____, hereby opt for video conference facility at _____.

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT – 2017

This Statement sets out the material facts concerning the Special Business to be transacted at the 58th Annual General Meeting and the proposed Resolutions related thereto:

Agenda item no. 5: Bonus Shares

Bonus issue will be governed by rules and regulations. The Directors being satisfied with the reserves and profits of the Company as at December 31, 2017 have recommended an issue of Bonus Shares. The Directors have no interest directly or indirectly, except that they are members of the Company.

Agenda item no. 6: Investment in Apnamicro Finance Bank Limited

Ref No.	Requirement	Information
i	Name of associated company	APNA Microfinance Bank Limited
	Criteria of associated relationship	Investment in Equity
ii	Purpose	Market development and risk Reduction and to ensure capital adequacy ratio of the bank
	Benefits	To earn return on equity through dividend income from investment in associated company and capital appreciation
	Period of Investment	Strategic long term investment
iii	Maximum amount of investment	Rs.400 million(Rupees Four Hundred million only)
iv	Maximum price at which securities will be acquired	Rs. 10 per share
v	Maximum number of securities acquired	40 million shares
vi	Shareholding before investment	No. of Shares 111.250 million Shareholding percentage 44.50%
	Shareholding after investment	No. of Shares 151.250 million Shareholding percentage 52.155%
vii	Investment in listed security	Preceding twelve weekly average market price Rs. 5.48 per share.
ix	Break up of value of Shares.	Rs 2.81 per share as at 30-09-2017
x	Earnings per share for the last three years.	2014 Earnings per share 0.07, 2015 Loss per share (0.16), 2016 Loss per share (3.34)
xi	Source of funds from which share will be acquired	Own Funds of the Company
xii	Requirements if shares are intended to be acquired using borrowed funds	Not Applicable
xiii	Salient features of agreement(s) entered into with the associated company	Not Applicable
xiv	Direct/indirect interest of directors in the associated company	Not Applicable
xv	Any other important detail	None

Agenda item no. 7: Remuneration of Directors

Approval of the Members is required for remuneration for holding the respective offices in respect of the Chief Executive Officer, Executive Directors and fee of the Non-Executive Directors/Independent Directors. For this purpose, it is proposed that, the following resolution be passed as an Ordinary Resolution:

RESOLVED THAT approval be and is hereby granted for the holding of offices in the Company by The Chief Executive Officer, Executive Director/Non-Executive/Independent Directors, and the payment of remuneration to them for their individual contract under the rules of the Company.

PROXY FORM

The United Insurance Company Of Pakistan Limited

204, 2nd Floor, Madina City Mall, Abdullah Haroon Road, Saddar Karachi.

I / We _____ of _____

being a member of The United Insurance Company Of Pakistan Limited and a holder of _____

ordinary shares, as per Share Register Folio No. _____ and / or CDC Participant I.D. No. _____

and sub Account No. _____ hereby appoint (Name) _____

_____ of _____

or failing him/her (Name) _____ of _____

who are also members of The United Insurance Company of Pakistan Limited as my/our proxy to vote for me/us

and on my/our behalf at the Annual General Meeting of the Company to be held on April 30, 2018 at 09:00 a.m at The

institute of Chartered Accountants of Pakistan Auditorium, Chartered Accountants Avenue, Clifton, Karachi and at any

adjournment thereof.

Signed this _____ day of _____ 2018.

WITNESS:

1. Signature: _____

Name: _____

Address: _____

CNIC or Passport No: _____

2. Signature: _____

Name: _____

Address: _____

CNIC or Passport No: _____



Signature should agree with specimen signature with the company

Note:

1. Signature should agree with the specimen signature registered with the company.
2. The Proxy Form must be deposited at the Registered Office of the Company not later than 48 hours before the time of holding the Meeting.
3. No person shall act as proxy unless he/she is a member of the company.
4. CDC account holders will further have to follow the under mentioned guidelines as laid down in circular No. 1 dated 26 January 2000 of the Securities & Exchange Commission of Pakistan for appointing proxies.
 - i. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
 - ii. The Proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
 - iii. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - iv. The proxy shall produce his original CNIC or passport at the time of meeting.
 - v. In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signatures of the proxy holder shall be submitted (unless it has been provided earlier,) alongwith proxy form to the Company.

مختار نامہ

دی یونائیٹڈ انشورنس کمپنی آف پاکستان لمیٹڈ
۲۰۲۳، دوسری منزل، مدینہ ٹی مال، عبداللہ ہارون روڈ، صدر کراچی۔

میں / ہم _____ ساکن _____
بیشیت رکن دی یونائیٹڈ انشورنس کمپنی آف پاکستان لمیٹڈ اور حامل عام حصص، بمطابق شیئر رجسٹر فوئیو نمبر _____ اور / یا سی ڈی سی پارٹنر شپ (شرکت)
آئی۔ ڈی نمبر _____ اور سب اکاؤنٹ (ذیلی کھاتہ) نمبر _____
محترم / محترمہ _____ کو اپنے / ہمارے ایما پر 30، اپریل 2018 کو دن 11:00 بجے بمقام دی انسٹی ٹیوٹ آف چارٹرڈ
اکاؤنٹنٹس آف پاکستان، چارٹرڈ اکاؤنٹنٹس ایونیو کراچی کے آڈیٹوریم میں منعقد ہونے والے کمپنی کے سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے یا کسی بھی التواء کی صورت اپنا / ہمارا نائب مقرر
کرتا ہوں / کرتے ہیں۔

آج بروز _____ تاریخ _____ 2018 کو دستخط کئے گئے۔

گواہان:

- 1- دستخط: _____
نام: _____
پتہ: _____
کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر: _____
- 2- دستخط: _____
نام: _____
پتہ: _____
کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر: _____

نوٹ:

- 1- ایک ممبر (رکن) جو اجلاس میں شرکت اور ووٹ دینے کا مجاز ہو، اپنی جگہ کسی اور شخص کو بطور نائب شرکت کرنے اور ووٹ دینے کا حق تفویض کر سکتا ہے۔
- 2- ایک ممبر (رکن) جو اجلاس میں شرکت نہیں کر سکتا، وہ اس فارم کو مکمل کرے اور دستخط کرنے کے بعد اجلاس شروع ہونے سے کم از کم 48 گھنٹے قبل کمپنی سیکریٹری، دی یونائیٹڈ انشورنس کمپنی آف پاکستان لمیٹڈ کے رجسٹرڈ آفس نمبر 204 مدینہ سٹی مال عبداللہ ہارون روڈ، صدر کراچی پر ارسال کر دے۔
- 3- سی ڈی سی شیئرز ہولڈر ہونے کی صورت میں درج بالا کے علاوہ ذیل میں درج ہدایات پر بھی عمل کرنا ہوگا:
 - (الف) فرد ہونے کی صورت میں، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور/یا وہ فرد جس کی سیکورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن کی تفصیلات تو اندر وضوابطہ کے مطابق اپ لوڈ ہوں، انہیں کمپنی کی جانب سے دی گئی ہدایات کی روشنی میں پراکسی فارم جمع کرانا ہوگا۔
 - (ب) مختار نامے پر بطور گواہان دو افراد کے دستخط ہونے چاہئیں اور ان کے نام، پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبرز فارم پر درج ہوں۔
 - (ج) تینفیشل اونرز (مستفید ہونے والے فرد) کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول بھی منسلک کرنی ہوگی جسے نائب مختار نامے کے ہمراہ پیش کرے گا۔
 - (د) اجلاس کے وقت نائب کو اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔
 - (ه) کارپوریٹ ادارہ ہونے کی صورت میں بحیثیت ممبر (رکن)، بورڈ آف ڈائریکٹرز کی قرارداد/مع نامزد کردہ شخص/انارنی کے نمونہ دستخط پاؤر آف انارنی (اگر پہلے فراہم نہ کئے گئے ہوں) پراکسی فارم (مختار نامے) کے ہمراہ کمپنی میں جمع کرانا ہوگا۔

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