



annual report 2015

bringing out
the best today,
for tomorrow.

IGI

Insurance

SERVING YOU SINCE 1953





introduction

Insurance is about maintaining a quality of life; to keep oneself at a status quo that one is accustomed to. Be it personal or professional, domestic or business, national or international, we at IGI believe that being prepared is being positive. Just as it takes an artisan years of personal investment and endeavour to create a work we undoubtedly know that our customers too have put in years and sacrificed much to create a lifestyle and a professional & financial status.

We at IGI are here to insure, and ensure, you get to keep what you have earned.



contents

04	Highlights	61	Unconsolidated Statement Claims
13	Vision & Mission	62	Unconsolidated Statement of Expenses
15	Core Values	63	Unconsolidated Statement of Investment Income
17	Company Information	64	Notes to and Forming part of the Unconsolidated Financial Statement
19	Code of Conduct	107	Consolidated Financial Statements
21	Corporate Sustainability at IGI	108	Directors' Report to the Shareholders
22	Board of Directors	109	Auditors' report to the Members
24	Key Financial Data	110	Consolidated Balance Sheet
28	Horizontal Analysis	112	Consolidated Profit and Loss Account
29	Vertical Analysis	113	Consolidated Statement of Changes in Equity
30	Statement of Value Addition	114	Consolidated Statement of Cash Flows
31	Board Committees	116	Consolidated Statement of Premiums
34	Shareholder Information	117	Consolidated Statement Claims
42	Directors' Report to the Shareholders	118	Consolidated Statement of Expenses
46	Corporate Calendar	119	Consolidated Statement of Investment Income
47	Report on Corporate Governance	120	Notes to and Forming part of the Consolidated Financial Statement
49	Statement of Compliance with the Code of Corporate Governance	190	Notice of Annual General Meeting
51	Unconsolidated Financial Statements	195	Form of Proxy
52	Review Report to the Members on Statement of Compliance	197	Form of Proxy (Urdu)
53	Auditors' report to the Members	201	Consolidated Directors' Report to the Shareholders (Urdu)
54	Unconsolidated Balance Sheet	206	Report on Corporate Governance (Urdu)
56	Unconsolidated Profit and Loss Account	207	Unconsolidated Directors' Report to the Shareholders (Urdu)
57	Unconsolidated Statement of Changes in Equity		
58	Unconsolidated Statement of Cash Flows		
60	Unconsolidated Statement of Premiums		

2015

highlights

Investment
Income

Rs.
1,445m
Growth
54%

Underwriting
Result

Rs.
256m
Growth
23%

Cash
Dividend

60%

Gross Written
Premium

Rs.
2,344 m
Growth
10%

Earnings
per share

Rs.
10.54
Growth
57%

insurance is assurance

In our culture gold is often considered is an investment for the future; but what good is it when you need to immediately pay for a medical emergency, or to quickly repair your vehicle?

The world over insurance is considered a first priority. Be it for medical, vehicle, education, personal or business. Insurance provides the assurance of what is needed, when and where its needed.



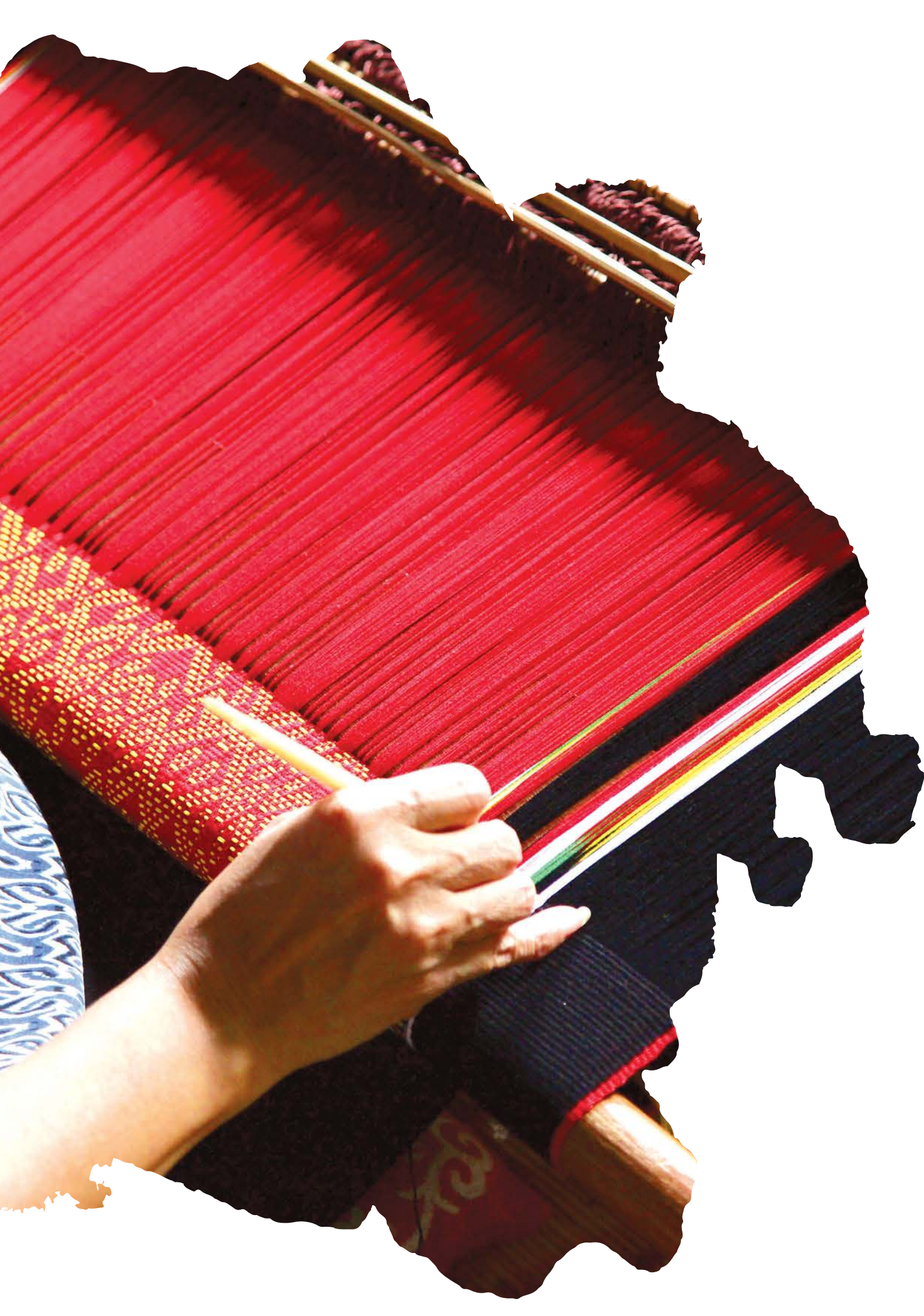


designed for you

At IGI we pattern together policies that work in harmony with your present and future needs. Where one policy balances and strengthens the other.

IGI advisors pattern a folio specifically to your requirements. For you, for your family, for your home or business, we've got you covered.





ultimate blend

At IGI we always take in the full picture. What is pertinent to you today and what will be so in the future; what direction will events take and how will all this impact your short, medium or long term insurance canvas with us.

At IGI Insurance we draw up insurance policies that enhance your life today while taking a long view of tomorrow.







With a vast portfolio of offerings IGI is best suited to offer you a package of policies designed to suit your needs.



vision

IGI Insurance is committed to being one of the leading providers of solutions to risk exposures in selected market segments in Pakistan.

mission

CUSTOMERS: Being the preferred insurer in providing solutions to risk exposure.

SHAREHOLDERS: Consistently delivering above market average return on capital.

EMPLOYEES: Providing the environment necessary to be employer of choice.

COMMUNITY: Compliance with the highest ethical and moral standards.





core values

Professionalism

We have a mind-set towards perfection. Our business model works on the philosophy of passion and customer delight. We serve all our stakeholder with dedication, discipline, decisiveness and distinction.

Integrity

In conducting business we are inspired by and comply with the principles of honesty, fairness and transparency.

Customer Service

Provide value added Customer Service both to external and internal customers.

Commitment to Growth

Through our expertise, analysis and focus, we assure growth for all our stakeholders.

Commitement to Excellence

Performing consistently at higher levels, striving continuously for innovation, agility and optimization. Responding vigorously to change is our mark of excellence.



company information

Board of Directors

Syed Babar Ali (Chairman)
Shamim Ahmad Khan
Syed Yawar Ali
Syed Shahid Ali
Syed Hyder Ali
Faryal Jooma
Osman Khalid Waheed
Tahir Masaud

Chief Executive Officer

Tahir Masaud

Chief Financial Officer & Company Secretary

Abdul Haseeb

Chief Technical Officer

Faisal Khan

Audit Committee

Shamim Ahmad Khan (Chairman)
Syed Yawar Ali
Syed Hyder Ali
Faryal Jooma
Muhammad Junaid Qamar (Secretary)

Investment Committee

Syed Hyder Ali (Chairman)
Shamim Ahmad Khan
Syed Yawar Ali
Osman Khalid Waheed
Tahir Masaud
Abdul Haseeb
Sajjad Iftikhar (Secretary)

Claims Committee

Shamim Ahmad Khan (Chairman)
Tahir Masaud
Zahid Mehmood
Abdul Haseeb
Asad Ali Siddiqi (Secretary)

Underwriting Committee

Syed Hyder Ali (Chairman)
Tahir Masaud
Faisal Khan
Jamshaid Hussain
Haider Ali
Syed Matin Ahmed (Secretary)

Re-Insurance & Co-Insurance Committee

Syed Hyder Ali (Chairman)
Tahir Masaud
Faisal Khan (Secretary)

Human Resources & Compensation Committee

Syed Yawar Ali (Chairman)

Syed Shahid Ali
Syed Hyder Ali
Faryal Jooma
Tahir Masaud
Kaifee Siddiqui (Secretary)

Bankers

Allied Bank Limited
Bank Islami Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank
JS Bank Limited
MCB Bank Limited
National Bank of Pakistan
NIB Bank Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited

Auditors

A.F. Ferguson & Co.
Chartered Accountants

Internal Auditors

Ernts & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Legal Advisors

Ramday Law Associates
Hassan & Hassan
Lari & Company

Share Registrar

FAMCO Associates (Private) Limited
8-F, Next to Hotel Faran,
Nursery, Block-6, P.E.C.H.S
Shahrah-e-Faisal
Karachi.

Registered & Head Office

7th Floor, The Forum,
Suite Nos.701-713, G-20, Block 9,
Khayaban-e-Jami, Clifton,
Karachi-75600, Pakistan
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Contact

UAN: 111-308-308
Toll Free No. 0800-2-3434
Fax: 92-21-35301706





code of conduct

The "Values" and "Principles" that the organization has developed over the years are adhered to by all employees within the organization. Following are some salient features of the code of conduct:

The company's operations and activities will be carried out in compliance with the law, regulations, statutory provisions and ethical integrity. All IGI employees are committed to fulfill their duties with utmost sincerity and fairness.

In conducting its business IGI is inspired by acts in accordance with the principles of loyalty, fairness, transparency and efficiency.

All employees of IGI avoid conflict of interest while conducting IGI's business and ensure that their judgment is not influenced whenever there is a prospect of direct or indirect personal gain.

The employees of IGI should not take advantage of the Company's information or property for personal gains. Any member of IGI shall not disclose or reveal any information which is confidential in nature or any such information which may benefit the employee directly or indirectly.

The members of IGI are forbidden to pass on inside information at any time to any other person, inside or outside the company. Inside information refers to information about IGI, its business, or any other companies doing business that is generally not known to the public, but if known would affect the price of a company's shares or influence a person's investment decisions.

IGI has a culture of zero tolerance towards fraud and maintains the highest standards of prevention, detection and remediation. All IGI staff members are responsible for ensuring strong, robust and effective fraud control.

The employee shall not use company resources for the benefit of political parties or any association directly or indirectly connected to a political party.

It is the responsibility of all IGI members while dealing with government agencies, external agencies, suppliers, consultants and individuals to exercise good judgment, so as to act in a manner that will not damage the integrity and reputation of the organization.

Every employee of IGI has the right to work in an environment that is free from harassment, whether it is based on a person's race, color, ethnic or national origin, age, gender or religion.

IGI is an equal opportunity employer. All phases of the employment relationship including recruitment, promotion, compensation, benefits, transfers, layoff and leaves are carried out by all managers without regard to race, color, ethnic and national origin, age, gender or religion.

All employees are responsible for the security of authorized access to and proper use of IGI physical and intangible assets any third party assets in custody with an employee



corporate sustainability at IGI

IGI is conscious of its responsibility towards the society and the environment.

Since Corporate Social Responsibility (CSR) is a continuous process, this year we have strived to ensure sustainability for our stakeholders through numerous initiatives encompassing:

- Corporate Social Responsibility;
- Employee Development;
- Compliance; and
- Optimization of Resources.

CORPORATE SOCIAL RESPONSIBILITY

- IGI believes in giving the youth of Pakistan confidence, opportunities for learning and success. We have offered paid internships all around the year to students from diverse colleges and universities to apply their knowledge practically and gain hands on experience which can enable them to secure rewarding opportunities not only at IGI but in the external job market as well.
- We take our contribution towards national economy seriously and have always discharged our obligations in a transparent, accurate and timely manner. During the year, Rs. 145m was paid on account of income tax and other levies.
- The Company contributed Rs. 1.5m towards various social sector organizations in the education, health and environment areas during the year and aims to enhance its contribution in the future.
- We also extend support to the employees for the education of their children. This year the Company share was Rs. 8.7 M.

ENVIRONMENTAL SUSTAINABILITY

Pollution reduction and waste management measures have been defined and are being applied to ensure that it has a minimal impact on our environment. Our waste management process is based on reduce, reuse, recycle and disposal philosophy.

IGI Insurance gives due care to energy conservation. All departments and employees are conscious and implement power conservation measures not only during, but after business hours as well.

EMPLOYEE DEVELOPMENT & ENGAGEMENT

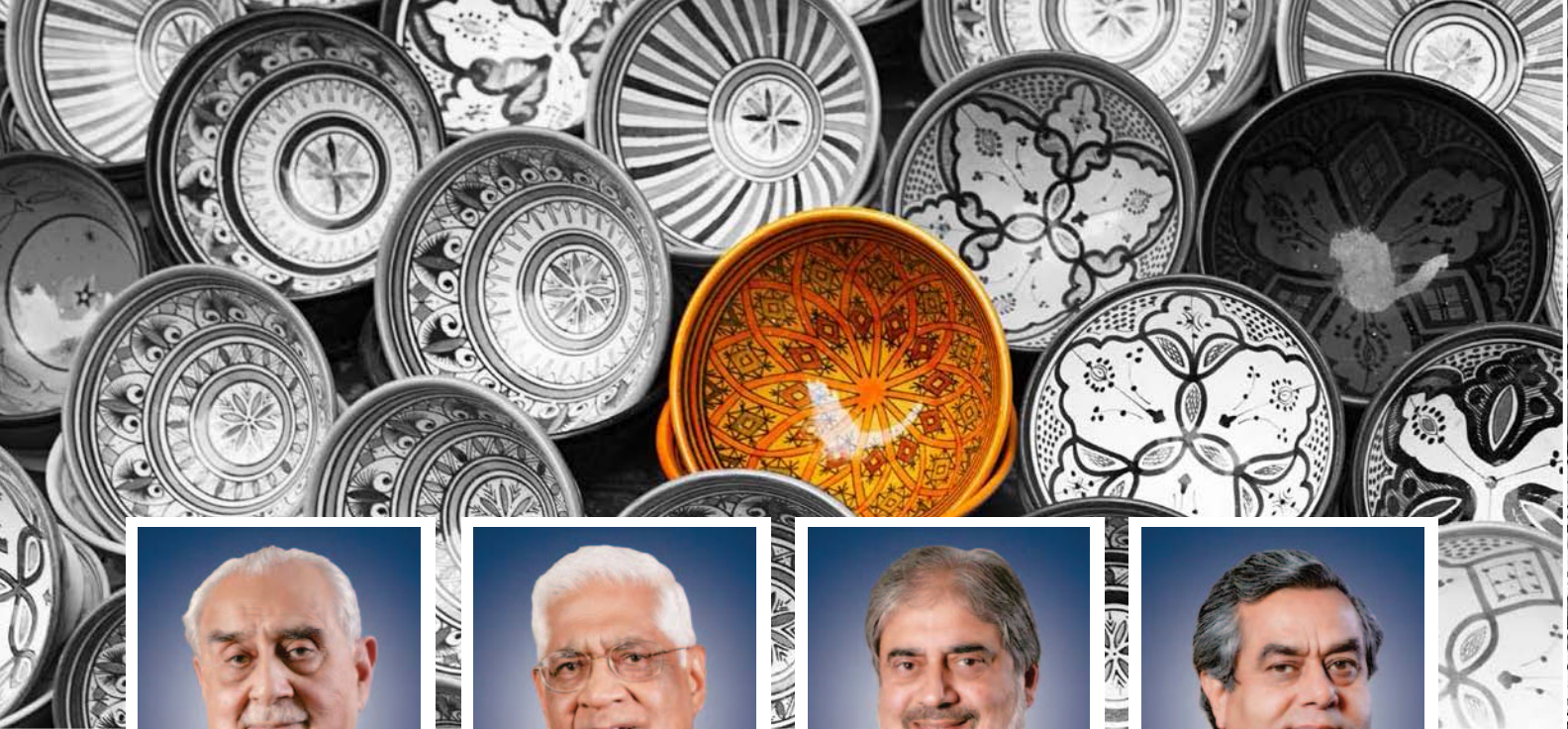
- IGI recognizes the value of a balanced work force and is committed to the principles of equal opportunity, equality of treatment and creating a dynamic climate where diversity is valued as a source of enrichment and opportunity.
- Female participation now stands at 10%
- We have an outstanding concentration of specialist expertise and talent. Providing our people with learning and growth opportunities coupled with a safe and secure workplace is one of our top priorities. It is encouraging to report that this year:
- Customized training programs were carried out in various disciplines like Finance, Claims, Underwriting and Risk management function.
- Investment on employee training & education was around Rs. 5.5m
- Average training hours per employee for the year were 16 hours.
- There have been zero accidents / injury at the workplace.
- Health Awareness Sessions arranged for employees every quarter.

BUSINESS SUSTAINABILITY

The Company has built a reputation for conducting business with integrity, in accordance with high standards of ethical behavior, and in compliance with the laws and regulations that govern our business. IGI carefully checks for compliance with the Code by providing suitable information, prevention and control tools and ensuring transparency in all transactions and behaviors by taking creative measures as required.

To further capitalize on internal & external strengths, adopt best practices and increase operational efficiencies the following committees exist:

- ISO Management Representative Team for actions on identified improvement areas and ensures compliance.
- Cross functional team for business process optimization
- Salvage Disposal Committee & Theft Vehicle Recovery Team for maximizing the return for the Company while ensuring integrity & transparency



Syed Babar Ali
(Chairman) Director
since 1954

Other Engagements

IGI Investment Bank Limited, Sanofi Aventis Pakistan Limited, Tri-Pack Films Limited, Nestle Pakistan Limited, Coca Cola Beverages Pakistan Limited, Tetra Pak Pakistan Limited, Ali Institute of Education, Babar Ali Foundation, Gumani Foundation, Industrial Technical & Educational Institute, National Management Foundation, Syed Maratib Ali Religious and Charitable Trust Society.

PRO CHANCELLOR

Lahore University of Management Sciences (LUMS).



Shamim Ahmad Khan
Director since 2000

Other Engagements

IGI Lifer Insurance Limited, Abbott Laboratories Pakistan Limited, Packages Limited, Karandaaz (Pvt.) Limited, Member of Board of Governors (SDPI), Sustainable Development Policy Institute, Member of Advisory Committee of Center for International Private Enterprise (CIPE).



Syed Yawar Ali
Director since 1999

Other Engagements

IGI Life Insurance Limited, Nestle Pakistan Limited, Amjad & Afzal Foundation, Pakistan Dairy Association, Wazir Ali Industries Ltd, HY Enterprises (Pvt.) Ltd Company, Pakistan International Airline, Dairy & Rural Development Foundation (NGO), Zarai Taraqiati Bank Ltd.



Syed Shahid Ali
Director since 1980

Other Engagements

Packages Limited, Treet Corporation Limited, Treet Power Limited, Loads Limited, Treet Holdings Limited (Formerly Global Econo Trade (Pvt.) Limited), Specialized Motorcycle (Pvt.) Limited, Specialized Autoparts Industries (Pvt.) Limited, Multiple Autoparts Industries (Pvt.) Limited, Treet Assets (Pvt.) Ltd, First Trust Manufacturing Modaraba, Global Arts Limited.



Syed Hyder Ali
Director since 1989

Other Engagements

IGI Life Insurance Limited, Bulleh Shah Paper Mill (Pvt.) Limited, Nestle Pakistan Limited, Packages Limited, Packages Lanka (Pvt.) Limited, Sanofi-Aventis Pakistan Limited, Tetra Pak Pakistan Limited, Tri-Pack Films Limited, International Steel Limited, Babar Ali Foundation, National Management Foundation, Pakistan Business Council, Pakistan Centre for Philanthropy, KSB Pumps Company Limited, Syed Maratib Ali Religious & Charitable Trust Society, World Wide Fund for Nature.

MEMBER

Ali Institute of Education, International Chamber of Commerce Pakistan, Lahore University of Management Sciences (LUMS).



Faryal Jooma
Director since 2015

Other Engagements

Jooma Law Associates
Haidermota & Co.



Osman Khalid Waheed
Director since 2015

Other Engagements

Ferozsons Laboratories Limited, BF Biosciences Limited, Murree Brewery Co. Ltd, Nestle Pakistan Limited, Lahore Biennale Foundation, DGS (Pvt.) Limited, Lahore University of Management Sciences (LUMS), Pakistan Centre for Philanthropy, Lahore.



Tahir Masaud
Chief Executive since 2014

Other Engagements

Systems Limited.

key financial data

(ten years at a glance)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
	Rupees in thousand									
Gross premium	2,343,705	2,139,673	2,035,289	1,846,856	1,747,015	1,296,765	1,151,797	1,035,218	1,060,836	916,696
BALANCE SHEET										
Paid up capital	1,226,895	1,226,895	1,115,359	1,115,359	1,115,359	718,427	598,689	598,689	319,301	199,563
General & capital reserves	8,102,711	8,470,780	8,749,620	8,972,692	9,530,371	10,264,964	10,534,374	10,624,177	8,103,740	823,740
Shareholders equity	12,260,735	11,579,146	10,928,233	10,673,722	11,179,366	11,575,854	10,960,813	10,846,519	11,271,456	8,509,721
Investments-at book value	12,325,078	12,196,544	11,252,448	11,246,453	11,517,573	11,905,802	11,235,758	11,709,948	12,404,727	9,246,735
Investments-at market value	54,774,293	57,483,450	41,428,682	25,732,615	18,578,665	14,367,621	9,393,620	8,964,435	16,647,641	9,765,736
Fixed assets	220,743	240,178	222,085	163,797	165,115	270,822	282,545	302,531	309,283	292,084
Total assets-at book value	14,650,626	14,490,090	13,227,423	12,942,307	13,470,805	12,960,451	12,366,066	13,200,639	14,099,555	10,399,049
Underwriting provisions	1,464,778	1,361,433	1,278,317	1,207,028	1,363,873	701,366	699,522	801,975	915,454	622,417
PROFIT AND LOSS ACCOUNT										
Underwriting profit	256,411	208,195	104,616	232,399	207,782	205,095	253,103	193,166	160,102	226,929
Investment income	1,445,480	940,878	691,351	559,231	378,402	937,663	(380,793)	(157,476)	3,021,533	7,315,629
Profit before tax	1,531,753	942,101	555,232	613,856	440,385	995,369	(322,655)	(404,103)	2,983,516	7,357,109
Income tax	238,707	119,300	74,165	11,326	6,929	84,215	100,800	(27,061)	53,938	14,739
Profit after tax	1,293,046	822,801	481,067	602,530	433,456	836,556	263,966	(377,042)	2,929,578	7,342,370
CASH FLOW SUMMARY										
Operating activities	34,479	232	155,276	177,039	(18,106)	278,667	126,941	(27,651)	2,306	227,769
Investing activities	1,277,366	(134,210)	667,840	268,042	266,935	175,741	768,554	367,307	(160,701)	29,285
Financing activities	(1,328,060)	444,856	(260,305)	(616,604)	(319,720)	(369,442)	(587,100)	(153,632)	(599,910)	(351,009)
Cash & cash equivalents at the year end	219,154	235,369	(75,509)	(638,320)	(466,797)	(395,906)	(480,872)	(789,267)	(975,291)	(216,986)

key financial data

(ten years at a glance)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Rupees in thousand										
INVESTMENT / MARKET RATIOS										
Earnings per share (Rs.)	10.54	6.71	4.31	5.40	3.89	11.64	4.41	(6.30)	91.75	367.92
Market value per share (Rs.)	236.57	270.58	164.38	96.28	44.00	97.00	87.89	115.27	420.00	399.00
Break up value per share (Rs.)	99.93	94.38	97.98	95.70	100.23	161.13	183.08	181.17	353.00	426.42
Price earning ratio (Times)	22.45	40.35	38.11	17.82	11.32	8.33	19.93	(18.30)	4.58	1.08
Price to book ratio (Times)	2.37	2.87	1.68	1.01	0.44	0.60	0.48	0.64	1.19	0.94
Dividend yield (%)	2.54	1.11	1.52	3.12	11.36	3.09	3.98	1.30	0.95	1.00
Dividend payout (%)	56.93	44.73	57.96	55.53	1,060.48	25.76	79.38	(23.82)	4.36	1.09
Dividend cover (Times)	1.76	2.24	1.73	1.80	0.78	3.88	1.26	(4.20)	22.94	91.98
Investment yield (%)	2.64	1.64	1.67	2.17	2.04	6.53	(4.05)	(1.76)	18.15	74.91
Market capitalization (Rs. M)	29,024.66	33,197.32	18,334.27	10,738.68	4,907.58	6,968.74	5,261.88	6,901.09	13,410.64	7,962.56
Cash dividend per share (Rs.)	6.00	3.00	2.50	3.00	5.00	3.00	3.50	1.50	4.00	4.00
Cash dividend (%)	60.00	30.00	25.00	30.00	50.00	30.00	35.00	15.00	40.00	40.00
Stock Dividend per share (Rs.)	-	-	1.00	-	1.50	5.50	-	5.00	2.50	6.00
Stock dividend (%)	-	-	10.00	-	15.00	55.00	-	50.00	25.00	60.00
PROFITABILITY RATIOS										
Return on equity (%)	12.49	8.14	5.08	5.75	3.94	8.60	(2.94)	(3.73)	26.47	86.46
Return on assets (%)	8.83	5.66	3.64	4.66	3.22	6.45	2.13	(2.86)	20.78	70.61
EBITDA to gross premium (Times)	0.69	0.50	0.49	(0.19)	0.08	0.79	0.46	(0.15)	2.96	8.15
Underwriting profit to gross premium (%)	10.94	9.73	5.14	12.58	11.89	15.82	21.97	18.66	15.09	24.76
Profit before tax to gross premium (%)	65.36	44.03	27.28	33.24	25.21	76.76	(28.01)	(39.04)	281.24	802.57
Profit after tax to gross premium (%)	55.17	38.45	23.64	32.62	24.81	64.51	22.92	(36.42)	276.16	800.96
Cost / income ratios (Times)	0.36	0.56	1.01	0.94	0.56	0.30	(0.73)	(1.06)	0.10	0.02
LIQUIDITY / PERFORMANCE RATIOS										
Equity / Total assets (%)	83.69	79.69	82.62	82.47	82.99	89.32	88.64	82.17	79.94	81.83
Financial leverage	0.01	0.07	0.03	0.06	0.05	0.03	0.05	0.13	0.14	0.11
Paid up capital / Total assets (%)	8.37	8.44	8.43	8.62	8.28	5.54	4.84	4.54	2.26	1.92
Incurred loss ratio (%)	52.27	56.84	71.87	62.08	62.24	50.56	41.83	44.41	57.34	43.84
Total liabilities / Equity (Times)	0.19	0.25	0.21	0.22	0.20	0.12	0.13	0.22	0.25	0.22
Cash flow from operations to gross premium (Times)	0.01	0.00	0.08	0.10	(0.01)	0.21	0.11	(0.03)	0.00	0.25
Total assets turnover (Times)	0.16	0.15	0.15	0.14	0.13	0.10	0.09	0.08	0.08	0.09
Fixed assets turnover (Times)	10.62	8.91	9.16	11.28	10.58	4.79	4.08	3.42	3.43	3.14

key financial data (for the year)

PROFIT AND LOSS ACCOUNT

	2015	2014
	Rupees in thousand	
Gross Written Premium	2,343,705	2,139,673
Net Written Premium	1,195,375	1,061,685
Net Premium Revenue	1,121,949	1,044,933
Claims Incurred	1,077,525	1,051,471
Net Claims Expenses	586,425	594,539
Direct Expenses	369,515	335,876
Commission Income	287,029	263,645
Commission Expense	196,627	170,008
Underwriting Profit	256,411	208,195
Investment Income	1,445,480	940,878
Return on Bank Balances	19,391	34,251
Profit/(Loss) Before Tax	1,531,753	942,101
Profit/(Loss) After Tax	1,293,046	822,801

TECHNICAL RESERVES COVER

Fire	549,205	546,419
Marine	165,301	180,661
Motor	407,666	358,497
Health	84,744	77,664
Miscellaneous	257,862	198,192
Total	1,464,778	1,361,433

CORPORATE ASSETS

Investment Property	190,569	127,363
Investment in Fixed Assets	220,743	240,178
Investment in subsidiary	858,831	729,846
Equity Investment in Associated Companies	3,873,031	3,710,955
Other Investments	7,593,216	7,755,743
Total Investments	12,325,078	12,196,544
Total Investments at Realizable Value	54,774,293	57,483,450

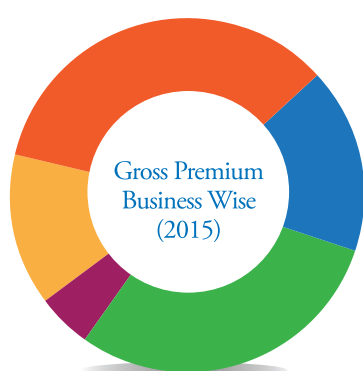
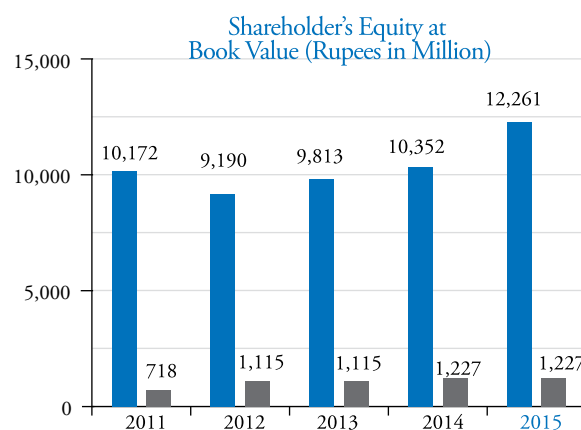
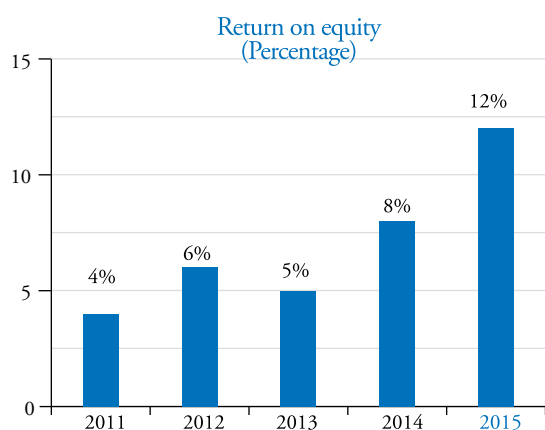
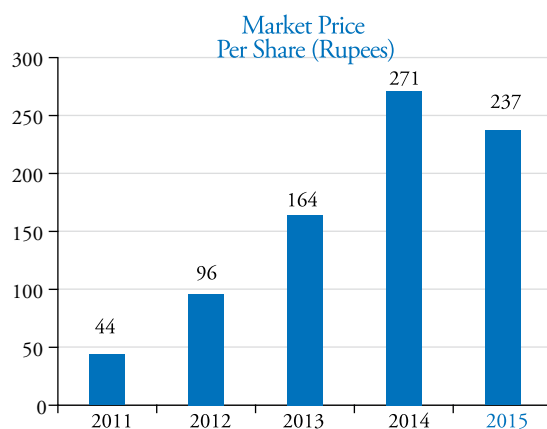
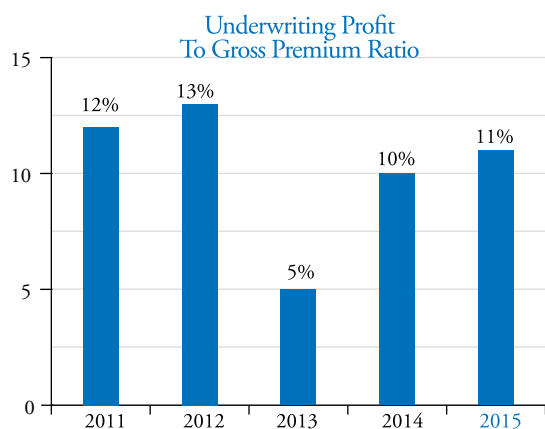
NUMBER OF EMPLOYEES

Karachi Corporate Office	59	66
Lahore	38	35
Islamabad	13	11
Faisalabad	4	3
Multan	3	3
Sialkot	3	2
Gujranwala	2	2
Total	122	122

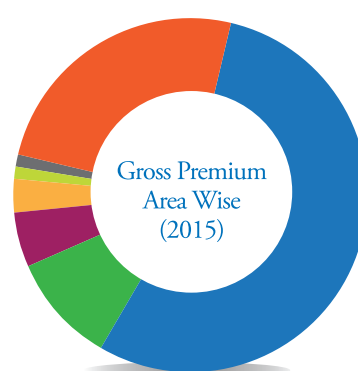
RATIO

	2015					2014				
	Fire	Marine	Motor	Health	Misc	Fire	Marine	Motor	Health	Misc
Net Premium to										
Gross Premium	10%	46%	91%	92%	38%	11%	47%	95%	107%	39%
Loss Ratio	72%	43%	51%	78%	37%	46%	80%	53%	64%	33%
Expense Ratio	29%	-3%	30%	25%	38%	34%	5%	28%	15%	34%
Reserves to Net Premium	682%	92%	65%	79%	210%	620%	96%	660%	58%	208%
Policy Acquisition Cost to										
Gross Premium	22%	22%	27%	23%	25%	23%	23%	26%	17%	26%

key financial data



Fire	35%
Marine	17%
Motor	30%
Health	5%
Misc	14%



Karachi	25%	Multan	3%
Lahore	54%	Sialkot	1%
Islamabad	10%	Gujranwala	1%
Faisalabad	5%		

horizontal analysis

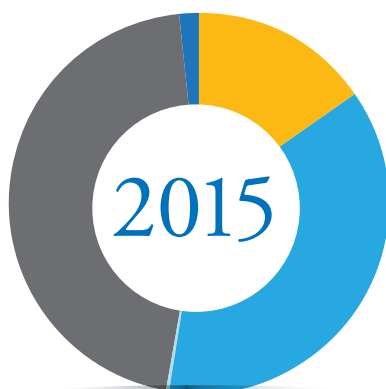
	2010	2011	2012	2013	2014	2015
	Percentage					
Cash and bank deposits	100	18,413	562	60,781	74,869	87,215
Investments	100	98	94	95	102	104
Investment property	100	94	88	18	131	197
Deferred tax	-	-	-	-	-	-
Premiums due but unpaid - unsecured	100	175	150	147	208	211
Amounts due from other insurers / reinsurers - unsecured	100	190	207	206	223	190
Accrued investment income	100	80	66	216	315	83
Reinsurance recoveries against outstanding claims	100	555	388	359	352	411
Prepaid reinsurance premium ceded	100	175	189	209	209	226
Prepayments- Others	100	143	158	211	218	225
Taxation - payments less provision	100	96	103	118	125	2
Sundry receivables	100	108	46	55	71	109
Fixed assets	100	93	93	130	141	131
Intangible	100	148	112	77	65	28
Total Assets	100	105	100	102	112	113
Issued, subscribed and paid up share capital	100	155	155	155	171	171
(Accumulated losses) / Unappropriated profits	100	108	99	179	318	495
Reserves	100	93	87	85	83	79
Provision for outstanding claims [including IBNR]	100	318	237	254	280	282
Provision for unearned premium	100	134	142	149	153	176
Premium deficiency reserve	-	-	-	-	-	-
Commission income unearned	100	135	133	141	148	154
Deferred tax	100	26	-	-	2	3
Premiums received in advance	100	987	167	415	96	96
Amounts due to other insurers / reinsurers	100	218	206	386	459	406
Accrued expenses	100	128	156	228	263	240
Sundry creditors	100	142	199	301	337	366
Long term finance	-	-	-	-	-	-
Short term finance	100	137	162	84	20	37
Unclaimed dividend	100	187	206	255	250	403
Total Shareholders' Equity and Liabilities	100	105	100	102	112	113
Profit and Loss Account						
Net premium revenue	100	118	130	148	145	156
Net claims	100	146	160	210	163	161
Premium deficiency reserve	-	-	-	100	(100)	-
Expenses	100	97	146	154	180	198
Net commission	100	192	421	262	268	259
Investment income	100	53	43	74	101	156
Other income	100	90	119	136	197	108
Financial charges	100	62	89	61	112	38
General and administration expenses	100	120	140	218	173	161
Profit before tax	100	56	46	56	95	155
Taxation	100	8	13	88	142	283
Profit after tax	100	61	49	53	91	143

vertical analysis

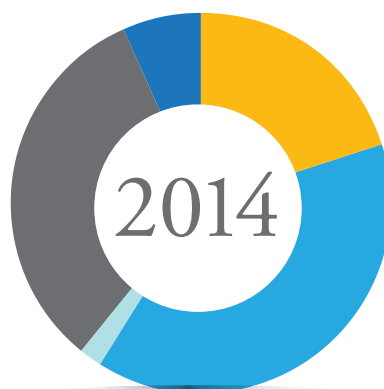
	2010	2011	2012	2013	2014	2015
	Percentage					
BALANCE SHEET ITEMS						
Cash and bank deposits	2.5	2.2	1.9	0.0	0.0	0.1
Investments	84.1	84.2	85.1	86.9	91.9	90.9
Investment property	1.3	0.9	0.1	0.7	0.7	-
Deferred tax	-	-	0.1	0.1	-	-
Premiums due but unpaid - unsecured	1.9	1.9	1.5	1.5	1.0	1.0
Amounts due from other insurers / reinsurers - unsecured	2.7	3.3	3.3	3.4	1.6	2.1
Accrued investment income	0.1	0.2	0.1	0.0	0.1	0.1
Reinsurance recoveries against outstanding claims	2.7	2.3	2.6	2.9	0.7	1.4
Prepaid reinsurance premium ceded	2.3	2.1	2.3	2.2	1.1	1.1
Others	0.1	0.1	0.1	0.1	0.1	0.1
Taxation - payments less provision	0.0	0.7	0.7	0.6	0.6	0.6
Sundry receivables	0.8	0.5	0.4	0.4	0.8	0.4
Fixed assets	1.5	1.6	1.6	1.2	1.3	2.3
Intangible	0.0	0.0	0.0	0.1	0.1	0.0
Total Assets	100.0	100.0	100.0	100.0	100.0	100.0
Issued, subscribed and paid up share capital	8.4	8.5	8.4	8.6	5.5	4.8
(Accumulated losses) / Unappropriated profits	20.0	13.0	8.0	4.5	4.6	(1.4)
Reserves	55.3	58.5	66.1	69.3	79.2	85.2
Provision for outstanding claims [including IBNR]	4.4	4.4	4.4	4.2	1.8	2.3
Provision for unearned premium	5.1	4.5	4.8	4.6	3.3	3.0
Premium deficiency reserve	-	-	0.0	-	-	-
Commission income unearned	0.5	0.5	0.5	0.5	0.4	0.3
Deferred tax	0.0	0.0	-	-	0.5	0.4
Premiums received in advance	0.0	0.0	0.0	0.0	0.0	0.0
Amounts due to other insurers / reinsurers	2.1	2.4	2.2	1.2	0.6	0.3
Accrued expenses	0.7	0.8	0.8	0.5	0.3	0.3
Sundry creditors	2.4	2.2	2.1	1.4	0.7	0.4
Long term finance	-	4.7	-	-	-	0.3
Short term finance	1.0	0.6	2.5	5.0	3.1	3.9
Unclaimed dividend	0.1	0.1	0.1	0.1	0.0	0.0
Total Shareholders' Equity and Liabilities	100.0	100.0	100.0	100.0	100.0	100.0
Profit and Loss Account						
Net premium revenue	100.0	100.0	100.0	100.0	100.0	100.0
Net claims	(52.3)	(56.9)	(71.9)	(62.1)	(50.6)	(41.8)
Premium deficiency reserve	-	0.0	(0.0)	-	-	-
Expenses	(32.9)	(32.1)	(26.9)	(28.9)	(25.8)	(27.6)
Net commission	8.1	9.0	8.6	15.6	4.8	10.6
Investment income	128.8	90.0	64.8	42.8	128.9	(67.5)
Other income	2.7	5.3	3.6	3.6	3.9	3.9
Financial charges	(2.3)	(7.1)	(3.8)	(6.3)	(9.2)	(21.1)
General and administration expenses	(15.6)	(18.0)	(22.3)	(16.7)	(15.1)	(14.5)
Taxation	(21.3)	(11.4)	(7.0)	(1.2)	(11.7)	(16.4)
(Profit) / loss after tax	(115.2)	(78.7)	(45.1)	(46.9)	(116.1)	(43.0)
	100.0	100.0	100.0	100.0	100.0	100.0

statement of value addition

	2015	2014
	Rupees in thousand	
Gross Premium(including FED and FIF)	2,708,197	2,478,649
Add:		
Commission income from reinsurers	287,029	263,645
Rental income	6,722	4,086
Income from investment	1,474,510	984,266
Other income	4,272	17,262
	<u>1,772,533</u>	<u>1,269,259</u>
	4,480,730	3,747,908
Less: Claims, commission, management and other expenses (excluding remuneration to employees, donations & depreciation/ amortization expenses)	(2,257,002)	(2,120,095)
Total value added	<u>2,223,728</u>	<u>1,627,813</u>
DISTRIBUTED AS FOLLOWS		
Employee remuneration	248,703	229,483
Government as:		
Company taxation	239,146	100,988
Levies(including FIF and FED)	364,493	338,975
To society:	1,579	20,652
To shareholders:		
Dividend	736,137	368,069
Retained in Business:		
Depreciation	49,285	45,213
Net earnings	558,900	450,148
Financial Charges	25,485	74,285
Total	<u>2,223,728</u>	<u>1,627,813</u>



Employee Remuneration	Rs. 248,703
National Exchequer	Rs. 603,639
To Society as Donation	Rs. 1,579
To Shareholders	Rs. 736,137
Financial Charges	Rs. 25,485



Employee Remuneration	Rs. 229,483
National Exchequer	Rs. 439,963
To Society as Donation	Rs. 20,652
To Shareholders	Rs. 368,069
Financial Charges	Rs. 74,285

board committees

The Board has formed the following sub committees to exercise good governance.

- Audit Committee
- Human Resources and Compensation Committee
- Underwriting Committee
- Claims Committee
- Re-insurance & Co-insurance Committee
- Investment Committee

Audit Committee

The terms of reference of the Committee are aligned with the Code of Corporate Governance. The Committee shall meet at least four times a year. The names of current members are:

1. Shamim Ahmad Khan (Non-Executive Director and Chairman)
2. Syed Yawar Ali (Non Executive Director)
3. Syed Hyder Ali (Non Executive Director)
4. Faryal Jooma (Independent Director)
5. Muhammad Junaid Qamar (Head of Internal Audit and Secretary to the Committee)

The terms of reference of the Committee are as follows:

- i) To recommend to the Board of Directors the appointment of external auditors by the Company's shareholders and consider any questions of resignation or removal of external auditors, audit fees and provision by external auditors of any service to the Company in addition to audit of its financial statements;
- ii) To review the quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors;
- iii) To facilitate the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight;
- iv) To review the management letter issued by external auditors and management's response thereto;
- v) To ensure coordination between the internal and external auditors of the Company;
- vi) To review the scope and extent of internal audit and ensuring that the outsourced internal audit function has adequate resources and skills sets to carry out the function;
- vii) To consider the major findings of internal investigations and management's response thereto;
- viii) To ascertain that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective;
- ix) To determine compliance with relevant statutory requirements; and
- x) To monitor compliance with the best practices of corporate governance and identification of significant violations thereof.

Human Resources & Compensation Committees

Human Resources & Compensation Committee assists the Board in fulfilling its obligations relating to human resources and related matters and to establish a plan of continuity and development of senior management for IGI Insurance Limited. The Committee shall meet at least twice a year. The names of current members are:

1. Syed Yawar Ali (Non Executive Director and Chairman)
2. Syed Shahid Ali (Non Executive Director)
3. Syed Hyder Ali (Non Executive Director)

4. Faryal Jooma (Independent Director)
5. Tahir Masaud (Chief Executive Officer)
6. Kaiffee Siddiqui (Group Head of Human Resource & Compensation and Secretary to the Committee)

The Terms of Reference of the Committee are as follows:

- i) To review and recommend the organizational structure of the Company;
- ii) To review and recommend the compensation and benefits philosophy and strategy within the Company;
- iii) To review and recommend to the Board the Company's Human Resources management, including recruitment, retention, training, performance management and related matters and to report to the Board on the implementation of these strategies;
- iv) To review the Company's strategy for succession planning across all management levels and to ensure that comprehensive succession plans are in place for senior executive positions;
- v) To review and recommend, in consultation with the CEO, the compensation of all its employees, including incentives and other benefit;
- vi) To review the amount of incentive bonus based on corporate and individual performance, for the purpose of incentives calculation; and
- vii) To review and recommend the CEO's compensation, including incentives and other benefits, to the Board for approval.

Underwriting Committee

The Committee shall meet at least four times a year.

The names of current members are:

1. Syed Hyder Ali (Non Executive Director and Chairman)
2. Tahir Masaud (Chief Executive Officer)
3. Faisal Khan (Chief Technical Officer)
4. Jamshaid Hussain (Head of Underwriting)
5. Haider Ali (DGM-Underwriting)
6. Syed Matin Ahmed (Secretary to the Committee)

The Terms of Reference of the Committee are as follows:

- i) The Underwriting Committee formulates the underwriting policy of the Company;
- ii) It sets out the criteria for assessing various types of insurance risks and determines the premium policy of different insurance covers; and
- iii) It regularly reviews the underwriting and premium policies of the Company with due regard to relevant factors such as its business portfolio and the market development.

Claims Committee

The Committee shall meet at least four times a year.

The names of current members are:

1. Shamim Ahmad Khan (Non Executive Director and Chairman)
2. Tahir Masaud (Chief Executive Officer)
3. Zahid Mehmood (Head of Claims Motor & Marine)
4. Abdul Haseeb (Chief Financial Officer & Company Secretary)
5. Asad Ali Siddiqui (Head of Claims Property and Secretary to the Committee)

The Terms of Reference of the Committee are as follows:

- i) To review the quarterly performance of Claims settlement;
- ii) To analyze the class wise aging of outstanding claims;
- iii) To monitor class wise claims trend; and
- iv) To ensure that workshop & surveyor selection is done on merit & their performance is monitored.

Re-insurance & Co-insurance Committee

The Committee shall meet at least four times a year.

The names of current members are:

1. Syed Hyder Ali (Non Executive Director and Chairman)
2. Tahir Masaud (Chief Executive Officer)
3. Faisal Khan (Chief Technical Officer and Secretary to the Committee)

The Terms of Reference of the Committee are as follows:

- i) This Committee ensures that adequate re-insurance arrangements are made for the Company's businesses;
- ii) It peruses the proposed re-insurances arrangements prior to their execution, reviews the arrangements from time to time and subject to the consent of the participating re-insures, makes appropriate adjustments to those arrangements in the light of the market development; and
- iii) It also assesses the effectiveness of the re-insurance program for future reference.

Investment Committee

The Committee shall meet at least four times a year .

The names of current members are:

1. Syed Hyder Ali (Non Executive Director and Chairman)
2. Shamim Ahmad Khan (Non Executive Director)
3. Syed Yawar Ali (Non Executive Director)
4. Osman Khalid Waheed (Independent Director)
5. Tahir Masaud (Chief Executive Officer)
6. Abdul Haseeb (CFO and Company Secretary)
7. Sajjad Iftikhar (Secretary to the Committee)

The purpose of the Investment Committee is to recommend to the Board the investment policy, including the asset mix policy and the appropriate benchmark. The Investment Committee also reviews the effectiveness of these policies and their implementation and the Company's risk management approach.

The terms of reference of the Investment Committee are as follows:

- i) To review performance for all asset classes and total portfolio relative to the appropriate benchmark.
- ii) To review management's proposed annual rate of return to be included in the Company's budget;
- iii) To review the risk assumptions and asset return assumptions imbedded in the current investment policy statement and, if changes have occurred, then review the policy asset mix and the weighted benchmark standard of performance;
- iv) To approve investments beyond delegated limits; and
- v) To ensure compliance with applicable legislation.

shareholder information

Registered Office

7th Floor, The Forum,
Suite No.701-713, G-20,
Block-9, Khayaban-e-Jami
Clifton, Karachi-75600
Pakistan.
Tel # 111-234-234
Fax # 92-21-35301706
Web site: www.igiinsurance.com.pk

Share Registrar Office

FAMCO Associates (Pvt.) Ltd.
Block-6, P.E.C.H.S
Near Hotel Faran, Nursery,
Shahrah-e-Faisal
Karachi.
Tel # 92-21-34380101-5
Fax# 92-21-34380106

Listing on Stock Exchanges

IGI equity shares are listed on Pakistan Stock Exchange (Formerly Karachi Stock Exchange (KSE), Lahore Stock Exchange (LSE) and Islamabad Stock Exchange (ISE)).

Listing Fees

The annual listing fee for the financial year 2015-2016 has been paid to all the stock exchanges within the prescribed time limit.

Stock Code

The stock code for dealing in equity shares of IGI at PSX (Formerly KSE, LSE and in ISE) is IGIL.

Investor Service Centre

IGIIL share department is operated by FAMCO Associates (Pvt.) Ltd. Registrar Services. It also functions as an Investor Service Centre and has been servicing nearly 1771 shareholders. The Investor Service Centre is managed by a well-experienced team of professionals and is equipped with the necessary infrastructure in terms of computer facilities and comprehensive set of systems and procedures for conducting the Registration function. The team is headed by Mr. Owais Khan at Registrar Office and Mr. Abdul Haseeb, Chief Financial Officer and Company Secretary at IGI Registered Office.

IGI's share department has online connectivity with Central Depository Company of Pakistan Limited. The share department undertakes activities pertaining to dematerialization of shares, shares transfer and transmission, issue of duplicate/ re-validated dividend warrants, issue of duplicate / replaced share certificates, change of address and other related matters.

For assistance, shareholders may contact either the Registered Office or the Share Registrar Office.

Contact Persons:

Mr. Abdul Haseeb
Phone: 111-234-234
Email: haseeb.kasbati@igi.com.pk

Mr. Salman Rauf
Tel#:(9221) -34380107
(9221) -34380101-5

Services Standards

IGI has always endeavored to provide investors with prompt services. Listed below are various investor services and the maximum time limits set for their execution:

	For request received through post	Over the counter
Transfer of shares	45 days after receipt	45 days after receipt
Transmission of shares	45 days after receipt	45 days after receipt
Issue of duplicate share certificates	45 days after receipt	45 days after receipt
Issue of duplicate dividend warrants	5 days after receipt	5 days after receipt
Issue of revalidated dividend warrants	5 days after receipt	5 days after receipt
Change of address	2 days after receipt	15 minutes

Well reputed and experienced firm of the share registrar services has been entrusted with the responsibility of ensuring that services are rendered within the specified time limits.

Statutory Compliance

During the year the Company has complied with all applicable provisions, filed all returns/ forms and furnished all the relevant information as required under the Companies Ordinance 1984 and allied laws and rules, the Securities and Exchange Commission of Pakistan (SECP) Regulations and the Listing Regulations.

Dematerialization of Shares

The equity shares of the Company are under the compulsory demat category. As at December 31, 2015, 30.97% of the equity shares of the Company have been dematerialized by the shareholders.

Shareholders holding shares in physical form are requested to dematerialize their holding at the earliest by approaching the depository participant registered with the CDC.

Dividend Announcement

The Board of Directors of the Company has proposed a final cash dividend of 40% (Rs.4/- per share). This is in addition to the interim dividend of 20% (Rs. 2.00 per share) already paid during the year making total 60% cash dividend, Rs. 6/- per share (2014: 30% Cash dividend i.e., Rs. 3.00 per share) subject to approval by the shareholders of the Company at the Annual General Meeting

Book Closure Dates

The register of Members and share transfer books of the Company will remain closed from April 11, 2016 to April 21, 2016 both days inclusive.

Dividend Remittance

Dividend declared and approved at the Annual General Meeting will be paid on or after April 21, 2016, but within the statutory time limit of 30 days:

- (i) For shares held in physical form: to shareholders whose names appear in the Register of Members of the Company after entertaining all request for transfer of shares lodged with the Company on or before the book closure date.
- (ii) For shares held in electronic form: to shareholders whose names appear in the statement of beneficial ownership furnished by CDC as at end of the business on book closure date.

Withholding of Tax & Zakat on Dividend:

Increase in withholding tax on dividend income for Non-Filers and dividend mandate

Shareholders are hereby informed that the SECP vide Circular No. 19/2014 dated October 24, 2014 communicated that the Government of Pakistan has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 through Finance Act-2015, whereby 12.5% and 17.5% rates were prescribed for deduction of withholding tax on the amount of dividend for filers and non-filers of income tax returns respectively.

The shareholders who are having their shares in physical form are requested to submit a copy of their National Tax Number (NTN) certificate/Computerized National Identity Card (CNIC) to our Share Registrar as well as respective brokers/ Central Depository Company of Pakistan Limited (CDC) in this regard. Those shareholders who do not provide copy of their NTN certificate will be subject to 17.5% withholding tax deduction on dividend amount.

Those shareholders who did not provide their CNIC to the Company/Registrar to enable it to comply with directions issued by the Commission vide SRO 831 (1) 2012 dated July 5, 2012 read with SRO 19(1)2014 dated January 10, 2014.

Further to SECP vide circular No. 18 of 2012 dated 5th June 2012, allowed for payment cash dividend to shareholders electronically. If you wish to exercise this option, please fill the consent form on Dividend Mandate and return it to our Share Registrar at the address mentioned. Consent form may be accessed at [http:// www.igiinsurance.com.pk/investor-corner](http://www.igiinsurance.com.pk/investor-corner)

Zakat has already been deducted on the payment of Interim Dividend (D-36) for the financial year 2015 being the first payment of Dividend after the current valuation i.e. June 19, 2015. No Zakat is to be deducted on the Dividend now being paid.

Dividend Warrant

Cash Dividends are paid through dividend warrants addressed to the shareholder whose name is appearing on the register of shareholders at the date of book closure. Shareholders are requested to deposit the dividend warrants into their bank account, at their earliest. It will help the Company in clearing their unclaimed dividend account.

Under Section 250 of the Companies Ordinance, 1984, a shareholder may, if so desire, direct a Company to pay dividend through his/her/its bank account to provide the detail of bank account to our registrar on bank mandate form.

Investors' Grievances

As on date none of the investor or shareholder has filed any letter of complaints against any service provided by the Company to its shareholders.

Legal Proceedings

No case has ever been filed by shareholders against the Company for non-receipt of share/ refund.

General Meetings & Voting Rights

Pursuant to section 158 of The Companies Ordinance 1984, IGI holds a General Meeting of Shareholders at least once a year. Every shareholder has a right to attend the General Meeting. The notice of such meeting is sent to all the shareholders at least 21 days before the meeting and also advertised in at least one English and one Urdu newspaper having circulation in Karachi, Lahore and Islamabad.

Shareholder having a holding of at least 10% or more above of voting right may also apply to the Board of Directors to call for a meeting of shareholders, and if Board does not take action on such application within 21 days, the shareholders may themselves call the meeting.

Video Conference Facility

Further to SECP S.R.O. No.1027/(I)2014 dated 13th November 2014 clause 1(b) "The company may provide video conference facility to its members for attending the general meeting at place other than the town in which general meeting is taking place after considering the geographical dispersal of its members: Provided that it members, collectively holding 10% or more shareholding residing at a geographical location, provide their consent to participate in the meeting through video conference at least 10 days prior to date of meeting the company shall arrange video conference facility in that city subject to availability of such facility in that city".

All shares issued by the Company carry equal voting rights. Generally, matters at the General Meetings are decided by a show of hands in the first instance. Voting by show of hands operates on the principle of “One Member-One Vote”. If majority of shareholders raise their hands in favor of a particular resolution, it is taken as passed, unless a poll is demanded. Since, the fundamental voting principle in a Company is “One Share-One Vote”, voting takes place by a poll, if demanded. On a poll being taken, the decision arrived by poll is final, overruling any decision taken on a show of hands.

Proxies

Pursuant to Section 161 of The Companies Ordinance, 1984 and according to the Memorandum and Articles of Association of the Company, every shareholder of the Company who is entitled to attend and vote at a General Meeting of the Company, can appoint another person as his / her proxy to attend and vote instead of himself / herself. Every notice calling a General Meeting of the Company contains a statement that shareholder entitled to attend and vote is entitled to appoint a proxy who needs not to be a member of the Company.

The instrument appointing proxy, duly signed by the shareholder appointing that proxy should be deposited at the office of the Company not less than forty-eight hours before the meeting.

Web Presence

Updated information regarding the Company can be accessed at IGI website, www.igiinsurance.com.pk

The website contains the latest financial results of the Company together with Company's profile, the corporate philosophy and major products.

Circulation of annual financial through email

The Securities and Exchange Commission of Pakistan vide SRO 787(1)/2014 dated 8th September, 2014 has allowed companies to circulate annual balance sheet, profit & loss account, auditors report and directors report along with notice of annual general meeting to its members through e mail. Members who wish to avail this facility can give their consent to Company Secretary at his email address.

categories of shareholding

As at December 31, 2015

S. NO.	Shareholders Category	No. of Shareholders		No. of Shares
1	Directors, Chief Executive Officer, and their spouse and minor children.	19	39,523,891	32.12
2	Associated Companies, undertakings and related parties.	4	34,740,198	27.61
3	Banks Development Financial Institutions, Non Banking Financial Institutions.	7	7,575,078	5.75
4	Insurance Companies	8	1,958,632	1.89
5	Modarabas and Mutual Funds	11	2,310,644	2.39
6	Share holders holding 10%	3	62,621,368	49.52
7	General Public : a. Local b. Foreign	1,640	21,158,027	17.36
8	Others	82	15,423,062	12.88
	Total (excluding : share holders holding 10%)	<u>1,771</u>	<u>122,689,532</u>	100.00

information as required

under code of corporate governance-categories of shareholding

As at December 31, 2015

Number of shareholders	Number of share held
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Associated Companies, Undertakings and Related Parties (name wise details)

INDUSTRIAL TECHNICAL AND EDUCATIONAL INSTITUTE	1	20,853,966
PACKAGES LIMITED	1	13,022,093
BABAR ALI FOUNDATION	2	864,139

Mutual Funds (name wise details)

CDC - TRUSTEE AKD INDEX TRACKER FUND	1	8,797
CDC - TRUSTEE JS LARGE CAP. FUND	1	266,300
CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT	1	31,580
CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	1	126,200
CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	1	653,767
CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	1	43,200
CDC - TRUSTEE PIML STRATEGIC MULTI ASSET FUND	1	5,500
CDC - TRUSTEE PIML VALUE EQUITY FUND	1	7,500
CDC - TRUSTEE UNIT TRUST OF PAKISTAN	1	197,400
MC FSL - TRUSTEE JS GROWTH FUND	1	793,300
MCBFSL - TRUSTEE JS VALUE FUND	1	177,100

Directors and their spouse(s) and minor children (name wise details):

FARYAL JOOMA	1	100
MRS. AMINA HYDER ALI	1	295,179
OSMAN KHALID WAHEED	1	100
PERWIN BABAR ALI	3	1,960,277
SHAMIM AHMAD KHAN	1	6,306
SYED BABAR ALI	2	28,745,309
SYED HYDER ALI	3	5,807,029
SYED SHAHID ALI	3	1,159,844
SYED YAWAR ALI	2	1,249,996
SYEDA NIGHAT ALI	1	299,651
TAHIR MASAUD	1	100

Executives

FAISAL KHAN	1	204
M. NASIR IQBAL	2	16

Public Sector Companies and Corporations

	1	1,214,475
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Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds

	16	8,389,135
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Shareholders Holding five percent or more Voting Rights in the Listed Company (name wise details)

SYED BABAR ALI	2	28,745,309
INDUSTRIAL TECHNICAL AND EDUCATIONAL INSTITUTE	1	20,853,966
PACKAGES LIMITED	1	13,022,093

distribution of shareholding in CDC

As at December 31, 2015

Shareholdings			
No. of Shareholders	From	To	Total Number of Shareholders
248	1	100	9,725
271	101	500	83,412
148	501	1,000	119,203
321	1,001	5,000	813,697
113	5,001	10,000	850,791
35	10,001	15,000	437,822
19	15,001	20,000	340,025
22	20,001	25,000	498,492
10	25,001	30,000	285,873
13	30,001	35,000	426,382
2	35,001	40,000	75,674
5	40,001	45,000	212,640
4	45,001	50,000	191,369
7	50,001	55,000	375,139
2	55,001	60,000	115,446
1	60,001	65,000	65,000
2	65,001	70,000	135,664
7	70,001	75,000	508,809
1	85,001	90,000	87,500
1	90,001	95,000	90,700
3	95,001	100,000	300,000
2	100,001	105,000	207,360
4	105,001	110,000	430,031
2	115,001	120,000	234,268
2	120,001	125,000	247,589
3	125,001	130,000	383,300
1	135,001	140,000	136,840
1	140,001	145,000	144,000
1	145,001	150,000	146,606
2	150,001	155,000	306,812
1	155,001	160,000	158,830
1	160,001	165,000	164,852
1	175,001	180,000	177,100
1	180,001	185,000	182,200
1	190,001	195,000	195,000
1	195,001	200,000	197,400
1	200,001	205,000	202,800
2	210,001	215,000	428,004
1	215,001	220,000	220,000
1	245,001	250,000	245,649
1	265,001	270,000	266,300
1	295,001	300,000	299,651
3	300,001	305,000	910,546
1	310,001	315,000	315,000
1	320,001	325,000	320,865
1	335,001	340,000	339,100
1	350,001	355,000	353,352
1	360,001	365,000	364,000
2	375,001	380,000	757,566
1	405,001	410,000	408,800
1	415,001	420,000	418,480
1	440,001	445,000	440,485
1	455,001	460,000	460,000
1	485,001	490,000	488,678
1	495,001	500,000	500,000
1	540,001	545,000	543,700
1	580,001	585,000	580,176
1	595,001	600,000	596,001
1	650,001	655,000	653,767
1	665,001	670,000	667,142
1	750,001	755,000	752,065
1	755,001	760,000	759,000
1	790,001	795,000	793,300
1	810,001	815,000	814,000
1	860,001	865,000	862,830
1	995,001	1,000,000	997,720
1	1,165,001	1,170,000	1,167,916
1	1,210,001	1,215,000	1,214,475
1	1,225,001	1,230,000	1,226,801
1	1,495,001	1,500,000	1,500,000
1	1,865,001	1,870,000	1,865,849
1	1,910,001	1,915,000	1,911,740
1	2,395,001	2,400,000	2,395,100
1	4,585,001	4,590,000	4,586,385
1,301			40,962,794

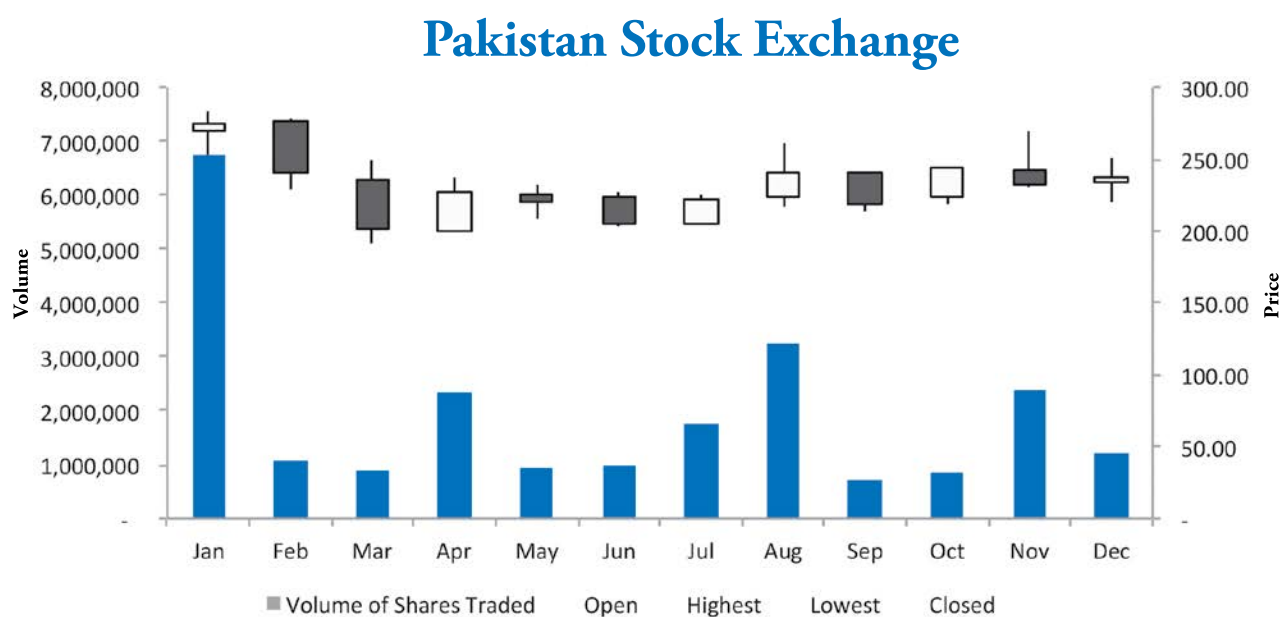
pattern of shareholding

As at December 31, 2015

No. of Shareholders	Size of Holding Rs. 10 Shares	Total Number of Shareholders
354	1	13,572
378	101	112,766
200	501	157,583
401	1,001	1,005,244
172	5,001	1,299,955
46	10,001	570,673
24	15,001	423,089
25	20,001	564,836
15	25,001	422,579
13	30,001	426,382
5	35,001	185,868
7	40,001	301,573
5	45,001	239,334
7	50,001	375,139
4	55,001	231,800
1	60,001	65,000
2	65,001	135,664
9	70,001	653,197
2	80,001	165,021
2	85,001	176,100
1	90,001	90,700
6	95,001	600,000
2	100,001	207,360
4	105,001	430,031
1	110,001	112,074
2	115,001	234,268
3	120,001	370,611
3	125,001	383,300
2	135,001	274,466
1	140,001	144,000
2	145,001	295,021
3	150,001	458,110
1	155,001	158,830
1	160,001	164,852
2	170,001	340,222
1	175,001	177,100
1	180,001	182,200
1	190,001	195,000
1	195,001	197,400
1	200,001	202,800
2	210,001	428,004
1	215,001	220,000
1	220,001	224,571
1	225,001	226,235
1	245,001	245,649
1	250,001	254,283
1	265,001	266,300
1	285,001	285,489
2	295,001	594,830
3	300,001	910,546
1	310,001	315,000
1	320,001	320,865
1	330,001	334,547
1	335,001	339,100
1	350,001	353,352
1	360,001	364,000
2	375,001	757,566
1	405,001	408,800
1	415,001	418,480
1	440,001	440,485
1	455,001	460,000
1	485,001	488,678
1	495,001	500,000
1	540,001	543,700
2	550,001	1,101,498
1	580,001	580,176
1	585,001	585,457
1	595,001	596,001
1	620,001	624,995
1	625,001	625,001
1	650,001	653,767
1	665,001	667,142
1	750,001	752,065
1	755,001	759,000
1	790,001	793,300
1	810,001	814,000
1	860,001	862,830
1	995,001	997,720
1	1,060,001	1,063,207
1	1,165,001	1,167,916
1	1,210,001	1,214,475
1	1,225,001	1,226,801
1	1,495,001	1,500,000
1	1,675,001	1,676,677
1	1,865,001	1,865,849
1	1,910,001	1,911,740
1	1,945,001	1,946,364
1	2,395,001	2,395,100
1	3,280,001	3,280,928
1	4,585,001	4,586,385
1	5,240,001	5,241,419
1	13,020,001	13,022,093
1	20,850,001	20,853,966
1	26,875,001	26,879,460
1,771		122,689,532

share price / volume

Month	Volume of Shares Traded	Open	Height	Lowest	Closed
Jan	6,740,100	270.49	282.90	251.98	274.98
Feb	1,081,400	276.50	277.50	228.83	241.42
Mar	886,200	236.10	249.90	191.59	201.16
Apr	2,359,300	199.90	237.00	206.00	227.00
May	944,700	225.00	232.00	209.10	220.28
Jun	997,200	223.00	227.75	204.00	204.89
Jul	1,735,300	205.35	225.90	211.00	222.69
Aug	3,225,000	224.00	260.70	217.71	241.47
Sep	695,500	240.00	240.00	213.00	218.67
Oct	860,200	223.00	243.80	219.10	243.60
Nov	2,402,300	243.00	270.00	231.00	232.77
Dec	1,212,000	234.00	251.00	220.00	236.57





directors' report to the shareholders

The Directors of IGI Insurance Limited take pleasure in presenting the annual report of your Company, together with the audited financial statements for the year ended December 31, 2015.

COMPANY PERFORMANCE REVIEW 2015

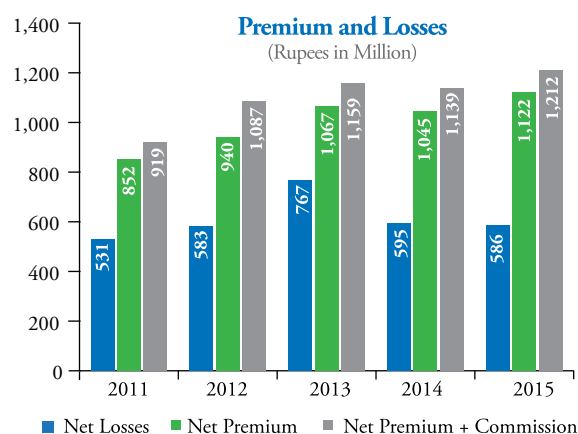
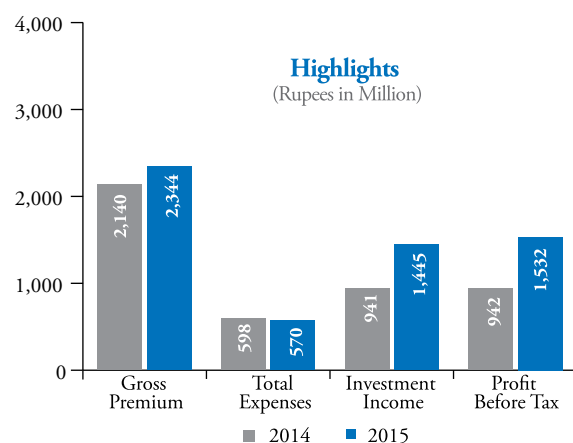
There was an overall improvement in the performance of the Company during the year 2015.

Your Company achieved growth in gross written premium of 10%, up from Rs. 2,140 billion in 2014 to Rs. 2,344 billion in 2015 - Fire, Marine and Motor business segments being the main drivers for this growth.

During the year, the Company recorded a profit before tax of Rs. 1,532 million compared to Rs. 942 million in 2014 reflecting an increase of 63%. The underwriting results increased to Rs. 256 million (2014: Rs. 208 million).

Income from investment of Rs. 1,445 million as compared to Rs. 941 million in 2014 also contributed substantially to the profitability of the Company. The Company achieved earnings per share of Rs. 10.54 as compared to the last year's Rs. 6.71.

The net retained premium represents 48% of the total gross written premium. Net claims registered during 2015 decreased by 1% compared to last year, resulting in an improvement in the net incurred loss ratio from 57% in 2014 to 52% in the current year. Consequently, the underwriting results for



2015 amounted to Rs. 256 million as compared to Rs. 208 million in 2014. The underwriting profitability ratio improved from 10% in 2014 to 11% in 2015.

General and Administrative Expenses, registered a decrease of 7%, from Rs. 188 million to Rs. 175 million. Financial charges decreased by 66% mainly on account of the long term loan of the Company for acquisition of IGI Life Insurance Limited being paid off during the year.

SEGMENTS AT A GLANCE

FIRE

During the review year, Gross Premium increased by 2% from Rs. 812 million in 2014 to Rs. 826 million in 2015. Net Premium Earned decreased from Rs. 88 million to Rs. 80 million. Net Claims increased from Rs. 40 million in 2014 to Rs. 58 million in 2015. This resulted in underwriting loss of Rs. 0.47 million against underwriting profit of Rs. 17 million in 2014.

MARINE, AVIATION AND TRANSPORT

Marine business decreased by 3% from Rs. 399 million in 2014 to Rs. 388 million in 2015. Main reason was deflationary trend in import values off the back of falling oil prices. Net Premium Earned decreased from Rs. 188 million to Rs. 180 million. However, Net Claims also decreased from Rs. 150 million to Rs. 78 million, resulting in significant increase in Underwriting Profit from Rs. 28 million to Rs. 107 million.

MOTOR

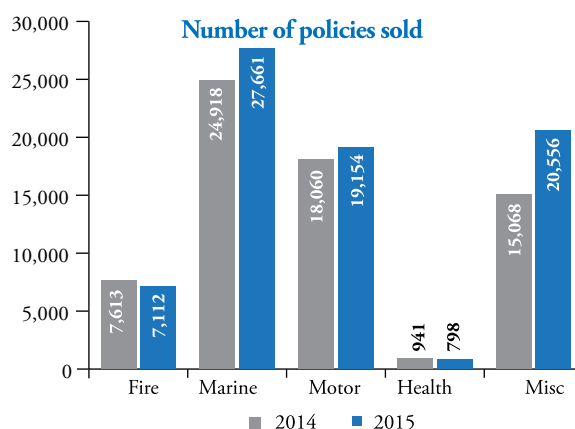
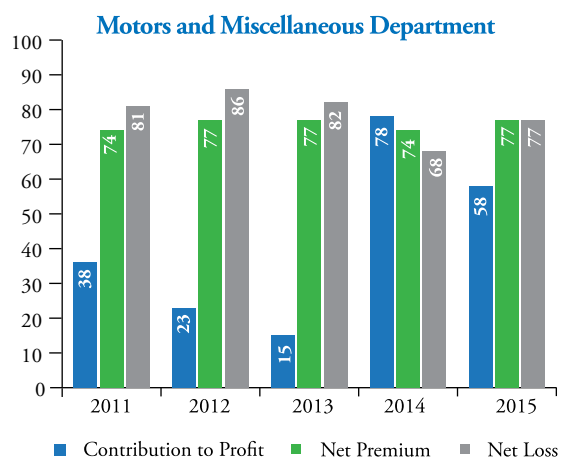
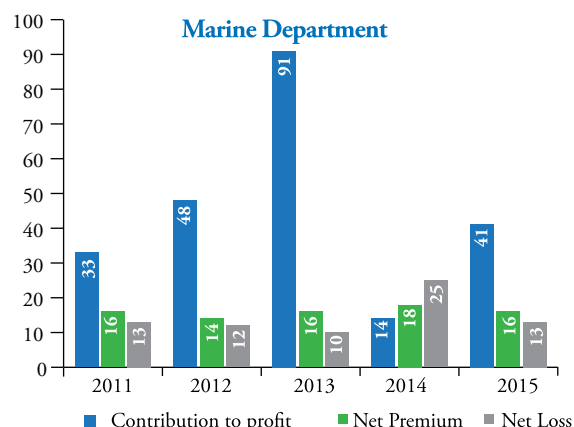
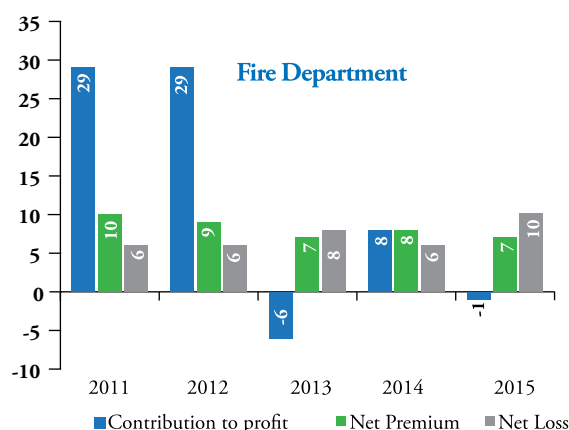
Gross Premium increased by 21% from Rs. 570 million in 2014 to Rs. 693 million in 2015 resulting in Net Premium Earned increasing from Rs. 543 million to Rs. 631 million. In line with a higher Earned Premium Income, Net Claims increased from Rs. 288 million in 2014 to Rs. 322 million in 2015 and Underwriting Profit increased from Rs. 105 million in 2014 to Rs. 122 million in 2015.

HEALTH

During the year, Gross Premium decreased by 6% in line with our strategy of pruning the book of business and as a result Net Claims decreased from Rs. 85 million in 2014 to Rs. 84 million in 2015.

OTHERS (MISCELLANEOUS)

For Miscellaneous segment, which includes Engineering and Contractor's All Risk Insurances, Travel, Bond and Pecuniary lines business, Gross Written Premium increased from Rs. 234 million in 2014 to Rs. 319 million in 2015. This significant increase was due to better sales in Travel business. Net Claims increased from Rs. 30 million in 2014 to Rs. 45 million in 2015. Underwriting Profit for the year 2015 was Rs. 31 million in comparison to Rs. 30 million in the previous year.



CLAIMS

With an avid focus on our priority of swift and accurate claim settlement, we have introduced a number of new initiatives to reduce the claims settlement turnaround time. Drawing on the continued success of decentralization of claims settlement, regions have been given a higher settlement authority leaving the head office to focus on larger, complex claims along with monitoring overall claims performance by making use of the latest analytics technology.

RE-INSURANCE AND RISK MANAGEMENT

We follow a policy of risk optimization through a carefully designed, high quality program of re-insurance. We believe in forging partnerships with our clients to provide them a long term risk management solution by using our insurance expertise, a state of the art technology platform and a focused risk engineering service that helps our clients understand the hazards that threaten their businesses and determine cost-effective loss prevention solutions.

INVESTMENTS

Our investment objective is to achieve an optimum return on the investment portfolio while adhering to our investment philosophy and the applicable regulations. The Book Value of your Company's investments stood at Rs. 12,325 million as at December 31, 2015 as compared to Rs. 12,196 million for 2014.

CAPITAL MANAGEMENT AND LIQUIDITY

The Company actively manages and monitors the matching of its asset positions against its commitments, together with diversification and credit quality of its investments against established targets.

The Company's primary source of funds is cash provided by operating activities which includes premiums and net investment income. Cash flows generated from operating activities are generally invested in supporting future payment requirements, including the payment of dividends to shareholders.

INFORMATION TECHNOLOGY AND BUSINESS PROCESS RE-ENGINEERING

The year 2015 has been an excellent year with a number of technology upgrades which have enhanced our core business applications delivering further productivity gains and have helped us reach out to our corporate clients through an online claims portal. Our clients can now intimate claims, check the status of their outstanding claims and upload claims related documents directly to our online portal. This interactive process has resulted in a more efficient and quick claims settlement for our clients.

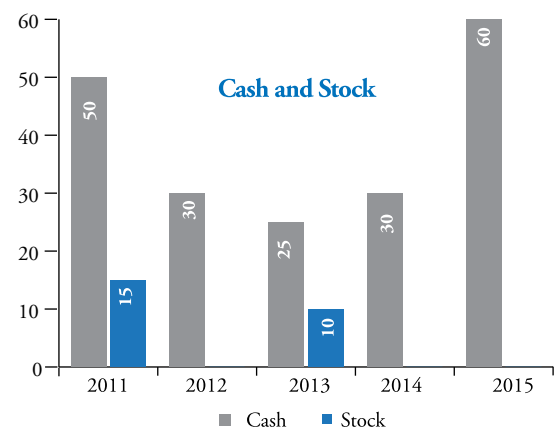
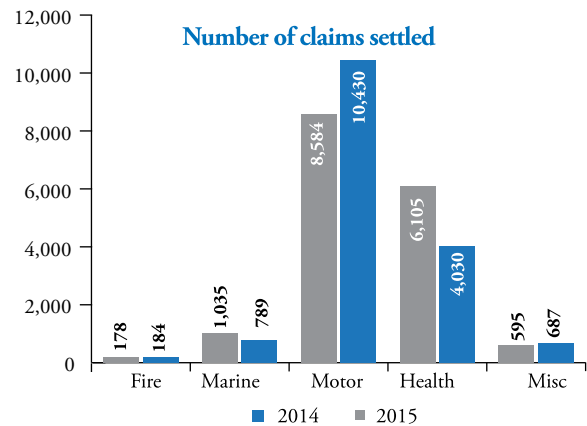
We have also redesigned our website to provide a much more interactive and user friendly experience to the stakeholders. In addition, we have invested in modern, energy efficient IT hardware, making us a more eco-friendly organization.

HUMAN RESOURCE

At IGI, we consider our employees to be our most valuable asset. The Company's HR philosophy promotes ownership and initiative and welcomes innovation across the board.

In 2015, IGI participated in the 'Best Place to Work' survey hosted by Pakistan Strategic Human Resource Management (PSHRM) and Engage Consulting. The survey highlights the importance of Employer Branding and provides valuable information about a company's culture, values and the level of employee engagement with the company's direction. We are pleased to inform our Shareholders that we have been awarded third place on the basis of the survey amongst 37 participating companies.

We continue to strive for inducting, retaining and developing the best talent in the industry who may deliver our vision and mission.



CHANGES IN THE BOARD

During the year two changes became necessary in the composition of the Board. Mr. Waqar Ahmed Malik resigned on March 01, 2015 and the Board takes this opportunity to express its appreciation of his valuable contribution during his tenure. Syed Kamal Ali passed away on April 09, 2015. During his long association with the Board, Syed Kamal Ali made precious contribution to the Company's growth and development. Ms. Faryal Jooma and Mr. Osman Khalid Waheed were inducted by the Board as new directors.

CODE OF CONDUCT

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

CORPORATE SOCIAL RESPONSIBILITY

Your Company is fully aware of its corporate social responsibilities and is supporting social sector organizations in the fields of education, health and environment. The Company has donated Rs. 1.6 million in 2015 as compared to Rs. 20.6 million in 2014. The Company also offers internships all around the year to students from colleges and universities.

ISO CERTIFICATION AND ITS VALUE TO OUR CUSTOMERS

Your Company continues to focus on improving productivity and efficiency in its operations and has maintained its Quality Management Certification ISO 9001:2008 after becoming the first general insurance Company in Pakistan to receive ISO 9001:2008 certification.

INSURER'S FINANCIAL STRENGTH RATING

The Pakistan Credit Rating Agency (Private) Limited (PACRA) has, for the sixteenth consecutive year, assigned your Company an "Insurer Financial Strength" (IFS) Rating of "AA" (Double A), in December 2015.

The Insurer Financial Strength (IFS) rating of "AA" (Double A) denotes a very strong capacity to meet policyholder and contract obligations, modest risk factors, and the expectation that the impact of any adverse business and economic factors will be very limited.

APPROPRIATIONS

The proposed appropriations are as under:

	2015	2014
	(Rupees in thousands)	
Final Dividend for the year 2015 – 40%: (2014: 30%)	490,758	368,069
Interim Dividend for the year – 2015: 20% (2014: Nil%)	245,379	-
Transfer from reserve to pay final dividend for the year	490,758	368,069
Transfer from reserve for interim dividend paid during the year	245,379	-


By proposing the final dividend of 40% for 2015, the total dividend amount will be Rs 736 million.

FUTURE OUTLOOK

The Board and the management of your Company recognize the fact that we are operating in a highly competitive, yet a mature and dynamic industry. We believe that we have the right professional team and a modern and efficient operational platform to deliver sustainable and profitable growth in the future. While this has been an excellent year for the Company, we strive to achieve even greater heights in the years to come.

ACKNOWLEDGEMENT

We would like to thank our customers, business partners and employees for their faith in us, which has helped us to achieve progress over the years. We also thank our shareholders for their continued patronage and confidence in IGI.



Syed Babar Ali
Chairman

Karachi: February 26, 2016

corporate calendar

First quarter ended March 31, 2015	Announced on	April 22, 2015
Half year ended June 30, 2015	Announced on	August 28, 2015
Third quarter ended September 30, 2015	Announced on	October 22, 2015
Year ended December 31, 2015	Announced on	February 26, 2016

Final - Cash (2014)	Announced on	February 26, 2015
	Entitlement date	April 10, 2015
	Statutory limit upto which payable	May 22, 2015
	Paid on	April 29, 2015

Interim – Cash (2015)	Announced on	August 28, 2015
	Entitlement date	October 1, 2015
	Statutory limit upto which payable	October 13, 2015
	Paid on	October 12, 2015

Final – Cash (2015)	Announced on	February 26, 2016
	Entitlement date	April 11, 2016
	Statutory limit upto which payable	May 21, 2016
	Expected to be paid on	April 21, 2016

Issuance of Annual Report	March 28, 2016
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62nd Annual General Meeting	April 21, 2016
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report on corporate governance

The Directors confirm compliance with the Corporate and Financial Reporting Framework of the SECP Code of Corporate Governance for the following:

1. The financial statements together with the notes forming an integral part of these statements have been prepared by the management of your Company in conformity with the Companies Ordinance, 1984 and the Insurance Ordinance, 2000 and present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of accounts of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
4. The International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures there from has been adequately disclosed and explained.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There is no significant doubt upon the Company's 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, except as stated in the Statement of Compliance with the Code of Corporate Governance.
8. Key operating and financial data for the last ten years is shown in the annual report.
9. There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as at 31 December 2015, except as those disclosed in the financial statements.
10. The value of investments based on audited accounts of the respective funds were as follows:
Provident Fund as at June 30, 2014 Rs. 62.18 million
Gratuity Fund as at December 31, 2014 Rs. 38.51 million
11. The related party transactions are approved or ratified by the audit committee and the Board of Directors.
12. The trade carried out by the Directors, CEO, CFO, Company Secretary, Executives and their spouses and minor children, if any, in the shares of the Company is given below:

Directors & spouses

Syed Babar Ali, Director purchased 1,864,700 shares.
Mrs. Perwin Babar Ali purchased 167,700 shares.
Syed Shahid Ali, Director sold 2,660,800 shares.
Syed Hyder Ali, Director purchased 543,700 shares.
Mrs. Syed Yawar Ali purchased 55,000 shares.
Ms. Faryal Jooma, Director purchased 100 shares.
Mr. Osman Khalid Waheed, Director purchased 100 shares.
Mr. Tahir Masood, (CEO) sold 400 Shares.

13. All the major decisions relating to investments / disinvestments of fund, change in the policy of underwriting, if any, appointment, remuneration and terms & conditions of CEO are taken to the Board.
14. Out of the eight members on the board, only one member is yet to obtain certification which shall be obtained by 30 June 2016 in accordance with the requirement of the Code.
15. The aggregate remunerations of executives and non-executive directors including salary, fee, benefits, etc are Rs. 23.26 million and 4.35 million.

Insurance Ordinance, 2000

As required under the Insurance Ordinance and Rules framed there under, the Directors confirm that:

- 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 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.

BOARD & SUB COMMITTEE MEETINGS

Meetings of the Board of Directors, Audit, Underwriting, Reinsurance, Claims, Investment, Human Resources and Compensation Committee were held according to schedule. Two casual vacancies occurred on the Board on March 01, 2015 and April 09, 2015 which were filled up by the directors within prescribed time limits.

Meetings held and attendance by each Director in the meetings of the Board and its subcommittees are as follows:

The Board granted leave of absence to those Directors who could not attend the Board meetings.

Board / Sub Committees	Board Meeting	Audit Committee	Underwriting Committee	Reinsurance Committee	Claims Committee	Investment Committee	Human Resources & Compensation Committee
No of meetings held	5	4	4	4	4	4	4
ATTENDANCE							
Syed Babar Ali	4	-	-	-	-	-	-
Shamim Ahmad Khan	5	4	-	-	4	4	-
Syed Kamal Ali	-	-	-	-	-	-	-
Syed Yawar Ali	5	4	-	-	-	4	4
Syed Shahid Ali	3	-	-	-	-	-	1
Syed Hyder Ali	5	4	4	4	-	4	4
Waqar Ahmed Malik	1	-	-	-	-	-	1
Faryal Jooma	4	3	-	-	-	-	2
Osman Khalid Waheed	2	-	-	-	-	1	-
Tahir Masaud	5	-	4	4	4	4	4

Audit Committee

As required under the Code of Corporate Governance, the Audit Committee continued to perform as per its terms of reference duly approved by the Board. The Committee composition and its terms of reference are attached in the annual report.

Auditors

The present auditors M/S A. F. FERGUSON & Co., Chartered Accountants retire and being eligible, have offered themselves for reappointment. The external auditors hold satisfactory rating by the Institute of Chartered Accountant of Pakistan (ICAP) as required under their Quality Control Review Program, As suggested by Audit Committee, the Board of Directors has recommended the appointment of M/S A. F. FERGUSON & Co., Chartered Accountants as auditors of the Company for the year 2016, at a fee to be mutually agreed.

Material Changes

There have been no material changes and commitments affecting the financial position of your Company since December 31, 2015.

Pattern of Shareholding

A statement showing the pattern of shareholding is attached with annual report.

For and on behalf of the Board



Syed Babar Ali
Chairman

Karachi, February 26, 2016

statement of compliance

with the code of corporate governance

for the year ended December 31, 2015

The Board of Directors of IGI Insurance Company (the Company) has always supported and reconfirms its commitment to continued support and implementation of the highest standards of Corporate Governance at all times.

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of Pakistan Stock Exchange and Code of Corporate Governance applicable to listed insurance companies as issued by Securities and Exchange Commission of Pakistan (SECP), for the purpose of establishing a framework of good governance, whereby a listed Insurance company is managed in compliance with the best practices of corporate governance.

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


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

Category	Names
Non-Executive	Syed Babar Ali
Non Executive	Mr. Shamim Ahmad Khan
Non-Executive	Syed Yawar Ali
Non-Executive	Syed Shahid Ali
Non-Executive	Syed Hyder Ali
Independent Director	Ms. Faryal Jooma
Independent Director	Mr. Osman Khalid Waheed
Executive	Mr. Tahir Masaud

The independent directors meet the criteria of independence under clause i (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking Company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Two casual vacancies occurred on the Board on March 1, 2015 and April 9, 2015 which were filled up by the directors within prescribed time limits.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.
8. The meetings of the Board were presided over by the Chairman and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. Out of the eight members on the board, only one member is yet to obtain certification which shall be obtained by June 30, 2016 in accordance with the requirement of the Code.
10. The appointment, remuneration and terms and conditions of employment of the Chief Financial Officer, Company Secretary and Head of Internal Audit are approved by the Board of Directors.

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The board has formed an Audit Committee. It comprises of four (4) members, of whom three (3) are non-executive directors including chairman of the Committee and one independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed a Human Resource and Remuneration Committee. It comprises of five (5) members of whom three (3) are non-executive directors including Chairman of the Committee, one Independent director and Chief Executive Officer of the Company.
18. The Company has outsourced the internal audit function to Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company. The Company has designated a qualified individual as Head of Internal Audit of the Company.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange(s). During the year, there was an instance where a decision on certain divestment of the Company's investment portfolio was approved by the Board through a circular resolution and was duly communicated to the Stock Exchanges. However, no closed period was determined and communicated by the Company's management due to which purchase of the Company's shares was inadvertently carried out by certain directors during this period. As a prudent measure, the purchased shares were sold by the directors forthwith and the gain / profit so made has been tendered / surrendered to the Company and duly notified to the Securities and Exchange Commission of Pakistan.
22. Material/price sensitive information has been disseminated among all market participants at once through the stock exchanges.
23. The Board ensures that the appointed actuary complied with the requirements set out for him in this code.
24. The actuary appointed by the Company has confirmed that he or his spouse and minor children do not hold shares of the Company.
25. The underwriting, claims settlement and reinsurance and coinsurance committees have been formed. The minutes of meetings of committees were circulated timely to the members, directors and the CFO.
26. We confirm that all other material principles enshrined in the CCG have been complied with.



Syed Babar Ali
Chairman

Karachi, February 26, 2016

Unconsolidated Financial Statements for the year ended December 31, 2015



A. F. FERGUSON & CO.

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of IGI Insurance Limited ('the Company') for the year ended December 31, 2015 to comply with the requirements of Rule 5.19 of the Pakistan Stock Exchange Regulations issued by the Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited into which the Islamabad Stock Exchange Limited and the Lahore Stock Exchange Limited have merged) where the Company is listed.

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

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

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

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

Further, we draw attention to paragraph 21 of the Statement of Compliance which states an instance of non-determination and communication of closed period by the Company's management and consequent inadvertent purchase of the Company's shares during such period as well as the remedial action taken by the directors as a prudent measure.

Chartered Accountants
Dated: March 14, 2016
Karachi

A.F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92(21)32426682-6/32426711-5; Fax: +92(21)32415007/32427938/32424740; <www.pwc.com/pk>

Lahore: 23-C. Aziz Avenue, Canal Bank, Gulberg V, P.O. Box 39, Lahore-54660, Pakistan; Tel: +92(42)35715864-71; Fax: +92(42)35715872
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Kabul: Apartment No. 3, 3rd Floor, Dost Tower, Haji Yaqub Square, Sher-e-Nau, Kabul, Afghanistan; Tel: +93(779)315320, +93(799)

Auditors' Report to the Members of IGI Insurance Limited

We have audited the annexed unconsolidated financial statements comprising of:

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

of IGI Insurance Limited as at December 31, 2015 together with the notes forming part thereof, for the year then ended.

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

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

In our opinion:

- (a) proper books of accounts have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- (b) the unconsolidated financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied except for the change as stated in note 2.2 to the unconsolidated financial statements with which we concur;
- (c) the unconsolidated financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at December 31, 2015, and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended in accordance with Approved Accounting Standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and
- (d) 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.



Chartered Accountants
Engagement Partner: **Shahbaz Akbar**
Dated: March 14, 2016
Karachi

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Unconsolidated Balance Sheet

Note	2015	2014
	(Rupees in thousands)	

Share capital and reserves

Authorised share capital

200,000,000 (2014: 200,000,000) ordinary
shares of Rs. 10 each

2,000,000	2,000,000
-----------	-----------

Issued, subscribed and paid up share capital

5	1,226,895	1,226,895
---	-----------	-----------

Unappropriated profit

2,931,129	1,881,471
-----------	-----------

Reserves

8,102,711	8,470,780
-----------	-----------

12,260,735	11,579,146
------------	------------

Underwriting provisions

Provision for outstanding claims (including IBNR)

643,816	640,512
---------	---------

Provision for unearned premium

745,483	648,171
---------	---------

Commission income unearned

75,479	72,750
--------	--------

1,464,778	1,361,433
-----------	-----------

Deferred liabilities

Deferred taxation

13	1,728	1,230
----	-------	-------

Creditors and accruals

Premium received in advance

330	330
-----	-----

Amounts due to other insurers / reinsurers

309,170	350,027
---------	---------

Accrued expenses

107,525	117,584
---------	---------

Sundry creditors

6	344,361	316,834
---	---------	---------

761,386	784,775
---------	---------

Borrowings

Short term finances - secured

7	148,020	79,830
---	---------	--------

Long term finances - secured

8	-	675,000
---	---	---------

148,020	754,830
---------	---------

Other liabilities

Unclaimed dividend

13,979	8,676
--------	-------

TOTAL LIABILITIES

2,389,891	2,910,944
-----------	-----------

TOTAL EQUITY AND LIABILITIES

14,650,626	14,490,090
------------	------------

CONTINGENCIES AND COMMITMENTS

9

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



Chairman



Director



Director



Principal Officer
and Chief Executive

As at December 31, 2015

	Note	2015	2014
		(Rupees in thousands)	
Cash and bank deposits			
Cash and other equivalents	10	90	43
Current and other accounts	11	17,084	156
Deposits maturing within 12 months		350,000	315,000
		367,174	315,199
Investments	12	12,325,078	12,196,544
Investment property	21	190,569	127,363
Current assets - others			
Premiums due but unpaid - unsecured	14	278,831	275,139
Amounts due from other insurers /			
reinsurers - unsecured	15	402,885	474,766
Accrued income on investments and deposits		7,343	27,784
Reinsurance recoveries against outstanding claims		391,659	336,040
Prepayments:			
- prepaid reinsurance premium ceded		333,744	309,858
- others		20,126	19,519
Taxation - payments less provision		1,801	95,450
Sundry receivables	16	110,673	72,250
		1,547,062	1,610,806
Fixed assets			
Tangible	19		
Furniture, fixtures and office equipments		47,881	25,468
Buildings		108,448	157,055
Motor vehicles		62,558	53,333
		218,887	235,856
Intangibles			
Computer software	20	1,856	4,322
TOTAL ASSETS		14,650,626	14,490,090



Chairman



Director



Director



Principal Officer
and Chief Executive

Unconsolidated Profit and Loss Account For the year ended December 31, 2015

2015 2014

Note	Fire and property damage	Marine, aviation & transport	Motor	Health	Miscellaneous	Aggregate	Aggregate
(Rupees in thousands)							
Revenue account							
Net premium revenue	80,549	180,177	631,062	107,359	122,802	1,121,949	1,044,933
Net claims	(57,670)	(78,230)	(322,039)	(83,606)	(44,880)	(586,425)	(594,539)
Premium deficiency reversal	-	-	-	-	-	-	40
Management expenses	22 (115,918)	(54,459)	(129,898)	(24,418)	(44,822)	(369,515)	(335,876)
Net commission	92,568	59,454	(57,160)	(2,757)	(1,703)	90,402	93,637
Underwriting result	<u>(471)</u>	<u>106,942</u>	<u>121,965</u>	<u>(3,422)</u>	<u>31,397</u>	<u>256,411</u>	<u>208,195</u>
Investment income						1,445,480	940,878
Rental income						6,722	4,086
Return on bank balances						19,391	34,251
Other income	23					4,272	17,262
Financial charges	24					(25,485)	(74,285)
General and administrative expenses	25					(175,038)	(188,286)
						<u>1,275,342</u>	<u>733,906</u>
Profit before taxation						<u>1,531,753</u>	<u>942,101</u>
Taxation	26					(238,707)	(119,300)
Profit after taxation						<u>1,293,046</u>	<u>822,801</u>
Other comprehensive loss - not reclassifiable to profit and loss							
- Re-measurement of post employment benefit obligations - net of tax						1,991	(4,584)
Total comprehensive income						<u>1,295,037</u>	<u>818,217</u>
Profit and loss appropriation account							
Balance of unappropriated profit at commencement of the year						1,881,471	1,063,254
Profit after taxation						1,293,046	822,801
Other comprehensive Income / (loss)						1,991	(4,584)
Transferred from general reserve						368,069	167,304
Final dividend for the year ended December 31, 2014 :Rs. 3 per share (2013: Rs. 1.5 per share)						(368,069)	(167,304)
Interim dividend for the year ended December 31, 2015 : Rs. 2 per share (2014: Nil)						(245,379)	-
						<u>1,049,658</u>	<u>818,217</u>
Balance of unappropriated profit at end of the year						<u>2,931,129</u>	<u>1,881,471</u>
Earnings per share - basic and diluted							
	27					10.54	6.71

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



Chairman



Director



Director



Principal Officer
and Chief Executive

Unconsolidated Statement of Changes in Equity For the year ended December 31, 2015

	Issued, subscribed and paid- up share capital	Reserves				Un appropri- ated profit	Total
Capital Reserves			Revenue reserves General reserves				
Premium on issue of shares		Reserve for bonus share		Other capital reserves			
	(Rupees in thousands)						
Balance as at January 1, 2014	1,115,359	35,762	-	33,267	8,680,591	1,063,254	10,928,233
Total comprehensive income for the year ended December 31, 2014							
Profit after taxation for the year ended December 31, 2014	-	-	-	-	-	822,801	822,801
Other comprehensive loss for the year	-	-	-	-	-	(4,584)	(4,584)
- Re-measurement of post employment benefit obligations - net of tax	-	-	-	-	-	818,217	818,217
Transfer from general reserves to unappropriated profit	-	-	-	-	(167,304)	167,304	-
Transfer from general reserve to reserve for bonus shares	-	-	111,536	-	(111,536)	-	-
Transactions with owners, recorded directly in equity							
Final dividend for the year ended December 31, 2013 - Rs. 1.5 per share	-	-	-	-	-	(167,304)	(167,304)
Bonus shares issued for the year ended December 31, 2013	111,536	-	(111,536)	-	-	-	-
	111,536	-	(111,536)	-	-	(167,304)	(167,304)
Balance as at December 31, 2014	1,226,895	35,762	-	33,267	8,401,751	1,881,471	11,579,146
Total comprehensive income for the year ended December 31, 2015							
Profit after taxation for the year ended December 31, 2015	-	-	-	-	-	1,293,046	1,293,046
Other comprehensive income for the year	-	-	-	-	-	1,991	1,991
- Re-measurement of post employment benefit obligations - net of tax	-	-	-	-	-	1,295,037	1,295,037
Transfer from general reserves to unappropriated profit	-	-	-	-	(368,069)	368,069	-
Transactions with owners, recorded directly in equity							
Final dividend for the year ended December 31, 2014 - Rs. 3 per share	-	-	-	-	-	(368,069)	(368,069)
Interim dividend for the year ended December 31, 2015 - Rs. 2 per share	-	-	-	-	-	(245,379)	(245,379)
	-	-	-	-	-	(613,448)	(613,448)
Balance as at December 31, 2015	1,226,895	35,762	-	33,267	8,033,682	2,931,129	12,260,735

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



Chairman



Director



Director



Principal Officer
and Chief Executive

Unconsolidated Statement of Cash Flows

2015 / **2014**

(Rupees in thousands)

OPERATING CASH FLOWS

Underwriting activities

Premiums received	2,340,013	2,057,932
Reinsurance premiums paid	(1,117,306)	(1,060,009)
Claims paid	(1,074,221)	(990,144)
Reinsurance and other recoveries received	435,481	463,228
Commissions paid	(194,025)	(120,526)
Commissions received	289,758	267,523
Net cash generated from underwriting activities	679,700	618,004

Other operating activities

Income tax paid	(145,497)	(107,268)
Contribution to defined benefit plan	(6,962)	(6,730)
General and management expenses paid	(408,294)	(362,710)
Operating payments - net	(84,468)	(141,064)
Net cash used in other operating activities	(645,221)	(617,772)

Total cash generated from all operating activities 34,479 232

INVESTMENT ACTIVITIES

Profit / return received	59,164	40,804
Dividends received	1,041,828	882,904
Payments for investments	(711,587)	(892,275)
Proceeds from disposal of investments	977,012	-
Fixed capital expenditure	(106,142)	(183,132)
Proceeds from disposal of fixed assets	17,091	17,489

Total cash generated from / (used in) investing activities 1,277,366 (134,210)

FINANCING ACTIVITIES

Dividends paid	(608,145)	(167,479)
Loan (repaid) / received	(675,000)	675,000
Financial charges paid	(44,915)	(62,665)

Total cash generated (used in) / from financing activities (1,328,060) 444,856

Net cash generated (used in) / from all activities (16,215) 310,878

Cash at beginning of the year 235,369 (75,509)

Cash at end of the year 219,154 235,369

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



Chairman



Director



Director



Principal Officer
and Chief Executive

For the year ended December 31, 2015

	2015	2014
	(Rupees in thousands)	
Reconciliation to profit and loss account		
Operating cash flows	34,479	232
Depreciation expense	(49,285)	(45,213)
Financial charges	(25,485)	(74,285)
Gain on disposal of fixed assets	4,005	7,628
Increase in other assets	(45,294)	125,817
Increase in liabilities other than term finances	(99,884)	(175,644)
(Provision for) / reversal of impairment in the value of available for sale investments	(84,163)	51,821
Others		
Gain on disposal of investments	478,122	-
Dividend and other investment income	1,080,551	932,445
Profit after tax	1,293,046	822,801

Definition of cash


Cash comprises of cash in hand, policy stamps, bank balances and short term finance.

Cash for the purposes of the Statement of Cash Flows consists of:


Cash and other equivalents		
- Cash in hand	-	-
- Policy stamps in hand	90	43
	90	43
Current and other accounts		
- Current accounts	6,496	70
- Savings accounts	10,588	86
	17,084	156
Deposits maturing within 12 months	350,000	315,000
Short term finances	(148,020)	(79,830)
	219,154	235,369

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


Chairman


Director


Director


Principal Officer
and Chief Executive

Unconsolidated Statement of Premiums For the year ended December 31, 2015

Business underwritten inside Pakistan

Class	Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	Net premium revenue	
		Opening	Closing			Opening	Closing		2015	2014
	(Rupees in thousands)									
Direct and facultative										
Fire and property damage	826,128	276,469	276,743	825,854	749,871	245,743	250,309	745,305	80,549	88,113
Marine, aviation and transport	388,123	18,177	24,623	381,677	204,948	9,767	13,215	201,500	180,177	188,533
Motor	693,010	231,206	286,815	637,401	6,291	227	179	6,339	631,062	543,023
Health	117,006	40,391	50,038	107,359	-	-	-	-	107,359	133,218
Miscellaneous	319,438	81,928	107,264	294,102	187,220	54,121	70,041	171,300	122,802	92,046
Total	2,343,705	648,171	745,483	2,246,393	1,148,330	309,858	333,744	1,124,444	1,121,949	1,044,933

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



Chairman



Director



Director




Principal Officer
and Chief Executive

Unconsolidated Statement of Claims For the year ended December 31, 2015

Business underwritten inside Pakistan

Class	Claims paid	Outstanding claims		Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue	Net claims expense	
		Opening	Closing			Opening	Closing		2015	2014
(Rupees in thousands)										
Direct and facultative										
Fire and property damage	299,738	214,057	217,148	302,829	242,497	181,486	184,148	245,159	57,670	40,832
Marine, aviation and transport	240,411	158,427	135,313	217,297	120,082	61,513	80,498	139,067	78,230	150,489
Motor	328,487	127,291	120,843	322,039	-	14,687	14,687	-	322,039	288,112
Health	86,173	37,273	34,706	83,606	-	-	-	-	83,606	85,096
Miscellaneous	119,412	103,464	135,806	151,754	72,902	78,354	112,326	106,874	44,880	30,010
Total	1,074,221	640,512	643,816	1,077,525	435,481	336,040	391,659	491,100	586,425	594,539

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



Chairman



Director



Director



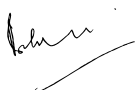
Principal Officer
and Chief Executive

Unconsolidated Statement of Expenses For the year ended December 31, 2015

Business underwritten inside Pakistan

	Commissions paid or payable	Deferred commission		Net commission expense	Other management expenses	Underwriting expense	Commissions from reinsurers	Net underwriting expense	
Class		Opening	Closing					2015	2014
	(Rupees in thousands)								
Direct and facultative									
Fire and property damage	68,108	-	-	68,108	115,918	184,026	160,676	23,350	30,096
Marine, aviation and transport	32,595	-	-	32,595	54,459	87,054	92,049	(4,995)	9,738
Motor	57,348	-	-	57,348	129,898	187,246	188	187,058	150,259
Health	2,757	-	-	2,757	24,418	27,175	-	27,175	20,477
Miscellaneous	35,819	-	-	35,819	44,822	80,641	34,116	46,525	31,669
Total	196,627	-	-	196,627	369,515	566,142	287,029	279,113	242,239

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



Chairman



Director



Director




Principal Officer
and Chief Executive

Unconsolidated Statement of Investment Income For the year ended December 31, 2015


	2015	2014
	(Rupees in thousands)	
Income from non-trading investments		
Return on government securities	19,332	15,290
Dividend income on available for sale investments	851,630	713,839
Dividend income on investment in associates	190,198	169,065
Gain on sale of available for sale investments	478,122	-
(Provision for) / reversal of impairment in value of investments	(84,163)	51,821
Less: Investment related expenses	(9,639)	(9,137)
Net investment income	1,445,480	940,878

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


Chairman


Director


Director


Principal Officer
and Chief Executive

Notes to and forming part of the Unconsolidated Financial Statements

1 STATUS AND NATURE OF BUSINESS

- 1.1 IGI Insurance Limited (“the Company”), a Packages Group Company, was incorporated as a public limited company in 1953 under Companies Ordinance, 1984 and is quoted on the Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited) and is engaged in providing general insurance services in spheres of Fire, Marine, Motor, Health and Miscellaneous. The registered office of the Company is situated at 7th floor, The Forum, Suite No. 701-713, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi.

During the year, the Board of Directors of the Company passed a resolution to commence Window Takaful Operations under the provisions of Takaful Rules, 2012. The Company is in the process of completing legal formalities including amendment in Memorandum of Association of the Company which has been approved by the shareholders in the Extra Ordinary General Meeting (EOGM) held on February 19, 2016. The Company intends to complete other formalities in this respect in the first half of year ending December 31, 2016.

- 1.2 IGI Insurance Limited (the “Company”) and American Life Insurance Company U.S.A entered into a share purchase agreement dated January 21, 2013 (the “SPA”) in respect of the sale by ALICO of its 40,986,690 ordinary shares representing approximately 81.97% of the total issued, subscribed and paid up capital of American Life Insurance Company (Pakistan) Limited (“ALICO Pakistan”) to the Company, subject to certain terms and conditions as stated in the SPA (the “Transaction”). The consummation of the Transaction was subject to regulatory approvals and completion of the requirements of the Listed Companies (Substantial Acquisition of Voting Shares and Takeover) Ordinance, 2002 (the “Takeover Ordinance”) including the mandatory tender offer for shares to the remaining shareholders of ALICO Pakistan pursuant to the Takeover Ordinance. The Company sought required regulatory approvals and complied with all the requirements of public offer pursuant to the Takeover Ordinance, 2002.

The Company acquired control of ALICO Pakistan by acquiring 34,838,687 ordinary shares (representing 69.677% of the issued and paid up capital) of ALICO Pakistan on April 10, 2014. Accordingly, ALICO Pakistan became a subsidiary of the Company as at the aforementioned date and its name was changed to IGI Life Insurance Limited. During the year, the Company acquired the remaining 6,148,003 shares (representing 12.293% of the issued and paid up capital) of IGI Life Insurance Limited.

2 BASIS OF PREPARATION

These unconsolidated financial statements have been prepared in accordance with the format of financial statements prescribed under the Securities and Exchange Commission (Insurance) Rules, 2002 [SEC (Insurance) Rules, 2002].

2.1 Statement of compliance

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

2.2 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

IFRS 13 ‘Fair value measurement’. The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The amendment does not impacts the financial statements of the Company as in the case of available for sale investments, the equity securities are carried at lower of cost or market value in line with SECP’s SRO (Refer note 4.5.1.4).

For the year ended December 31, 2015

There are certain other new and amended standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 1, 2015 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not disclosed in these unconsolidated financial statements.

2.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

There are certain new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 1, 2016 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore not detailed in these unconsolidated financial statements.

3 BASIS OF MEASUREMENT

These unconsolidated financial statements have been prepared on the basis of historical cost convention, except as otherwise disclosed.

3.1 Critical accounting judgments and estimates

The preparation of unconsolidated financial statements in conformity with approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgment in application of its accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and 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 period of revision and future periods if the revision affects both current and future periods.

Significant accounting estimates and areas where judgments were made by the management in the application of accounting policies are as follows:

- Provision for outstanding claims including IBNR (note 4.1.3)
- Provision for taxation and deferred tax (note 4.3)
- Defined benefit plan (note 4.9.2)
- Useful lives and residual values of fixed assets (note 4.8)
- Premium deficiency reserve (note 4.1.6)
- Classification of investments and its impairment (note 4.5)
- Reinsurance recoveries against outstanding claims (note 4.1.4)

3.2 Functional and presentation currency

Items included in the unconsolidated financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pak Rupees which is the Company's functional currency.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Notes to and forming part of the Unconsolidated Financial Statements

4.1 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 policy holders if a specified uncertain future event (the insured event) adversely affects the policy holders.

The Company enters into fire and property damage, marine, motor, health, burglary, loss of cash in transit, travel, personal accident, engineering losses and other insurance contracts with corporate clients and individuals residing or located in Pakistan.

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.

The Company neither issues investment contracts nor does it issue insurance contracts with Discretionary Participation Features (DPF).

4.1.1 Premium

Premium written under a policy is recognised 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 recognised as revenue in accordance with the pattern of the incidence of risk. The portion of premium written relating to the unexpired period of coverage is recognised as unearned premium by the Company. This liability is calculated by applying 1/24 method as specified in the SEC (Insurance) Rules, 2002.

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 restricted to a maximum of Rs. 5,000 per policy.

Receivables under insurance contracts are recognised when due, at the fair value of the 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 recognises that impairment loss in the profit and loss account.

4.1.2 Reinsurance ceded

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

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

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

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

4.1.3 Claims expense

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

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

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

IBNR for health and personal accident is determined and recognised in accordance with valuation carried out by an appointed actuary.

4.1.4 Reinsurance recoveries against claims

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

4.1.5 Commission and other acquisition costs

Commission expense and other acquisition costs are charged to the profit and loss account at the time the policies are accepted. Commission income from reinsurers is recognised at the time of issuance of the underlying insurance policy by the Company. This income is deferred and brought to account as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates. Commission from reinsurers is arrived at after taking the impact of opening and closing unearned commission. Profit commission, if any, which the Company may be entitled to under the terms of reinsurance, is recognised on accrual basis.

4.1.6 Premium deficiency reserve

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

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

Notes to and forming part of the Unconsolidated Financial Statements

for the unexpired portion are as follows:

Fire and property damage	81%
Marine, aviation and transport	70%
Motor	74%
Health	88%
Miscellaneous	54%

Based on an analysis of combined operating ratio for the expired period of each reportable segment, the management considers that the unearned premium reserve for all 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 balance sheet date in respect of policies in those classes of business in force at the balance sheet date. In case of Health and Accident class, no premium deficiency is required as per the advice of appointed actuary. Hence, no reserve for the same has been made in these unconsolidated financial statements.

4.2 Creditors, accruals and provisions

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

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

4.3 Taxation

Current

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

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences at the balance sheet date between the tax bases and carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised 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 utilised.

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

4.4 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of cash flow statement, cash and cash equivalents comprise cash in hand, deposits with banks, stamps in hand and short term finances.

4.5 Investments

4.5.1 All investments are initially recognised at cost, being the fair value of the consideration given and include 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:

- Investment in subsidiaries
- Investment in associates
- Held to maturity
- Available for sale
- Investment at fair value through profit and loss - held for trading

4.5.1.1 Investment in subsidiaries

Investments in subsidiaries are initially recognised at cost. At subsequent reporting dates, the recoverable amounts are estimated to determine the extent of impairment losses, if any and carrying amounts of the investments are adjusted accordingly.

4.5.1.2 Investment in associates

Investments in associates are presented in the stand alone financial statements on the basis of direct equity interest (i.e. at cost less accumulated impairment losses; if any) . In addition dividend income is accounted for when the Company's right to receive such dividend is established.

4.5.1.3 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 amortised cost using the effective yield method.

Any premium paid or discount availed on acquisition of held to maturity investments is deferred and amortised over the term of the investment using the effective yield.

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

The difference between the redemption value and the purchase price of the held to maturity investments is amortized and taken to the profit and loss account over the term of the investment.

4.5.1.4 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. It also includes investments in associated undertakings where the Company does not have significant influence. The Company follows trade date accounting for 'regular way purchase and sales' of investments.

Subsequent to initial recognition, these are stated at lower of cost or market value (market value being taken as lower if fall is other than temporary) in accordance with the requirements of the S.R.O. 938 issued by the Securities and Exchange Commission of Pakistan (SECP) in December 2002. The Company uses stock exchange quotation at the balance sheet date to determine the market value of its quoted investments whereas, impairment of unquoted

Notes to and forming part of the Unconsolidated Financial Statements

investments is computed by reference to net assets of the investee on the basis of the latest available audited / unaudited financial statements.

Had these investments been measured at fair value as required by IAS 39 - Financial Instruments: Recognition and Measurement, the Company's net equity would have been higher by Rs. 28,859 million at December 31, 2015.

Dividend income and entitlement of bonus shares are recognised when the Company's right to receive such dividend and bonus shares is established.

Gains / (losses) on sale of available for sale investments are recognised in the profit and loss account.

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

These financial assets are acquired principally for the purpose of generating profit from short-term fluctuation in prices or are part of a portfolio for which there is a recent actual pattern of short-term profit taking.

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

Dividend income and entitlement of bonus shares are recognised when the Company's right to receive such dividend and bonus shares is established.

4.5.1.6 Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition these are measured at amortised cost.

4.5.2 Derivative financial instruments

Derivatives are initially recorded at cost and are remeasured to fair value at subsequent reporting dates. The fair value of a derivative is the equivalent of the unrealised gain or loss from revaluation of derivative using prevailing market rates. Derivatives are classified as held for trading and the net unrealised gain or loss is included in investment income.

4.5.3 Date of recognition

Regular way purchases and sales of investments that require delivery within the time frame established by regulations or market convention are recognised at the trade date. Trade date is the date on which the Company commits to purchase or sell the investment.

4.6 Sale and repurchase agreements

Securities purchased under an agreement to resell (reverse repo) are not recognised in the unconsolidated financial statements as investments and the amount extended to the counter party is included in sundry receivables. The difference between the sale and repurchase price is recognised as mark-up income and included in other income.

4.7 Investment property

Investment property is 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 S.R.O 938 issued by the Securities and Exchange Commission of Pakistan.

Depreciation policy, subsequent capital expenditures and gain or losses on disposal are accounted for in the same manner as tangible fixed assets.

4.8 Fixed assets

Tangible

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation on all fixed assets is charged to profit and loss account on the straight line method so as to write-off depreciable amount of an asset over its useful life at the rates stated in note 19 to the unconsolidated financial statements. Depreciation on additions to fixed assets is charged from the month in which an asset is acquired or capitalised, while no depreciation is charged for the month in which the asset is disposed off.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted, if impact on depreciation is significant. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit and loss in the period in which they are incurred.

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 recognised as an income or expense.

Intangible

Software development cost are only capitalised to the extent that future economic benefits are expected to flow to the entity. Intangible assets with finite useful lives are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets with indefinite useful lives are stated at cost less impairment losses, if any.

4.9 Staff retirement benefits

4.9.1 Defined contribution plan

The Company operates an approved contributory provident fund for all permanent employees. Equal monthly contributions are made by the Company and employees to the fund at the rate of 10 percent of basic salary.

4.9.2 Defined benefit plan

All permanent employees of the Company participate in an approved funded defined gratuity plan. Contributions to the fund are made based on actuarial recommendations. The most recent actuarial valuation was carried out for the year ended December 31, 2015 using the Projected Unit Credit Method. Amounts arising as a result of 'Remeasurements', representing the actuarial gains and losses and the difference between the actual investment returns and the return implied by the net interest cost are recognised in the Balance Sheet immediately, with a charge or credit to 'Other Comprehensive Income' in the periods in which they occur.

4.9.3 Accumulating compensated absences

Provisions are made annually to cover the obligation for accumulating compensated absences and are charged to profit and loss account.

Notes to and forming part of the Unconsolidated Financial Statements

4.10 Financial instruments

Financial assets and financial liabilities within the scope of IAS 39 are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and are de-recognised when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition 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 mainly include cash and bank deposits, investments, accrued investment income, sundry receivables, accrued expenses, amount due from / to other insurers / reinsurers, sundry creditors, short term finance, long term finance and unclaimed dividend. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.11 Offsetting of financial assets and financial liabilities

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

4.12 Asset classified as held for sale

Assets and groups of assets and liabilities which comprise disposal groups are classified as 'held for sale' when all of the following criteria are met: a decision has been made to sell, the assets are available for sale immediately, the assets are being actively marketed, and a sale has been or is expected to be concluded within twelve months of the balance sheet date. Assets and disposal groups 'held for sale' are valued at lower of the carrying amount and fair value less disposal costs.

4.13 Segment reporting

A business segment is a distinguishable component of the Company that is engaged in providing services that are subject to risks and returns that are different from those of other business segments. The Company accounts for segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002. The reported operating segments are also consistent with the internal reporting provided to Strategy Committee and Board of Directors which are responsible for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment.

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

The perils covered under fire insurance include damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and terrorism.

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

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

Health insurance provides coverage against expenses incurred during the hospitalisation due to sickness, emergency and accidents.

Miscellaneous insurance provides cover against health, burglary, loss of cash in safe and cash in transit, travel, personal accident, money, engineering losses, live stocks, crops and other covers.

Financing, investment and income taxes are managed on an overall basis and are therefore, not allocated to any segment. The accounting policies of operating segment are the same as those described in the summary of significant accounting policies.

Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them. Those assets and liabilities which can not be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

4.14 Impairment

The carrying values of the Company's fixed assets are reviewed at each financial year end for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. The resulting impairment loss is taken to the profit and loss account.

4.15 Foreign currency transactions and translations

Foreign currency transactions are translated into Pak Rupees at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the exchange rates prevailing at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined. Exchange gains or losses are included in income currently.

4.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

4.17 Borrowing costs

Borrowing costs are recognised as an expense in the period in which these are incurred except in cases where such costs are directly attributable to the acquisition, construction or production of a qualifying asset (one that takes substantial period of time to get ready for use or sale) in which costs such costs are capitalised as part of the cost of that asset. Currently, the Company does not have any borrowing costs directly attributable to the acquisition of or construction of qualifying assets.

4.18 Share capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4.19 Expenses of management

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

4.20 Dividends and appropriations to reserves

Dividends and appropriations to reserves are recorded in the period in which these are approved.

Notes to and forming part of the Unconsolidated Financial Statements

4.21 Earnings per share

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

5 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2015 (Number of shares)	2014		2015 (Rupees in thousands)	2014
1,942,187	1,942,187	Ordinary shares of Rs. 10 each issued as fully paid in cash	19,422	19,422
120,747,345	120,747,345	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	1,207,473	1,207,473
<u>122,689,532</u>	<u>122,689,532</u>		<u>1,226,895</u>	<u>1,226,895</u>

5.1 Ordinary shares of the Company held by associated undertakings are as follows:

	2015 (Rupees in thousands)	2014
Packages Limited	13,022,093	13,022,093
Industrial Technical and Educational Institute	20,853,966	20,853,966
	<u>33,876,059</u>	<u>33,876,059</u>

6 SUNDRY CREDITORS

	2015 (Rupees in thousands)	2014
Federal excise duty	16,007	15,573
Federal insurance fee	1,139	1,089
Car finance payable	450	1,112
Agent commission payable	167,702	165,100
Cash margin	115,314	105,645
Others	43,749	28,315
	<u>344,361</u>	<u>316,834</u>

7 SHORT TERM FINANCES - SECURED

	Note	2015	2014
Running finances	7.1	23,020	79,830
Term finances		125,000	-
		<u>148,020</u>	<u>79,830</u>

7.1 Running finance facilities available from various commercial banks under mark-up arrangements amount to Rs. 2,250 million (2014: Rs. 1,950 million). The rates of mark-up on these facilities range from 6.90% to 7.85% per annum (2014: 11.31% to 11.84% per annum) and are payable latest by January 15, 2016. Running finances are secured against pledge of shares held by the Company. Term finance facilities available from various commercial banks under mark-up arrangements amount to Rs. 300 million (2014: Rs. 300 million). The rates of mark-up on these facilities range from 6.7% to 6.72% per annum (2014: 10.55% to 11.59% per annum). Term finance is secured against pledge of shares held by the Company.

8 LONG TERM FINANCES - SECURED

	Note	2015 (Rupees in thousands)	2014
Long term loan	8.1	-	675,000

For the year ended December 31, 2015

- 8.1 The Company obtained a long term finance facility amounting to Rs. 1,500 million during 2013 for the purpose of acquisition of ALICO Pakistan, out of which Rs. 800 million was availed during the year ended December 31, 2014. Principal repayment was to be made in 10 equal semi-annual installments starting from the 30th month after the first disbursement and subsequently, six months thereafter. The first disbursement was on April 7, 2014. However, during the year the Company has repaid the entire loan.

9 CONTINGENCIES AND COMMITMENTS

2015 2014
(Rupees in thousands)

9.1 Commitments in respect of capital expenditure

Not later than one year

14,031

-

- 9.2 Company is defending a suit against it by M/s Nawaz Enterprises for recovery of Rs. 9.45 million on account of insurance claim. The management, based on advice of the legal counsel, is confident that the outcome of the case is likely to be in favor of the Company.

- 9.3 Company is defending a suit filed against it and the beneficiary by the Federation of Pakistan amounting to Rs. 4.929 million. The petition is pending for hearing before Civil Court judge. As per the management, the outcome of the case is likely to be favourable.

- 9.4 An appeal was filed before the Commissioner - Appeals, Sindh Revenue Board (SRB) against the order passed by the Assistant Commissioner, SRB under section 23(1) of the Sindh Sales Tax on Services Act, 2011 for tax periods July 2011 to December 2012 which was decided against the Company. Against the order of the Commissioner - Appeals, further appeal has been filed before the Appellate Tribunal, SRB on January 16, 2015, which is pending. As per the management, the outcome of the appeal is likely to be in favor of the Company.

10 CASH AND OTHER EQUIVALENTS

Note 2015 2014
(Rupees in thousands)

Cash

-

-

Policy stamps in hand

90

43

90

43

11 CURRENT AND OTHER ACCOUNTS

Current accounts

6,496

70

PLS savings accounts

11.1

10,588

86

17,084

156

- 11.1 The balances in PLS savings accounts carry mark-up at 4.00% per annum (2014: 6.00% per annum).

12 INVESTMENTS

Note 2015 2014
(Rupees in thousands)

The investments comprise of the following:

Investment in subsidiary

12.1

858,831

729,846

Investments in associates

12.2

3,873,031

3,710,955

Held to maturity investments

12.3

124,558

124,109

Available for sale investments

12.4

7,468,658

7,631,634

12,325,078

12,196,544

Notes to and forming part of the Unconsolidated Financial Statements

	Note	2015 (Rupees in thousands)	2014
12.1	Investment in subsidiary		
	Quoted		
	IGI Life Insurance Limited [Formerly American Life Insurance Company (Pakistan) Limited]		
	40,986,690 (2014 : 34,838,687) fully paid shares of Rs. 10 each		
	Equity held 81.967% (2014 : 69.677%)		
	Market value Rs. 138.13 per share (2014 : Rs 160.95 per share)		
12.1.1	During the year, the Company acquired 6,148,003 shares (representing 12.293% of the issued and paid up capital) of IGI Life Insurance Limited.	12.1.1	858,831 729,846
12.2	Investments in associates		
	Quoted		
	Packages Limited		
	21,522,101 (2014: 21,133,101) fully paid ordinary shares of Rs. 10 each	3,733,151	3,499,853
	Equity held 24.35% (2014: 25.05%)		
	Market value Rs. 582.110 per share (2014 : Rs 678.29 per share)		
	IGI Investment Bank Limited		
	89,095,494 (2014: 89,095,494) fully paid ordinary shares of Rs. 10 each	890,117	890,117
	Equity held 42.01% (2014: 42.01%)		
	Market value Rs. 1.57 per share (2014 : Rs 2.37 per share)		
		4,623,268	4,389,970
	Provision for diminution in value of investments	(750,237)	(679,015)
		3,873,031	3,710,955
	Unquoted		
	Dane Foods Limited		
	2,643,161 (2014: 2,643,161) fully paid ordinary shares of Rs. 10 each		
	Equity held 30.62% (2014: 30.62%)		
	Cost	26,432	26,432
	Provision for diminution in value	(26,432)	(26,432)
		-	-
		3,873,031	3,710,955
12.2.1	Investment in unquoted associate does not include any goodwill as the investment was made when this associate was incorporated.		
12.3	Held to maturity		
	Government securities	12.3.1	124,558 124,109

For the year ended December 31, 2015

12.3.1 Government securities

Particulars	Maturity year	Effective yield % per annum	Profit payment	2015 (Rupees in thousands)	2014
Pakistan Investment Bonds	2019	13.22%	Half yearly	14,476	14,373
Pakistan Investment Bonds	2021	13.08%	Half yearly	14,366	14,292
Pakistan Investment Bonds	2020	13.98%	Half yearly	23,332	23,094
Pakistan Investment Bonds	2022	12.00%	Half yearly	60,516	60,513
Pakistan Investment Bonds	2022	11.25%	Half yearly	1,036	1,039
Pakistan Investment Bonds	2022	12.76%	Half yearly	10,832	10,798
				<u>124,558</u>	<u>124,109</u>

12.3.1.1 The Pakistan Investment Bonds are placed as statutory deposit with State Bank of Pakistan in accordance with the requirements of Clause (a) of sub-section 2 of section 29 of Insurance Ordinance, 2000.

12.3.1.2 Market value of Pakistan Investment Bonds carried at amortised cost amounts to Rs. 146.503 million (2014: Rs. 137.208 million).

	Note	2015 (Rupees in thousands)	2014
12.4 Available for sale			
Related parties	12.4.1		
- Quoted		7,129,158	7,279,193
- Unquoted		100,236	100,236
		<u>7,229,394</u>	<u>7,379,429</u>
Others	12.4.2		
- Quoted		223,736	236,677
- Unquoted		15,528	15,528
		<u>239,264</u>	<u>252,205</u>
		<u>7,468,658</u>	<u>7,631,634</u>

12.4.1 Related parties

Quoted

2015 (Number of shares)	2014	Percent- age equity held	Face value per share (Rs)	Company's name		2015 (Rupees in thousands)	2014
4,364,666	4,364,666	9.62%	10	Nestle Pakistan Limited	12.5	6,472,825	6,472,825
1,841,739	1,841,739	19.10%	10	Sanofi Aventis Pakistan Limited		391,348	391,348
1,353,416	1,353,416	4.51%	10	Tri-Pack Films Limited	12.6	264,985	264,985
-	5,442,060	-	10	Treet Corporation Limited		-	150,035
				Total investment		7,129,158	7,279,193
				Provision for diminution in value		-	-
						<u>7,129,158</u>	<u>7,279,193</u>
				Market value as at December 31		<u>35,612,202</u>	<u>42,170,539</u>

Notes to and forming part of the Unconsolidated Financial Statements

Unquoted

2015	2014	Percent- age equity held	Face value per share	Company's name	2015	2014
(Number of shares)			(Rs)		(Rupees in thousands)	
12,433,934	12,433,934	0.52%	10	Coca Cola Beverages Pakistan Limited Chief Executive: Mr. John Seward Break-up value is Rs. 8.64 per share based on unaudited financial statements for the period ended June 30, 2015		
				Cost	134,665	134,665
				Provision for diminution in value	(34,429)	(34,429)
					<u>100,236</u>	<u>100,236</u>
				Breakup value as at December 31	<u>107,429</u>	<u>109,667</u>

12.4.2 Others

70,031	70,031	0.85%	10	Siemens Pakistan Engineering Company Ltd.	125,442	125,442
458,611	458,611	0.38%	10	International Industries Limited	37,395	37,395
292,738	234,191	3.72%	10	Mitchell's Fruit Farms Limited	21,437	21,437
4,188,033	3,824,688	3.78%	10	Systems Limited	45,532	45,532
199,169	199,169	3.25%	10	Zulfiqar Industries Limited	19,561	19,561
					<u>249,367</u>	<u>249,367</u>
234,868	234,868		100	AGHP Stock Fund	25,000	25,000
250,000	250,000		100	AGHP Capital Preservation Fund	25,000	25,000
					<u>50,000</u>	<u>50,000</u>
				Provision for diminution in value	(75,631)	(62,690)
					<u>223,736</u>	<u>236,677</u>
				Market value as at December 31	<u>547,864</u>	<u>508,015</u>

Unquoted

44	44	4.87%	100	Kissan Fruit Growers (Private) Limited Break-up value is Rs. 559.23 per share based on audited financial statements for the year ended September 30, 2006	4	4
32	32	4.83%	100	Punjab Fruit Growers (Private) Limited Break-up value is Rs.107.09 per share based on audited financial statements for the year ended September 30, 2006	3	3

For the year ended December 31, 2015

2015	2014	Percent- age equity held	Face value per share	Company's name	Note	2015	2014
(Number of shares)			(Rs)			(Rupees in thousands)	
1,705	1,705	4.87%	10	Haider Fruit Growers (Private) Limited Break-up value is Rs. 9.71 per share based on audited financial statements for the year ended June 30, 2006 Cost Provision for diminution in value		17 (1) 16	17 (1) 16
350	350	-	100	Petroleum Development Pakistan Limited	12.7	1	1
500	500	-	100	National Steel of Pakistan Limited	12.7	1	1
422,499	422,499	0.65%	10	Central Depository Company of Pakistan Chief Executive: Muhammad Hanif Break-up value is Rs. 32.79 per share based on audited financial statements for the year ended June 30, 2015		9,110	9,110
1,900,000	1,900,000	0.67%	10	DHA Cogen Limited Chief Executive: Mr. Siraj ul Haq Break-up value is Rs. (29.10) per share based on audited financial statements for the year ended December 31, 2014 Cost Provision for diminution in value		19,125 (19,125) -	19,125 (19,125) -
374,440	374,440	0.37%	10	Techlogix International Limited Chief Executive: Mr. Kawan Khawaja Break-up value is Rs. 2.58 per share based on audited financial statements for the period ended December 31, 2012 Cost Provision for diminution in value		4,261 (3,291) 970	4,261 (3,291) 970
73,962	73,962	4.55%		Visionet Systems Inc. Chief Executive: Arshad Masood Break-up value is Rs.160.56 per share based on unaudited financial statements for the period ended December 31, 2013 Cost Provision for diminution in value		5,423 - 5,423	5,423 - 5,423
						15,528	15,528
				Breakup value as at 31 December		30,693	29,039

Notes to and forming part of the Unconsolidated Financial Statements

- 12.5 134,500 shares of Nestle Pakistan Limited with a book value of Rs. 199.464 million are pledged as security against short term finances as referred to in note 7 to these unconsolidated financial statements.
- 12.6 During the year, the Board of Directors of the Company have decided that the Company will (subject to regulatory approvals) will subscribe upto 2,397,002 rights shares of Tri-Pack Films Limited (including the right shares offered by Tri-Pack Films Limited to the Company and the right shares renounced by an other shareholder in favour of the Company) at a subscription price of Rs 125 per share.
- 12.7 These represent investments in Bangladesh.

Note	2015	2014
	(Rupees in thousands)	

13 DEFERRED TAXATION

Deferred tax asset arising on deductible temporary difference:

-	Provision for doubtful receivables	37,409	37,551
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Deferred tax liabilities arising on taxable temporary differences:

- Accelerated tax depreciation	(39,016)	(39,422)
- Defined benefit plan	(121)	641
	<u>(39,137)</u>	<u>(38,781)</u>
	(1,728)	(1,230)

14 PREMIUMS DUE BUT UNPAID

Unsecured

- Considered good	278,831	275,139
- Considered doubtful	77,666	68,053
	356,497	343,192

Provision for doubtful receivables

14.3	(77,666)	(68,053)
	<u>278,831</u>	<u>275,139</u>

- 14.1 This includes an amount of Rs 76.964 million receivable from related parties out of which an amount of Rs 9.692 million have been considered doubtful.
- 14.2 The aggregate amount due by directors, chief executive and executives of the Company amounts to Rs. 0.189 million (2014: Rs 0.547 million).

Note	2015	2014
	(Rupees in thousands)	

- ### 14.3 Provision for doubtful receivables

Balance as at January 1	68,053	66,785
Provision made during the year	9,613	1,268
Balance as at December 31	77,666	68,053

For the year ended December 31, 2015

	Note	2015	2014
		(Rupees in thousands)	
15	AMOUNTS DUE FROM OTHER INSURERS / REINSURERS		
Unsecured			
- Considered good		402,885	474,766
- Considered doubtful		39,236	39,236
		442,121	514,002
Provision for doubtful receivables	15.1	(39,236)	(39,236)
		<u>402,885</u>	<u>474,766</u>
15.1	Provision for doubtful receivables		
Balance as at January 1		39,236	25,833
Provision made during the year		-	13,403
Balance as at December 31		<u>39,236</u>	<u>39,236</u>
16	SUNDRY RECEIVABLES		
Advances - considered good		4,688	2,353
Security deposits		38,641	9,320
Agent balances		461	566
Receivable from / (payable to) defined benefit plan	16.1	378	(1,832)
Sales tax recoverable		18,357	13,494
Salvage recoverable		7,900	11,782
Others	16.2	40,248	36,567
		<u>110,673</u>	<u>72,250</u>

16.1 Defined benefit plan - approved gratuity fund

16.1.1 Salient features

The Company offers an approved gratuity fund for all employees. Annual contributions are made to the fund on the basis of actuarial recommendations. The gratuity is governed under the Trust Act, 1882, Trust Deed and Rules of Fund, Companies Ordinance, 1984, the Income Tax Ordinance, 2001 and the Income Tax Rules, 2002.

The Company faces the following risks on account of gratuity fund:

Final salary risks

The risk that the final salary at the time of cessation of service is greater than what was assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Notes to and forming part of the Unconsolidated Financial Statements

Asset volatility

Most assets are invested in risk free investments. However, investments in shares, are subject to adverse fluctuation as a result of change in market price.

Discount rate fluctuation

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plan's bond holdings.

Investment risks

The risk of the investment underperforming and not being sufficient to meet the liabilities. The risk is mitigated by closely monitoring the performance of investment.

Mortality risks

The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service / age distribution and the benefit.

Withdrawal risks

The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

16.1.2 Valuation results

The Company operates an approved funded gratuity scheme for all eligible employees. Actuarial valuation is carried out every year and the latest valuation was carried out as at December 31, 2015. The information provided in notes 16.1.3 to 16.1.14 has been obtained from the actuarial valuation carried out as at December 31, 2015. The following significant assumptions have been used for valuation of this scheme:

	2015	2014
	Per annum	
a) Expected rate of increase in salary level	10.0%	11.3%
b) Discount rate	10.0%	11.3%
c) Expected return on plan assets	10.0%	11.3%
d) Normal retirement age (years)	58	58
e) Assumptions regarding future mortality experience are based on actuarial recommendations and published statistics.		

For the year ended December 31, 2015

	Note	2015 (Rupees in thousands)	2014	
16.1.3	Amounts recognised in the balance sheet:			
	Present value of defined benefit obligation	16.1.5 54,384	45,053	
	Less: Fair value of plan assets	16.1.5 (54,762)	(43,221)	
	(Receivable from) / payable to defined benefit plan	<u>(378)</u>	<u>1,832</u>	
16.1.4	Movement in (asset) / liability during the year			
	Obligation at the beginning of the year	1,832	(3,621)	
	Charge to profit and loss account	7,680	5,131	
	Other comprehensive income	(2,928)	7,052	
	Contribution to the fund during the year	<u>(6,962)</u>	<u>(6,730)</u>	
	Obligation at the end of the year	<u>(378)</u>	<u>1,832</u>	
16.1.5	Movement in defined benefit obligation			
		2015		
		Present value of obligation	Fair value of plan assets	Total
		(Rupees in thousands)		
	As at January 1	45,053	(43,221)	1,832
	Current service cost	7,865	-	7,865
	Interest expense / (income)	<u>4,919</u>	<u>(5,104)</u>	<u>(185)</u>
		57,837	(48,325)	9,512
	Remeasurements:			
	- Gain from change in financial assumptions	(4,654)	-	(4,654)
	- Loss from change in financial assumptions	185	(1,309)	(1,124)
	- Loss on actual salary increase	2,858	-	2,858
	- Loss from change in experience adjustments	<u>825</u>	<u>(833)</u>	<u>(8)</u>
		<u>(786)</u>	<u>(2,142)</u>	<u>(2,928)</u>
	Contributions during the year	-	(6,962)	(6,962)
	Benefit payments	<u>(2,667)</u>	<u>2,667</u>	<u>-</u>
	As at December 31	<u>54,384</u>	<u>(54,762)</u>	<u>(378)</u>
		2014		
		Present value of obligation	Fair value of plan assets	Total
		(Rupees in thousands)		
	As at January 1	28,040	(31,661)	(3,621)
	Current service cost	6,039	-	6,039
	Prior service cost	-	-	-
	Interest expense / (income)	<u>3,491</u>	<u>(4,399)</u>	<u>(908)</u>
		37,570	(36,060)	1,510
	Remeasurements:			
	- Return on plan assets, excluding amounts included in interest income	-	(2,800)	(2,800)
	- Loss on actual salary increase	2,642	-	2,642
	- Gain from change in financial assumptions	353	-	353
	- Gain from change in experience adjustments	<u>6,857</u>	<u>-</u>	<u>6,857</u>
		<u>9,852</u>	<u>(2,800)</u>	<u>7,052</u>
	Contributions during the year	-	(6,730)	(6,730)
	Benefit payments	<u>(2,369)</u>	<u>2,369</u>	<u>-</u>
	As at December 31	45,053	(43,221)	1,832

Notes to and forming part of the Unconsolidated Financial Statements

	2015	2014
	(Rupees in thousands)	
16.1.6 Amounts recognised in the profit and loss account:		
Current service cost	7,865	6,039
Interest cost	4,919	3,491
Expected return on investments	(5,104)	(4,399)
Expense for the year	<u>7,680</u>	<u>5,131</u>
16.1.7 Actual return on plan assets		
Expected return on assets	5,104	4,399
Actuarial gain	<u>2,142</u>	<u>2,800</u>
	<u>7,246</u>	<u>7,199</u>
16.1.8 Analysis of present value of defined benefit obligation		
Split by vested / non-vested		
(i) Vested benefits	54,384	39,901
(ii) Non-vested benefits	-	5,152
	<u>54,384</u>	<u>45,053</u>

16.1.9 Sensitivity analysis

As at December 31, 2015				As at December 31, 2014		
Particulars	Change in assumption	Increase / (decrease) in present value of defined benefit obligation		Change in assumption	Increase / (decrease) in present value of defined benefit obligation	
		(%)	(Rupees in thousands)		(%)	(Rupees in thousands)
Discount rate	+1%	-11.01%	(5,986)	+1%	-10.88%	(4,901)
	-1%	13.03%	7,085	-1%	12.92%	5,820
Salary increase rate	+1%	13.40%	7,289	+1%	13.30%	5,991
	-1%	-11.50%	(6,252)	-1%	-12.43%	(5,600)
Life expectancy / withdrawal rate	+1%	-0.24%	(129)	+1%	0.26%	116
	-1%	0.24%	130	-1%	0.36%	162

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

16.1.10 Plan assets comprise of the following:

	2015		2014	
	(Rupees in thousands)	Percentage composition	(Rupees in thousands)	Percentage composition
Equity investments	4,104	7.49%	3,134	7.25%
Cash and bank deposits	9,802	17.90%	826	1.91%
Government Securities	40,856	74.61%	39,261	90.84%
Fair value of plan assets	<u>54,762</u>	<u>100.00%</u>	<u>43,221</u>	<u>100.00%</u>

For the year ended December 31, 2015

16.1.11 As per the actuarial recommendations, the expected return on plan assets was taken as 10% (2014:11.3%), which is representative of yields on long-term Government bonds. Due to the increased volatility of share prices in recent months, there is no clear indication of return on equity. It is therefore assumed that the yield on equity matches the return on debt.

16.1.12 Based on actuarial advice, the Company intends to charge an amount of Rs 7.868 million in the financial statements for the year ending December 31, 2016.

16.1.13 Expected maturity analysis of undiscounted defined benefit obligation for the gratuity scheme is as follows:

At December 31, 2015	Less than a year	Between 1-2 Years	Between 2-5 years	Over 5 years	Total
	(Rupees in thousands)				
Gratuity	1,386	4,351	4,030	235,119	244,886

16.1.14 5 year data on the deficit / (surplus) of the plan is as follows:

	2015	2014	2013	2012	2011
	(Rupees in thousands)				
Present value of defined benefit obligation	54,384	45,053	28,040	21,362	17,184
Fair value of plan assets	(54,762)	(43,221)	(31,661)	(26,759)	(20,007)
Deficit / (surplus)	(378)	1,832	(3,621)	(5,397)	(2,823)

16.2 This includes an amount of Rs. 31.546 million (2014 : Rs. 31.618 million) receivable from related parties under group shared services.

17 Defined contribution plan - provident fund

The Company has set up a provident fund for its permanent employees and contributions were made by the Company to the Trust in accordance with the requirements of Section 227 of the Companies Ordinance, 1984. The total charge against provident fund for the year ended December 31, 2015 was Rs. 8.977 million (2014: Rs. 8.827 million). The audit of the provident fund for the year ended June 30, 2015 is in progress. The net assets based on audited financial statements of Provident Fund as at June 30, 2014 are Rs. 72.131 million out of which 86% was invested in different financial instruments categories as provided in Section 227 of the Companies Ordinance, 1984 and rules formulated for the purpose. The fair value and carrying value of investments of the provident fund as at June 30, 2014 were Rs. 62.379 million and Rs. 62.448 million respectively. The above investments out of provident fund have been made in accordance with the requirement of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

Break up of investments

	2014	
	(Rupees in thousands)	% of the size of the fund
Government securities	55,069	88.28%
Listed securities	7,044	11.29%
Bank deposits	266	0.43%
Total	62,379	

18 STAFF STRENGTH

	2015	2014
	(Number of employees)	
Number of employees as at December 31	122	122
Average number of employees during the year	122	124

Notes to and forming part of the Unconsolidated Financial Statements

19 FIXED ASSETS - Tangible

	Furniture, fixtures and office equipment						
	Furniture and fixtures	Office equipment	Computer equip-ment	Sub total	Buildings	Motor vehicles	Total
	(Rupees in thousands)						
As at January 1, 2014							
Cost	23,376	24,556	28,401	76,333	213,397	99,184	388,914
Accumulated depreciation	(15,006)	(20,847)	(23,484)	(59,337)	(72,914)	(39,727)	(171,978)
Net book value as at January 1, 2014	8,370	3,709	4,917	16,996	140,483	59,457	216,936
For the year ended December 31, 2014							
Opening net book value	8,370	3,709	4,917	16,996	140,483	59,457	216,936
Additions	9,458	4,258	4,050	17,766	23,440	21,777	62,983
Disposals							
- Cost	(867)	(2,395)	(363)	(3,625)	-	(22,772)	(26,397)
- Accumulated depreciation	471	1,960	161	2,592	-	13,944	16,536
	(396)	(435)	(202)	(1,033)	-	(8,828)	(9,861)
Depreciation charge	(2,878)	(1,676)	(3,707)	(8,261)	(6,868)	(19,073)	(34,202)
Net book value as at December 31, 2014	14,554	5,856	5,058	25,468	157,055	53,333	235,856
As at January 1, 2015							
Cost	31,967	26,419	32,088	90,474	236,837	98,189	425,500
Accumulated depreciation	(17,413)	(20,563)	(27,030)	(65,006)	(79,782)	(44,856)	(189,644)
Net book value as at January 1, 2015	14,554	5,856	5,058	25,468	157,055	53,333	235,856
For the year ended December 31, 2015							
Opening net book value	14,554	5,856	5,058	25,468	157,055	53,333	235,856
Additions	8,797	17,124	8,409	34,330	-	37,454	71,784
Disposals / Transfer *							
- Cost	(12,601)	(578)	(305)	(13,484)	(53,242)*	(25,042)	(91,768)
- Accumulated depreciation	8,876	356	285	9,517	16,228*	15,923	41,668
	(3,725)	(222)	(20)	(3,967)	(37,014)	(9,119)	(50,100)
Depreciation charge	(2,570)	(2,077)	(3,303)	(7,950)	(11,593)	(19,110)	(38,653)
Net book value as at December 31, 2015	17,056	20,681	10,144	47,881	108,448	62,558	218,887
As at December 31, 2015							
Cost	28,163	42,965	40,192	111,320	183,595	110,601	405,516
Accumulated depreciation	(11,107)	(22,284)	(30,048)	(63,439)	(75,147)	(48,043)	(186,629)
Net book value as at December 31, 2015	17,056	20,681	10,144	47,881	108,448	62,558	218,887
Annual rate of depreciation	10%	10-20%	33.33%		5%-17%	20%	

19.1 The cost of fully depreciated property and equipment still in use amounts to Rs. 57.966 million (2014: Rs. 40.220 million).

For the year ended December 31, 2015

19.2 Disposal of operating fixed assets

Particulars of the assets	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of purchaser
(Rupees in thousands)						
Assets with book value of more than Rs. 50,000						
Vehicles						Employees
Suzuki Cultus VXR	917	732	185	478	Company policy	Kashif Aman Zubedi
Honda CD 70	73	13	60	53	Company policy	Syed Mohsin Ali
Toyota Altis	2,342	468	1,874	1,701	Company policy	Mohammd Amjad
Toyota Corolla XLI	1,667	1,027	640	1,024	Company policy	Muhammad Akmal
Toyota Corolla Altis	1,987	894	1,093	1,333	Company policy	Muhammad Hisham
Toyota Corolla Gli	1,695	763	932	1,041	Company policy	Haider Raza
Honda Civic Oriel	2,543	927	1,616	1,734	Company policy	Moez Karim
Toyota Corolla Gli	1,877	969	908	1,117	Company policy	Mir Mehmood Ali
Honda Civic Prosmatic	2,318	655	1,663	1,675	Company policy	Usman Saifi
						Outsiders
Honda CD 70	68	8	60	65	Insurance Claim	Alfalah Insurance Company
Furniture and Fixtures						
Herman Miller Station	6,624	5,354	1,270	600	Negotiation	Bulleh Shah Packaging
Metal Drawer	436	352	84	150	Negotiation	Bulleh Shah Packaging
Herman Miller Station	2,045	290	1,755	318	Negotiation	Packages Limited
Herman Miller Station	3,448	2,865	583	339	Negotiation	Packages Limited
Office and electrical equipments						
Apple I Phone	70	11	59	46	Insurance Claim	Alfalah Insurance Company
Apple I Phone 6s	62	9	53	74	Insurance Claim	Alfalah Insurance Company
Other assets with book value of less than Rs. 50,000						
Computer Equipments	305	285	20	164	Negotiation	Various
Vehicles	9,555	9,467	88	5,057	Company policy	Various
Office and electrical equipments	446	336	110	85	Negotiation	Various
Furniture and Fixture	48	15	33	37	Negotiation	Various
	<u>38,526</u>	<u>25,440</u>	<u>13,086</u>	<u>17,091</u>		

Notes to and forming part of the Unconsolidated Financial Statements

20 INTANGIBLES

2015								
Cost			Accumulated Amortisation			WDV as		
As at Jan 1, 2015	Additions	As at Dec 31, 2015	As at Jan 1, 2015	For the year	As at Dec 31, 2015	at Dec 31, 2015	Useful life	
(Rupees in thousands)								
Computer Software	13,900	-	13,900	9,578	2,466	12,044	1,856	5 years

2014								
Cost			Accumulated Amortisation			WDV as		
As at Jan 1, 2014	Additions	As at Dec 31, 2014	As at Jan 1, 2014	For the year	As at Dec 31, 2014	at Dec 31, 2014	Useful life	
(Rupees in thousands)								
Computer Software	12,052	1,848	13,900	6,903	2,675	9,578	4,322	5 years

		2015	2014
		(Rupees in thousands)	
20.1	Movement in net book value	4,322	5,149
	Net book value as at January 1	-	1,848
	Addition	(2,466)	(2,675)
	Amortisation	1,856	4,322
	Net book value as at December 31		

The cost of fully amortised intangibles still in use amounts to Rs. 3.197 million (2014: Rs. nil).

21 INVESTMENT PROPERTY

2015								
Cost			Accumulated Depreciation			WDV as		
As at Jan 1, 2015	Additions / Transfers*	As at Dec 31, 2015	As at Jan 1, 2015	For the year / Transfers*	As at Dec 31, 2015	at Dec 31, 2015	Useful life	
(Rupees in thousands)								
Building	144,730	34,358	232,330	17,367	8,166	41,761	190,569	20 years
	53,242*			16,228*				

2014								
Cost			Accumulated Depreciation			WDV as		
As at Jan 1, 2014	Additions / Transfers	As at Dec 31, 2014	As at Jan 1, 2014	For the year / Transfers	As at Dec 31, 2014	at Dec 31, 2014	Useful life	
(Rupees in thousands)								
Building	26,429	118,301	144,730	9,031	8,336	17,367	127,363	20 years

21.1 The market value of the investment properties is Rs. 242.205 million as at December 31, 2015 as per the valuation carried out by various independent professional valuers.

22 MANAGEMENT EXPENSES

	Note	2015	2014
(Rupees in thousands)			
Salaries, wages and benefits	22.1	248,703	229,483
Rent, rates and taxes		29,538	25,700
Utilities		10,305	16,449
Repairs and maintenance		11,135	8,868
Education and training		5,489	2,161
Computer expenses		3,147	5,019
Communication		8,733	8,252
Provision for doubtful debts	14.3	9,613	14,671
Inspection fee		2,194	1,179
Health Plan Administrative Services		8,000	-
Security expenses		32,658	24,094
		369,515	335,876

For the year ended December 31, 2015

- 22.1 This includes charge for defined benefit and defined contribution plans amounting to Rs. 7.680 million (2014: Rs. 5.131 million) and Rs. 8.977 million (2014: Rs. 8.827 million) respectively.

23	OTHER INCOME	Note	2015	2014
			(Rupees in thousands)	
	Income from financial assets			
	Income on NCCPL Deposit		152	-
	Income from non-financial assets			
	Gain on disposal of fixed assets		4,005	7,628
	Liabilities written back		-	9,634
	Gain tendered by directors	23.1	115	-
			<u>4,272</u>	<u>17,262</u>

- 23.1 Certain purchases in Company's shares were made by the directors of the Company during the year which were sold forthwith and the gain / profit of Rs. 0.115 million made as a result of such transactions has been tendered / surrendered to the Company.

The details of above transactions have already been reported to Stock Exchanges and Securities and Exchange Commission of Pakistan.

24	FINANCIAL CHARGES	Note	2015	2014
			(Rupees in thousands)	
	Markup on long term finance		23,220	63,112
	Markup on short term finance		1,374	6,163
	Bank charges		891	5,010
			<u>25,485</u>	<u>74,285</u>

25 GENERAL AND ADMINISTRATIVE EXPENSES

	General office premium		7,232	8,032
	Motor car expenses		16,782	16,323
	Tour and travelling		15,151	13,720
	Representation expenses		2,289	2,089
	Stationery and printing		6,380	6,464
	Depreciation and amortisation	19, 20 & 21	49,285	45,213
	Donations		1,579	20,652
	Audit fee	25.1	3,365	3,850
	Advertisement expenses		6,708	4,161
	Legal and professional		38,728	46,289
	Workers' Welfare Fund		23,418	19,227
	Sundry expenses		4,121	2,266
			<u>175,038</u>	<u>188,286</u>

25.1 Audit fee

	Fee for statutory audit		1,000	750
	Fee for interim review		400	300
	Fee for audit of consolidated financial statements		750	750
	Fee for audit of regulatory return		350	200
	Special certifications and sundry services		615	1,600
	Out of pocket expenses		250	250
			<u>3,365</u>	<u>3,850</u>

Notes to and forming part of the Unconsolidated Financial Statements

	2015	2014
	(Rupees in thousands)	
26 TAXATION		
For the year		
- Current	177,676	100,988
- Deferred	(439)	18,312
Prior year	61,470	-
	<u>238,707</u>	<u>119,300</u>
26.1 Tax charge reconciliation		
Profit before tax	<u>1,531,753</u>	<u>942,101</u>
Tax calculation at the rate of 32%	490,161	310,893
Prior year	61,470	-
Effect of items taxable under lower rates	(340,401)	(186,242)
Effect of permanent differences	27,437	(10,791)
Others	40	5,440
	<u>238,707</u>	<u>119,300</u>

26.2 The income tax assessments of the Company have been finalised up to and including the tax year 2016. However, the Company has filed appeals in respect of certain assessment years which mainly relate to the following:

- While finalising the assessment for the year 1999-2000 the Taxation Officer has not allowed credit for tax paid under section 54 amounting to Rs. 3 million for which rectification application is filed which is pending.
- The Company has also filed applications in respect of certain mistakes made in the orders passed under section 124 of the Income tax Ordinance for 2001-2002 and 2002-2003. The applications filed were rejected by the T.O. against which appeals have been filed with the CIT (A) which are pending.
- The Additional Commissioner of Income Tax (AC) has issued notice under section 122 (5A) of the Income Tax Ordinance, 2001 in respect of the tax year 2005 and 2006 whereby he has proposed to disallow claim of expenses and exemption in respect of gain on sale of shares and taxed income from Associates. Against the above notice, the Company has filed a constitutional petition before the Honourable High Court. The regular hearing of petition is currently pending with the High Court.
- In respect of tax year 2007, all significant issues involved amounting to Rs. 7 billion were decided in favour of the Company by CIR(A) and then by the ATIR. However, no appeal effect order has been passed. Further, certain matters amounting to Rs. 82 million that were remanded back to DCIR by the CIR(A) were not decided upon by the High Court. The Company has written a letter to the taxation officer for passing appeal effect orders. The department has recently filed Income Tax Reference Application before Honourable High Court of Sindh against the deletion of the addition made on account of re-characterisation of actual realized capital gain. The said Income Tax Reference Application was heard by Honourable High Court and the judgment has been reserved.
- In case of tax year 2008, the Additional Commissioner Audit Division-11 had issued notice under section 122 (5A) of the Ordinance for passing an amended order on certain issues. The Company filed a writ petition before the High Court of Sindh which has restrained the department to take up the amended proceedings. The additional Commissioner Audit zone III LTU Karachi issued another notice under section 122(5A) of the Ordinance in May 14, 2014 and passed an amended assessment order under section 122(5A) by disallowing provision for IBNR and allocation of expense against capital gains and dividend income. As a result of amended assessment demand of Rs. 63.166 million was created. Against the disallowances made by the ACIR, the Company has filed an appeal before the Commissioner Inland Revenue (Appeals) and also filed an application for stay of demand. Pursuant to the stay application, the CIR(A) has granted stay of demand to the Company, however the appeal filed in respect of the disallowances is pending adjudication.

Moreover, pursuant to the decision of the CIR(A), the ACIR has passed an appeal effect order duly incorporating the relief granted by the CIR(A) in respect of allocation of expenses and tax refundable of Rs. 18.030 million has been determined.

- In case of tax year 2009, the Deputy Commissioner of Inland Revenue (DCIR) has passed the amended order under section 122(5A) of the Ordinance by disallowing provisions on account of IBNR, Unearned Commission and allocation of expenses relating to exempt income. As a result of amended assessment demand of Rs 141 million was created. The DCIR has made certain errors in the order for which application for rectification was filed. Rectified order under Section 221 has been passed and as a result demand has been reduced to Rs.51 million. The learned CIR(A) has granted partial relief in respect of certain issue and confirmed certain disallowances. The company filed further appeal before the appellate tribunal inland revenue (ATIR) in respect of issues on which relief was not allowed by the CIR(A). The ATIR, pursuant to the appeals filed against the order of CIR(A), has now passed the order whereby the ATIR has confirmed disallowance made on account of provision for IBNR. Further issue of allocation of expenses against investment income has been remanded back to CIR(A). As regards, the issue of addition made on account of provision of unearned commission, the ATIR has upheld the decision of CIR(A) whereby disallowance made on this score is deleted. In respect of issues decided against the company, a reference application has been filed before honourable Sindh High Court which is pending adjudication.

The Additional Commissioner Inland Revenue (ACIR) has passed an amended assessment order under section 122(5A) of the Ordinance wherein tax on dividend income, commission income and property income has been charged at corporate tax rate (i.e. 35% for the year) by treating such income as business income of the company under Fourth Schedule to the Ordinance. As a result of the amended assessment demand of Rs.31.420 million was created. The company paid an amount of Rs.10 million and obtained stay from the Commissioner Inland Revenue till 31 August 2015 in respect of payment of the remaining tax demand of Rs.21.420 million. Further, against the above treatment meted out by the ACIR, the company has filed an appeal before the Commissioner Inland Revenue (Appeals) which is pending adjudication. The Company has also filed a petition against the said order before the Honourable Sindh High Court which is pending adjudication.

In case of tax year 2010, the Additional Commissioner Inland Revenue (ACIR) has passed an amended assessment order under section 122(5A) of the Ordinance wherein tax on dividend and property income has been charged at corporate tax rate (i.e. 35% for the year) by treating such income as business income of the company under Fourth Schedule to the Ordinance. Further, the ACIR has disallowed provision of IBNR under section 34(3) of the Ordinance. As a result of the amended assessment demand of Rs.93.445 million has been created. The company has filed appeal and application for stay of tax demand before the CIR(A) against the above assessment order. The company has also filed a petition against the said order before the Honourable Sindh High Court which is pending adjudication.

In case of tax year 2011, the Additional Commissioner Inland Revenue (ACIR) has passed an amended assessment order under section 122(5A) of the Ordinance wherein tax on dividend and property income has been charged at corporate tax rate (i.e. 35% for the year) by treating such income as business income of the company under Fourth Schedule to the Ordinance. Further, the ACIR has also disallowed provision of IBNR, claim of brought forward loss for the tax year 2008 and refund adjustments for tax years 2004 and 2009 in the amended assessment order. Moreover, Workers' Welfare Fund @ 2% of the accounting profit for the year has also been levied. As a result of the amended assessment demand of Rs.142.414 million has been created. The company has filed appeal and application for stay of tax demand before the CIR(A) against the above assessment order. The company has also filed a petition against the said order before the Honourable Sindh High Court which is pending adjudication.

- In case of tax year 2013, notice dated 17 May 2014 was issued for amendment of assessment under section 122(9) read with Section 122(5A) of the Ordinance. The reply and details were duly submitted and no amended assessment order has been received to date.

The management and tax advisor of the Company are confident that the above matters will be decided in the Company's favor. Accordingly, no provision has been recognised in these unconsolidated financial statements.

Notes to and forming part of the Unconsolidated Financial Statements

27 EARNINGS PER SHARE

27.1 Basic earnings per share	2015	2014
	(Rupees in thousands)	
Profit for the year	1,293,046	822,801
	(Number of shares)	
Weighted average number of ordinary shares	122,689,532	122,689,532
	(Rupees)	
Earnings per share	10.54	6.71

27.2 Diluted earnings per share

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

28 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these financial statements for remuneration, including certain benefits, to the Chief Executive, Director and Executives of the Company during the year are as follows:

	Chief Executive		Directors		Executives*	
	2015	2014	2015	2014	2015	2014
	(Rupees in thousands)					
Fee for attending board meeting	-	-	2,850**	2,800**	-	-
Managerial remuneration	8,030	11,860	1,867	2,901	63,077	51,923
Bonus	2,250	4,338	-	-	6,771	3,129
Retirement benefits (including provident fund)	1,393	2,058	-	-	10,944	8,828
Housing and utilities	4,778	6,728	213	587	36,039	29,639
Medical expenses	-	33	-	-	4,057	2,922
Conveyance allowance	373	393	-	-	7,433	6,798
Others	5,857	3,461	-	-	1,484	1,080
	22,681	28,871	4,930	6,288	129,805	104,319
Number of persons	1	2	2	2	45	40

28.1 Chief Executive and executives of the Company are provided with Company maintained cars and residential telephones.

* The above includes an aggregate amount of Rs 52.25 million (2014: 45.16 million) in respect of remuneration of key management personnel.

** This includes fee for attending Board meeting of all the seven directors.

29 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of subsidiary, related group companies, directors of the Company, key management personnel, major shareholders, post employment benefit plans and other related parties. The Company in the normal course of business carries out transactions with various related parties at agreed / commercial terms and conditions. Remuneration of key management personnel

For the year ended December 31, 2015

is disclosed in note 28. Amounts due to / from and other significant transactions, other than those disclosed else where in these financial statements, are as follows:

	Subsidiary		Post employment benefit plans		Directors		Key Management personnel		Other related parties	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	(Rupees in thousands)									
Transactions										
Premium Underwritten	1,882	371	-	-	864	853	316	21	595,450	453,732
Premium Collected	1,121	371	-	-	1,109	436	297	21	602,601	496,747
Claims Expense	687	-	-	-	948	297	-	-	305,881	89,770
Commission Expense	-	-	-	-	-	-	-	-	14,578	10,181
Commission Paid	-	-	-	-	-	-	-	-	13,078	8,024
Rental Income	5,146	-	-	-	-	-	-	-	2,169	4,086
Fixed Assets Purchased	-	-	-	-	-	-	-	-	69	31,355
Fixed Assets Disposed	89	-	-	-	-	-	7,566	5,320	681	2,611
Investment Property Purchased	-	-	-	-	-	-	-	-	-	113,419
Dividend Received	-	-	-	-	-	-	-	-	1,032,377	874,365
Dividend Paid	-	-	-	-	177,662	45,964	31	1	69,431	17,042
Rent Expense	-	-	-	-	-	-	-	-	21,461	18,743
Rent Paid	-	-	-	-	-	-	-	-	21,735	19,759
Security Deposits	-	-	-	-	-	-	-	-	659	600
Gain on Disposal of right letters	-	-	-	-	-	-	-	-	105,735	-
Investment/(Disinvestment) in Shares										
Net of Provision for Impairment	128,985		-	-	-	-	-	-	12,041	33,532
Certificate of Deposits Matured	-		-		-		-		-	255,000
Profit on Certificate of Deposits	-	-	-	-	-	-	-	-	-	19,541
Brokerage Commission	-	-	-	-	-	-	-	-	4,688	2,404
Donations Paid	-	-	-	-	-	-	-	-	1,339	20,000
Charge in respect of Gratuity Fund	-	-	7,680	5,131	-	-	-	-	-	-
Charge in respect of Provident Fund	-	-	8,977	8,827	-	-	-	-	-	-
Contribution to Gratuity Fund	-	-	6,962	6,730	-	-	-	-	-	-
Contribution to Provident Fund	-	-	6,358	10,279	-	-	-	-	-	-
Charge for Administrative Services	8,000	-	-	-	-	-	-	-	-	-
Insurance Premium Paid	3,376	585	-	-	-	-	-	-	-	-
Consultancy Charges	-	-	-	-	-	-	-	-	3,500	1,000
Balances										
Premium Receivable	776	-	-	-	189	547	-	-	76,195	46,229
Commission Payable	-	-	-	-	-	-	-	-	9,632	7,710
Investment in Shares	858,831	729,846	-	-	-	-	-	-	10,837,440	10,825,399
Profit Receivable on Certificate of Deposit	-	-	-	-	-	-	-	-	-	19,890
Investment in Certificate of Deposits	-	-	-	-	-	-	-	-	-	-
Other Receivable	2,205	701	-	-	-	-	-	-	29,341	30,917
Payable in respect of Admin. Services	-	-	-	-	-	-	-	-	-	-
Security Deposits	-	-	-	-	-	-	-	-	6,948	6,289
Prepaid Rent	-	-	-	-	-	-	-	-	10,867	10,593
(Payable to)/ Receivable from Gratuity Fund	-	-	378	(1,832)	-	-	-	-	-	-
(Payable to)/ Receivable from Provident Fund	-	-	(1,167)	1,452	-	-	-	-	-	-

Notes to and forming part of the Unconsolidated Financial Statements

30 OPERATING SEGMENT

30.1 The Company's business is organised and managed separately according to the nature of services provided with the following segments:

- Fire and property insurance provides coverage against damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and other related perils.
- Marine, aviation and transport insurance provides coverage against cargo risk, war risk, damages occurring in inland transit and other related perils.
- Motor insurance provides comprehensive car coverage, indemnity against third party loss and other related coverage.
- Accident and health insurance provides coverage against personal accident, hospitalization and other medical benefits.
- Miscellaneous insurance provides coverage against burglary, loss of cash in safe and cash in transit, engineering losses, travel and other coverage.

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

	2015					
	Fire and property damage	Marine, aviation and transport	Motor	Health	Miscellaneous	Total
	(Rupees in thousands)					
Segment assets	702,645	219,711	239,840	37,983	286,068	1,486,247
Unallocated assets	-	-	-	-	-	13,164,379
Consolidated total assets	-	-	-	-	-	14,650,626
Segment liabilities	717,413	244,327	548,770	108,567	438,217	2,057,294
Unallocated liabilities	-	-	-	-	-	332,597
Consolidated total liabilities	-	-	-	-	-	2,389,891

	2014					
	Fire and property damage	Marine, aviation and transport	Motor	Health	Miscellaneous	Total
	(Rupees in thousands)					
Segment assets	727,301	218,746	225,706	45,818	218,864	1,436,435
Unallocated assets	-	-	-	-	-	13,053,655
Consolidated total assets	-	-	-	-	-	14,490,090
Segment liabilities	742,075	276,814	495,941	107,539	360,125	1,982,494
Unallocated liabilities	-	-	-	-	-	928,450
Consolidated total liabilities	-	-	-	-	-	2,910,944

For the year ended December 31, 2015

	2015	2014
	(Rupees in thousands)	
31 FINANCIAL INSTRUMENTS BY CATEGORY		
Financial assets and financial liabilities		
Financial assets		
Loans and receivables - amortised cost	-	-
Cash and bank deposits		
Cash and other equivalents	90	43
Current and other accounts	17,084	156
Deposits maturing within 12 months	350,000	315,000
	367,174	315,199
Current assets - others		
Premiums due but unpaid - unsecured	278,831	275,139
Amounts due from other insurers / reinsurers - unsecured	402,885	474,766
Accrued income on investments and deposits	7,343	27,784
Reinsurance recoveries against outstanding claims	391,659	336,040
Sundry receivables	110,673	72,250
	1,191,391	1,185,979
Investments - held to maturity	124,558	124,109
Investments - available for sale	7,468,658	7,631,634
Financial Liabilities		
Amortised cost		
Provision for outstanding claims (including IBNR)	643,816	640,512
Amounts due to other insurers / reinsurers	309,170	350,027
Accrued expenses	107,525	117,584
Sundry creditors	326,080	298,454
Short term finances - secured	148,020	79,830
Long term finances - secured	-	675,000
Unclaimed dividend	13,979	8,676
	1,548,590	2,170,083

32 RISK MANAGEMENT

32.1 Risk management framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest / mark-up rate risk and price risk). The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise 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.

Notes to and forming part of the Unconsolidated Financial Statements

32.2 Insurance risks

32.2.1 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. The Company manages its risk via its underwriting and reinsurance strategy within an overall risk management framework. Exposures are managed by having documented underwriting limits and criteria. Reinsurance is purchased to mitigate the effect of potential loss to the Company from individual large or catastrophic events and also to provide access to specialist risks and to assist in managing capital. Reinsurance policies are written with approved reinsurers on either a proportional or excess of loss treaty basis.

A concentration of risk may also arise from a single insurance contract issued to a particular demographic type of policyholder, within a geographical location or to types of commercial businesses. 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.

Concentration of insurance risk

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

To optimise 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 insured. Details regarding the fire separation/segregation with respect to the manufacturing processes, storage, utilities, etc are extracted from the layout plan of the insured facility. Such details are formed part of the reports which are made available to the underwriters/reinsurance personnel for their evaluation. Reference is made to the standard construction specifications as laid down by IAP (Insurance Association of Pakistan). For instance, the presence of Perfect Party Walls, Double Fire Proof Iron Doors and physical separation between the buildings within a insured's premises. It is basically the property contained within an area which is separated by another property by sufficient distance to confine insured damage from uncontrolled fire and explosion under the most adverse conditions to that one area.

Address look-up and decoding 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.

The ability to manage catastrophic risk is tied to managing the density of risk within a particular area. For catastrophic aggregates, the IT system also assigns precise geographic CRESTA (Catastrophe Risk Evaluating and Standardising Target Accumulations) codes with reference to the accumulation of sums insured in force at any particular location against natural perils. A risk management solution is implemented to help assess and plan for risk in catastrophic

scenarios. It provides a way to better visualise the risk exposures so the Company determines the appropriate amount of reinsurance coverage to protect the business portfolio.

For Marine risks, complete underwriting details, besides sums insured and premiums, like vessel identification, voyage input (sea / air / inland transit), sailing dates, origin and destination of the shipments, per carry limits, etc. are fed into the IT system. The reinsurance module of the IT system is designed to satisfy the requirements as laid down in the proportional treaty agreement. Shipment declarations are also endorsed on the policies. Respective reinsurance cessions are automatically made upon the posting of policy documents.

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

32.2.2 Reinsurance Arrangements

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

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

The Company's class wise risk exposure (based on maximum loss coverage in a single policy is as follows:

	2015		
	Maximum sum insured	Reinsurance cover	Highest net liability
	(Rupees in thousands)		
Fire and property damage	32,598,319	32,510,319	88,000
Marine, aviation and transport	11,425,142	9,140,114	2,285,028
Motor	23,850	10,733	13,117
Health	1,000	-	1,000
Miscellaneous	18,540,000	18,538,435	1,565
	<u>62,588,311</u>	<u>60,199,601</u>	<u>2,388,710</u>
	2014		
	Maximum sum insured	Reinsurance cover	Highest net liability
	(Rupees in thousands)		
Fire and property damage	31,109,241	31,021,241	88,000
Marine, aviation and transport	8,633,395	7,770,056	863,339
Motor	24,000	11,900	12,100
Health	1,000	-	1,000
Miscellaneous	20,535,003	19,362,240	1,172,763
	<u>60,302,639</u>	<u>58,165,437</u>	<u>2,137,202</u>

Notes to and forming part of the Unconsolidated Financial Statements

The table below sets out the concentration of insurance contract liabilities by type of contract:

	2015		
	Gross liabilities	Gross assets	Net liabilities / (assets)
	(Rupees in thousands)		
Fire and property damage	717,413	702,645	14,768
Marine, aviation and transport	244,327	219,711	24,616
Motor	548,770	239,840	308,930
Health	108,567	37,983	70,584
Miscellaneous	438,217	286,068	152,149
	<u>2,057,294</u>	<u>1,486,247</u>	<u>571,047</u>

	2014		
	Gross liabilities	Gross assets	Net liabilities / (assets)
	(Rupees in thousands)		
Fire and property damage	742,075	727,301	14,774
Marine, aviation and transport	276,814	218,746	58,068
Motor	495,941	225,706	270,235
Health	107,539	45,818	61,721
Miscellaneous	360,125	218,864	141,261
	<u>1,982,494</u>	<u>1,436,435</u>	<u>546,059</u>

32.2.3 Uncertainty in the estimation of future claims payment

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

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 judgment or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims. For the estimation of provision of claims incurred but not reported (IBNR), the Company uses historical experience factor based on analysis of the past years claim reporting pattern.

There are several variable factors which affect the amount and timing of recognised 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 and it is likely that final settlement of these liabilities may be different from recognised amounts.

32.2.4 Key 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

For the year ended December 31, 2015

not apply in future. The judgment includes external factors e.g. treatment of one-off occurrence claims, changes in market factors, economic conditions, etc.

32.2.5 Sensitivities

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

	Effect of 10% increase in claims		Effect of 10% decrease in claims	
	Profit and Loss account	Equity	Profit and Loss account	Equity
	(Rupees in thousands)			
Fire and property damage	(5,767)	(5,767)	5,767	5,767
Marine, aviation and transport	(7,823)	(7,823)	7,823	7,823
Motor	(32,204)	(32,204)	32,204	32,204
Health	(8,361)	(8,361)	8,361	8,361
Miscellaneous	(4,488)	(4,488)	4,488	4,488
	<u>(58,643)</u>	<u>(58,643)</u>	<u>58,643</u>	<u>58,643</u>

Claims development tables

The following table shows the development of fire 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. For other classes of business the uncertainty about the amount and timings of claims payment is usually resolved within a year.

Analysis on gross basis

Accident year	2011	2012	2013	2014	2015	Total
	(Rupees in thousands)					
Estimate of ultimate claims cost:						
At end of accident year	696,865	228,529	322,760	232,592	324,613	1,805,359
One year later	577,426	215,891	321,070	216,453	-	1,330,840
Two years later	560,613	191,334	315,575	-	-	1,067,522
Three years later	558,500	191,319	-	-	-	749,819
Four years later	558,605	-	-	-	-	558,605
Estimate of cumulative claims	558,605	191,319	315,575	216,453	324,613	1,606,565
Cumulative payments to date	(507,777)	(190,446)	(312,296)	(215,109)	(172,323)	(1,397,951)
Liability recognised in the balance sheet	<u>50,828</u>	<u>873</u>	<u>3,279</u>	<u>1,344</u>	<u>152,290</u>	<u>208,614</u>

The above effects have been worked out on the assumption that increase / decrease in net claims expense pertains to individual segment in isolation.

Notes to and forming part of the Unconsolidated Financial Statements

32.3 Financial risk

(i) Market risk

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

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest / mark-up rate risk in respect of the following:

2015								
Interest Rates	Interest / mark-up bearing			Non-interest / mark-up bearing			Total	
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total		
(Rupees in thousands)								
Financial assets								
Cash and bank deposits	4.00% - 11.50%	360,588	-	360,588	6,586	-	6,586	367,174
Investments	11.25% - 13.98%	-	124,558	124,558	7,468,658	-	7,468,658	7,593,216
Premium due but unpaid		-	-	-	278,831	-	278,831	278,831
Amounts due from other insurers / reinsurers - unsecured		-	-	-	402,885	-	402,885	402,885
Accrued income on investments and deposits		-	-	-	7,343	-	7,343	7,343
Reinsurance recoveries against outstanding claims		-	-	-	391,659	-	391,659	391,659
Sundry receivables		-	-	-	110,673	-	110,673	110,673
		360,588	124,558	485,146	8,666,635	-	8,666,635	9,151,781
Financial liabilities								
Provision for outstanding claims [including IBNR]		-	-	-	643,816	-	643,816	643,816
Amounts due to other insurers / reinsurers		-	-	-	309,170	-	309,170	309,170
Accrued expenses		-	-	-	107,525	-	107,525	107,525
Sundry creditors		-	-	-	326,080	-	326,080	326,080
Short term finances - secured	6.70% - 8.41%	148,020	-	148,020	-	-	-	148,020
Long term finances - secured		-	-	-	-	-	-	-
Unclaimed dividend		-	-	-	13,979	-	13,979	13,979
		148,020	-	148,020	1,400,570	-	1,400,570	1,548,590
		212,568	124,558	337,126	7,266,065	-	7,266,065	7,603,191

For the year ended December 31, 2015

2014

Interest Rates	Interest / mark-up bearing			Non-interest / mark-up bearing			Total
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	

(Rupees in thousands)

Financial assets

Cash and bank deposits	6.00% - 11.50%	315,086	-	315,086	113	-	113	315,199
Investments	8.50% - 12.00%	-	124,109	124,109	7,631,634	-	7,631,634	7,755,743
Premium due but unpaid		-	-	-	275,139	-	275,139	275,139
Amounts due from other insurers / reinsurers unsecured		-	-	-	474,766	-	474,766	474,766
Accrued income on investments and deposits		-	-	-	27,784	-	27,784	27,784
Reinsurance recoveries against outstanding claims		-	-	-	336,040	-	336,040	336,040
Sundry receivables		-	-	-	72,250	-	72,250	72,250
		315,086	124,109	439,195	8,817,726	-	8,817,726	9,256,921

Financial liabilities

Provision for outstanding claims [including IBNR]		-	-	-	640,512	-	640,512	640,512
Amounts due to other insurers / reinsurers		-	-	-	350,027	-	350,027	350,027
Accrued expenses		-	-	-	117,584	-	117,584	117,584
Sundry creditors		-	-	-	298,454	-	298,454	298,454
Short term finance secured	11.31% - 11.84%	79,830	-	79,830	-	-	-	79,830
Long term finances secured		-	675,000	675,000	-	-	-	675,000
Unclaimed dividend		-	-	-	8,676	-	8,676	8,676
		79,830	675,000	754,830	1,415,253	-	1,415,253	2,170,083

235,256 (550,891) (315,635) 7,402,473 - 7,402,473 7,086,838

Sensitivity analysis

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 re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. Borrowing arrangements have variable rate pricing that is dependent on the Karachi Inter Bank Offer Rate (KIBOR) as indicated in respective notes. The table below summarises Company's interest rate risk as of December 31, 2015 and 2014 and shows the effects of a hypothetical 1% increase and a 1% decrease in interest rates as at the year end.

	Profit and Loss	
	Increase	Decrease
	(Rupees in thousands)	
As at December 31, 2015		
Cash flow sensitivity-Variable rate financial liabilities	(166)	166
As at December 31, 2014		
Cash flow sensitivity-Variable rate financial liabilities	(1,780)	1,780

Notes to and forming part of the Unconsolidated Financial Statements

(b) Foreign currency risk

Currency risk is the risk that the value of a financial asset or liability will fluctuate due to changes in foreign currency rates. Foreign exchange risk arises mainly where receivables and payables exist due to transactions in foreign currencies. As of the balance sheet 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.

(c) 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. Company is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs.11.226 million (2014: Rs. 11.226 million) at the balance sheet date.

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

The carrying value of investments subject to equity price risk are based on quoted market prices as of the balance sheet date except for investments in subsidiaries and associates which are carried at cost less accumulated impairment losses and available for sale equity instruments which are stated at lower of cost or market value (market value being taken as lower if fall is other than temporary) in accordance with the requirements of the S.R.O. 938 issued by the Securities and Exchange Commission of Pakistan (SECP), in December 2002.

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 realised in the sale of a particular security may be affected by the relative quantity of the security being sold. The Company has no significant concentration of price risk.

Sensitivity analysis

The table below summarises Company's equity price risk as of December 31, 2015 and 2014 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.

Had all equity investments, other than subsidiary and associates, been measured at fair values as required by IAS 39 "Financial Instruments: Recognition and Measurement", the impact of hypothetical change would be as follows:

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in shareholders' equity	Hypothetical increase / (decrease) in profit / (loss) before tax
31 Dec 2015	36,160,066	10% increase	39,776,073	3,616,007	-
		10% decrease	32,544,059	(3,616,007)	-
31 Dec 2014	42,678,554	10% increase	46,946,409	3,541,200	-
		10% decrease	38,410,699	(3,541,200)	-

(ii) 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.

Liquidity risk is the risk that the Company 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.

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

	2015			
	Carrying amount	Contractual cash flow	Upto one year	More than one year
	(Rupees in thousands)			
Provision for outstanding claims	643,816	643,816	643,816	-
Amount due to other insurers / reinsurers	309,170	309,170	309,170	-
Accrued expenses	107,525	107,525	107,525	-
Unclaimed dividend	13,979	13,979	13,979	-
Short term finance	148,020	148,020	148,020	-
Sundry creditors	326,080	326,080	326,080	-
	<u>1,548,590</u>	<u>1,548,590</u>	<u>1,548,590</u>	<u>-</u>

	2014			
	Carrying amount	Contractual cash flow	Upto one year	More than one year
	(Rupees in thousands)			
Provision for outstanding claims	640,512	640,512	640,512	-
Amount due to other insurers / reinsurers	350,027	350,027	350,027	-
Accrued expenses	117,584	117,584	117,584	-
Unclaimed dividend	8,676	8,676	8,676	-
Short term finance	79,830	79,830	79,830	-
Long term finance	675,000	675,000	-	675,000
Sundry creditors	298,454	298,454	298,454	-
	<u>2,170,083</u>	<u>2,170,083</u>	<u>1,495,083</u>	<u>675,000</u>

(iii) 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.

Notes to and forming part of the Unconsolidated Financial Statements

	2015	2014
	(Rupees in thousands)	
- Bank deposits	17,084	156
- Deposits maturing within 12 months	350,000	315,000
- Investments	-	-
- Premiums due but unpaid	278,831	275,139
- Amount due from other insurers / reinsurers	402,885	474,766
- Accrued income on investments and deposits	7,343	27,784
- Prepaid reinsurance premium ceded	333,744	309,858
- Reinsurance recoveries against outstanding claims	391,659	336,040
- Sundry receivables	110,673	72,250
	<u>1,892,219</u>	<u>1,810,993</u>

The Company did not hold any collateral against the above during the year. The management continuously monitors the credit exposure towards the policyholders and other insurers / reinsurers and makes provision against those balances considered doubtful of recovery. During the year receivables of Rs. 9.613 million were further impaired. The movement in the provision for doubtful debt account is shown in note 14.3 and 15.1. 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.

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

	Rating Agency	Rating	
		Short Term	Long Term
Bank deposits			
Bank Islami Pakistan Limited	JCR-VIS	A1	A+
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
MCB Bank Limited	PACRA	A1+	AAA
National Bank of Pakistan	PACRA	A1+	AAA
JS Bank Limited	PACRA	A1+	A+
Soneri Bank Limited	PACRA	A1+	AA-
NIB Bank Limited	PACRA	A1+	AA-
United Bank Limited	JCR-VIS	A1+	AA+
Habib Bank Limited	JCR-VIS	A1+	AAA
Faysal Bank Limited	PACRA	A1+	AA
Standard Chartered Bank	PACRA	A1+	AAA
Bank Al Habib Limited	PACRA	A1+	AA+
Certificate of Deposits			
Soneri Bank Limited	PACRA	A1+	AA-
Habib Metropolitan Bank Limited	PACRA	A1+	AA+

** The age analysis of premiums due but unpaid and amounts due from other insurers / reinsurers is as follows:

	2015	2014
	(Rupees in thousands)	
Upto 1 year	554,058	585,442
1-2 years	59,613	101,578
2-3 years	38,882	48,028
Over 3 years	146,065	122,146
	<u>798,618</u>	<u>857,194</u>

For the year ended December 31, 2015

Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial assets subject to credit risk is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk.

	2015	2014
Sector wise analysis of premiums due but unpaid	(Rupees in thousands)	
Foods and beverages	40,875	31,304
Financial services	22,071	18,762
Pharmaceuticals	32,850	34,935
Textile and composites	49,540	55,326
Plastic industries	273	661
Engineering	20,458	24,158
Other manufacturing	9,920	28,443
Miscellaneous	180,510	149,603
	<u>356,497</u>	<u>343,192</u>

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

	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Prepaid reinsurance premium ceded	2015	2014
	(Rupees in thousands)				
A- or above (including PRCL)	363,778	302,802	247,284	913,864	1,055,794
BBB and B+	6,863	47,437	59,391	113,691	25,724
Others	71,480	41,420	27,069	139,969	78,382
Total	<u>442,121</u>	<u>391,659</u>	<u>333,744</u>	<u>1,167,524</u>	<u>1,159,900</u>

33 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The table below analyses financial instruments carried at fair value. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). The Company has no items to report in this level.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). The Company has no items to report in this level.

The carrying amounts of all other financial assets and liabilities reflected in the financial statements approximate their fair values. In case of available for sale investments, the equity securities are carried at lower of cost or market value in line with SECP's SRO (Refer note 4.5.1.4).

Notes to and forming part of the Unconsolidated Financial Statements

34 CAPITAL MANAGEMENT

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

The Company currently meets the paid up capital requirement as required by Securities and Exchange Commission of Pakistan.

35 CORRESPONDING FIGURES


Corresponding figures have been reclassified, wherever necessary, to facilitate comparison. No significant reclassification / restatement was made during the current year.

36 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue on February 26, 2016 by the Board of Directors of the Company.

37 EVENTS AFTER BALANCE SHEET DATE

The Board of Directors has proposed a final dividend for the year ended December 31, 2015 of Rs. 4.00 per share (2014: Rs. 3.00 per share), amounting to Rs 490.758 million (2014: Rs 368.069 million) in its meeting held on February 26, 2016 for the approval of the members at the annual general meeting to be held on April 21, 2016. The Board has also recommended to transfer Rs. 736.136 million (2014: Rs. 368.069 million) to unappropriated profit from general reserves. The financial statements for the year ended December 31, 2015 do not include the effect of these appropriations which will be accounted for in the financial statements for the year ending December 31, 2016.



Chairman



Director



Director



Principal Officer
and Chief Executive

Consolidated Financial Statements for the year ended December 31, 2015

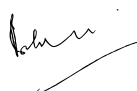
Directors' Report to the Shareholders on Consolidated Financial Statements for the year ended December 31, 2015

On behalf of the Board, I am pleased to present the report on consolidated financial statements of IGI Insurance Limited for the year ended December 31, 2015.

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

	2015	2014
	(Rupees in thousands)	
Profit before tax	2,351,127	1,619,354
Taxation	(375,833)	(191,721)
Profit after tax	1,975,294	1,427,633
Other comprehensive income	(81,783)	1,499
Total comprehensive income	1,893,511	1,429,132
Profit attributable to non-controlling interest	18,585	36,870
Profit attributable to ordinary shareholders	1,874,926	1,392,262
Unappropriated profit brought forward	2,220,320	716,522
Profit available for appropriation	4,113,831	2,145,654
Earnings per share	16.10	11.64

For and on behalf of the Board



Syed Babar Ali

Chairman

Karachi: February 26, 2016



A. F. FERGUSON & CO.

Auditors' Report to the Members

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of IGI Insurance Limited (the Holding Company) and its subsidiary company, IGI Life Insurance Limited (here-in-after referred to as 'the Group') as at December 31, 2015 and the related consolidated profit and loss account, consolidated statement of changes in equity, consolidated cash flow statement, consolidated statement of premiums, consolidated statement of claims, consolidated statement of expenses and consolidated statement of investment income together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of the Holding Company and its subsidiary company. These consolidated financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

In our opinion, the consolidated financial statements present fairly the financial position of IGI Insurance Limited and its subsidiary company as at December 31, 2015 and the results of their operations for the year then ended.

Chartered Accountants
Engagement Partner: **Shahbaz Akbar**
Dated: March 14, 2016
Karachi

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Consolidated Balance Sheet

	Note	2015	2014
		(Rupees in thousands)	
			Restated
Share capital and reserves			
Authorised share capital			
[200,000,000 (December 31, 2014: 200,000,000)			
Ordinary shares of Rs.10/- each]		2,000,000	2,000,000
Issued, subscribed and paid up share capital	6	1,226,895	1,226,895
Unappropriated profit		3,889,986	2,220,320
Reserves		8,102,711	8,470,780
Equity Attributable to the equity holders of the parent		13,219,592	11,917,995
Non-controlling interest	7	255,766	406,285
TOTAL EQUITY		13,475,358	12,324,280
Balance of Statutory Funds	8	11,504,253	10,001,101
Underwriting provisions			
Provision for outstanding claims (including IBNR)		858,847	850,726
Provision for unearned premium		745,483	648,171
Commission income unearned		75,479	72,750
		1,679,809	1,571,647
Creditors and accruals			
Premium received in advance		69,846	41,375
Amounts due to other insurers / reinsurers		348,028	374,196
Experience refund payable		39,576	41,749
Accrued expenses		219,015	197,938
Sundry creditors	10	565,263	492,068
		1,241,728	1,147,326
Deferred liabilities			
Deferred taxation	17	251,328	149,750
Borrowings			
Short term finances - secured	11	148,020	79,830
Long term finances - secured	12	-	675,000
		148,020	754,830
Other liabilities			
Unclaimed dividend		14,006	8,703
TOTAL LIABILITIES		14,839,144	13,633,357
TOTAL EQUITY AND LIABILITIES		28,314,502	25,957,637


CONTINGENCIES AND COMMITMENTS

13

The annexed notes 1 to 40 form an integral part of these consolidated financial statements.



Chairman



Director



Director



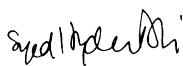
Principal Officer
and Chief Executive

As at December 31, 2015

	Note	2015	2014
		(Rupees in thousands)	
			Restated
Cash and bank deposits			
Cash and other equivalents	14	584	506
Current and other accounts	15	449,792	596,291
Deposits maturing within 12 months		350,000	315,000
		<u>800,376</u>	<u>911,797</u>
Loans secured against life insurance policies		146,947	134,350
Loans secured against other assets			
- To employees		-	92
- To agents		734	269
		<u>734</u>	<u>361</u>
Investments	16	24,328,125	21,954,935
Investment property	24	190,569	127,363
Current assets - others			
Premiums due but unpaid	18	397,319	395,945
Amounts due from other insurers / reinsurers - unsecured	19	422,023	525,344
Accrued income on investments and deposits		421,599	417,496
Reinsurance recoveries against outstanding claims		391,659	336,040
Prepayments:			
- prepaid reinsurance premium ceded		333,744	309,858
- others		42,086	50,704
Taxation - payments less provision		210,668	234,081
Experience refund receivable		9,029	23,316
Sundry receivables	20	176,639	89,217
		<u>2,404,766</u>	<u>2,382,001</u>
Fixed assets			
Tangible	23		
Furniture, fixtures and office equipments		74,058	42,337
Buildings		120,252	166,545
Motor vehicles		89,136	66,782
Capital work in progress		7,938	2,003
		<u>291,384</u>	<u>277,667</u>
Intangibles	23	151,601	169,163
TOTAL ASSETS		<u>28,314,502</u>	<u>25,957,637</u>



Chairman



Director



Director



Principal Officer
and Chief Executive

Consolidated Profit and Loss Account For the year ended December 31, 2015

Note	NON-LIFE INSURANCE						LIFE INSURANCE										2015	2014
	Fire and property damage	Marine, aviation and transport	Motor	Health	Miscellaneous	Life Participating	Life Non Participating		Investment Linked Business	Accident and Health Business		Pension Business Fund	Takaful Window			Aggregate	Aggregate (Restated)	
							Individual	Group		Individual	Group		Fund	Individual family	Group family			Group health
(Rupees in thousands)																		
Revenue account																		
Net premium revenue	80,495	180,133	629,674	107,359	122,406	54,761	1,001,978	180,731	1,961,324	15,648	515,028	45,726	50,794	285	2,188	4,948,530	2,697,207	
Net claims	(57,670)	(78,230)	(321,371)	(83,606)	(44,861)	(85,771)	(406,957)	(110,486)	(1,560,490)	(7,131)	(400,671)	(26,230)	-	-	(354)	(3,183,828)	(2,950,661)	
Premium deficiency reversal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	40	
Expenses	(115,918)	(54,459)	(129,898)	(16,418)	(44,822)	(19,173)	(158,185)	(52,600)	(66,499)	(2,937)	(80,561)	(657)	(16,261)	(90)	(699)	(759,177)	(612,127)	
Net commission	92,568	59,454	(57,160)	(2,757)	(1,703)	(13,610)	(262,673)	(13,386)	(243,677)	(8,324)	(31,166)	-	(33,629)	(3)	(89)	(516,155)	(234,821)	
Net Investment Income - Statutory Fund	-	-	-	-	-	166,180	510,941	27,624	529,143	4,950	26,548	9,274	35	-	-	1,274,695	1,060,200	
Other income-net	-	-	-	-	-	7,208	14,456	1,382	11,882	1,151	24,857	690	516	-	-	62,142	55,089	
Add: Policyholders' liabilities at the beginning of the year	8	-	-	-	-	1,098,827	3,936,955	65,374	4,253,665	22,770	146,692	70,259	-	-	-	9,594,542	9,962,010	
Less: Policyholders' liabilities at the end of the year	9	-	-	-	-	(1,140,823)	(4,623,900)	(69,789)	(4,878,865)	(16,027)	(176,391)	(99,599)	(22,772)	(278)	(1,651)	(11,030,095)	(9,594,542)	
(Surplus) / deficit taken to statutory fund	-	-	-	-	-	(67,599)	-	-	-	-	-	-	-	-	-	(67,599)	(51,479)	
Underwriting Result		(525)	106,898	121,245	4,578	31,020	-	12,615	28,850	6,483	10,100	24,336	(537)	(21,317)	(86)	(605)	323,055	330,916
Investment income																	1,432,137	774,585
Rental income																	1,576	4,086
Return on bank balances																	23,293	38,936
Other income	26																4,272	17,262
Financial charges	27																(25,485)	(74,285)
General and administrative expenses	28																(198,305)	(207,472)
																	1,237,488	553,112
Share of profit of associates																	790,584	616,309
Gain on bargain purchase	5																-	119,017
Profit before taxation																	2,351,127	1,619,354
Taxation	29																(375,833)	(191,721)
Profit after taxation																	1,975,294	1,427,633
Other comprehensive income - reclassifiable to profit and loss																		
- Share of other comprehensive income of associate - net of tax																	(67,901)	-
Other comprehensive income - not reclassifiable to profit and loss																		
- Share of other comprehensive income of associate - net of tax																	(15,873)	6,083
- Re-measurement of post employment benefit obligations - net of tax																	1,991	(4,584)
																	(13,882)	1,499
Total comprehensive income																	1,893,511	1,429,132
Total comprehensive income attributable to:																		
Equity holders of the parent																	1,874,926	1,392,262
Non-controlling interest																	18,585	36,870
																	1,893,511	1,429,132
Earnings per share - basic and diluted (note 30)																		
																	(Rupees)	
																	16.10	11.64

The annexed notes 1 to 40 form an integral part of these consolidated financial statements.


Chairman


Director


Director


Principal Officer
and Chief Executive

Consolidated Statement of Changes in Equity For the year ended December 31, 2015

	Issued, subscribed and paid- up share capital	Reserves			Unap- pro- riated profit	Equity Attributable to equity holders of the parent	Non-con- trolling Interest	Total	
		Capital reserves		Revenue reserves					
		Premium on issue of shares	Reserve for bonus shares	Other capital reserves					General reserve
		(Rupees in thousands)							
Balance as at January 1, 2014	1,115,359	35,762	-	33,267	8,792,127	716,522	10,693,037	-	10,693,037
Transfer from general reserve to unappropriated profit	-	-	-	-	(111,536)	111,536	-	-	-
Profit after taxation for the year ended December 31, 2014	-	-	-	-	-	1,390,763	1,390,763	36,870	1,427,633
Other comprehensive income for the year									
- Share of other comprehensive income of associate - net of tax	-	-	-	-	-	6,083	6,083	-	6,083
- Re-measurement of post employment benefit obligations - net of tax	-	-	-	-	-	(4,584)	(4,584)	-	(4,584)
	-	-	-	-	-	1,499	1,499	-	1,499
Total comprehensive income for the year ended December 31, 2014	-	-	-	-	-	1,392,262	1,392,262	36,870	1,429,132
Transfer from general reserve to reserves for bonus shares	-	-	111,536	-	(111,536)	-	-	-	-
Transfer from general reserve to unappropriated profit	-	-	-	-	(167,304)	167,304	-	-	-
Transactions with owners, recorded directly in equity									
Fair value of Non-controlling interest acquired on acquisition of IGI Life Insurance Limited	-	-	-	-	-	-	-	369,415	369,415
Bonus shares issued for the year ended December 31, 2013 - Re. 1 per share	111,536	-	(111,536)	-	-	-	-	-	-
Final dividend for the year ended December 31, 2013 - Rs. 1.5 per share	-	-	-	-	-	(167,304)	(167,304)	-	(167,304)
	111,536	-	(111,536)	-	-	(167,304)	(167,304)	369,415	202,111
Balance as at December 31, 2014 (Restated)	1,226,895	35,762	-	33,267	8,401,751	2,220,320	11,917,995	406,285	12,324,280
Transfer from general reserves to unappropriated profit	-	-	-	-	(368,069)	368,069	-	-	-
Profit after taxation for the year ended December 31, 2015	-	-	-	-	-	1,956,709	1,956,709	18,585	1,975,294
Other comprehensive income - reclassifiable to profit and loss									
- Share of other comprehensive income of associate - net of tax	-	-	-	-	-	(67,901)	(67,901)	-	(67,901)
Other comprehensive income - not reclassifiable to profit and loss									
- Share of other comprehensive income of associate - net of tax	-	-	-	-	-	(15,873)	(15,873)	-	(15,873)
- Re-measurement of post employment benefit obligations - net of tax	-	-	-	-	-	1,991	1,991	-	1,991
	-	-	-	-	-	(13,882)	(13,882)	-	(13,882)
Total comprehensive income for the year ended December 31, 2015	-	-	-	-	-	1,874,926	1,874,926	18,585	1,893,511
Transactions with owners, recorded directly in equity									
Further acquisition of shares of IGI Life Insurance Limited	-	-	-	-	-	40,119	40,119	(169,104)	(128,985)
Final dividend for the year ended December 31, 2014 - Rs. 3 per share	-	-	-	-	-	(368,069)	(368,069)	-	(368,069)
Interim dividend for the year ended December 31, 2015 - Rs. 2 per share	-	-	-	-	-	(245,379)	(245,379)	-	(245,379)
	-	-	-	-	-	(573,329)	(573,329)	(169,104)	(742,433)
Balance as at December 31, 2015	1,226,895	35,762	-	33,267	8,033,682	3,889,986	13,219,592	255,766	13,475,355

The annexed notes 1 to 40 form an integral part of these consolidated financial statements.


Chairman


Director


Director



Principal Officer
and Chief Executive

Consolidated Statement of Cash Flows

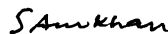
	2015	2014
	(Rupees in thousands)	
		Restated
OPERATING ACTIVITIES		
a) Underwriting activities		
Premiums received	6,333,237	3,782,442
Reinsurance premiums paid	(1,289,688)	(1,150,253)
Claims paid	(1,646,850)	(1,390,057)
Surrenders paid	(2,022,443)	(1,994,531)
Reinsurance and other recoveries received	480,834	510,335
Commissions paid	(623,915)	(338,042)
Commissions received	363,138	304,267
Net cash generated from / (used in) underwriting activities	1,594,313	(275,839)
b) Other operating activities		
Income tax paid	(251,779)	(170,734)
General management expenses and operating payments - net	(1,008,669)	(838,239)
Contribution to gratuity fund	(6,962)	(15,274)
Loans advanced	(47,916)	(22,488)
Loan repayments received	34,946	260
Interfund transaction	-	-
Net cash used in other operating activities	(1,280,380)	(1,046,475)
Total cash generated from / (used in) operating activities	313,933	(1,322,314)
INVESTMENT ACTIVITIES		
Profit / return received	1,075,321	635,276
Dividends received	1,041,828	882,904
Acquisition of IGI Life Insurance Limited	-	(664,210)
Payments for investments	(4,388,782)	(4,379,135)
Proceeds from redemption of investments	3,243,747	5,494,965
Fixed capital expenditure	(151,634)	(206,144)
Capital work in progress	(5,935)	(2,003)
Proceeds from disposal of fixed assets	19,971	23,282
Total cash generated from investing activities	834,516	1,784,935
FINANCING ACTIVITIES		
Dividends paid	(608,145)	(167,479)
Financial charges paid	(44,915)	(62,666)
Loan (repaid) / received	(675,000)	675,000
Total cash (used in) / generated from financing activities	(1,328,060)	444,855
Net cash (used in) / generated from all activities	(179,611)	907,476
Cash at the beginning of the year	831,967	(75,509)
Cash at the end of the year	652,356	831,967



Chairman



Director



Director



Principal Officer
and Chief Executive

For the year ended December 31, 2015

Reconciliation to profit and loss account

	2015	2014
	Rupees in thousand	
		Restated
Operating cash flows	313,933	(1,322,314)
Depreciation / amortisation	(84,555)	(69,732)
Bargain purchase gain	-	119,017
Financial charges	(25,485)	(74,285)
Gain on disposal of fixed assets	6,318	9,416
Increase in assets other than cash	21,202	121,433
(Increase) / Decrease in liabilities	(1,750,687)	157,833
Provision for impairment in the value of available for sale investments	(12,941)	(10,493)

Others

Surplus of Statutory funds	(117,249)	(174,765)
Surplus of statutory funds transferred to profit and loss account	49,650	123,306
Dividend and other investment income	2,748,791	1,888,658
Share of profit of associates	790,584	616,309
Return on bank balances	35,733	43,250
Profit after taxation	<u>1,975,294</u>	<u>1,427,633</u>

Definition of cash

Cash comprises of cash in hand and at banks, stamps in hand, short term placements with banks and short term running finance

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

Cash and other equivalents	584	506
Current and other accounts	449,792	596,291
Deposits maturing within 12 months	350,000	315,000
Short term running finance	(148,020)	(79,830)
	<u>652,356</u>	<u>831,967</u>

The annexed notes 1 to 40 form an integral part of these consolidated financial statements.


Chairman


Director


Director


Principal Officer
and Chief Executive

Consolidated Statement of Premiums For the year ended December 31, 2015

Business underwritten inside Pakistan

	Premiums written	Unearned premium reserve		Premiums earned	Rein-surance ceded	Prepaid reinsurance premium ceded		Rein-surance expense	Net premium revenue	
		Opening	Closing			Opening	Closing		2015	2014
(Rupees in thousands)										

Non-Life Insurance:

Direct and facultative

Fire and property damage	826,074	276,469	276,743	825,800	749,871	245,743	250,309	745,305	80,495	88,113
Marine, aviation and transport	388,079	18,177	24,623	381,633	204,948	9,767	13,215	201,500	180,133	188,533
Motor	691,622	231,206	286,815	636,013	6,291	227	179	6,339	629,674	543,023
Health	117,006	40,391	50,038	107,359	-	-	-	-	107,359	133,218
Miscellaneous	319,042	81,928	107,264	293,706	187,220	54,121	70,041	171,300	122,406	92,046
Total	2,341,823	648,171	745,483	2,244,511	1,148,330	309,858	333,744	1,124,444	1,120,067	1,044,933

Life Insurance - Conventional:

Life Participating	63,598	-	-	63,598	8,837	-	-	8,837	54,761	44,236
Life Non-Participating (Individual)	1,040,829	-	-	1,040,829	38,851	-	-	38,851	1,001,978	753,695
Life Non-Participating (Group)	233,880	-	-	233,880	53,149	-	-	53,149	180,731	91,255
Investment Linked Business	1,977,112	-	-	1,977,112	15,788	-	-	15,788	1,961,324	508,414
Accident and health (Individual)	20,834	-	-	20,834	5,186	-	-	5,186	15,648	15,705
Accident and health (Group)	520,963	-	-	520,963	5,935	-	-	5,935	515,028	231,545
Pension business fund	45,726	-	-	45,726	-	-	-	-	45,726	7,424


Life Insurance - Takaful:

Individual family	50,868	-	-	50,868	74	-	-	74	50,794	-
Group family	285	-	-	285	-	-	-	-	285	-
Group health	2,188	-	-	2,188	-	-	-	-	2,188	-
Total	3,956,283	-	-	3,956,283	127,820	-	-	127,820	3,828,463	1,652,274
Grand Total	6,298,106	648,171	745,483	6,200,794	1,276,150	309,858	333,744	1,252,264	4,948,530	2,697,207

The annexed notes 1 to 40 form an integral part of these consolidated financial statements.



Chairman



Director



Director



Principal Officer
and Chief Executive

Consolidated Statement of Claims For the year ended December 31, 2015

Business underwritten inside Pakistan

Claims paid	Outstanding claims		Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue	Net claims expense	
	Opening	Closing			Opening	Closing		2015	2014
(Rupees in thousands)									

Non-Life Insurance:

Direct and facultative

Fire and property damage	299,738	214,057	217,148	302,829	242,497	181,486	184,148	245,159	57,670	40,832
Marine, aviation and transport	240,411	158,427	135,313	217,297	120,082	61,513	80,498	139,067	78,230	150,489
Motor	327,819	127,291	120,843	321,371	-	14,687	14,687	-	321,371	288,112
Health	86,173	37,273	34,706	83,606	-	-	-	-	83,606	85,096
Miscellaneous	119,393	103,464	135,806	151,735	72,902	78,354	112,326	106,874	44,861	30,010
Total	1,073,534	640,512	643,816	1,076,838	435,481	336,040	391,659	491,100	585,738	594,539

Life Insurance - Conventional:

Life Participating	101,495	31,368	18,346	88,473	2,702	-	-	2,702	85,771	76,728
Life Non-Participating (Individual)	393,201	49,382	65,174	408,993	2,036	-	-	2,036	406,957	208,846
Life Non-Participating (Group)	105,848	98,577	107,410	114,681	4,195	-	-	4,195	110,486	72,394
Investment Linked Business	1,548,229	4,954	19,031	1,562,306	1,816	-	-	1,816	1,560,490	1,693,645
Accident and health (Individual)	28,759	22,683	4,219	10,295	3,164	-	-	3,164	7,131	10,275
Accident and health (Group)	403,070	3,250	851	400,671	-	-	-	-	400,671	245,834
Pension business fund	26,230	-	-	26,230	-	-	-	-	26,230	48,400

Life Insurance - Takaful:

Individual family	-	-	-	-	-	-	-	-	-	-
Group family	-	-	-	-	-	-	-	-	-	-
Group health	354	-	-	354	-	-	-	-	354	-
Total	2,607,186	210,214	215,031	2,612,003	13,913	-	-	13,913	2,598,090	2,356,122
Grand Total	3,680,720	850,726	858,847	3,688,841	449,394	336,040	391,659	505,013	3,183,828	2,950,661

The annexed notes 1 to 40 form an integral part of these consolidated financial statements.


Chairman


Director


Director


Principal Officer
and Chief Executive

Consolidated Statement of Expenses For the year ended December 31, 2015

Business underwritten inside Pakistan


	Commissions paid or payable	Deferred commission		Net commission expense	Other management expenses	Underwriting expense	Commissions from reinsurers*	Net underwriting expense	
		Opening	Closing					2015	2014
(Rupees in thousands)									
Non-Life Insurance:									
Direct and facultative									
Fire and property damage	68,108	-	-	68,108	115,918	184,026	160,676	23,350	30,096
Marine, aviation and transport	32,595	-	-	32,595	54,459	87,054	92,049	(4,995)	9,738
Motor	57,348	-	-	57,348	129,898	187,246	188	187,058	150,259
Health	2,757	-	-	2,757	16,418	19,175	-	19,175	20,477
Miscellaneous	35,819	-	-	35,819	44,822	80,641	34,116	46,525	31,669
Total	196,627	-	-	196,627	361,515	558,142	287,029	271,113	242,239
Life Insurance - Conventional:									
Life Participating	13,610	-	-	13,610	19,173	32,783	-	32,783	16,316
Life Non-Participating (Individual)	263,867	-	-	263,867	158,185	422,052	1,194	420,858	325,137
Life Non-Participating (Group)	24,401	-	-	24,401	52,600	77,001	11,015	65,986	53,381
Investment Linked Business	245,510	-	-	245,510	66,499	312,009	1,833	310,176	140,875
Accident and health (Individual)	8,324	-	-	8,324	2,937	11,261	-	11,261	11,338
Accident and health (Group)	31,221	-	-	31,221	80,561	111,782	55	111,727	58,481
Pension business fund	-	-	-	-	657	657	-	657	(819)
Total	620,686	-	-	620,686	397,662	1,018,348	14,129	1,004,219	604,709
Grand Total	817,313	-	-	817,313	759,177	1,576,490	301,158	1,275,332	846,948

* Commissions from reinsurers is arrived after taking impact of opening and closing unearned commission.

The annexed notes 1 to 40 form an integral part of these consolidated financial statements.



Chairman



Director



Director



Principal Officer
and Chief Executive

Consolidated Statement of Investment Income For the year ended December 31, 2015

	2015	2014
	(Rupees in thousands)	
Non-Life Insurance:		
Income from non-trading investments		
Return on government securities	19,332	15,290
Dividend income on available-for-sale investments	851,630	713,839
Gain on sale of available-for-sale investments	478,122	-
Provision for diminution in value of investments	(12,941)	(10,492)
Less: Investment related expenses	(9,639)	(9,137)
	<u>1,326,504</u>	<u>709,500</u>
Life Insurance:		
Shareholders' fund		
Return on government securities	69,492	61,232
Realised gain on sale of investments held as available-for-sale	34,196	3,846
Interest income on loans to employees / agents	12	7
Dividend income on available for sale investments	<u>1,933</u>	<u>-</u>
	105,633	65,085
Statutory Funds		
Life Participating		
Return on government securities	150,339	111,257
Unrealised gain on revaluation of available-for-sale investments	1,557	5,630
Dividend Income	3,542	-
Gain on sale of investments classified as available-for-sale	<u>10,742</u>	<u>9,040</u>
	166,180	125,927
Life Non-Participating (Individual)		
Return on government securities	447,185	289,052
Unrealised gain on revaluation of available-for-sale investments	(899)	15,302
Dividend Income	10,283	-
Gain on sale of investments classified as available-for-sale	<u>54,372</u>	<u>20,652</u>
	510,941	325,006
Life Non-Participating (Group)		
Return on government securities	21,571	16,391
Dividend Income	613	-
Gain / (Loss) on sale of investments classified as available-for-sale	<u>5,440</u>	<u>(503)</u>
	27,624	15,888
Investment Linked		
Return on government securities	288,297	261,921
Unrealised gain on revaluation of available-for-sale investments	134,097	276,086
Dividend Income	1,371	-
Gain on sale of investments classified as available-for-sale	<u>105,378</u>	<u>38,357</u>
	529,143	576,364
Accident and Health (Individual)		
Return on government securities	3,846	2,988
Dividend Income	91	-
Gain on sale of investments classified as available-for-sale	<u>1,013</u>	<u>130</u>
	4,950	3,118
Accident and Health (Group)		
Return on government securities	19,229	6,205
Dividend Income	262	-
Gain / (Loss) on sale of investments classified as available-for-sale	<u>7,057</u>	<u>(212)</u>
	26,548	5,993
Pension Business Fund		
Return on government securities	9,274	7,112
Gain on sale of investments classified as available-for-sale	<u>-</u>	<u>792</u>
	9,274	7,904
Takaful - Individual Fund		
Unrealised gain on revaluation of available-for-sale investments	35	-
Net investment income	<u>2,706,832</u>	<u>1,834,785</u>
Net investment income-statutory funds	1,274,695	1,060,200
Net investment income-other	<u>1,432,137</u>	<u>774,585</u>
	<u>2,706,832</u>	<u>1,834,785</u>

The annexed notes 1 to 40 form an integral part of these consolidated financial statements.


Chairman


Director


Director


Principal Officer
and Chief Executive

Notes to and forming part of the Consolidated Financial Statements

1 STATUS AND NATURE OF BUSINESS

1.1 The “Group” consist of:

- (i) IGI Insurance Limited - Holding Company
- (ii) IGI Life Insurance Limited - Subsidiary Company

The Holding Company acquired control of ALICO Pakistan by acquiring 34,838,687 ordinary shares (representing 69.677% of the issued and paid up capital) of ALICO Pakistan on April 10, 2014. Accordingly, ALICO Pakistan became a subsidiary of the Company as at the aforementioned date and its name was changed to IGI Life Insurance Limited. During the year, the Holding Company acquired the remaining 6,148,003 shares (representing 12.293% of the issued and paid up capital) of IGI Life Insurance Limited.

1.2 Holding Company

IGI Insurance Limited (“Holding Company”), a Packages Group Company, was incorporated as a public limited company in 1953 under Companies Ordinance, 1984 and is quoted on the Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited) and is engaged in providing general insurance services in spheres of Fire, Marine, Motor, Health and Miscellaneous. The registered office of the Holding Company is situated at 7th floor, The Forum, Suite No. 701-713, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi.

1.3 Subsidiary Company

IGI Life Insurance Limited (“Subsidiary Company”) was incorporated in Pakistan on October 9, 1994 as a public limited company under the Companies Ordinance, 1984. Its shares are quoted on the Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited). The Subsidiary Company commenced its operations on May 25, 1995 after registration with the Controller of Insurance on April 30, 1995. The registered office of the Subsidiary Company is situated at 7th Floor, The Forum, Suite No. 701-713, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi which is also the principal office of the Subsidiary Company.

The Subsidiary Company is engaged in life insurance, carrying on both participating and non-participating business. During the year, the Board of Directors in their meeting held on January 07, 2015 approved the launching of Window Family Takaful Operations by the Subsidiary Company. The Shareholders approved the Board’s decision in the extra ordinary general meeting held on January 30, 2015. The application of the Subsidiary Company to launch Window Family Takaful Operations was approved by the Securities and Exchange Commission of Pakistan (SECP) vide their letter ID/PRDD/048-WTO/2015/1438 dated July 02, 2015. The Statutory Funds established by the Subsidiary Company in accordance with the advice of the Appointed Actuary are as follows :

- Life (participating)
- Life (non-participating) – Individual
- Life (non-participating) – Group
- Accident & Health – Individual
- Accident & Health – Group
- Pension Business Fund
- Investment Linked
- Individual Family Takaful
- Group Family Takaful
- Group Health Takaful

2 BASIS OF PREPARATION

These consolidated financial statements are being submitted to the shareholders in accordance with the listing regulations of the Pakistan Stock Exchange and section 237 of the Companies Ordinance, 1984.

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with approved accounting standards

as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984, the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002, Takaful Rules, 2012 and directives issued by the SECP. Wherever the requirements of the Companies Ordinance, 1984, the Insurance Ordinance, 2000 the SEC (Insurance) Rules, 2002, Takaful Rules, 2012 or directives issued by the SECP differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984, the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002, Takaful Rules, 2012 or the said directives prevail.

2.2 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year.

2.2.1 IFRS 10, 'Consolidated financial statements', builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist where the determination of control is difficult to assess. The standard does not have any significant impact on these consolidated financial statements.

2.2.2 IFRS 12, 'Disclosures of interests in other entities', includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The application of this standard has resulted in certain additional disclosures which are presented in these consolidated financial statements.

2.2.3 IFRS 13, 'Fair Value Measurement' (effective for annual periods beginning on or after 1 January 2015) establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as 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. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 'Financial Instruments: Disclosures'. Accordingly, the Group has included an additional disclosure in this regard. Notwithstanding the above, the change had no impact on the measurement of the Group's assets and liabilities.

There are certain other new and amended standards and interpretations that are mandatory for the Group's accounting period beginning on or after January 1, 2016 but are considered not to be relevant or to have any significant effect on the Group's operations and are, therefore, not disclosed in these consolidated financial statements.

2.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

2.3.1 There are certain new and amended standards, interpretations and amendments that are mandatory for the Group's accounting periods beginning on or after January 1, 2015 but are considered not to be relevant or do not have any significant effect on the Group's operations and therefore not detailed in these consolidated financial statements.

2.4 Consolidation

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

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

Intergroup balances and transactions have been eliminated.

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

Notes to and forming part of the Consolidated Financial Statements

3 BASIS OF MEASUREMENT

At the acquisition date all the assets and liabilities of the Subsidiary Company have been recognised at fair value, which becomes the cost for the Holding Company and since then, these consolidated financial statements have been prepared on the basis of historical cost convention, except as otherwise disclosed.

3.1 Critical accounting judgments and estimates

The preparation of these consolidated financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant accounting estimates and areas where judgments were made by the management in the application of accounting policies are as follows:

- Business Combination (note 4.1 and 5)
- Provision for outstanding claims including IBNR (note 4.6)
- Reinsurance recoveries against outstanding claims (note 4.7)
- Premium deficiency reserve (note 4.9)
- Provision for taxation and deferred tax (note 4.13, 17 and 29)
- Classification of investments and its impairment (note 4.15 and 16)
- Useful lives and residual values of fixed assets (note 4.16 and 23)
- Staff retirement benefits (note 4.19 and 20)
- Policyholders' liabilities (note 4.10 and 9)

3.1.1 Policyholders' liabilities

Mortality, Morbidity and Interest Bases adopted

SECP vide its circular 17/2013 dated September 13, 2013 has stipulated that SLIC(2001-05) Individual Life Mortality Table published by Pakistan Society of Actuaries be used as the minimum valuation basis prescribed under SECP's notification S.R.O 16(1)/2012. A test was previously conducted to compare the existing valuation basis i.e. EFU (1961-66) mortality table with the minimum valuation basis SLIC (2001-05) for the relevant reserves. The test revealed that the existing valuation basis was more prudent than the minimum valuation basis and therefore it was considered to be more appropriate to continue with the existing valuation basis.

The rate of discount was taken as 3.75% in line with the requirements under SECP's notification S.R.O 16(1)/2012, for determining reserves of traditional products and supplementary coverage. Any differential between the assumed rate and the actual rate is intended to be available to the Group for meeting its administrative expenses.

General Principles adopted for valuation

The general principles adopted in the actuarial valuation to estimate policyholders' liabilities as at December 31, 2015 are as follows:

- a) Reserves for Endowment Policies with term not less than 20 years have been calculated using Full Preliminary Term Method with EFU (1961-66) Ultimate Mortality Table at 3.75%.
- b) Reserves for Endowment Policies with term less than 20 years have been calculated using combination of Full Preliminary Term Method and Net Level Premium Method with EFU (1961-66) Ultimate Mortality Table at 3.75%.

- c) Term Policies are calculated using Net Level Premium Method with EFU (1961-66) Ultimate Mortality Table at 3.75%.
- d) Reduced Paid-ups and Extended Term insurances have been valued by Net Single Premium Method with EFU (1961-66) Ultimate Mortality Table at 3.75%.
- e) Bonus Reserves have been valued by Net Single Premium Method with EFU (1961-66) Ultimate Mortality Table at 3.75%.
- f) Loyalty Bonus Reserves have been valued by Net Single Premium Method at 3.75% for active policies with no partial withdrawal and all premiums paid when due for the preceding 5 years.
- g) In respect of Unit Linked policies, the reserve for bid value of allocated units is calculated using the latest bid value of units and the total number of units belonging to policyholders' accounts as at the valuation date. The amount is held as a reserve since it represents the current value of amounts that will be payable to policyholders at the time when a maturity, death or surrender claim is filed. The latest bid value is the last "announced" bid price before the valuation date.
- h) Universal Life business has been valued using full Account values. No deduction has been made for surrender charges.
- i) Group Life Insurance, Individual Accident & Health Insurance and Group Accident & Health have been valued using Unearned Gross Premium.
- j) Pension business has been valued using full Account values.
- k) Unearned premium reserves have been maintained for all riders except Level Term rider reserve which is calculated using Net Level Premium Method with EFU (1961-66) Ultimate Mortality Table at 3.75%.
- l) Reinsurance premium reserves have been maintained on an unearned premium basis.
- m) Reserves have been maintained for Incurred But Not Reported (IBNR) claims, based on the claims lag pattern experienced over the past few years.
- n) Reserves for claims payable in installments have been kept at 3.75%.
- o) Unearned Premium Reserve is kept as half month of Cost of Insurance (COI) for Cost of Insurance (COI) of Universal Life and Unit Linked Policies.
- p) No policy is treated as an asset and in the system if the reserve is negative, the negative value is excluded and the reserves for the policies is set equal to zero.
- q) The Group does not have any insurance policy which is denominated in foreign currency.

3.1.2 Surrenders

For the purpose of conventional and annuity business, no provision has been made for lapses and surrenders. This gives prudence to the value placed on the liability by not taking any credits for the profits made on surrenders.

3.1.3 Claims provision

- a) Reserves have been made in respect of all intimated claims. Most claims require lump sum payments, and reserves have been maintained in each Statutory Fund, where applicable. In a small number of cases, claims are payable in installments over a period of more than twelve months after the valuation date. In respect of all such claims, reserves have been calculated using the minimum valuation basis.

Notes to and forming part of the Consolidated Financial Statements

- b) Adequate reserves have also been maintained for Incurred But Not Reported (IBNR) claims. The IBNR is determined based on statistical method that analyses the time lag between the claim occurrence date and claim reported date from the Group's own experience.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these consolidated financial statements are set out below:

4.1 Business Combination

Business combinations are accounted for by applying the acquisition method. The cost of acquisition is measured as the fair value of assets given, equity instruments issued and the liabilities incurred or assumed at the date of acquisition. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement, if any. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets acquired in the case of a bargain purchase, the difference is recognised directly in the profit and loss account.

4.2 Goodwill

Goodwill acquired in a business combination is measured, subsequent to initial recognition, at its cost less accumulated impairment losses, if any. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGU, that is expected to benefit from the synergies of the combination. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Acquisitions of non-controlling interest (NCI) are measured at the proportionate share of the NCI in the fair value of the net assets acquired by the Holding Company. The excess of the fair value consideration transferred over the proportionate share of the NCI in the fair value net assets acquired is recognised in equity.

4.3 Insurance / Takaful contracts

4.3.1 Conventional Business

Insurance contracts represent contracts with policy holders and reinsurers.

Those contracts including riders where the Group (the insurer) accepts significant insurance risk from another party i.e. group and individual policyholders by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders are insurance policy contracts.

Those insurance contracts that are issued by one insurer (the reinsurer) to compensate another insurer (the cedant) for losses on one or more contracts issued by the cedant are reinsurance contracts. The Group enters into reinsurance contracts with foreign reinsurers in the normal course of business in order to limit the potential for losses arising from certain exposures.

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

4.3.1.1 Non-Life Business

The Group enters into fire and property damage, marine, motor, health, burglary, loss of cash in transit, travel, personal accident, engineering losses and other insurance contracts with corporate clients and individuals residing or located in Pakistan.

4.3.1.2 Life Business

The Group enters into insurance contracts with policyholders which are divided into following two major categories:

Group Insurance Contracts

The Group offers group life, group accident & health and pension business to its clients. The Group also underwrites business for consumer banking related schemes. The risk underwritten is mainly death, hospitalization and disability. The group insurance contracts are issued typically on yearly renewable term basis (YRT). This business is written through direct sales force as well as bancassurance.

Individual Insurance Contracts

The Group offers Individual Life (Participating), Individual Life (Non-Participating), Individual Accident & Health and Investment Unit Linked Plans which provide the financial protection; protection against the financial consequences of death, disease and disability caused by accidents, sickness or old age and a substantial return at maturity. Investment unit linked policies are regular life policies, where policy value is determined as per the underlying assets' value. Various types of riders (Accidental Death, Family Income Benefit, etc.) are also sold along with the basic policies. Some of these riders are charged through deduction from policyholders' fund value, while others are conventional i.e., additional premium is charged there against. This business is written through direct sales force as well as bancassurance.

4.3.2 Takaful Business

The takaful contracts are based on the principles of Wakala Waqf Model. Takaful is a programme based on Shariah compliant, approved concept funded on the principles of mutual cooperation, solidarity and brotherhood. The obligation of Waqf for Waqf participants' liabilities is limited to the amount available in the Waqf fund. In the event where there are insufficient funds in Waqf to meet their current payments less receipts, the deficit is funded by way of an interest free loan (Qard-e-Hasna) from the operators' sub fund to the statutory fund (Takaful Business Statutory Funds). The amount of Qard-e-Hasna is refundable to the operators' sub fund.

Technical reserves are stated at a value determined by the appointed actuary through an actuarial valuation carried out as at each balance sheet date, in accordance with section 50 of the Insurance Ordinance, 2000.

Group Takaful Contracts

The Group offers group family, group accident and health takaful policies to its clients. The group takaful contracts are issued typically on yearly renewable term basis.

Individual Family Takaful Contracts

The Group offers unit linked takaful plans which provide Shariah compliant financial protection and investment vehicle to individual participants. These plans carry cash value which is determined as per the underlying asset's value. The death benefit design is based on Constant Sum Risk approach i.e. the sum cover is paid in addition to the cash value. The plans offer investment choices to the customer to direct their investment related contribution based on their risk / return objectives. No investment guarantees are offered. The investment risk is borne by the participants. Various type of supplemental benefits (accidental death, disability, income benefit, etc) are also sold along with basic policies.

4.4 Premiums / Contributions

4.4.1 Conventional Business

4.4.1.1 Non-Life Business

Premium written under a policy is recognised 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,

Notes to and forming part of the Consolidated Financial Statements

premium is recognised as revenue in accordance with the pattern of the incidence of risk. The portion of premium written relating to the unexpired period of coverage is recognised as unearned premium by the Group. This liability is calculated by applying 1/24 method as specified in the SEC (Insurance) Rules, 2002.

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

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

4.4.1.2 Life Business

- The initial premium is recognised when the policy is issued after receipt of that premium. Subsequent premiums falling due under the policy are recognised if received before expiry of the grace period, or if advanced by the Group under the Automatic Premium Loan (APL). However, premiums outstanding in the month of December but not received by December 31 are recognised if the grace period is to expire after the next January 1.
- Group premiums are recognised when due.
- Single premiums are recognised once the related policies are issued against the receipt of premium.

Receivables under insurance contracts are recognised when due, at the fair value of the consideration receivable less provision for doubtful debts, if any. If there is objective evidence that the receivable is impaired, the Group reduces the carrying amount of the receivable accordingly and recognises it as impairment loss.

4.4.2 Takaful Business

- First year individual life contribution is recognised when the policy is issued after receipt of that contribution. Subsequent contributions falling due under the policy are recognised if received before expiry of the grace period, or if advanced by the Group under the Automatic Contribution Loan (ACL). Single contributions and top-up contributions are recognised once the related policies are issued against the receipt of contribution.
- Group contributions are recognised when due.

Receivables under insurance contracts are recognised when due, at the fair value of the consideration receivable less provision for doubtful debts, if any. If there is objective evidence that the receivable is impaired, the Group reduces the carrying amount of the receivable accordingly and recognises it as impairment loss.

4.5 Reinsurance / Retakaful ceded

4.5.1 Conventional Business

4.5.1.1 Non-life Business

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

Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a

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

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

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

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

4.5.1.2 Life Business

Reinsurance premiums are recognised in accordance with pattern of recognition of related premium. It is measured in line with the terms and condition of the reinsurance treaty.

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

Reinsurance assets are not offset against related insurance liabilities. Income or expenses from reinsurance contract are not offset against expenses or income from related insurance assets as required by Insurance Ordinance, 2000.

The Group assesses its reinsurance assets for impairment on balance sheet date. If there is an objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises it as impairment loss.

4.5.2 Takaful Business

These contracts are entered into by the Group with retakaful operator under which the "Waqf Fund" cedes the takaful risk assumed during normal course of its business and according to which Waqf is compensated for losses on contracts issued by it are classified as retakaful contracts held.

Retakaful Contribution

Retakaful contribution is recorded at the time the retakaful is ceded. Surplus from retakaful operator is recognised in the revenue account / profit and loss account.

Retakaful Expenses

Retakaful expenses are recognised as a liability in accordance with the pattern of recognition of related contribution.

Retakaful Assets and Liabilities

Retakaful assets represent balances due from retakaful operator. Recoverable amounts are estimated in a manner consistent with the associated retakaful treaties.

Retakaful liabilities represent balances due to retakaful operator. Amounts payable are calculated in a manner consistent with the associated retakaful treaties.

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

Notes to and forming part of the Consolidated Financial Statements

not offset against expenses or income from related retakaful contracts as required by Insurance Ordinance, 2000.

4.6 Claims Expense

4.6.1 Conventional Business

4.6.1.1 Non-Life Business

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

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

IBNR for health and personal accident is determined and recognised in accordance with valuation carried out by an appointed actuary.

4.6.1.2 Life Business

Claim expense

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 and any adjustments to claims outstanding from previous years. Claims are recognised earlier of the policy ceases to participate in the earnings of the fund or insured event occurs except for accident and health claims which are recognised as soon as a reliable estimate of the claim amount can be made.

The outstanding claims liability includes amounts relating to unpaid reported claims and expected claims settlement costs. Full provision is made for the estimated cost of claims incurred to the date of the balance sheet. The liability for claims expenses relating to "Incurred But Not Reported" (IBNR) is included in policyholders' liabilities.

Experience refund of premium

Experience refund of premium payable / receivable to / from Group policyholders is included in outstanding claims.

4.6.2 Takaful Business

Claims expense include all claims occurring during the year, whether reported or not. Internal and external claim handling costs that are directly related to the processing and settlement of claims and other recoveries, and any adjustments to claims outstanding from previous years.

The outstanding claims liability includes amounts relating to unpaid reported claims and expected claims settlement costs. Full provision is made for the estimated cost of claims incurred to the date of the balance sheet. The liability for claims expenses relating to "Incurred But Not Reported" (IBNR) is included in technical reserves.

4.7 Reinsurance / Retakaful recoveries against claims

Claim recoveries receivable from the reinsurer / retakaful company are recognised as an asset at the same time

as the claims which give rise to the right of recovery are recognised as a liability and are measured at the amount expected to be received.

4.8 Commission and other acquisition costs

Non-Life Business

Commission expense and other acquisition costs are charged to the profit and loss account at the time the policies are accepted. Commission income from reinsurers is recognised at the time of issuance of the underlying insurance policy by the Group. This income is deferred and brought to account as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates. Commission from reinsurers is arrived at after taking the impact of opening and closing unearned commission. Profit commission, if any, which the Group may be entitled to under the terms of reinsurance, is recognised on accrual basis.

Life Conventional and Takaful Business

These are costs incurred in acquiring insurance policies, maintaining such policies, and include without limitation all forms of remuneration paid to insurance agents.

Commissions and other expenses are recognised as an expense in the earlier of the financial year in which they are paid and financial year in which they become due and payable, except that commission and other expenses which are directly referable to the acquisition or renewal of specific contracts are recognised not later than the period in which the premium to which they refer is recognised as revenue.

4.9 Premium deficiency reserve

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

Non-Life Business

For this purpose, loss ratios for each class are estimated based on historical claim development. Judgement 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 SRO 16 (I) / 2012 issued by Securities and Exchange Commission of Pakistan on January 9, 2012. If these ratios are adverse, premium deficiency is determined. The loss ratios estimated on these basis for the unexpired portion are as follows:

Fire and property damage	81%
Marine, aviation and transport	70%
Motor	74%
Health	88%
Miscellaneous	54%

Based on an analysis of combined operating ratio for the expired period of each reportable segment, the management considers that the unearned premium reserve for all 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 balance sheet date in respect of policies in those classes of business in force at the balance sheet date. In case of Health and Accident class, no premium deficiency is booked on the advice of appointed actuary. Hence, no reserve for the same has been made in these consolidated financial statements.

Notes to and forming part of the Consolidated Financial Statements

Life Conventional and Takaful Business

No provision has been made as the unearned premium reserve for each class 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 balance sheet date in respect of policies in force at balance sheet date as per the advice of appointed actuary.

4.10 Policyholders' liabilities

Policyholders' liabilities including IBNR are stated at a value determined by the appointed actuary through an actuarial valuation / advice carried out at each balance sheet date, in accordance with section 50 of the Insurance Ordinance, 2000. In determining the value both acquired policy values as well as estimated values which will be payable against risks which the Group underwrites are considered. The basis used are applied consistently from year to year.

4.11 Loans secured against life insurance policies

Interest bearing loans are available to policyholders of the Group to the extent of ninety percent of cash values built in their policies. These are recognised on disbursement.

4.12 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 Group.

Provisions are recognised when the Group 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 reporting date and adjusted to reflect the current best estimate.

4.13 Taxation

Current

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

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences at the balance sheet date between the tax bases and carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised 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 utilised.

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

4.14 Cash and cash equivalents

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

and cash equivalents comprise cash in hand, deposits with banks, stamps in hand and short term finances.

4.15 Investments

All investments are initially recognised at cost, being the fair value of the consideration given and include 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:

- Investment in associates
- Held to maturity
- Available for sale
- Investment at fair value through profit and loss - held for trading

4.15.1 Initial recognition

All investments are initially recognised at cost, being the fair value of the consideration given and includes transaction costs except for investments designated at fair value through profit and loss under which transaction cost is charged to profit and loss account.

4.15.2 Subsequent measurement

4.15.2.1 Investment in associates

Investment in associates, where the Group has significant influence but not control, are accounted for by using the equity method of accounting. These investments are initially recognised at cost, thereafter the Group's share of the changes in the net assets of the associates are accounted for at the end of each reporting period. After application of the equity method, the Group determines whether it is necessary to recognise any permanent impairment loss with respect to the Group's net investment in the associate by comparing the entire carrying amount with its recoverable amount. Share of profit and loss of associate is accounted for in the Group's profit and loss account. Associates' accounting policies are adjusted where necessary to ensure consistency with the policies adopted by the Group.

4.15.2.2 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 amortised cost using the effective yield method.

Any premium paid or discount availed on acquisition of held to maturity investments is deferred and amortised over the term of the investment using the effective yield.

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

The difference between the redemption value and the purchase price of the held to maturity investments is amortised and taken to the profit and loss account over the term of the investment.

4.15.2.3 Available-for-sale

Non-Life Business

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. It also includes investments in associated undertakings where the Group does not have significant influence. The Group follows trade date accounting for 'regular way purchase and sales' of investments.

Notes to and forming part of the Consolidated Financial Statements

Subsequent to initial recognition, these are stated at lower of cost or market value (market value being taken as lower if fall is other than temporary) in accordance with the requirements of the S.R.O. 938 issued by the Securities and Exchange Commission of Pakistan (SECP) in December 2002. The Group uses stock exchange quotation at the balance sheet date to determine the market value of its quoted investments whereas, impairment of unquoted investments is computed by reference to net assets of the investee on the basis of the latest available audited / unaudited financial statements.

Had these investments been measured at fair value as required by IAS 39 - Financial Instruments: Recognition and Measurement, the Group's net equity would have been higher by Rs. 28,859 million at December 31, 2015.

Dividend income and entitlement of bonus shares are recognised when the Group's right to receive such dividend and bonus shares is established.

Gain / (loss) on sale of available for sale investments are recognised in the profit and loss account.

Life Business

Shareholder's fund and statutory funds other than investment linked fund and Individual Family Takaful Fund

Investments classified as available-for-sale are subsequently measured at lower of cost or market value (market value being taken as lower if the reduction is other than temporary) in accordance with the requirements of the Securities and Exchange Commission (Insurance) Rules, 2002 and the difference if any, is recognised as provision for impairment in value of investment. Any change in the provision for impairment in value of an investment is recognised in the profit and loss account / revenue account.

Investment linked fund and Individual Family Takaful Fund

Investments classified as available for sale are marked to their market values. Any gain or loss on such available-for-sale investments is recognised in revenue account / profit and loss account.

International Accounting Standard - 39 (IAS-39) "Financial Instruments - Recognition and Measurement" had been revised effective January 1, 2005. In the revised IAS-39 the option of taking the revaluation gain / loss on the available for sale securities to income / revenue account had been deleted and all such gain / loss was to be taken to equity. Further, after revision of IAS-1, this unrealised gain / loss is to be routed through Other Comprehensive Income (OCI). SECP through Insurance Rules, 2002 had prescribed the format of presentation and disclosure of financial statements, according to which the Statutory Funds have no equity or OCI accounts. Resultantly, the changes in IAS-39 and IAS-1 were not implemented.

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

These financial assets are acquired principally for the purpose of generating profit from short-term fluctuation in prices or are part of a portfolio for which there is a recent actual pattern of short-term profit taking.

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

Dividend income and entitlement of bonus shares are recognised when the Group's right to receive such dividend and bonus shares is established.

4.15.2.5 Fair / market value measurement

For investment in Government securities, fair / market value is determined by reference to quotations obtained from Reuters page (PKRV) where applicable. The fair / market value of mutual fund units is determined as per the rates announced by the Mutual Funds Association of Pakistan (MUFAP).

4.15.2.6 Date of recognition

Regular way purchases and sales of investments that require delivery within the time frame established by regulations or market convention are recognised at the trade date. Trade date is the date on which the Group commits to purchase or sell the investment.

4.15.2.7 Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition these are measured at amortised cost.

4.15.2.8 Investment income

- Income from held to maturity / available for sale investments is recognised using effective interest method. The difference between the redemption value and the purchase price of the held to maturity investments is amortised over the term of the investment and is taken to the profit and loss account and revenue account, for investments relating to shareholders fund and statutory funds respectively.
- Revaluation gain on investment held for available-for-sale in the investment linked fund is recognised as income in the revenue account / profit and loss account.
- Dividend income on investments is recognised when the Group's right to receive the payment is established.
- Gain or loss on sale of investments is included in profit and loss account / revenue account, for investments relating to shareholders fund and statutory funds respectively.
- Return on bank deposits, loans to employees and loans to policyholders are recognised on a time proportionate basis taking into account the effective yield.
- Revaluation gain / loss on investment held 'at fair value through profit and loss' in statutory fund is recognised as income / expense in the profit and loss account and revenue account, for measurements relating to shareholder fund and statutory funds respectively.

4.16 Fixed assets

Tangible

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation on all fixed assets is charged to profit and loss account on the straight line method so as to write-off depreciable amount of an asset over its useful life at the rates stated in note 23 to the consolidated financial statements. Depreciation on additions to fixed assets is charged from the month in which an asset is acquired or capitalised, while no depreciation is charged for the month in which the asset is disposed off.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted, if impact on depreciation is significant. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit and loss in the period in which they are incurred.

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 recognised as an income or expense.

Intangible

Software development cost are only capitalised to the extent that future economic benefits are expected to flow to the entity. Intangible assets with finite useful lives are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets with indefinite useful lives are stated at cost less impairment losses, if any.

4.17 Capital work in progress

Capital work in progress is stated at cost less any impairment in value. It includes advances to suppliers in respect of tangible fixed assets.

Notes to and forming part of the Consolidated Financial Statements

4.18 Investment property

Investment property is 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 S.R.O 938 issued by the Securities and Exchange Commission of Pakistan.

Depreciation policy, subsequent capital expenditures and gain or losses on disposal are accounted for in the same manner as tangible fixed assets.

4.19 Staff retirement benefits

4.19.1 Non-Life Business

4.19.1.1 Defined contribution plan

The Holding Company operates an approved contributory provident fund for all permanent employees. Equal monthly contributions are made by the Parent Company and employees to the fund at the rate of 10 percent of basic salary.

4.19.1.2 Defined benefit plan

All permanent employees of the Holding Company participate in an approved funded defined gratuity plan. Contributions to the fund are made based on actuarial recommendations. The most recent actuarial valuation was carried out for the year ended December 31, 2015 using the Projected Unit Credit Method. Amounts arising as a result of 'Remeasurements', representing the actuarial gains and losses and the difference between the actual investment returns and the return implied by the net interest cost are recognised in the Balance Sheet immediately, with a charge or credit to 'Other Comprehensive Income' in the periods in which they occur.

4.19.1.3 Accumulating compensated absences

Provisions are made annually to cover the obligation for accumulating compensated absences and are charged to profit and loss account.

4.19.2 Life Business

4.19.2.1 Defined benefit plan

The Subsidiary Company operates an approved defined benefit gratuity scheme for all its permanent employees who attain the minimum qualification period for entitlement to gratuity. Contributions to the fund are made based on in-house actuarial valuation. The most recent in-house actuarial valuation was carried out for the year ended December 31, 2015 using the Projected Unit Credit Method.

Actuarial gains and losses are recognised in other comprehensive income (OCI) in the periods in which they occur. Amounts recorded in the profit and loss account are limited to current and past service costs, gains or losses on settlements, and net interest income (expense). All other changes in the net defined benefit obligation are recognised directly in other comprehensive income with no subsequent recycling through the profit and loss account. In case employee benefits are charged to statutory funds, current and past service costs, gains or losses on settlements, net interest income / (expense) and actuarial gains and losses are recognised in revenue account.

In case the benefits paid under the scheme are reduced, it is treated as past service cost in the period in which change takes place.

4.19.2.2 Defined contribution plan

The Subsidiary Company operates an approved contributory provident fund which covers all permanent employees. Equal monthly contributions are made both by the Subsidiary Company and the employees to the Fund at the rate of 10 percent of basic salary.

4.19.2.3 Employees' compensated absences

The Subsidiary Company accounts for the liability in respect of employees' compensated absences in the period in which they are vested.

4.20 Financial instruments

Financial assets and financial liabilities within the scope of IAS 39 are recognised at the time when the Group becomes a party to the contractual provisions of the instrument and are de-recognised when the Group loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition 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 mainly include cash and bank deposits, investments, accrued investment income, sundry receivables, accrued expenses, amount due from / to other insurers / reinsurers, sundry creditors, short term finances, long-term finances and unclaimed dividend. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.21 Offsetting of financial assets and financial liabilities

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

4.22 Asset classified as held for sale

Assets and groups of assets and liabilities which comprise disposal groups are classified as 'held for sale' when all of the following criteria are met: a decision has been made to sell, the assets are available for sale immediately, the assets are being actively marketed, and a sale has been or is expected to be concluded within twelve months of the balance sheet date. Assets and disposal groups 'held for sale' are valued at lower of the carrying amount and fair value less disposal costs.

4.23 Segment reporting

A business segment is a distinguishable component of the Group that is engaged in providing services that are subject to risks and returns that are different from those of other business segments. The Group accounts for segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002. The reported operating segments are also consistent with the internal reporting provided to Strategy Committee and Board of Directors which are responsible for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment.

4.23.1 Non-Life Business

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

The perils covered under fire insurance include damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and terrorism.

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

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

Health insurance provides coverage against expenses incurred during the hospitalisation due to sickness, emergency and accidents.

Miscellaneous insurance provides cover against health, burglary, loss of cash in safe and cash in transit, travel, personal accident, money, engineering losses, live stocks, crops and other covers.

Financing, investment and income taxes are managed on an overall basis and are therefore, not allocated to any segment. The accounting policies of operating segment are the same as those described in the summary of significant accounting policies.

Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them. Those assets and liabilities which can not be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

Notes to and forming part of the Consolidated Financial Statements

4.23.2 Life Business

The Group accounts for segment reporting using the classes or sub-classes of business (Statutory Funds) as specified under the Insurance Ordinance 2000 and SEC (Insurance) Rules, 2002 as the primary reporting format.

- The Life (participating) segment provides life insurance coverage to individuals under individual life policies that are entitled to share in the surplus earnings of the statutory fund to which they are referable.
- The Life (non-participating) segment provides life insurance coverage to individuals under individual life policies that are not entitled to share in the surplus earnings of the statutory fund to which they are referable.
- The Life (non-participating) Group segment provides life insurance coverage to employer-employee (and similar) groups of employees / members under a single life policy issued to the employer. The Group policy is not entitled to share in the surplus earnings of the statutory fund to which it is referable.
- The Investment Linked business segment provides life insurance coverage to individuals, whereby the benefits are expressed in terms of units, the value of which is related to the market value of specified assets.
- The Accident and Health - Individual segment provides fixed pecuniary benefits or benefits in the nature of indemnity or a combination of both in case of accident or sickness to individuals.
- The Accident and Health - Group segment provides fixed pecuniary benefits or benefits in the nature of indemnity or a combination of both in case of accident or sickness to employer-employee (and similar) groups of employees / members under a single policy issued to the employer.
- The Pension Fund segment provides coverage for the purposes of a pension or a retirement scheme with or without the payments being guaranteed for a minimum period.

Family Takaful

- The individual family takaful business segment provides family takaful coverage to individuals under unit-linked policies issued by the Group.
- The Group Family Takaful business segments provides family takaful coverage to members of business enterprises, corporate entities and common interest groups under group family takaful scheme operated by the Group.
- The Group Health Takaful provides fixed pecuniary benefits or benefits in the nature of indemnity or a combination of both in case of accident or sickness to employer-employee (and similar) groups of employees / members under a single policy issued to the employer.

The Group maintains Statutory Funds in respect of each class of its life insurance business. Assets, liabilities, revenues and expenses of the Group are referable to respective Statutory Funds, however, wherever, these are not referable to Statutory Funds, they are allocated to the Shareholders' Fund.

Apportionment of assets, liabilities, revenues and expenses, wherever required, between the funds are made on a fair and equitable basis and in accordance with the written advice of the Appointed Actuary.

Actuarial valuation of life insurance business is required to be carried out annually at the balance sheet date. Policyholders' liabilities included in the statutory funds are based on the actuarial valuation carried out by the Appointed Actuary.

The Group reviews the basis of estimation used in respect of allocation of assets, liabilities, income and expenses not referable to specific fund with the consultation of Group's appointed actuary.

4.24 Impairment

The carrying values of the Group's assets are reviewed at each financial year end for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, and where the carrying values exceed the estimated recoverable amount, the assets are written down to their

recoverable amount. The resulting impairment loss is taken to the profit and loss account.

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

4.25 Foreign currency transactions and translations

Foreign currency transactions are translated into Pak Rupees at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the exchange rates prevailing at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined. Exchange gains or losses are included in income currently.

4.26 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

4.27 Borrowing costs

Borrowing costs are recognised as an expense in the period in which these are incurred except in cases where such costs are directly attributable to the acquisition, construction or production of a qualifying asset (one that takes substantial period of time to get ready for use or sale) in which costs such costs are capitalised as part of the cost of that asset. Currently, the Group does not have any borrowing costs directly attributable to the acquisition of or construction of qualifying assets.

4.28 Share capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4.29 Expenses of management - Non-Life Insurance

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

4.30 Dividends and appropriations to reserves

Dividend and appropriation to reserve except appropriations required by the law or determined by the appointed actuary or allowed by the Insurance Ordinance 2000, are recognised in the year in which these are approved.

Notes to and forming part of the Consolidated Financial Statements

5 BUSINESS COMBINATION

5.1 Acquisition of IGI Life Insurance Limited

The Holding Company acquired 34,838,687 shares of IGI Life Insurance Limited (formerly American Life Insurance Company (Pakistan) Limited), the Subsidiary Company on close of business on April 9, 2014 resulting in the controlling interest of 69.68 % of the paid up capital of the Subsidiary.

The business combination has been accounted for by applying the purchase method. The cost of the acquisition has been measured at the cash payment made by the Holding company against the purchase of shares. The Holding Company had recorded the assets and liabilities acquired in the business combination at provisional values in the prior period financial statements. During the current year the management has finalised its exercise in respect of identification and determination of the fair values to be assigned to the acquiree's identifiable assets, liabilities and for the identification and valuation of intangible assets. IFRS 3, 'Business Combination' requires adjustments to be made to the provisional values on the initial accounting consequent to completion of fair valuation exercise, be incorporated in the financial statements with effect from the acquisition date. As a result, the provisional values determined by the management needs to be adjusted with effect from the acquisition date.

	Note	2014 (Restated) (Rupees in thousands)
5.2 Computation of gain on bargain purchase is as follows:		
Purchase consideration paid in cash		729,846
Less: Proportion of fair values of identifiable net assets acquired from IGI Life Insurance Limited (formerly American Life Insurance Company Limited)	5.3	848,863
Gain on bargain purchase		<u>119,017</u>

Computation of Non-Controlling Interest (NCI) as at Acquisition Date:

NCI Percent as at Acquisition Date	30.32%
Value of NCI	<u>369,415</u>

Under IFRS 3 (revised) a bargain purchase represents an economic gain, which should be immediately recognised by the acquirer in the profit and loss account. However, IFRS 3 requires the acquirer to ensure that it really does have a gain on bargain purchase and it has used all the available evidences at the date of acquisition and reassessed the business combination accounting. In this connection the management has reassessed the business combination accounting and believes that the gain on bargain purchase is primarily arising as a result of special circumstances under which American Life Insurance Company (ALICO) decided to exit from Pakistan operations.

5.3 The adjustments to the provisional values of assets and liabilities acquired as part of the business combination are as follows:

For the year ended December 31, 2015

	Acquiree's carrying amounts as on April 9, 2014	Fair value adjustment	Fair values as on April 09, 2014
	Rupees in thousand		
Cash and Bank Deposits			
Cash and others	1,473	-	1,473
Current and other accounts	64,163	-	64,163
	65,636	-	65,636
Loans secured against Life Insurance Policies	111,862	-	111,862
Loans secured against other assets			
To employees	265	-	265
To agents	356	-	356
Investments			
Government securities	9,912,169	-	9,912,169
Listed mutual funds	1,272,876	-	1,272,876
	11,185,045	-	11,185,045
Current Assets - others			
Premiums due but unpaid	164,650	-	164,650
Amount due from other insurers / reinsurers	77,398	-	77,398
Amount due from agents	950	-	950
Prepayments	32,771	-	32,771
Sundry receivables	23,714	-	23,714
Accrued interest	217,084	-	217,084
Experience refund receivable	22,056	-	22,056
Taxation - payments less provision	94,939	-	94,939
Fixed Assets			
Tangible			
Leasehold improvements, furniture & fixtures, office equipments, computers and vehicles	36,162	-	36,162
Intangible			
Softwares and licences	256	-	256
Intangibles arising out of Business Combination - note 5.6	-	173,798	173,798
Total Assets	<u>12,033,144</u>	<u>173,798</u>	<u>12,206,942</u>
Balance of Statutory Fund	10,553,656	-	10,553,656
Creditors and Accruals			
Outstanding claims	219,022	-	219,022
Staff retirement benefits - payable	8,697	-	8,697
Premiums received in advance	84,527	-	84,527
Amount due to other insurers / reinsurers	17,367	-	17,367
Amount due to agents	32,373	-	32,373
Experience refund payable	46,707	-	46,707
Accrued expenses	49,156	-	49,156
Other creditors and accruals	142,022	-	142,022
Deferred Tax Liability	-	59,091	59,091
Unclaimed dividend	27	-	27
Total Liabilities	<u>11,153,554</u>	<u>59,091</u>	<u>11,212,645</u>
Reserves attributable to Shareholders			
Capital contribution by shareholders' fund to statutory fund	376,552	-	376,552
Retained earnings - ledger D (net of tax)	(152,571)	-	(152,571)
Net Assets attributable to shareholders	<u>1,103,571</u>	<u>114,707</u>	<u>1,218,278</u>
%age of net assets acquired	<u>69.68%</u>	<u>69.68%</u>	<u>69.68%</u>
Value of net assets acquired	<u>768,938</u>	<u>79,925</u>	<u>848,863</u>

Notes to and forming part of the Consolidated Financial Statements

In addition, during the year the management have re-assessed the appropriate treatment (in the consolidated financial statements) of capital contribution by shareholders fund to statutory funds and retained earnings attributable to shareholders maintained in the balance of statutory funds (Ledger D) with respect to the Group's life insurance business. Based on their evaluation the management have concluded that capital contribution by shareholders fund to statutory funds and retained earnings attributable to shareholders maintained in the balance of statutory funds (Ledger D) should form part of the equity of the Group. Previously, these had been included in the consolidated financial statements under the balance of statutory funds and hence had not been made part of the equity of the Group. The management believes that the revised treatment reflects the appropriate presentation of the balances and the consolidated financial statements.

The above adjustments have been incorporated in these consolidated financial statements with effect from the acquisition date. The requirements of IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors" have been considered and the impact of the above adjustments have been incorporated in the consolidated financial statements by restating the comparative figures. The effects are summarised below:

	December 2014 (Rupees in thousands)
Impact on Consolidated Balance Sheet	
Increase in deferred tax liability	110,583
Increase in intangibles	173,798
Decrease in goodwill	116,971
Decrease in balance of statutory funds	454,167
Increase in equity attributable to equity holders of the parent	233,854
Increase in non-controlling interest	155,971
Increase in unappropriated profit	
Impact on Consolidated Profit and Loss Account	
Increase in surplus of statutory funds attributable to shareholders	122,721
Increase in gain on bargain purchase	119,017
Increase in administrative expenses	10,586
Increase in taxation	38,927
Increase in total comprehensive income for the year ended December 31, 2014	192,225
Increase in earnings per share	1.57

The third Balance Sheet at the beginning of the preceding period has not been presented as the above mentioned changes did not have any effect on the results of the year ended December 31, 2013.

- 5.4 The revenue included in the profit and loss account since April 09, 2014 till December 31, 2014 contributed by the business combination was Rs. 120.303 million.
- 5.5 Had the acquisition of the IGI Life Insurance been made on January 1, 2014, the profit and loss account for the period ended December 31, 2014 would have shown proforma net profit before tax of Rs.1,760.105 million.

For the year ended December 31, 2015

5.6 Intangibles acquired on business combination

As part of the management exercise to determine fair value to be assigned to the acquirees' identifiable assets, liabilities and intangible assets, the Group has recognised the following intangibles as at the acquisition date:

Particulars	Note	(Rupees in thousands)	Expected useful life
Customer relationships			
- Life (Non-participating) - Group		14,960	6.25 years
- Accident and Health - Group		10,338	6.25 years
- Accident and Health - Individual		5,275	2 years
Distribution Channel			
- Investment Linked	23.8	65,296	Indefinite
Value of inforce contracts			
- Life (Non participating) - Individual		31,849	9 years
- Investment Linked		34,776	8 - 9 years
Pooling Arrangement			
- Maxis	23.8	11,304	Indefinite
Total		<u>173,798</u>	

6 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2015	2014		2015	2014
(Number of shares)			(Rupees in thousands)	
1,942,187	1,942,187	Ordinary shares of Rs. 10 each issued as fully paid in cash	19,422	19,422
120,747,345	120,747,345	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	1,207,473	1,207,473
<u>122,689,532</u>	<u>122,689,532</u>		<u>1,226,895</u>	<u>1,226,895</u>

6.1 Ordinary shares of the Holding Company held by associated undertakings are as follows:

	2015	2014
	(Number of shares)	
Packages Limited	13,022,093	13,022,093
Industrial Technical and Educational Institute	20,853,966	20,853,966
	<u>33,876,059</u>	<u>33,876,059</u>

7 NON CONTROLLING INTEREST

	2015	2014
	(Rupees in thousands)	Restated
Opening	406,285	369,415
Share of NCI acquired during the year	(169,104)	-
Profit for the year / period	<u>18,585</u>	<u>36,870</u>
	<u>255,766</u>	<u>406,285</u>

Notes to and forming part of the Consolidated Financial Statements For the year ended December 31, 2015

8 MOVEMENT IN EQUITY OF STATUTORY FUNDS

	STATUTORY FUNDS										AGGREGATE	
	Life		Life (Non-participating)		Investment		Accident & Health		Pension		Takaful window	
	(Participating)	Individual	Group	Linked	Individual	Group	Individual	Group	Business Fund	Individual Family	Group Family	Health
(Rupees in thousands)												
Policyholders' liabilities												
Balance at the beginning of the year / at acquisition date	1,098,827	3,936,955	65,374	4,253,665	22,770	146,692	-	-	70,259	-	-	-
Increase / (decrease) during the year / period	41,996	686,945	4,415	625,200	(6,743)	29,699	22,772	278	29,340	1,651	1,651	-
Balance at end of the year / period	1,140,823	4,623,900	69,789	4,878,865	16,027	176,391	22,772	278	99,599	1,651	1,651	-
Retained earnings on participating business attributable to participating policyholders - Ledger Account A												
Balance at the beginning of the year / at acquisition date	363,503	-	-	-	-	-	-	-	-	-	-	-
Surplus allocated during the year / period	166,579	-	-	-	-	-	-	-	-	-	-	-
Surplus Adjustment	-	-	-	-	-	-	-	-	-	-	-	-
10% surplus transfer to Ledger Account B	-	-	-	-	-	-	-	-	-	-	-	-
Bonus allocated during the year / period	(98,980)	-	-	-	-	-	-	-	-	-	-	-
Closing balance at end of the year / period	431,102	-	-	-	-	-	-	-	-	-	-	-
Retained earnings on participating business attributable to shareholders but not distributable - Ledger Account B												
Balance at the beginning of the year / at acquisition date	43,056	-	-	-	-	-	-	-	-	-	-	-
Surplus adjustment	-	-	-	-	-	-	-	-	-	-	-	-
10% surplus transfer from Ledger Account A	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance at end of the year / period	43,056	-	-	-	-	-	-	-	-	-	-	-
Retained earnings on other than participating business - Ledger Account D												
Balance at the beginning of the year / at acquisition date	-	(80,197)	37,512	14,002	3,220	10,721	-	-	(1,958)	-	-	-
(Deficit) / surplus allocated during the year / period	-	12,615	28,850	6,483	10,100	24,336	(21,317)	(86)	(537)	(605)	(605)	-
Surplus appropriated to shareholders' Fund	-	-	(15,000)	-	(3,000)	-	-	-	-	-	-	-
Closing balance at end of the year / period	-	(67,582)	51,362	20,485	10,320	35,057	(21,317)	(86)	(2,495)	(605)	(605)	-
Capital contributed by shareholders' fund												
Balance at the beginning of the year / at acquisition date	-	257,552	-	117,100	1,500	89,300	-	-	6,000	-	-	-
Capital contributed during the year / period	-	-	-	-	-	-	-	-	-	-	-	-
Cede money - Waqf	-	-	-	-	-	-	-	-	-	-	-	-
Capital withdrawn during the year / period	-	-	-	-	(1,500)	(10,000)	-	-	-	-	-	-
Balance at end of the year	-	257,552	-	117,100	(1,500)	(10,000)	22,000	200	-	1,000	-	-
Balance of statutory fund at year / period end	1,614,981	4,813,870	121,151	5,016,450	26,347	290,748	23,955	392	103,104	2,046	2,046	-

Notes to and forming part of the Consolidated Financial Statements

This represents surplus earned in life (participating) statutory fund before allocation of bonus. Amount of surplus appearing in the revenue account is net off bonus allocated during the year.

2015

(Rupees in thousands)

8.2 Balance of statutory fund other than that attributable to Shareholders

Total balance of Statutory funds

Balance of Statutory funds attributable to shareholders

Pre acquisition deficit net of tax

Opening balance at beginning of year / at acquisition date

Unappropriated surplus for the year

Capital Contribution during the year

9 POLICYHOLDERS' LIABILITIES

As per actuary's advice, the policyholders' liabilities as at December 31, 2015 are as follows:

		STATUTORY FUNDS								AGGREGATE		
	Life (Participating)	Life (Non-participating)		Investment	Accident & Health		Pension	Takaful window			2015	2014
		Individual	Group		Linked	Individual		Group	Individual	Group		
		(Rupees in thousands)										
Gross of reinsurance												
Actuarial liability relating to future events												
Provision for outstanding reported claims payable over a period exceeding twelve months												
Provision for incurred but not reported claims												
Total												
Net of reinsurance												
Actuarial liability relating to future events												
Provision for outstanding reported claims payable over a period exceeding twelve months												
Provision for incurred but not reported claims												
Total												

Notes to and forming part of the Consolidated Financial Statements

	Note	2015	2014
		(Rupees in thousands)	
10	SUNDRY CREDITORS		
		16,007	15,573
	Federal excise duty	1,139	1,089
	Federal insurance fee	450	1,112
	Car finance payable	231,595	228,825
	Agent commission payable	115,314	105,645
	Cash margin	200,758	139,824
	Others	<u>565,263</u>	<u>492,068</u>
11	SHORT TERM FINANCES - SECURED		
	Running finances	11.1 23,020	79,830
	Term finances	11.1 <u>125,000</u>	<u>-</u>
		<u>148,020</u>	<u>79,830</u>
11.1	Running finance facilities available from various commercial banks under mark-up arrangements amount to Rs. 2,250 million (2014: Rs. 1,950 million). The rates of mark-up on these facilities range from 6.90% to 7.85% per annum (2014: 11.31% to 11.84% per annum) and are payable latest by January 15, 2016. Running finances are secured against pledge of shares held by the Holding Company. Term finance facilities available from various commercial banks under mark-up arrangements amount to Rs. 300 million (2014: Rs. 300 million). The rates of mark-up on these facilities range from 6.7% to 6.72% per annum (2014: 10.55% to 11.59% per annum). Term finance is secured against pledge of shares held by the Holding Company.		
12	LONG TERM FINANCES - SECURED	2015	2014
		(Rupees in thousands)	
	Long term loan	12.1 -	675,000
12.1	The Holding Company obtained a long term finance facility amounting to Rs. 1,500 million during 2013 for the purpose of acquisition of ALICO Pakistan, out of which Rs. 800 million was availed during the year ended December 31, 2014. Principal repayment was to be made in 10 equal semi-annual installments starting from the 30th month after the first disbursement and subsequently, six months thereafter. The first disbursement was on April 7, 2014. However, during the year the Holding Company has repaid the entire loan.		
13	CONTINGENCIES	2015	2014
		(Rupees in thousands)	
	Commitments in respect of capital expenditure		
	Not later than one year	<u>17,681</u>	<u>-</u>
13.1	The Holding Company is defending a suit against it by M/s Nawaz Enterprises for recovery of Rs. 9.45 million on account of insurance claim. The management, based on advice of the legal counsel, is confident that the outcome of the case is likely to be in favor of the Holding Company.		
13.2	Holding Company is defending a suit filed against it and the beneficiary by the Federation of Pakistan amounting to Rs. 4.929 million. The petition is pending for hearing before Civil Court judge. As per the management, the outcome of the case is likely to be favourable.		
13.3	An appeal was filed before the Commissioner - Appeals, Sindh Revenue Board (SRB) against the order passed by the Assistant Commissioner, SRB under section 23(1) of the Sindh Sales Tax on Services Act, 2011 for tax periods July 2011 to December 2012 which was decided against the Holding Company. Against the order of the Commissioner - Appeals, further appeal has been filed before the Appellate Tribunal, SRB on January 16, 2015, which is pending. As per the management, the outcome of the appeal is likely to be in favor of the Holding Company.		

For the year ended December 31, 2015

	Note	2015	2014
(Rupees in thousands)			
14 CASH AND OTHER EQUIVALENTS			
Cash		310	463
Policy stamps in hand		274	43
		<u>584</u>	<u>506</u>
15 CURRENT AND OTHER ACCOUNTS			
Current accounts		6,496	70
PLS savings accounts	15.1	<u>443,296</u>	<u>596,221</u>
		<u>449,792</u>	<u>596,291</u>
15.1	The balances in PLS savings accounts carry mark-up at 4.00% per annum (2014: 6.00% per annum).		
16 INVESTMENTS	Note	2015	2014
(Rupees in thousands)			
The investments comprise of the following:			
Investments in associates	16.1	4,640,899	3,890,989
Held to maturity investments	16.2	124,558	124,109
Available for sale investments	16.3	18,843,414	17,298,910
At fair value through profit or loss	16.3.3	<u>719,254</u>	<u>640,927</u>
		<u>24,328,125</u>	<u>21,954,935</u>
16.1 Investments in associates			
Quoted			
Packages Limited			
21,522,101 (2014: 21,133,101) fully paid ordinary shares of Rs. 10 each Equity held 24.35% (2014: 24.47%)	16.1.2,	4,640,899	3,890,989
Market value Rs. 582.110 per share (2014 : Rs 678.29 per share)	16.1.4 & 16.1.5		
IGI Investment Bank Limited			
89,095,494 (2014: 89,095,494) fully paid ordinary shares of Rs. 10 each Equity held 42.01% (2014: 42.01%)	16.1.3,		
Market value Rs. 1.57 per share (2014 : Rs 2.37 per share)	16.1.4 & 16.1.5	-	-
		<u>4,640,899</u>	<u>3,890,989</u>
Unquoted			
Dane Foods Limited			
2,643,161 (2014: 2,643,161) fully paid ordinary shares of Rs. 10 each Equity held 30.62% (2014: 30.62%)			
Cost	16.1.5	26,432	26,432
Provision for diminution in value of investments		<u>(26,432)</u>	<u>(26,432)</u>
		<u>-</u>	<u>-</u>
		<u>4,640,899</u>	<u>3,890,989</u>

Notes to and forming part of the Consolidated Financial Statements

- 16.1.1 Investment in unquoted associate does not include any goodwill as the investment was made when this associate was incorporated.
- 16.1.2 Packages Limited ('The Company') is a public limited Company incorporated in Pakistan and is listed on Pakistan Stock Exchange. It is principally engaged in the manufacture and sale of paper, paperboard, packaging materials and tissue products.
- 16.1.3 IGI Investment Bank Limited (the Investment Bank) is a public limited company incorporated in Pakistan on February 07, 1990 under the Companies Ordinance, 1984. The Investment Bank carries out investment finance activities and leasing operations as a Non-Banking Finance Company under Section 282C of the Companies Ordinance, 1984, Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and Non-Banking Finance Companies and Notified Entities Regulations 2008 (the NBFC Regulations). The Investment Bank's shares are quoted on the Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited). The registered office of the Investment Bank is situated at 7th Floor, the Forum, Suite No. 701-713, G-20, Block-9, Khayaban-e-Jami, Clifton, Karachi which is also the principal office of the Investment Bank.
- 16.1.4 The summarised financial information of Packages Limited and IGI Investment Bank Limited is as follows:

	Country of incorporation	2015			
		Assets	Liabilities	Revenues	Profit
		(Rupees in thousands)			
Packages Limited	Pakistan	63,319,836	14,280,297	22,060,709	3,353,128
IGI Investment Bank Limited	Pakistan	649,025	591,626	11,226	8,116
	Country of incorporation	2014			
		Assets	Liabilities	Revenues	Profit
		(Rupees in thousands)			
Packages Limited	Pakistan	62,057,495	11,072,240	18,727,001	2,539,607
IGI Investment Bank Limited	Pakistan	652,941	603,658	34,528	10,543

- 16.1.5 These have been accounted for under the equity method of accounting as per the requirement of IAS 28. The share of profit from Packages Limited is based on unaudited results as at December 31, 2015. The Group has recognised share of profits from Packages Limited amounting to Rs. 790.584 million with respect to the year ended December 31, 2015

	Note	2015	2014
		(Rupees in thousands)	
16.2 Held to maturity			
Government securities	16.2.1	124,558	124,109

16.2.1 Government securities

Particulars	Maturity year	Effective yield % per annum	Profit payment	2015	2014
				(Rupees in thousands)	
Pakistan Investment Bonds	2019	13.22%	Half yearly	14,476	14,373
Pakistan Investment Bonds	2021	13.08%	Half yearly	14,366	14,292
Pakistan Investment Bonds	2020	13.98%	Half yearly	23,332	23,094
Pakistan Investment Bonds	2022	12.00%	Half yearly	60,516	60,513
Pakistan Investment Bonds	2022	11.25%	Half yearly	1,036	1,039
Pakistan Investment Bonds	2022	12.76%	Half yearly	10,832	10,798
				124,558	124,109

For the year ended December 31, 2015

16.2.1.1 The Pakistan Investment Bonds are placed as statutory deposit with State Bank of Pakistan in accordance with the requirements of Clause (a) of sub-section 2 of section 29 of Insurance Ordinance, 2000.

16.2.1.2 Market value of Pakistan Investment Bonds carried at amortised cost amounts to Rs. 146.503 million (2014: Rs. 137.208 million).

	Note	2015 (Rupees in thousands)	2014
16.3 Available for sale investments			
16.3.1 Available for sale - at lower of cost or market value			
Related parties	16.3.1.1		
- Quoted		7,129,158	7,279,193
- Unquoted		100,236	100,236
		7,229,394	7,379,429
Others	16.3.1.2		
- Quoted		457,490	366,682
- Unquoted		6,508,894	5,472,678
		6,966,384	5,839,360
16.3.2 Available for sale - at fair value	Note	2015 (Rupees in thousands)	2014
- Government Securities	16.3.2.1	3,078,527	2,704,130
- Units of Mutual Funds	16.3.2.1	1,569,109	1,375,991
		4,647,636	4,080,121
		<u>18,843,414</u>	<u>17,298,910</u>
16.3.3 At fair value through profit or loss			
- Units of Mutual Funds	16.3.3.1	719,254	640,927

16.3.1.1 Related parties

Quoted

2015 (Number of shares)	2014	Percentage equity held	Face value per share (Rupees)	Company's name	2015 (Rupees in thousands)	2014
4,364,666	4,364,666	9.61%	10	Nestle Pakistan Limited	6,472,825	6,472,825
1,841,739	1,841,739	19.10%	10	Sanofi Aventis Pakistan Limited	391,348	391,348
1,353,416	1,353,416	4.51%	10	Tri-Pack Films Limited	264,985	264,985
-	5,442,060	-	10	Treet Corporation Limited	-	150,035
				Total investment	7,129,158	7,279,193
				Provision for diminution in value	-	-
					<u>7,129,158</u>	<u>7,279,193</u>
				Market value as at December 31	<u>35,612,202</u>	<u>42,170,539</u>

Unquoted

12,433,934	12,433,934	0.52%	10	Coca Cola Beverages Pakistan Limited Chief Executive: Mr. John Seward Break-up value is Rs. 8.64 per share based on unaudited financial statements for the period ended June 30, 2015		
				Cost	134,665	134,665
				Provision for diminution in value	(34,429)	(34,429)
					<u>100,236</u>	<u>100,236</u>
				Breakup value as at December 31	<u>107,429</u>	<u>109,667</u>

Notes to and forming part of the Consolidated Financial Statements

16.3.1.2 Others

Quoted

2015 (Number of shares / Units)	2014	Percentage equity held	Face value per share (Rupees)	Company's name	2015 (Rupees in thousands)	2014
70,031	70,031	0.85%	10	Siemens Pakistan Engg. Company Ltd.	125,442	125,442
458,611	458,611	0.38%	10	International Industries Limited	37,395	37,395
292,738	234,191	3.72%	10	Mitchell's Fruit Farms Limited	21,437	21,437
4,188,033	3,824,688	3.78%	10	Systems Limited	45,532	45,532
199,169	199,169	3.25%	10	Zulfiqar Industries Limited	19,561	19,561
					249,367	249,367

Units of Mutual Fund

481,431	280,658	100	AGHP Stock Fund	55,055	30,200
431,292	423,340	100	AGHP Capital Preservation Fund	43,158	42,335
264,733	250,244	100	Al Ameen Islamic Principal Preservation Fund - IV	27,517	26,000
513,092	512,966	50	Al Meezan Principal Preservation Fund - MCPPI	26,008	26,000
-	84,971	100	Al Ameen Islamic Principal Preservation Fund - V	-	8,670
1,917,800	1,347,377	10	NAFA Stock Fund	24,600	15,600
-	290,893	100	UBL Stock Advantage Fund	-	15,600
542,997	223,632	50	MCB Pakistan Stock Market Fund	45,032	15,600
294,359	-	100	Meezan Islamic Fund	18,361	-
3,206,038	-	100	ABL Stock Fund	44,023	-
				283,754	180,005
			Provision for diminution in value	(75,631)	(62,690)
				457,490	366,682
			Market value as at December 31	589,248	640,030

Unquoted

44	44	4.87%	100	Kissan Fruit Growers (Private) Limited Break-up value is Rs. 559.23 per share based on audited financial statements for the year ended September 30, 2006	4	4
32	32	4.83%	100	Punjab Fruit Growers (Private) Limited Break-up value is Rs.107.09 per share based on audited financial statements for the year ended September 30, 2006	3	3

For the year ended December 31, 2015

2015 (Number of shares)	2014	Percentage equity held	Face value per share (Rupees)	Company's name	2015 (Rupees in thousands)	2014
1,705	1,705	4.87%	10	Haider Fruit Growers (Private) Limited Break-up value is Rs. 9.71 per share based on audited financial statements for the year ended June 30, 2006		
				Cost	17	17
				Provision for diminution in value	(1)	(1)
					16	16
350	350	-	100	Petroleum Development Pakistan Limited	1	1
500	500	-	100	National Steel of Pakistan Limited	1	1
422,499	422,499	0.65%	10	Central Depository Company of Pakistan Chief Executive: Muhammad Hanif Break-up value is Rs. 32.79 per share based on audited financial statements for the year ended June 30, 2015	9,110	9,110
1,900,000	1,900,000	0.67%	10	DHA Cogen Limited Chief Executive: Mr. Siraj ul Haq Break-up value is Rs. (29.10) per share based on audited financial statements for the year ended December 31, 2014		
				Cost	19,125	19,125
				Provision for diminution in value	(19,125)	(19,125)
					-	-
374,440	374,440	0.37%	10	Techlogix International Limited Chief Executive: Mr. Kawan Khawaja Break-up value is Rs. 2.58 per share based on audited financial statements for the period ended December 31, 2012		
				Cost	4,261	4,261
				Provision for diminution in value	(3,291)	(3,291)
					970	970
73,962	73,962	4.55%		Visionet Systems Inc. Chief Executive: Arshad Masood Break-up value is Rs.160.56 per share based on unaudited financial statements for the period ended December 31, 2013		
				Cost	5,423	5,423
				Provision for diminution in value	-	-
					5,423	5,423
					15,528	15,528
				Breakup value as at 31 December	30,693	29,039

Notes to and forming part of the Consolidated Financial Statements

Government Securities	Maturity year	Effective yield % per annum	Profit payment	2015 (Rupees in thousands)	2014
Pakistan Investment Bonds	2019	11.50%	Half Yearly	429,378	-
Pakistan Investment Bonds	2019	12.00%	Half Yearly	331,218	329,496
Pakistan Investment Bonds	2019	9.00%	Half Yearly	42,919	42,304
Pakistan Investment Bonds	2020	9.25%	Half Yearly	895,716	-
Pakistan Investment Bonds	2020	12.00%	Half Yearly	519,526	515,070
Pakistan Investment Bonds	2021	12.00%	Half Yearly	497,605	495,409
Pakistan Investment Bonds	2021	10.00%	Half Yearly	734,778	730,266
Pakistan Investment Bonds	2023	12.50%	Half Yearly	33,829	33,748
Pakistan Investment Bonds	2024	12.00%	Half Yearly	2,936,092	2,782,832
Pakistan Investment Bonds	2031	13.00%	Half Yearly	42,724	528,025
Treasury Bills	2016	6.37%	On maturity	29,581	-
				<u>6,493,366</u>	<u>5,457,150</u>
				<u>6,508,894</u>	<u>5,472,678</u>

16.3.2.1 Available for sale investments - at fair value

Government Securities	Maturity year	Effective yield % per annum	Profit payment	2015 (Rupees in thousands)	2014
Pakistan Investment Bonds	2016	11.25%	Half Yearly	61,544	461,435
Pakistan Investment Bonds	2018	11.50%	Half Yearly	1,212,432	1,159,481
Pakistan Investment Bonds	2019	12.00%	Half Yearly	142,194	135,073
Pakistan Investment Bonds	2024	12.00%	Half Yearly	138,506	-
Pakistan Investment Bonds	2020	9.25%	Half Yearly	470,843	-
Pakistan Investment Bonds	2020	12.00%	Half Yearly	1,002,641	948,141
Treasury Bills	2016	6.37%	On maturity	50,367	-
				<u>3,078,527</u>	<u>2,704,130</u>

Units of Mutual Funds

2015 (Number of units)	2014	Face value per unit (Rupees)	Investee	2015 (Rupees in thousands)	2014
5,871,488	954,699	10	NAFA Stock Fund	72,811	11,625
-	335,716	10	NAFA Islamic Asset Allocation Fund	-	5,022
91,397	249,661	50	MCB - Arif Habib Savings Pakistan Income Fund	5,055	13,821
993,543	1,554,179	50	MCB - Arif Habib Savings Pakistan Stock Market Fund	79,831	114,294
-	62,922	100	MCB - Arif Habib Savings Pakistan International Element Islamic Asset Allocation Fund	-	3,677
23,190	28,899	100	United Growth and Income Fund	1,968	2,394
1,900,063	3,605,260	100	United Stock Advantage Fund	114,726	199,299

For the year ended December 31, 2015

2015 (Number of units)	2014	Face value per unit (Rupees)	Investee	2015 (Rupees in thousands)	2014
418,922	1,428,618	100	Al-Ameen Islamic Aggressive Income Fund	42,248	141,862
958,331	3,677,753	10	Faysal Money Market Fund	99,590	387,083
1,569,756	4,316,865	100	UBL Money Market Fund	161,695	452,090
5,478,694	3,442,274	10	ABL Stock Fund	72,581	44,824
2,290,019	-	10	ABL Government Securities Fund	23,930	-
16,643,607	-	10	ABL Income Fund	173,079	-
753,305	-	100	MCB Cash Management Optimizer	77,668	-
507,881	-	100	MCB DCF Income Fund	55,522	-
2,124,778	-	50	MCB Pakistan Sovereign Fund	117,415	-
292,013	-	100	Faysal Savings Growth Fund	30,997	-
161,840	-	100	Faysal Islamic Savings Growth Fund	16,885	-
593,218	-	100	Alfalah GHP Stock Fund	73,153	-
220,320	-	100	HLB Income Fund	23,904	-
592,680	-	100	Meezan Cash Fund	30,381	-
4,991,838	-	10	NAFA Income Opportunity Fund	55,628	-
4,295,267	-	10	NAFA Islamic Aggressive Income Fund	42,305	-
1,386,670	-	100	UBL Government Securities Fund	155,013	-
283,413	-	100	Al Ameen Islamic Cash Fund	29,091	-
74,340	-	100	Al Ameen Islamic Sovereign Fund	7,641	-
51,216	-	100	Al Ameen Islamic Shariah Stock Fund	5,992	-
				<u>1,569,109</u>	<u>1,375,991</u>

16.3.3.1 At fair value through profit or loss

Units of Mutual Funds

2015 (Number of units)	2014	Face value per unit (Rupees)	Investee	2015 (Rupees in thousands)	2014
1,262,515	1,193,415	100	Al Ameen Islamic Principal Preservation Fund - IV	133,891	127,074
2,447,034	2,446,337	50	Al Meezan Principal Preservation Fund - MCPPI	134,733	127,821
864,585	826,660	100	Alfalah GHP Capital Preservation Fund	92,273	85,718
-	405,225	100	Al Ameen Islamic Principal Preservation Fund - V	-	41,333
1,278,533	6,425,651	10	NAFA Stock Fund	15,855	78,241
-	1,387,272	100	UBL Stock Advantage Fund	-	76,689
1,344,328	1,066,505	50	Pakistan Stock Market Fund	108,017	78,431
376,629	218,373	100	Alfalah GHP Stock Fund	46,444	25,620
1,403,802	-	50	Meezan Islamic Fund	84,158	-
7,841,513	-	10	ABL Stock Fund	103,883	-
				<u>719,254</u>	<u>640,927</u>

16.4 134,500 shares of Nestle Pakistan Limited with a book value of Rs. 199.464 million are pledged as security against short term finances as referred to in note 11 to these consolidated financial statements.

16.5 During the year, the Board of Directors of the Holding Company have decided that the Holding Company will (subject to regulatory approvals) subscribe upto 2,397,002 rights shares of Tri-Pack Films Limited (including the right shares offered by Tri-Pack Films Limited to the Holding Company and the right shares renounced by an other shareholder in favour of the Holding Company) at a subscription price of Rs 125 per share.

16.6 These represent investments in Bangladesh.

Notes to and forming part of the Consolidated Financial Statements

17	DEFERRED TAXATION	Note	2015	2014
			(Rupees in thousands)	
				Restated
	Deferred tax debits / (credits) have arisen in respect of:			
	Accelerated tax depreciation		(39,016)	(39,422)
	Investment in associate		(122,469)	(37,937)
	Provision for doubtful receivables		37,409	37,551
	Defined benefit plan		(121)	641
	Tax effects of intangibles		(50,552)	(55,491)
	Surplus of statutory funds		(76,579)	(55,092)
			<u>(251,328)</u>	<u>(149,750)</u>
18	PREMIUMS DUE BUT UNPAID		2015	2014
			(Rupees in thousands)	
	Unsecured			
	- Considered good		397,319	395,945
	- Considered doubtful		77,666	68,053
			474,985	463,998
	Provision for doubtful receivables	18.3	(77,666)	(68,053)
			<u>397,319</u>	<u>395,945</u>
18.1	This includes an amount of Rs 76.187 million receivable from related parties out of which an amount of Rs 9.692 million have been considered doubtful.			
18.2	The aggregate amount due by directors, chief executive and executives of the Holding Company amounts to Rs. 0.189 million (2014: Rs 0.547 million).			
18.3	Provision for doubtful receivables		2015	2014
			(Rupees in thousands)	
	Balance as at January 1		68,053	66,785
	Provision made during the year		9,613	1,268
	Balance as at December 31		<u>77,666</u>	<u>68,053</u>
19	AMOUNTS DUE FROM OTHER INSURERS / REINSURERS			
	Unsecured			
	- Considered good		422,023	525,344
	- Considered doubtful		39,236	39,236
			461,259	564,580
	Provision for doubtful receivables	19.1	(39,236)	(39,236)
			<u>422,023</u>	<u>525,344</u>
19.1	Provision for doubtful receivables			
	Balance as at January 1		39,236	25,833
	Provision made during the year		-	13,403
	Balance as at December 31		<u>39,236</u>	<u>39,236</u>

For the year ended December 31, 2015

	Note	2015	2014
		(Rupees in thousands)	
20			
SUNDRY RECEIVABLES			
Advances - considered good		4,688	2,353
Security deposits		45,525	17,274
Agent balances		1,450	1,975
Receivable from / (payable to) defined benefit plan	20.1	5,921	(9,570)
Sales tax recoverable		18,357	13,494
Salvage recoverable		7,900	11,782
Advances to employees against expenses			
- executives		302	308
- others		922	236
Receivable against claim administration services		39,003	13,354
Others		52,571	38,011
		<u>176,639</u>	<u>89,217</u>

20.1 Defined benefit plan - approved gratuity fund

20.1.1 Salient features

The Group offers separate approved gratuity funds for all employees of the Holding Company and Subsidiary Company. Annual contributions are made to the funds on the basis of actuarial recommendations. The gratuity schemes are governed under the Trust Act, 1882, Trust Deed and Rules of Fund, Companies Ordinance, 1984, the Income Tax Ordinance, 2001 and the Income Tax Rules, 2002.

The Group faces the following risks on account of these gratuity funds:

Final salary risks

The risk that the final salary at the time of cessation of service is greater than what was assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Asset volatility

Most assets are invested in risk free investments. However, investments in shares, are subject to adverse fluctuation as a result of change in market price.

Discount rate fluctuation

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plan's bond holdings.

Investment risks

The risk of the investment underperforming and not being sufficient to meet the liabilities. The risk is mitigated by closely monitoring the performance of investment.

Notes to and forming part of the Consolidated Financial Statements

Mortality risks

The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service / age distribution and the benefit.

Withdrawal risks

The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

20.1.2 Valuation results

The Group operates separate approved funded gratuity schemes for all eligible employees of the Holding Company and Subsidiary Company. Actuarial valuations are carried out every year and the latest valuations were carried out as at December 31, 2015. The information provided in notes 20.1.3 to 20.1.14 has been obtained from the actuarial valuations carried out as at December 31, 2015. The following significant assumptions have been used for valuation of these schemes:

	2015		2014	
	Holding	Subsidiary	Holding	Subsidiary
	Per annum			
a) Expected rate of increase in salary level	10%	9%	11.3%	10.5%
b) Discount rate	10%	9%	11.3%	10.5%
c) Expected return on plan assets	10%	9%	11.3%	10.5%
d) Normal retirement age	58 years	65 years	58 years	65 years
e) Assumptions regarding future mortality experience are based on actuarial recommendations and published statistics.				

Note	2015	2014
	(Rupees in thousands)	

20.1.3 Amounts recognised in the balance sheet:

Present value of defined benefit obligation	20.1.5	132,566	132,322
Less: Fair value of plan assets	20.1.5	(138,487)	(122,752)
(Receivable from) / payable to defined benefit plans		(5,921)	9,570

20.1.4 Movement in (asset) / liability during the year

Obligation at the beginning of the year	9,570	(2,355)
Charge to profit and loss account	16,079	14,552
Other comprehensive income	(14,599)	15,615
Contribution to the fund during the year	(16,971)	(18,242)
Obligation at the end of the year	(5,921)	9,570

For the year ended December 31, 2015

20.1.5 Movement in defined benefit obligation

	2015		
	Present value of obligation	Fair value of plan assets	Total
	(Rupees in thousands)		
As at January 1	132,322	(122,752)	9,570
Current service cost	14,873	-	14,873
Past service cost	579	-	579
Interest expense / (income)	14,082	(13,455)	627
	161,856	(136,207)	25,649
Remeasurements:			
- Gain from change in demographic assumptions	(5,269)	-	(5,269)
- Gain from change in financial assumptions	(7,650)	(1,509)	(9,159)
- Loss from change in financial assumptions	185	(1,309)	(1,124)
- Loss on actual salary increase	2,858	-	2,858
- Loss from change in experience adjustments	(1,072)	(833)	(1,905)
	(10,948)	(3,651)	(14,599)
Contributions during the year	-	(16,971)	(16,971)
Benefit payments	(18,342)	18,342	-
As at December 31	132,566	(138,487)	(5,921)

	2014		
	Present value of obligation	Fair value of plan assets	Total
	(Rupees in thousands)		
As at January 1	127,956	(130,311)	(2,355)
Current service cost	15,327	-	15,327
Interest expense / (income)	13,982	(14,757)	(775)
	157,265	(145,068)	12,197
Remeasurements:			
- Return on plan assets, excluding amounts included in interest income	-	(2,800)	(2,800)
- Loss on actual salary increase	2,642	-	2,642
- Gain from change in financial assumptions	353	-	353
- Gain from change in experience adjustments	13,691	1,729	15,420
	16,686	(1,071)	15,615
Contributions during the year	-	(18,242)	(18,242)
Benefit payments	(41,629)	41,629	-
As at December 31	132,322	(122,752)	9,570

20.1.6 Amounts recognised in the profit and loss account:

	2015	2014
	(Rupees in thousands)	
Current service cost	14,873	15,327
Past service cost	579	-
Interest cost	5,731	3,624
Expected return on investments	(5,104)	(4,399)
Expense for the year	16,079	14,552

Notes to and forming part of the Consolidated Financial Statements

20.1.7 Actual return on plan assets

	2015	2014
	(Rupees in thousands)	
Expected return on assets	13,455	14,757
Actuarial loss	3,651	1,071
	<u>17,106</u>	<u>15,828</u>

20.1.8 Analysis of present value of defined benefit obligation

Split by vested / non-vested		
(i) Vested benefits	129,384	125,721
(ii) Non-vested benefits	3,182	6,601
	<u>132,566</u>	<u>132,322</u>

20.1.9 Sensitivity analysis

Particulars	As at December 31, 2015			As at December 31, 2014		
	Change in assumption	Increase / (decrease) in present value of defined benefit obligation		Change in assumption	Increase / (decrease) in present value of defined benefit obligation	
		(%)	(Rupees in thousands)		(%)	(Rupees in thousands)
Discount rate	+1%	-5.27%	(6,991)	+0.5%	-3.78%	(5,005)
	-1%	6.29%	8,334	-0.5%	4.49%	5,941
Salary increase rate	+1%	6.39%	8,465	+0.5%	4.62%	6,112
	-1%	-5.45%	(7,221)	-0.5%	-4.31%	(5,704)
Life expectancy/ withdrawal rate	+0.5%	-0.11%	(151)	+0.5%	0.13%	168
	-1.5%	0.11%	150	-1.5%	0.08%	111

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

20.1.10 Plan assets comprise of the following:

	2015		2014	
	(Rupees in thousands)	Percentage composition	(Rupees in thousands)	Percentage composition
Equity investments	4,104	2.96%	3,134	2.55%
Cash and bank deposits	24,823	17.92%	14,824	12.08%
Government Securities	109,560	79.12%	104,794	85.37%
Fair value of plan assets	<u>138,487</u>	<u>100.00%</u>	<u>122,752</u>	<u>100.00%</u>

20.1.11 As per the actuarial recommendations, the expected return on plan assets was taken as 10% (2014:11.25%), which is representative of yields on long-term Government bonds. Due to the increased volatility of the share prices in recent months, there is no clear indication of return on equity. It is therefore assumed that the yield on equity matches the return on debt.

20.1.12 Based on actuarial advice, the Group intends to charge an amount of Rs 16.895 million in the consolidated financial statements for the year ending December 31, 2016.

For the year ended December 31, 2015

20.1.13 Expected maturity analysis of undiscounted defined benefit obligation for the gratuity scheme is as follows:

At December 31, 2015	Less than a year	Between 1-2 Years	Between 2-5 years	Over 5 years	Total
	(Rupees in thousands)				
Gratuity	2,647	14,459	19,163	565,638	601,907

20.1.14 5 year data on the deficit / (surplus) of the plan is as follows:

	2015	2014	2013	2012	2011
	(Rupees in thousands)				
Present value of defined benefit obligation	132,566	132,321	127,956	104,659	83,517
Fair value of plan assets	(138,487)	(122,751)	(130,310)	(78,228)	(54,692)
Deficit / (surplus)	(5,921)	9,570	(2,354)	26,431	28,825

21 DEFINED CONTRIBUTION PLAN - PROVIDENT FUND

The Holding Company has set up a provident fund for its permanent employees and contributions were made by the Holding Company to the Trust in accordance with the requirements of Section 227 of the Companies Ordinance, 1984. The total charge against provident fund for the year ended December 31, 2015 was Rs. 8.977 million (2014: Rs. 8.827 million). The audit of the provident fund for the year ended June 30, 2015 is in progress. The net assets based on audited financial statements of Provident Fund as at June 30, 2014 are Rs. 72.131 million out of which 86% was invested in different financial instruments categories as provided in Section 227 of the Companies Ordinance, 1984 and rules formulated for the purpose. The fair value and carrying value of investments of the provident fund as at June 30, 2014 were Rs. 62.379 million and Rs. 62.448 million respectively. The above investments out of provident fund have been made in accordance with the requirement of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

The Subsidiary Company has set up a provident fund for its permanent employees and contributions were made by the Subsidiary Company to the Trust in accordance with the requirements of Section 227 of the Companies Ordinance, 1984. The total charge against provident fund for the period ended December 31, 2015 was Rs. 11.030 million. The net assets based on unaudited financial statements of Provident Fund as at December 31, 2014 are Rs. 45.214 million out of which 32.88% was invested in different financial instruments categories as provided in Section 227 of the Companies Ordinance, 1984 and rules formulated for the purpose. The fair value of investments of the provident fund as at December 31, 2014 was Rs. 15.466 million and the cost of investment was Rs. 14.866 million. The above investments out of provident fund have been made in accordance with the requirement of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

Break up of investments

	Holding Company		Subsidiary Company	
	Rupees in thousands	% of the size of the fund	Rupees in thousands	% of the size of the fund
Government securities	55,069	88.28%	14,866	32.88%
Listed securities	7,044	11.29%	-	-
Bank deposits	266	0.43%	30,348	67.12%
Total	62,379		45,214	

22 STAFF STRENGTH

	Holding Company		Subsidiary Company	
	2015	2014	2015	2014
	(Number of employees)			
Number of employees as at December 31	122	122	126	104
Average number of employees during the year	122	124	126	105

Notes to and forming part of the Consolidated Financial Statements

23	FIXED ASSETS	Note	2015	2014
			(Rupees in thousands)	
				Restated
	Tangible assets	23.1	283,446	275,664
	Capital work in progress	23.2	7,938	2,003
	Intangible assets	23.3	151,601	169,163
			<u>442,985</u>	<u>446,830</u>

23.1 Tangible assets

	Furniture, fixtures and office equipment				Buildings	Motor vehicles	Total
	Furniture and fixtures	Office equipment	Computer equipment	Sub total			
	(Rupees in thousands)						
As at January 1, 2014							
Cost	23,376	24,556	28,401	76,333	213,397	99,184	388,914
Accumulated depreciation	(15,006)	(20,847)	(23,484)	(59,337)	(72,914)	(39,727)	(171,978)
Net book value as at January 1, 2014	8,370	3,709	4,917	16,996	140,483	59,457	216,936
For the year ended December 31, 2014							
Opening net book value	8,370	3,709	4,917	16,996	140,483	59,457	216,936
Assets acquired on acquisition	6,812	4,856	2,935	14,603	9,997	12,102	36,702
Additions	11,957	6,636	6,858	25,451	27,453	31,281	84,185
Disposals / Transfer							
- Cost	(3,530)	(3,469)	(363)	(7,362)	(8,031)	(25,661)	(41,054)
- Accumulated depreciation	2,363	2,747	161	5,271	5,481	16,411	27,163
	(1,167)	(722)	(202)	(2,091)	(2,550)	(9,250)	(13,891)
Depreciation charge	(4,389)	(2,558)	(5,675)	(12,622)	(8,838)	(26,808)	(48,268)
Net book value as at December 31, 2014	21,583	11,921	8,833	42,337	166,545	66,782	275,664
As at January 1, 2015							
Cost	38,615	32,579	37,831	109,025	242,816	116,906	468,747
Accumulated depreciation	(17,032)	(20,658)	(28,998)	(66,688)	(76,271)	(50,124)	(193,083)
Net book value as at January 1, 2015	21,583	11,921	8,833	42,337	166,545	66,782	275,664
For the year ended December 31, 2015							
Opening net book value	21,583	11,921	8,833	42,337	166,545	66,782	275,664
Additions	9,084	22,179	18,823	50,086	4,785	62,305	117,176
Disposals / Transfer *							
- Cost	(12,639)	(721)	(434)	(13,794)	(53,242)*	(29,288)	(96,324)
- Accumulated depreciation	8,912	415	414	9,741	16,228*	19,688	45,657
	(3,727)	(306)	(20)	(4,053)	(37,014)	(9,600)	(50,667)

For the year ended December 31, 2015

	Furniture, fixtures and office equipment				Buildings	Motor vehicles	Total
	Furniture and fixtures	Office equipment	Computer equipment	Sub total			
	(Rupees in thousands)						
Depreciation charge	(4,558)	(3,508)	(6,246)	(14,312)	(14,064)	(30,351)	(58,727)
Net book value as at December 31, 2015	22,382	30,286	21,390	74,058	120,252	89,136	283,446
As at December 31, 2015							
Cost	35,060	54,037	56,220	145,317	194,359	149,923	489,599
Accumulated depreciation	(12,678)	(23,751)	(34,830)	(71,259)	(74,107)	(60,787)	(206,153)
Net book value as at December 31, 2015	22,382	30,286	21,390	74,058	120,252	89,136	283,446
Annual rate of depreciation	10%	10-20%	20 - 33.33%		5-10%	20-33%	

23.1.1 The cost of fully depreciated property and equipment still in use amounts to Rs. 141.697 million (2014: Rs. 104.266 million).

23.1.2 Disposal of operating fixed assets

Particulars of the assets	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of purchaser
	(Rupees in thousands)					
Assets with book value of more than Rs. 50,000						
Vehicles					Employees	
Suzuki Cultus VXR	917	732	185	478	Group's policy	Kashif Aman Zubedi
Honda CD 70	73	13	60	53	Group's policy	Syed Mohsin Ali
Toyota Altis	2,342	468	1,874	1,701	Group's policy	Mohammd Amjad
Toyota Corolla XLI	1,667	1,027	640	1,024	Group's policy	Muhammad Akmal
Toyota Corolla Altis	1,987	894	1,093	1,333	Group's policy	Muhammad Hisham
Toyota Corolla GLI	1,695	763	932	1,041	Group's policy	Haider Raza
Honda Civic Oriel	2,543	927	1,616	1,734	Group's policy	Moeez Karim
Toyota Corolla GLI	1,877	969	908	1,117	Group's policy	Mir Mehmood Ali
Honda Civic Prosmatic	2,318	655	1,663	1,675	Group's policy	Usman Saifi
Toyota Corolla GLI	1,673	1,533	140	1,326	Group's policy	Irfan Amir
Toyota Corolla GLI	1,538	1,196	342	1,212	Group's policy	Danial Khan
					Outsiders	
Honda CD 70	68	8	60	65	Insurance Claim	Alfalsh Insurance Company
Furniture and Fixtures						
Herman Miller Station	6,624	5,354	1,270	600	Negotiation	Bulleh Shah Packaging
Metal Drawer	436	352	84	150	Negotiation	Bulleh Shah Packaging
Herman Miller Station	2,045	290	1,755	318	Negotiation	Packages Limited
Herman Miller Station	3,448	2,865	583	339	Negotiation	Packages Limited

Notes to and forming part of the Consolidated Financial Statements

Particulars of the assets	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of purchaser
	(Rupees in thousands)					
Office and electrical equipments						
Apple I Phone	70	11	59	46	Insurance Claim	Alfalalah Insurance Company
Apple I Phone 6s	62	9	53	74	Insurance Claim	Alfalalah Insurance Company
Black Berry	81	9	72	72	Group's policy	Muhammad Aminuddin
Other assets with book value of less than Rs. 50,000						
Computers						
Computer Equipments	434	414	20	12	Negotiation	Various
Vehicles	10,591	10,503	88	5,307	Group's policy	Various
Office and electrical equipments	507	386	121	90	Negotiation	Various
Furniture and Fixture	86	51	35	3	Negotiation	Various
	43,082	29,429	13,653	19,770		

	2015	2014
	(Rupees in thousands)	
23.2 Capital work in progress		
Opening	2,003	-
Acquisition on business combination	-	2,003
Addition	5,935	-
Closing	<u>7,938</u>	<u>2,003</u>

	2015	2014
	(Rupees in thousands)	
23.3 Intangibles assets		
		(Restated)
Computer Software	2,745	5,664
Licences	173	287
Customer relationships	19,017	25,702
Distribution channel	65,296	65,296
Value of inforce contracts	53,066	60,910
Pooling arrangements	11,304	11,304
	<u>151,601</u>	<u>169,163</u>

23.3.1 The following is a statement of intangible assets:

2015									
(Rupees in thousands)									
Computer Software	Licences	Customer relationships			Distribution channel	Value of inforce contracts		Pooling Arrangement	Total
		Life (Non participating) Group	Accident and Health - Group	Accident and Health Individual		Life (Non participating) Individual	Investment Linked		
16,623	1,499	-	-	-	-	-	-	-	18,122
(11,135)	(1,394)	-	-	-	-	-	-	-	(12,529)
5,488	105	-	-	-	-	-	-	-	5,593
5,488	105	-	-	-	-	-	-	-	5,593
3,348	309	14,960	10,338	5,275	65,296	31,849	34,776	11,304	177,455
(3,172)	(127)	(1,744)	(1,205)	(1,922)	-	(2,579)	(3,136)	-	(13,885)
5,664	287	13,216	9,133	3,353	65,296	29,270	31,640	11,304	169,163
19,971	1,808	14,960	10,338	5,275	65,296	31,849	34,776	11,304	195,577
(14,307)	(1,521)	(1,744)	(1,205)	(1,922)	-	(2,579)	(3,136)	-	(26,414)
5,664	287	13,216	9,133	3,353	65,296	29,270	31,640	11,304	169,163
5,664	287	13,216	9,133	3,353	65,296	29,270	31,640	11,304	169,163
100	-	-	-	-	-	-	-	-	100
(3,019)	(114)	(2,394)	(1,654)	(2,637)	-	(3,539)	(4,305)	-	(17,662)
2,745	173	10,822	7,479	716	65,296	25,731	27,335	11,304	151,601
20,071	1,808	14,960	10,338	5,275	65,296	31,849	34,776	11,304	195,677
(17,326)	(1,635)	(4,138)	(2,859)	(4,559)	-	(6,118)	(7,441)	-	(44,076)
2,745	173	10,822	7,479	716	65,296	25,731	27,335	11,304	151,601

As at January 1, 2014

Cost

Accumulated amortisation

Net book value as at January 1, 2014

Year ended December 31, 2014

Opening net book value

Additions / acquired during business combination

Amortisation charge

Net book value as at December 31, 2014

As at January 1, 2015

Cost

Accumulated amortisation

Net book value as at January 1, 2014

Year ended December 31, 2015

Opening net book value

Additions

Amortisation charge

Net book value as at December 31, 2015

As at January 1, 2015

Cost

Accumulated amortization

Net book value as at January 1, 2015

Notes to and forming part of the Consolidated Financial Statements

23.3.2 The cost of fully amortised intangibles still in use amounts to Rs. 3.197 million (2014: Rs. nil).

23.4 During the year the management carried out impairment testing of intangible assets in respect of pooling arrangement and distribution channels recognised on business combination under the requirements of IAS 36. The management has determined the recoverable amounts for comparison with the carrying values of each intangible asset. Based on this exercise and as per the management's assessment, no impairment has been identified.

23.5 The recoverable amount of the intangible assets is based on the value in use calculations. In assessing value in use, the estimated future cash flows are discounted to their present value using a post tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. The Company prepares and internally approves multi-year management plans for its businesses. These business plans are used for the value in use calculations. The management believes these to cover a suitable timescale over which to review and consider annual performance before applying a fixed terminal value multiple to the final year cash flows of the detailed projections.

23.6 Key assumptions used to determine the recoverable amounts

The growth rates and margins used to estimate future performance are based on past performance, market trends and the management experience of growth rates and margins achievable. The management believes that the assumptions used in estimating the future performance of these intangible assets are consistent with past performance and trends. The calculation of value in use is most sensitive to the following assumptions:

	Pooling arrangement	Distribution Channel
Discount rate	19.5%	19.5%- 20.5%
Terminal growth rate	10.0%	10.0%

Discount rate

Discount rate reflects the management's estimate of cost of equity. The cost of equity is calculated using the Capital Asset Pricing Model (CAPM).

Terminal growth rate

Terminal growth rate is used to extrapolate the cash flows beyond the budgeted period. Assumption is based on management's best estimates.

23.7 The fair values of these identifiable intangible assets, acquired through the business combination, have been determined by the management using an income approach. The income approach begins with an estimation of the annual cash flows, which a market participant acquirer would expect the asset to generate over a discrete projection period. The estimated cash flows for each of the years in the discrete projection period are then converted to their present value equivalent using a rate of return appropriate for the risk of achieving the asset's projected cash flows. The present value of the estimated cash flows are then added to the present value equivalent of the residual value of the asset (if any) at the end of the discrete projection period to arrive at an estimate of the fair value of the specific asset.

In applying the income approach, the Group has used the Multiple-period Excess Earnings Method ("MEEM") to determine the value of the above intangibles.

In MEEM method the value of a specific intangible asset is estimated from the residual earnings after fair returns on all other assets employed (including other intangible assets) have been deducted from the asset's after-tax operating earnings.

The valuations are based on information at the time of the acquisition and the expectations and assumptions that have been deemed reasonable by the Group's management. It has been assumed that the underlying assumptions

For the year ended December 31, 2015

or events associated with such assets will occur as projected.

- 23.8 These intangible assets have been ascertained to have an indefinite useful life as there is no foreseeable limit to the period over which the assets are expected to generate net cash flows for the entity.

24 INVESTMENT PROPERTY

2015									
Building	Cost			Accumulated Depreciation			WDV	Useful life	
	As at Jan 1, 2015	Additions / Transfers	As at Dec 31, 2015	As at Jan 1, 2015	For the year	As at Dec 31, 2015	as at Dec 31, 2015		
	(Rupees in thousands)								
	144,730	34,358	232,330	17,367	8,166	41,761	190,569		
		53,242*			16,228*				
2014									
Building	Cost			Accumulated Depreciation			WDV	Useful life	
	As at Jan 1, 2014	Additions / Transfers	As at Dec 31, 2014	As at Jan 1, 2014	For the year	As at Dec 31, 2014	as at Dec 31, 2014		
	(Rupees in thousands)								
	26,429	118,301	144,730	9,031	8,336	17,367	127,363		

- 24.1 The market value of the investment properties is Rs. 242.205 million as at December 31, 2015 as per the valuation carried out by various independent professional valuers.

25 MANAGEMENT EXPENSES	Note	2015	2014
		(Rupees in thousands)	
Salaries, wages and benefits	25.1	471,783	374,186
Rent, rates and taxes		51,173	40,561
Utilities		18,193	22,396
Repairs and maintenance		19,921	20,489
Education and training		7,109	5,545
Computer expenses		6,973	7,699
Communication		18,133	11,303
Provision for doubtful debts		9,613	14,671
Inspection fee		2,194	1,179
Security expenses		32,658	24,801
Legal and professional		17,001	22,792
Director's fee		5,631	1,772
Audit fee of subsidiary company		1,926	1,295
Actuary's fees		14,964	9,857
Advertisement expenses		7,641	11,387
Stationery and printing		12,009	11,187
Depreciation and amortisation	23 & 24	20,741	13,933
Travelling		13,403	1,287
Miscellaneous		28,111	15,787
		<u>759,177</u>	<u>612,127</u>

Notes to and forming part of the Consolidated Financial Statements

- 25.1 This includes charge for defined benefit and defined contribution plans amounting to Rs. 16.079 million (2014: Rs. 18.237 million) and Rs. 20.007 million (2014: Rs. 19.106 million) respectively.

	Note	2015	2014
26 OTHER INCOME		(Rupees in thousands)	
Income from financial assets			
Income on NCCPL Deposit		152	-
Income from non-financial assets			
Gain on disposal of fixed assets		4,005	7,628
Liabilities written back		-	9,634
Gain tendered by directors	26.1	115	-
		4,272	17,262

- 26.1 Certain purchases in the Holding Company's shares were made by the directors of the Holding Company during the year which were sold forthwith and the gain / profit of Rs. 0.115 million made as a result of such transactions has been tendered / surrendered to the Holding Company.

The details of above transactions have already been reported to Stock Exchanges and Securities and Exchange Commission of Pakistan.

	Note	2015	2014
27 FINANCIAL CHARGES		(Rupees in thousands)	
Markup on long term finance		23,220	63,112
Markup on short term finance		1,374	6,163
Bank charges		891	5,010
		<u>25,485</u>	<u>74,285</u>

28 GENERAL AND ADMINISTRATIVE EXPENSES

General office premium		1,080	7,447
Motor car expenses		16,782	16,323
Tour and travelling		15,151	13,720
Representation expenses		2,289	2,089
Stationery and printing		6,380	6,464
Depreciation and amortisation	23 & 24	63,814	55,799
Donations		1,579	20,652
Audit fee	28.1	3,365	3,850
Advertisement expenses		6,708	4,161
Legal and professional		38,728	46,302
Workers' Welfare Fund		25,350	20,470
Sundry expenses		4,121	2,028
Regulators fee		9,471	6,477
Fee & subscription		3,487	1,690
		<u>198,305</u>	<u>207,472</u>

For the year ended December 31, 2015

	Note	2015	2014
		(Rupees in thousands)	
28.1	Audit fee (Holding Company)		
	Fee for statutory audit	1,000	750
	Fee for interim review	400	300
	Fee for audit of consolidated financial statements	750	750
	Fee for audit of regulatory return	350	200
	Special certifications and sundry services	615	1,600
	Out of pocket expenses	250	250
		<u>3,365</u>	<u>3,850</u>
		2015	2014
		(Rupees in thousands)	
			Restated
29	TAXATION		
	For the year		
	- Current	213,722	120,761
	- Deferred	100,641	70,960
	Prior year	61,470	-
		<u>375,833</u>	<u>191,721</u>
29.1	Tax charge reconciliation		
	Profit before tax	<u>2,351,127</u>	<u>1,619,354</u>
	Tax calculation at the rate of 32 % (33% for 2014)	752,361	534,387
	Prior year	61,470	-
	Effect of items taxable under lower rates	(466,960)	(304,700)
	Effect of permanent differences	27,437	(29,269)
	Others	1,525	(8,697)
		<u>375,833</u>	<u>191,721</u>

29.2 Holding Company

The income tax assessments of the Holding Company have been finalised up to and including the tax year 2016. However, the Holding Company has filed appeals in respect of certain assessment years which mainly relate to the following:

- While finalising the assessment for the year 1999-2000 the Taxation Officer has not allowed credit for tax paid under section 54 amounting to Rs. 3 million for which rectification application is filed which is pending.
- The Holding Company has also filed applications in respect of certain mistakes made in the orders passed under section 124 of the Income tax Ordinance for 2001-2002 and 2002-2003. The applications filed were rejected by the T.O. against which appeals have been filed with the CIT (A) which are pending.
- The Additional Commissioner of Income Tax (AC) has issued notice under section 122 (5A) of the Income Tax Ordinance, 2001 in respect of the tax year 2005 and 2006 whereby he has proposed to disallow claim of expenses and exemption in respect of gain on sale of shares and taxed income from Associates. Against the above notice, the Holding Company has filed a constitutional petition before the Honourable High Court. The regular hearing of petition is currently pending with the High Court.

Notes to and forming part of the Consolidated Financial Statements

- In respect of tax year 2007, all significant issues involved amounting to Rs. 7 billion were decided in favour of the Company by CIR(A) and then by the ATIR. However, no appeal effect order has been passed. Further, certain matters amounting to Rs. 82 million that were remanded back to DCIR by the CIR(A) were not decided upon by the High Court. The Holding Company has written a letter to the taxation officer for passing appeal effect orders. The department has recently filed Income Tax Reference Application before Honourable High Court of Sindh against the deletion of the addition made on account of re-characterisation of actual realised capital gain. The said Income Tax Reference Application was heard by Honourable High Court and the judgment has been reserved.
- In case of tax year 2008, the Additional Commissioner Audit Division-11 had issued notice under section 122 (5A) of the Ordinance for passing an amended order on certain issues. The Holding Company filed a writ petition before the High Court of Sindh which has restrained the department to take up the amended proceedings. The additional Commissioner Audit zone III LTU Karachi issued another notice under section 122(5A) of the Ordinance in May 14, 2014 and passed an amended assessment order under section 122(5A) by disallowing provision for IBNR and allocation of expense against capital gains and dividend income. As a result of amended assessment demand of Rs. 63.166 million was created. Against the disallowances made by the ACIR, the Holding Company has filed an appeal before the Commissioner Inland Revenue (Appeals) and also filed an application for stay of demand. Pursuant to the stay application, the CIR(A) has granted stay of demand to the Holding Company, however the appeal filed in respect of the disallowances is pending adjudication.

Moreover, pursuant to the decision of the CIR(A), the ACIR has passed an appeal effect order duly incorporating the relief granted by the CIR(A) in respect of allocation of expenses and tax refundable of Rs. 18.030 million has been determined.

- In case of tax year 2009, the Deputy Commissioner of Inland Revenue (DCIR) has passed the amended order under section 122(5A) of the Ordinance by disallowing provisions on account of IBNR, Unearned Commission and allocation of expenses relating to exempt income. As a result of amended assessment demand of Rs 141 million was created. The DCIR has made certain errors in the order for which application for rectification was filed. Rectified order under Section 221 has been passed and as a result demand has been reduced to Rs.51 million. The learned CIR(A) has granted partial relief in respect of certain issue and confirmed certain disallowances. The Holding Company filed further appeal before the appellate tribunal inland revenue (ATIR) in respect of issues on which relief was not allowed by the CIR(A). The ATIR, pursuant to the appeals filed against the order of CIR(A), has now passed the order whereby the ATIR has confirmed disallowance made on account of provision for IBNR. Further issue of allocation of expenses against investment income has been remanded back to CIR(A). As regards, the issue of addition made on account of provision of unearned commission, the ATIR has upheld the decision of CIR(A) whereby disallowance made on this score is deleted. In respect of issues decided against the Holding Company, a reference application has been filed before honourable Sindh High Court which is pending adjudication.
- The Additional Commissioner Inland Revenue (ACIR) has passed an amended assessment order under section 122(5A) of the Ordinance wherein tax on dividend income, commission income and property income has been charged at corporate tax rate (i.e. 35% for the year) by treating such income as business income of the Holding Company under Fourth Schedule to the Ordinance. As a result of the amended assessment demand of Rs.31.420 million was created. The Holding Company paid an amount of Rs.10 million and obtained stay from the Commissioner Inland Revenue till 31 August 2015 in respect of payment of the remaining tax demand of Rs.21.420 million. Further, against the above treatment meted out by the ACIR, the Holding Company has filed an appeal before the Commissioner Inland Revenue (Appeals) which is pending adjudication. The Holding Company has also filed a petition against the said order before the Honourable Sindh High Court which is pending adjudication.
- In case of tax year 2010, the Additional Commissioner Inland Revenue (ACIR) has passed an amended assessment order under section 122(5A) of the Ordinance wherein tax on dividend and property income has been charged at corporate tax rate (i.e. 35% for the year) by treating such income as business income of the company under Fourth Schedule to the Ordinance. Further, the ACIR has disallowed provision of IBNR under section 34(3) of the Ordinance. As a result of the amended assessment demand of Rs.93.445 million has been created. The Holding Company has filed appeal and application for stay of tax demand before the CIR (A) against the above assessment order. The Holding Company has also filed a petition against the said order before the Honourable Sindh High Court which is pending adjudication.

For the year ended December 31, 2015

- In case of tax year 2011, the Additional Commissioner Inland Revenue (ACIR) has passed an amended assessment order under section 122(5A) of the Ordinance wherein tax on dividend and property income has been charged at corporate tax rate (i.e. 35% for the year) by treating such income as business income of the Holding Company under Fourth Schedule to the Ordinance. Further, the ACIR has also disallowed provision of IBNR, claim of brought forward loss for the tax year 2008 and refund adjustments for tax years 2004 and 2009 in the amended assessment order. Moreover, Workers' Welfare Fund @ 2% of the accounting profit for the year has also been levied. As a result of the amended assessment demand of Rs.142.414 million has been created. The Holding Company has filed appeal and application for stay of tax demand before the CIR(A) against the above assessment order. The Holding Company has also filed a petition against the said order before the Honourable Sindh High Court which is pending adjudication.
- In case of tax year 2013, notice dated 17 May 2014 was issued for amendment of assessment under section 122(9) read with Section 122(5A) of the Ordinance. The reply and details were duly submitted and no amended assessment order has been received to date.

The management and tax advisor of the Holding Company are confident that the above matters will be decided in the Holding Company's favor. Accordingly, no provision has been recognised in these consolidated financial statements.

29.3 Subsidiary Company

Assessments upto assessment year 2002-2003 and tax year 2007 have been finalised. The income tax returns of the Subsidiary Company filed for tax years 2003 to 2006 and 2007 to 2014 are deemed to be assessed in accordance with section 120 of the Income Tax Ordinance, 2001. However, the Subsidiary Company has filed appeals in respect of certain assessment years which mainly relate to the following:

While finalising the tax assessment for the accounting years ended December 31, 2012 (Tax Year 2013) and December 31, 2011 (Tax Year 2012) the taxation officer raised additional tax demand of Rs. 1.029 million and Rs. 6.910 million respectively on the Subsidiary Company on non-deduction of withholding tax under section 151(d) of the Income Tax Ordinance, 2001 on the amount of surrenders paid during the respective years.

The Company filed appeal before Commissioner Inland Revenue Appeals (CIRA) in respect of said tax years which were decided in favour of the Subsidiary Company. The Commissioner Inland Revenue has now filed before Appellate Tribunal (ATIR) challenging the order passed by CIRA. The management of the Subsidiary Company is of the view that the matter would be settled in its favour and hence no provision is required.

30 EARNINGS PER SHARE

	2015	2014
	(Rupees in thousands)	
30.1 Basic earnings per share		Restated
Profit for the year	1,975,294	1,427,633
	(Number of shares)	
Weighted average number of ordinary shares	122,689,532	122,689,532
	(Rupees)	
		Restated
Earnings per share	16.10	11.64
30.2 Diluted earnings per share		

Diluted earnings per share has not been presented as the Holding Company does not have any convertible instruments in issue as at December 31, 2015 and December 31, 2014 which would have any effect on the earnings per share if the option to convert is exercised.

Notes to and forming part of the Consolidated Financial Statements

31 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these consolidated financial statements for remuneration, including certain benefits, to the Chief Executive, Director and Executives of the Group during the year are as follows:

31.1 Holding Company

	Chief Executive		Directors		Executives*	
	2015	2014	2015	2014	2015	2014
	(Rupees in thousands)					
Fee for attending board meeting	-	-	2,850 **	2,800 **	-	-
Managerial remuneration	8,030	11,860	1,867	2,901	63,077	51,923
Bonus	2,250	4,338	-	-	6,771	3,129
Retirement benefits (including provident fund)	1,393	2,058	-	-	10,944	8,828
Housing and utilities	4,778	6,728	213	587	36,039	29,639
Medical expenses	-	33	-	-	4,057	2,922
Conveyance allowance	373	393	-	-	7,433	6,798
Others	5,857	3,461	-	-	1,484	1,080
	<u>22,681</u>	<u>28,871</u>	<u>4,930</u>	<u>6,288</u>	<u>129,805</u>	<u>104,319</u>
Number of persons	<u>1</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>45</u>	<u>40</u>

31.1.1 Chief Executive and executives of the Holding Company are provided with Company maintained cars and residential telephones.

* The above includes an aggregate amount of Rs 52.25 million (2014: 45.16 million) in respect of remuneration of key management personnel.

** This includes fee for attending Board meeting of all the seven directors.

31.2 Subsidiary Company

	Chief Executive		Directors		Executives	
	2015	2014	2015	2014	2015	2014
	(Rupees in thousands)					
Fee for attending board meeting	-	-	5,631	1,772	-	-
Managerial remuneration	13,169	8,810	-	-	164,704	118,301
Bonus and housing	1,725	-	-	-	5,374	4,127
Retirement benefits	691	395	-	-	14,274	12,390
Housing and utilities	-	-	-	-	350	270
Other benefits	-	-	-	-	1,340	721
	<u>15,585</u>	<u>9,205</u>	<u>5,631</u>	<u>1,772</u>	<u>186,042</u>	<u>135,809</u>
Number of persons	<u>1</u>	<u>2</u>	<u>8</u>	<u>5</u>	<u>104</u>	<u>87</u>

32 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of subsidiary, associated companies, other related group companies, directors of the Holding Company, companies where directors also hold directorship, key management personnel, major shareholders and post employment benefit plans. The Group in the normal course of business carries out transactions with various related parties at agreed / commercial terms and conditions. Remuneration of key management personnel is disclosed in note 31. Amounts due to / from and other significant transactions, other than those disclosed else where in these financial statements, are as follows:

	Other related parties		Directors		Key Management personnel		Post employment benefit plans	
	2015	2014	2015	2014	2015	2014	2015	2014
	(Rupees in thousands)							
Transactions								
Premium underwritten	630,022	466,813	864	853	335	40	-	-
Premium collected	602,601	496,747	1,109	436	297	21	-	-
Claims expense	315,881	89,770	948	297	-	-	-	-
Claims paid	17,755	-	-	-	-	-	-	-
Commission expense	14,578	10,181	-	-	-	-	-	-
Commission paid	13,078	8,024	-	-	-	-	-	-
Rental income	2,169	4,086	-	-	-	-	-	-
Fixed assets purchased	69	31,355	-	-	-	-	-	-
Fixed assets disposed	681	2,611	-	-	7,908	8,092	-	-
Investment property purchased	-	113,419	-	-	-	-	-	-
Charges for admin. services provided	1,103	-	-	-	-	-	-	-
Dividend received	1,032,377	874,365	-	-	-	-	-	-
Dividend paid	69,431	17,042	177,662	45,964	31	1	-	-
Rent expense	21,461	18,743	-	-	-	-	-	-
Rent paid	21,735	19,759	-	-	-	-	-	-
Security deposits	659	600	-	-	-	-	-	-
Gain on disposal of right letters	105,735	-	-	-	-	-	-	-
Investment / (divestment) in shares - net of provision for impairment	12,041	33,532	-	-	-	-	-	-
Certificates of Deposit matured	-	255,000	-	-	-	-	-	-
Profit on Certificates of Deposit	-	19,541	-	-	-	-	-	-
Brokerage commission	4,708	2,649	-	-	-	-	-	-
Donations paid	1,339	20,000	-	-	-	-	-	-
Charge in respect of gratuity fund	-	-	-	-	-	-	16,079	18,237
Charge in respect of provident fund	-	-	-	-	-	-	20,007	19,106
Contribution to gratuity fund	-	-	-	-	-	-	16,971	18,242
Contribution to provident fund	-	-	-	-	-	-	17,388	23,064
Mark up on loan	-	-	-	-	2	13	-	-
Consultancy charges	3,500	1,000	-	-	-	-	-	-
Balances								
Premium receivable	78,383	51,915	189	547	-	-	-	-
Commission payable	9,632	7,710	-	-	-	-	-	-
Investment in shares	10,837,440	10,825,399	-	-	-	-	-	-

Notes to and forming part of the Consolidated Financial Statements

	Other related parties		Directors		Key Management personnel		Post employment benefit plans	
	2015	2014	2015	2014	2015	2014	2015	2014
	(Rupees in thousands)							
Profit receivable on Certificates of Deposit	-	19,890	-	-	-	-	-	-
Other receivable	29,341	30,917	-	-	-	-	-	-
Receivable against administrative services provided	4,429	-	-	-	-	-	-	-
Prepaid rent	6,948	6,289	-	-	-	-	-	-
(Payable to) / Receivable from gratuity fund	10,867	10,593	-	-	-	-	5,921	(9,570)
(Payable) Receivable from provident fund	-	-	-	-	-	-	(1,167)	1,452
Loan receivable	-	-	-	-	-	92	-	-
Claims Payable	1,001	-	-	-	-	-	-	-

33 OPERATING SEGMENT

33.1 The Group's business is organised and managed separately according to the nature of services provided with the following segments:

Non-Life Insurance

- Fire and property insurance provides coverage against damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and other related perils.
- Marine, aviation and transport insurance provides coverage against cargo risk, war risk, damages occurring in inland transit and other related perils.
- Motor insurance provides comprehensive car coverage, indemnity against third party loss and other related coverage.
- Accident and health insurance provides coverage against personal accident, hospitalisation and other medical benefits.
- Miscellaneous insurance provides coverage against burglary, loss of cash in safe and cash in transit, engineering losses, travel and other coverage.

Life Insurance

- The Life (participating) segment provides life insurance coverage to individuals under individual life policies that are entitled to share in the surplus earnings of the statutory fund to which they are referable.
- The Life (non-participating) segment provides life insurance coverage to individuals under individual life policies that are not entitled to share in the surplus earnings of the statutory fund to which they are referable.
- The Life (non-participating) Group segment provides life insurance coverage to employer-employee (and similar) groups of employees / members under a single life policy issued to the employer. The Group policy is not entitled to share in the surplus earnings of the statutory fund to which it is referable.
- The Investment Linked business segment provides life insurance coverage to individuals, whereby the benefits are expressed in terms of units, the value of which is related to the market value of specified assets.

For the year ended December 31, 2015

- The Accident and Health - Individual segment provides fixed pecuniary benefits or benefits in the nature of indemnity or a combination of both in case of accident or sickness to individuals.
- The Accident and Health - Group segment provides fixed pecuniary benefits or benefits in the nature of indemnity or a combination of both in case of accident or sickness to employer-employee (and similar) groups of employees / members under a single policy issued to the employer.
- The Pension Fund segment provides coverage for the purposes of a pension or a retirement scheme with or without the payments being guaranteed for a minimum period.
- The individual family takaful business segment provides family takaful coverage to individuals under unit-linked policies issued by the Company.
- The Group Family Takaful business segments provides family takaful coverage to members of business enterprises, corporate entities and common interest groups under group family takaful scheme operated by the Company.
- The Group Health Takaful provides fixed pecuniary benefits or benefits in the nature of indemnity or a combination of both in case of accident or sickness to employer-employee (and similar) groups of employees / members under a single policy issued to the employer.

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

	2015															
	Non-Life Insurance					Life Insurance									Aggregate Total	
	Fire and property damage	Marine, aviation and transport	Motor	Health	Miscellaneous	Life (Participating)	Life (Non-Participating)		Investment Linked Business	Accident and Health		Pension Business Fund	Takaful Window			
							Individual	Group		Individual	Group		Individual family	Group family		Group health
	(Rupees in thousands)															
Segment assets	702,645	219,711	239,840	37,983	286,068	1,656,580	5,009,524	294,068	5,292,284	34,224	359,825	103,433	42,943	412	3,711	14,283,251
Unallocated assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,031,251
Consolidated total assets																28,314,502
Segment liabilities	679,014	245,823	451,642	97,910	236,325	1,182,293	4,813,542	256,386	5,063,162	23,246	228,393	99,938	41,760	298	3,316	13,423,048
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,416,096
Consolidated total liabilities																14,839,144

	2014															
	Non-Life Insurance					Life Insurance									Aggregate Total	
	Fire and property damage	Marine, aviation and transport	Motor	Health	Miscellaneous	Life (Participating)	Life (Non-Participating)		Investment Linked Business	Accident and Health		Pension Business Fund	Takaful Window			
							Individual	Group		Individual	Group		Individual family	Group family		Group health
	(Rupees in thousands)															
Segment assets	727,301	218,746	225,706	45,818	218,864	1,549,404	4,291,667	271,248	4,605,171	56,591	233,989	75,122	-	-	-	12,519,627
Unallocated assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13,438,010
Consolidated total assets																25,957,637
Segment liabilities	679,014	245,823	451,642	97,910	236,325	1,549,404	4,295,497	258,032	4,508,235	54,738	285,156	75,122	-	-	-	12,736,898
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	896,459
Consolidated total liabilities																13,633,357

Notes to and forming part of the Consolidated Financial Statements

2015 2014

(Rupees in thousands)

34 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets and financial liabilities

Financial assets

Loans and receivables - amortised cost

- -

Cash and bank deposits

Cash and other equivalents

584 506

Current and other accounts

449,792 596,291

Deposits maturing within 12 months

350,000 315,000

800,376 911,797

Loans secured against life insurance policies

146,947 134,350

Loans secured against other assets

- To employees

- 92

- To agents

734 269

734 361

Current assets - others

Premiums due but unpaid - unsecured

397,319 395,945

Amounts due from other insurers / reinsurers - unsecured

422,023 525,344

Accrued income on investments and deposits

421,599 417,496

Reinsurance recoveries against outstanding claims

391,659 336,040

Sundry receivables

176,639 89,217

1,809,239 1,764,042

Investments - held to maturity

124,558 124,109

Investments - available for sale

18,843,414 17,298,910

Investments - at fair value through profit or loss

719,254 640,927

Financial Liabilities

Amortised cost

Provision for outstanding claims (including IBNR)

858,847 850,726

Amounts due to other insurers / reinsurers

348,028 374,196

Accrued expenses

219,015 197,938

Sundry creditors

540,199 473,688

Short term finances - secured

148,020 79,830

Long term finances - secured

- 675,000

Unclaimed dividend

14,006 8,703

2,128,115 2,660,081

35 RISK MANAGEMENT

35.1 Risk management framework - Holding Company

The Holding Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk

(including interest / mark-up rate risk and price risk). The Holding Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance. Overall, risks arising from the Holding Company's financial assets and liabilities are limited. The Holding Company's 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 Holding Company's risk management framework. The Board is also responsible for developing the Holding Company's risk management policies.

35.1.1 Insurance risk - Holding Company

The Holding 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 Holding Company is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts. The Holding Company manages its risk via its underwriting and reinsurance strategy within an overall risk management framework. Exposures are managed by having documented underwriting limits and criteria. Reinsurance is purchased to mitigate the effect of potential loss to the Holding Company from individual large or catastrophic events and also to provide access to specialist risks and to assist in managing capital. Reinsurance policies are written with approved reinsurers on either a proportional or excess of loss treaty basis.

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

Further, the Holding 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.

35.1.2 Concentration of insurance risk - Holding Company

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

To optimise 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 insured. Details regarding the fire separation/segregation with respect to the manufacturing processes, storage, utilities, etc are extracted from the layout plan of the insured facility. Such details are formed part of the reports which are made available to the underwriters/reinsurance personnel for their evaluation. Reference is made to the standard construction specifications as laid down by IAP (Insurance Association of Pakistan). For instance, the presence of Perfect Party Walls, Double Fire Proof Iron Doors and physical separation between the buildings within a insured's premises. It is basically the property contained within an area which is separated by another property by sufficient distance to confine insured damage from uncontrolled fire and explosion under the most adverse conditions to that one area.

Address look-up and decoding 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.

The ability to manage catastrophic risk is tied to managing the density of risk within a particular area. For catastrophic aggregates, the IT system also assigns precise geographic CRESTA (Catastrophe Risk Evaluating and Standardising Target Accumulations) codes with reference to the accumulation of sums insured in force at any particular location against natural perils. A risk management solution is implemented to help assess and plan for risk in catastrophic

Notes to and forming part of the Consolidated Financial Statements

scenarios. It provides a way to better visualize the risk exposures so the Holding Company determines the appropriate amount of reinsurance coverage to protect the business portfolio.

For Marine risks, complete underwriting details, besides sums insured and premiums, like vessel identification, voyage input (sea / air / inland transit), sailing dates, origin and destination of the shipments, per carry limits, etc. are fed into the IT system. The reinsurance module of the IT system is designed to satisfy the requirements as laid down in the proportional treaty agreement. Shipment declarations are also endorsed on the policies. Respective reinsurance cessions are automatically made upon the posting of policy documents.

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

35.1.3 Reinsurance Arrangements

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

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

Claims on general insurance contracts are payable on a claim occurrence basis. The Holding 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 Holding Company. The estimation of the amount is based on the amount notified by the policy holder, management judgment or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims. For the estimation of provision of claims incurred but not reported (IBNR), the Holding Company uses historical experience factor based on analysis of the past years claim reporting pattern.

35.2 Risk management framework - Subsidiary Company

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

35.2.1 Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim although the later one is not significant due to pre-determined amount of insurance in most of the cases or at least maximum limits.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random, and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

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

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk,

geographical location and type of industry covered.

Insurance contracts issued by the Subsidiary Company are divided into:

- a) Short term insurance contracts
- b) Long term insurance contracts

Short term Insurance contracts

(a) Frequency and severity of claims

These contracts mostly pay a pre-determined amount on death and disability without any maturity or surrender values. These contracts are issued to individuals and also to employers to ensure their commitments to their employees in terms of other employees' benefit plans.

The risk is affected by several factors e.g. age, occupation, benefit structure and life style. The Subsidiary Company attempts to manage this risk through its underwriting, claims handling and reinsurance policy.

(b) Sources of uncertainty in the estimation of future claim payments

Other than for testing of adequacy of the liability representing the unexpired risk at the end of the reporting period, there is no need to estimate mortality rates or morbidity rates for future years because these contracts have short duration. However, for incurred disability income claims, it is necessary to estimate the rates of recovery from disability for future years. Standard recovery tables produced by reinsurers are used as well as the actual experience of the Subsidiary Company. The influence of economic circumstances on the actual recovery rate for individual contracts is the key source of uncertainty for these estimates.

(c) Process used to decide on assumptions

The assumptions used for the insurance contracts are as follows:

Mortality

An appropriate base table of standard mortality is chosen depending on the type of contract. An investigation into Subsidiary Company's experience is conducted from time to time. Where data is sufficient to be statistically credible, the statistics generated by the data are used without reference to an industry table.

Morbidity

The rate of recovery from disability is derived from industry experience studies, adjusted where appropriate for the Subsidiary Company's own experience.

(d) Changes in assumptions

There has been no change in the assumptions during the year.

Long-term insurance contracts

(a) Frequency and severity of claims

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency of claims are epidemics or widespread changes in lifestyle, such as eating, smoking and exercise habits, resulting in earlier or more claims than expected. For contracts where survival is the insured risk, the most significant

Notes to and forming part of the Consolidated Financial Statements

factor is continued improvement in medical science and social conditions that would increase longevity.

At present, these risks do not vary significantly in relation to the location of the risk insured by the Subsidiary Company. However, undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

For contracts with fixed and guaranteed benefits and fixed future premiums, there are no mitigating terms and conditions that reduce the insurance risk accepted. For contracts with discretionary participation feature (DPF), the participating nature of these contracts results in a significant risk with the insured party.

The Subsidiary Company charges for mortality risk on reporting dates for all insurance contracts without a fixed term. It has the right to alter these charges based on its mortality experience and hence minimize its exposure to mortality risk. Delays in implementing restraints over the extent of the increases may reduce its mitigating effect. The Subsidiary Company manages these risks through its underwriting strategy and reinsurance arrangements.

The underwriting strategy is intended to ensure that the risks underwritten are well diversified in terms of type of risk and the level of insured benefits. The Subsidiary Company balances death risk and survival risk across its portfolio. The Subsidiary Company reinsures the excess of the insured benefit through an excess of loss reinsurance arrangement. Medically impaired lives are reinsured at lower levels.

Insurance risk for contracts is also affected by the contract holders' right to pay reduced or no future premiums, to terminate the contract completely, or to exercise a guaranteed annuity option. On the assumption that contract holders will make decisions rationally, overall insurance risk can be assumed to be aggravated by such behaviour.

(b) Sources of uncertainty in the estimation of future benefit payments and premium receipts

Uncertainty in the estimation of future benefit payments and premium receipts for long-term insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and the variability in contract holder behaviour.

The Subsidiary Company uses appropriate base tables of standard mortality according to the type of contract being written and the territory in which the insured person resides. An investigation into the actual experience of the Subsidiary Company is carried out and statistical methods are used to adjust the crude mortality rates to produce a best estimate of expected mortality for the future. Where data is sufficient to be statistically credible, the statistics generated by the data are used without reference to an industry table. Where this is not based on standard industry tables adjusted for the Subsidiary Company's overall experience. For contracts that insure survival, an adjustment is made for future mortality improvements based on trends identified in the data and in the continuous mortality investigation bodies. The impact of any historical evidence of selective termination behaviour will be reflected in this experience. The Subsidiary Company maintains voluntary termination statistics to investigate the deviation of actual termination experience against assumptions. Statistical methods are used to determine appropriate termination rates. An allowance is then made for any trends in the data to arrive at a best estimate of future termination rates.

(c) Process used to decide on assumptions

For long-term insurance contracts with fixed and guaranteed terms and with DPF, estimates are made in two stages. At inception of the contract, the Subsidiary Company determines assumptions in relation to future deaths, voluntary terminations, investment returns and administration expenses. These assumptions are used for calculating the liabilities during the life of the contract. A margin for risk and uncertainty is added to these assumptions. These assumptions are 'locked in' for the duration of the contract.

Subsequently, new estimates are developed at each reporting date to determine whether liabilities are adequate in the light of the latest current estimates. The initial assumptions are not altered if the liabilities are considered adequate. If the liabilities are not adequate, the assumptions are altered ('unlocked') to reflect the latest current

estimates; no margin is added to the assumptions in this event. Improvements in estimates have no impact on the value of the liabilities and related assets, while significant enough deteriorations in estimates have an impact.

For long-term insurance contracts without fixed terms and for investment contracts with DPF, the assumptions used to determine the liabilities do not contain margins and are not locked in but are updated at each reporting date to reflect the latest estimates. Assumptions are considered to be 'best estimate' if, on average, the results are expected to be worse than the assumptions in 50% of possible scenarios and better in the other 50%.

The assumptions used for the insurance contracts are as follows:

Mortality

An appropriate base table of standard mortality is chosen depending on the type of contract. An investigation into Subsidiary Company's experience is performed from time to time, and statistical methods are used to adjust the rates reflected in the table to a best estimate of mortality for that year. Where data is sufficient to be statistically credible, the statistics generated by the data are used without reference to an industry table. For contracts insuring survivorship, an allowance is made for future mortality improvements based on trends identified in the data and in the continuous mortality investigations performed by independent actuarial bodies.

Morbidity

The rate of recovery from disability is derived from industry experience studies, adjusted where appropriate for the Subsidiary Company's own experience.

Persistency

A review of the Subsidiary Company's experience from time to time is made to determine an appropriate persistency rate. Persistency rates vary by product type and policy duration. An allowance is then made for any trends in the data to arrive at a best estimate of future persistency rates that takes into account the effective contract holders' behaviour.

Investment returns

Investment returns affect the assumed level of future benefits due to the contract holders and the selection of the appropriate discount rate. The Subsidiary Company's investment return assumptions are generally based on medium to long term expected rate of return on government fixed income securities e.g. PIBs with some margins.

Renewal expense level and inflation

The current level of expenses is taken as an appropriate expense base. Expense inflation assumption is based on general inflation. For some products, the Subsidiary Company also adjusts its expense assumptions considering significant growth in volume of business due to which expense ratio will come down.

Tax

It has been assumed that current tax legislation and rates continue unaltered.

(d) Change in assumptions

There has been no change in the assumptions during the year.

Notes to and forming part of the Consolidated Financial Statements

(e) Sensitivity analysis

The liabilities under Universal Life, Unit Linked, Group Life, Group Accident and Health, Individual Accident and Health and Pension business are not dependent on assumptions related to mortality, persistency, expense or interest rates because the liabilities under these lines of business are either based on actual account values or unearned premium reserve. For the traditional endowment plans, no sensitivity testing is carried out because the liability basis prescribed by the regulations are too conservative and the liability under these plans are less than 5% of total liabilities.

The Group's class wise risk exposure (based on maximum loss coverage in a single policy is as follows:

	2015		
	Maximum sum insured	Reinsurance cover	Highest net liability
	(Rupees in thousands)		
Fire and property damage	32,598,319	32,510,319	88,000
Marine, aviation and transport	11,425,142	9,140,114	2,285,028
Motor	23,850	10,733	13,117
Health	1,000	-	1,000
Miscellaneous	18,540,000	18,538,435	1,565
Life (participating)	9,610,000	3,032,000	6,578,000
Life (non-participating) – Individual	33,509,000	11,950,000	21,559,000
Life (non-participating) – Group	71,142,000	35,890,000	35,252,000
Investment Linked	19,541,000	14,377,000	5,164,000
Accident & Health – Individual	12,233,000	2,924,000	9,309,000
Family Takaful - Individual	587,000	312,000	275,000
Family Takaful - Group	89,000	89,000	-
	<u>209,299,311</u>	<u>128,773,601</u>	<u>80,525,710</u>

	2014		
	Maximum sum insured	Reinsurance cover	Highest net liability
	(Rupees in thousands)		
Fire and property damage	31,109,241	31,021,241	88,000
Marine, aviation and transport	8,633,395	7,770,056	863,339
Motor	24,000	11,900	12,100
Health	1,000	-	1,000
Miscellaneous	20,535,003	19,362,240	1,172,763
Life (participating)	10,733,000	3,474,000	7,259,000
Life (non-participating) – Individual	32,278,000	10,754,000	21,524,000
Life (non-participating) – Group	73,109,000	26,512,000	46,597,000
Investment Linked	16,390,000	12,319,000	4,071,000
Accident & Health – Individual	12,601,000	2,462,000	10,139,000
	<u>205,413,639</u>	<u>113,686,437</u>	<u>91,727,202</u>

The table below sets out the concentration of insurance contract liabilities by type of contract for the Group:

For the year ended December 31, 2015

	2015		
	Gross liabilities	Gross assets	Net liabilities / (assets)
	(Rupees in thousands)		
Fire and property damage	679,014	702,645	(23,631)
Marine, aviation and transport	245,823	219,711	26,112
Motor	451,642	239,840	211,802
Health	97,910	37,983	59,927
Miscellaneous	236,325	286,068	(49,743)
Life Participating	1,182,293	1,656,580	(474,287)
Life Non-Participating (Individual)	4,813,542	5,009,524	(195,982)
Life Non-Participating (Group)	256,386	294,068	(37,682)
Investment Linked Business	5,063,162	5,292,284	(229,122)
Accident and Health Business (Individual)	23,246	34,224	(10,978)
Accident and Health Business (Group)	228,393	359,825	(131,432)
Pension Business Fund	99,938	103,433	(3,495)
Family Takaful - Individual	41,760	42,943	(1,183)
Family Takaful - Group	298	412	(114)
Family Takaful - Health	3,316	3,711	(395)
	<u>13,423,048</u>	<u>14,283,251</u>	<u>(860,203)</u>

	2014		
	Gross liabilities	Gross assets	Net liabilities / (assets)
	(Rupees in thousands)		
Fire and property damage	679,014	727,301	(48,287)
Marine, aviation and transport	245,823	218,746	27,077
Motor	451,642	225,706	225,936
Health	97,910	45,818	52,092
Miscellaneous	236,325	218,864	17,461
Life Participating	1,549,404	1,549,404	-
Life Non-Participating (Individual)	4,295,497	4,291,667	3,830
Life Non-Participating (Group)	258,032	271,248	(13,216)
Investment Linked Business	4,508,235	4,605,171	(96,936)
Accident and Health Business (Individual)	54,738	56,591	(1,853)
Accident and Health Business (Group)	285,156	233,989	51,167
Pension Business Fund	75,122	75,122	-
	<u>12,736,898</u>	<u>12,519,627</u>	<u>217,271</u>

35.2.2 Uncertainty in the estimation of future claims payment

Claims on general insurance contracts are payable on a claim occurrence basis. The Group 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 Group. The estimation of the amount is based on the amount notified by the policy holder, management judgment or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of

Notes to and forming part of the Consolidated Financial Statements

the claims. For the estimation of provision of claims incurred but not reported (IBNR), the Group uses historical experience factor based on analysis of the past years claim reporting pattern.

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 Group 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.

35.2.3 Key assumptions

The principal assumption underlying the liability estimation of IBNR and premium deficiency reserve is that the Group'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.

35.2.4 Sensitivities

Non-Life Insurance

As the Group 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:

	Effect of 10% increase in claims		Effect of 10% decrease in claims	
	Profit and Loss account	Equity	Profit and Loss account	Equity
	(Rupees in thousands)			
Fire and property damage	(5,767)	(5,767)	5,767	5,767
Marine, aviation and transport	(7,823)	(7,823)	7,823	7,823
Motor	(32,137)	(32,137)	32,137	32,137
Health	(8,361)	(8,361)	8,361	8,361
Miscellaneous	(4,486)	(4,486)	4,486	4,486
	(58,574)	(58,574)	58,574	58,574

Life Insurance

The liabilities under Universal Life, Unit Linked, Group Life, Group Accident and Health, Individual Accident and Health and Pension business are not dependent on assumptions related to mortality, persistency, expense or interest rates because the liabilities under these lines of business are either based on actual account values or unearned premium reserve. For the traditional endowment plans, no sensitivity testing is carried out because the liability basis prescribed by the regulations are too conservative and the liability under these plans are less than 5% of total liabilities.

Claims development tables

The following table shows the development of fire 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. For other classes of business the uncertainty about the amount and timings of claims payment is usually resolved within a year.

For the year ended December 31, 2015

Analysis on gross basis

Accident year	2011	2012	2013	2014	2015	Total
	(Rupees in thousands)					
Estimate of ultimate claims cost:						
At end of accident year	696,865	228,529	322,760	232,592	324,613	1,805,359
One year later	577,426	215,891	321,070	216,453	-	1,330,840
Two years later	560,613	191,334	315,575	-	-	1,067,522
Three years later	558,500	191,319	-	-	-	749,819
Four years later	558,605	-	-	-	-	558,605
Estimate of cumulative claims	558,605	191,319	315,575	216,453	324,613	1,606,565
Cumulative payments to date	(507,777)	(190,446)	(312,296)	(215,109)	(172,323)	(1,397,951)
Liability recognised in the balance sheet	50,828	873	3,279	1,344	152,290	208,614

The above effects have been worked out on the assumption that increase / decrease in net claims expense pertains to individual segment in isolation.

The following table shows the development of claims relating to life insurance over a period of time on gross basis. For each class of business the uncertainty about the amount and timings of claims payment is usually resolved within a year. Further, claims with significant uncertainties are not outstanding as at December 31, 2015 therefore claim development table is not required to be presented. However, aging of outstanding claims relating to life insurance and movement of outstanding claims is presented below:

	2015	2014
	(Rupees in thousands)	
Aging of outstanding claim		
Upto 1 year	63,001	78,991
1-2 years	24,356	40,332
2-3 years	35,666	9,967
Over 3 years	92,008	80,924
Total	215,031	210,214

Movement of outstanding claim

Opening balance	210,214	209,432
Total gross claims	2,589,336	3,395,457
Claims paid /settled	(2,584,519)	(3,394,675)
Closing balance	215,031	210,214

35.3 Financial risk

(i) Market risk

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

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group is exposed to interest / mark-up rate risk in respect of the following:

Notes to and forming part of the Consolidated Financial Statements

2015

Interest Rates	Interest / mark-up bearing			Non-interest / mark-up bearing			Total
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
(Rupees in thousands)							
4.00% - 11.50%	793,296	-	793,296	7,080	-	7,080	800,376
11.25% - 13.98%	-	9,696,451	9,696,451	9,990,775	-	9,990,775	19,687,226
9.00% - 11.00%	146,947	-	146,947	-	-	-	146,947
9.00%	734	-	734	-	-	-	734
	-	-	-	397,319	-	397,319	397,319
	-	-	-	422,023	-	422,023	422,023
and deposits	-	-	-	421,599	-	421,599	421,599
outstanding claims	-	-	-	391,659	-	391,659	391,659
	-	-	-	176,639	-	176,639	176,639
	940,977	9,696,451	10,637,428	11,807,094	-	11,807,094	22,444,522
[including IBNR]	-	-	-	858,847	-	858,847	858,847
reinsurers	-	-	-	348,028	-	348,028	348,028
	-	-	-	219,015	-	219,015	219,015
6.70% - 8.41%	-	-	-	540,199	-	540,199	540,199
	148,020	-	148,020	-	-	-	148,020
	-	-	-	14,006	-	14,006	14,006
	148,020	-	148,020	1,980,095	-	1,980,095	2,128,115
	792,957	9,696,451	10,489,408	9,826,999	-	9,826,999	20,316,407

2014

Interest Rates	Interest / mark-up bearing			Non-interest / mark-up bearing			Total
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
(Rupees in thousands)							
6.00% - 11.50%	911,221	-	911,221	576	-	576	911,797
12.00%	-	8,285,389	8,285,389	9,778,557	-	9,778,557	18,063,946
9.00% - 11.00%	134,350	-	134,350	-	-	-	134,350
9.00%	361	-	361	-	-	-	361
	-	-	-	395,945	-	395,945	395,945
	-	-	-	525,344	-	525,344	525,344
and deposits	-	-	-	417,496	-	417,496	417,496
outstanding claims	-	-	-	336,040	-	336,040	336,040
	-	-	-	89,217	-	89,217	89,217
	1,045,932	8,285,389	9,331,321	11,543,175	-	11,543,175	20,874,496
[including IBNR]	-	-	-	850,726	-	850,726	850,726
reinsurers	-	-	-	374,196	-	374,196	374,196
	-	-	-	197,938	-	197,938	197,938
	-	-	-	473,688	-	473,688	473,688
10.33% - 11.55%	79,830	-	79,830	-	-	-	79,830
10.94%	-	675,000	675,000	-	-	-	675,000
	-	-	-	8,703	-	8,703	8,703
	79,830	675,000	754,830	1,905,251	-	1,905,251	2,660,081
	966,102	7,610,389	8,576,491	9,637,924	-	9,637,924	18,214,415

Sensitivity analysis

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 re-price in a given period. The Group manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. Borrowing arrangements have variable rate pricing that is dependent on the Karachi Inter Bank Offer Rate (KIBOR) as indicated in respective notes. The table below summarises Group's interest rate risk as of December 31, 2015 and 2014 and shows the effects of a hypothetical 1% increase and a 1% decrease in interest rates as at the year end.

	Profit and Loss	
	Increase	Decrease
	(Rupees in thousands)	
As at December 31, 2015		
Cash flow sensitivity-Variable rate financial liabilities	(166)	166
Cash flow sensitivity-Variable rate financial assets	-	-
As at December 31, 2014		
Cash flow sensitivity-Variable rate financial liabilities	(1,780)	1,780
Cash flow sensitivity-Variable rate financial assets	-	-

(b) Foreign currency risk

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

(c) 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. Group is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs. 9,875 million (2014: Rs. 9,663 million) at the balance sheet date.

The Group's strategy is to hold its strategic equity investments for long period of time. Thus, Group's management is not concerned with short term price fluctuations with respect to its strategic investments provided that the underlying business, economic and management characteristics of the investee remain favorable. Group strives to maintain above average levels of shareholders' capital to provide a margin of safety against short term equity price volatility. Group manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

The carrying value of investments subject to equity price risk are based on quoted market prices as of the balance sheet date except for investments in associates which are carried under equity method, available for sale equity instruments of non-life insurance business and investment of statutory funds other than investment linked fund which are stated at lower of cost or market value (market value being taken as lower if fall is other than temporary) in accordance with the requirements of the S.R.O. 938 issued by the Securities and Exchange Commission of Pakistan (SECP), in December 2002.

Market prices are subject to fluctuation and consequently the amount realised in the subsequent sale of an investment may significantly differ from the reported market value. Furthermore, amount realised in the sale of a particular security may be affected by the relative quantity of the security being sold. The Group has no significant concentration of price risk.

Notes to and forming part of the Consolidated Financial Statements

Sensitivity analysis

The table below summarises Group's equity price risk as of 31 December 2015 and 2014 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 Group's equity investment portfolio because of the nature of equity markets.

Had all equity investments, other than associates, been measured at fair values as required by IAS 39 "Financial Instruments: Recognition and Measurement", the impact of hypothetical change would be as follows:

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in share-holders' equity	Hypothetical increase (decrease) in profit / (loss) before tax
31 Dec 2015	38,489,813	10% increase	42,338,794	3,848,981	-
		10% decrease	34,640,832	(3,848,981)	-
31 Dec 2014	44,827,487	10% increase	49,310,236	4,482,749	-
		10% decrease	40,344,738	(4,482,749)	-

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities. To guard against the risk, the Group 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 Group are short term in nature.

Liquidity risk is the risk that the Group 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.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date on an undiscounted cash flow basis.

	2015			
	Carrying amount	Contractual cash flow	Upto one year	More than one year
	(Rupees in thousands)			
Provision for outstanding claims	858,847	858,847	858,847	-
Amount due to other insurers / reinsurers	348,028	348,028	348,028	-
Accrued expenses	219,015	219,015	219,015	-
Unclaimed dividend	14,006	14,006	14,006	-
Short term finance	148,020	148,020	148,020	-
Sundry creditors	540,199	540,199	540,199	-
	2,128,115	2,128,115	2,128,115	-

	2014			
	Carrying amount	Contractual cash flow	Upto one year	More than one year
	(Rupees in thousands)			
Provision for outstanding claims	850,726	850,726	850,726	-
Amount due to other insurers / reinsurers	374,196	374,196	374,196	-
Accrued expenses	197,938	197,938	197,938	-
Unclaimed dividend	8,703	8,703	8,703	-
Short term finance	79,830	79,830	79,830	-
Long term finance	675,000	675,000	-	675,000
Sundry creditors	473,688	473,688	473,688	-
	2,660,081	2,660,081	1,985,081	675,000

(iii) Credit risk

Credit risk is the risk that arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by monitoring credit 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 Group's credit risk exposure is not significantly different from that reflected in the financial statements. The management monitors and limits the Group'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.

	2015	2014
	(Rupees in thousands)	
- Bank deposits	449,792	596,291
- Deposits maturing within 12 months	350,000	315,000
- Premiums due but unpaid	397,319	395,945
- Amount due from other insurers / reinsurers	422,023	525,344
- Accrued income on investments and deposits	421,599	417,496
- Prepaid reinsurance premium ceded	333,744	309,858
- Reinsurance recoveries against outstanding claims	391,659	336,040
- Sundry receivables	176,639	89,217
	2,942,775	2,985,191

The Group did not hold any collateral against the above during the year. The management continuously monitors the credit exposure towards the policyholders and other insurers / reinsurers and makes provision against those balances considered doubtful of recovery. During the year receivables of Rs. 9.613 million were further impaired. The movement in the provision for doubtful debt account is shown in note 18.3. 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 Consolidated Financial Statements

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

	Rating Agency	Rating Short Term	Rating Long Term
Bank deposits			
BankIslami Pakistan Limited	JCR-VIS	A1	A+
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
MCB Bank Limited	PACRA	A1+	AAA
National Bank of Pakistan	PACRA	A1+	AAA
JS Bank Limited	PACRA	A1+	A+
Soneri Bank Limited	PACRA	A1+	AA-
NIB Bank Limited	PACRA	A1+	AA-
United Bank Limited	JCR-VIS	A1+	AA+
Habib Bank Limited	JCR-VIS	A1+	AAA
Faysal Bank Limited	PACRA	A1+	AA
Standard Chartered Bank	PACRA	A1+	AAA
Bank Al Habib Limited	PACRA	A1+	AA+
Bank Alfalah Limited	PACRA	A1+	AA
Meezan Bank Limited	JCR-VIS	A1+	AA
Summit Bank Limited	PACRA	A1	A
Tameer Microfinance Bank Limited	PACRA	A1	A+
Certificate of Deposits			
Soneri Bank Limited	PACRA	A1+	AA-
Habib Metropolitan Bank Limited	PACRA	A1+	AA+

** The age analysis of premiums due but unpaid and amounts due from other insurers / reinsurers is as follows:

	2015 (Rupees in thousands)	2014
Upto 1 year	691,684	756,826
1-2 years	59,613	101,578
2-3 years	38,882	48,028
Over 3 years	146,065	122,146
	<u>936,244</u>	<u>1,028,578</u>

Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group's portfolio of financial assets subject to credit risk is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk.

	2015 (Rupees in thousands)	2014
Sector wise analysis of premiums due but unpaid		
Foods and beverages	65,182	43,422
Financial services	57,475	59,766
Pharmaceuticals	35,106	40,715
Textile and composites	49,664	61,586
Plastic industries	273	661
Engineering	20,458	24,158
Other manufacturing	9,920	28,443
Miscellaneous	236,907	205,247
	<u>474,985</u>	<u>463,998</u>

For the year ended December 31, 2015

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

	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Prepaid re-insurance premium ceded	2015	2014
	(Rupees in thousands)				
A- or above (including PRCL)	382,916	302,802	247,284	1,180,286	1,106,374
BBB and B+	6,863	47,437	59,391	173,082	25,594
Others	71,480	41,420	27,069	167,038	78,466
Total	461,259	391,659	333,744	1,520,406	1,210,434

36 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Group to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Fair value measurements using quoted price (unadjusted) in an active market for identical assets or liabilities.
- Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at December 31, 2015, the Group held the following financial instruments measured at fair value:

	As at December 31, 2015		
	Level 1	Level 2	Level 3
	(Rupees in thousands)		
Assets carried at fair value			
Available-for-sale investments	4,647,636	-	-
Fair value through profit and loss investments	719,254	-	-
	As at December 31, 2014		
	Level 1	Level 2	Level 3
	(Rupees in thousands)		
Assets carried at fair value			
Available-for-sale investments	4,080,121	-	-
Fair value through profit and loss investments	640,927	-	-

37 CAPITAL MANAGEMENT

The Holding Company's objectives when managing capital are to safeguard the Holding Company's ability to

Notes to and forming part of the Consolidated Financial Statements

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

The Holding Company currently meets the paid up capital requirement as required by Securities and Exchange Commission of Pakistan.

38 CORRESPONDING FIGURES


Corresponding figures have been restated / rearranged and reclassified, wherever necessary, for the purpose of comparison. There have been no significant reclassifications / restatements in the financial statements except for the effects as disclosed in note 5.3 to these consolidated financial statements.

39 DATE OF AUTHORISATION FOR ISSUE


These consolidated financial statements were authorised for issue on February 26, 2016 by the Board of Directors of the Holding Company.

40 EVENTS AFTER BALANCE SHEET DATE

The Board of Directors has proposed a final dividend for the year ended December 31, 2015 of Rs. 4.00 per share (2014: Rs. 3.00 per share), amounting to Rs. 490.758 million (2014: Rs. 368.069 million) in its meeting held on February 26, 2016 for the approval of the members at the annual general meeting to be held on April 21, 2016. The Board has also recommended to transfer Rs. 736.136 million (2014: Rs. 368.069 million) to unappropriated profit from general reserves. The consolidated financial statements for the year ended December 31, 2015 do not include the effect of these appropriations which will be accounted for in the consolidated financial statements for the year ending December 31, 2016.



Chairman



Director



Director



Principal Officer
and Chief Executive

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 62nd Annual General Meeting of IGI Insurance Limited (the “Company”) will be held on Thursday, the 21st day of April, 2016 at 3:00 p.m., at the Auditorium of The Institute of Chartered Accountants of Pakistan, Chartered Accountants Avenue, Clifton, Karachi, to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the Extraordinary General Meeting of the Company held on 31st March 2016.
2. To receive, consider and adopt the Audited Financial Statements of the Company together with the Directors’ and Auditors’ reports thereon for the year ended 31st December 2015.
3. To consider and approve the payment of the final cash dividend @ forty percent (40%) that is Rs. 4/- (Rupees four) per ordinary share of Rs. 10 (Ten) each for the year ended 31st December 2015, as recommended by the Board of Directors (the “Board”) of the Company, in addition to the interim dividend paid to the Members during the year @ twenty percent (20%), that is Rs. 2/- (Rupees two) per share.
4. To appoint auditors for the ensuing year and to fix their remuneration.

ANY OTHER BUSINESS

5. To consider any other business with the permission of the Chairman.

(Attached to this Notice is a statement showing the Status of Approvals for Investment in Associated Companies as required under Regulation 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012.)

By Order of the Board

Abdul Haseeb
Company Secretary
Karachi: March 31, 2016

Notice of Annual General Meeting

Notes:

1. The Share Transfer Books of the Company will remain closed from April 11, 2016 to April 21, 2016 (both days inclusive).
2. A member entitled to attend and vote at the meeting is entitled to appoint another person as a proxy to attend and vote instead of him. A proxy need not be a member of the Company. The proxy forms duly completed and signed by the member appointing the proxy must be deposited with the Company's Share Registrar, FAMCO Associates (Private) Limited, 8F, Next to Hotel Faran, Nursery Block 6, P.E.C.H.S., Sharah-e-Faisal, Karachi, not later than forty-eight (48) hours before the time appointed for the Meeting. The Form of Proxy is attached with this Notice.
3. Shareholders (Non-CDC) are requested to promptly notify the Company's Share Registrar aforesaid of any change in their addresses.
4. Any individual beneficial owner having an account or sub-account with the Central Depository Company, entitled to vote at this Meeting, must bring his/her Computerized National Identity Card ("CNIC") with him/her to prove his/her identity, and in case of proxy must enclose an attested copy of his/her CNIC. The representatives of corporate bodies should bring attested copies of board of directors' resolution/powers of attorney and/or all such documents as are required under Circular No.1 dated 26th January 2000 issued by the Securities and Exchange Commission of Pakistan for the purpose.
5. Disclosure under Para 3(a) of SRO 634(1)/2014 dated July 10, 2014: The financial statements and reports have been placed on the website of the Company.
6. The Securities and Exchange Commission of Pakistan ("SECP") vide SRO 787(I)/2014 dated 8th September, 2014 has allowed companies to circulate annual balance sheet, profit and loss accounts, auditors report and directors report along with notice of annual general meeting to its members through email. Members who wish to avail this facility can give their consent to the Company Secretary for this purpose together with their email addresses at his email address. The email address of the Company Secretary is haseeb.kasbati@igi.com.pk .
7. The Government of Pakistan through Finance Act, 2015 has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These rates are as under:

(a) For filers of income tax returns	12.5%
(b) For non-filers of income tax returns	17.5%

To enable the Company to make tax deductions on the amount of cash dividend @12.5% instead of 17.5% all the shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into the ATL before the book closure of the Company, otherwise tax on their cash dividend will be deducted @ 17.5% instead of 12.5%.

For shareholders holding their shares jointly as per the clarification issued by the Federal Board of Revenue, withholding tax will be determined separately on "Filer / Non-Filer" status of the principal shareholder as well as joint-holder(s) based on their shareholding proportions. Therefore, all shareholders who hold shares jointly are required to provide shareholding proportions of the principal shareholder and Joint-holder(s) in respect of shares held by them to the Share Registrar, in writing as follows:

Notice of Annual General Meeting

Company Name	Folio / CDC Account No.	Total shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC No.	Shareholding Proportion (No. of Shares)	Name and CNIC No.	Shareholding Proportion (No. of Shares)

8. Clause 1(b) of SRO No. 1027(I)/2014 dated 13th November 2014 issued by the SECP states “The company may provide video conference facility to its members for attending general meeting at places other than the town in which general meeting is taking place after considering the geographical dispersal of its members: Provided that if members, collectively holding 10% or more shareholding residing at a geographical location, provide their consent to participate in the meeting through video conference at least 10 days prior to date of meeting the company shall arrange video conference facility in that city subject to availability of such facility in that city.”

If you wish to take benefit of this facility, please fill the form appearing below and submit it to the Company at its registered address at least 10 days prior to the holding of the Meeting.

The Company will intimate members regarding venue of video conference facility at least 5 days before the date of the Annual General Meeting along with complete information necessary to enable them to access the facility.

<p>I/We, _____ of _____ being a member of IGI Insurance Limited, holder of _____ Ordinary shares as per Register Folio No. _____ hereby opt for video conference facility at _____.</p> <p style="text-align: right;">_____ Signature of member</p>

9. The Company is in the process of setting up the e-voting facility as required by the SECP by the Companies (E-Voting) Regulations, 2016, and in this connection, a special resolution for alteration of the Company's Articles of Association to allow for e-voting was passed in the preceding Extraordinary General Meeting of the Company held on 31st March 2016. However, the e-voting facility cannot be made available to the Members for this meeting because all the conditions required to be satisfied for providing e-voting facility, in principle the availability of a duly accredited Intermediary, could not be satisfied.
10. Members who have not yet submitted photocopy of their Computerized National Identity Cards to the Company are requested to send the same at the earliest.

Notice of Annual General Meeting

Status of Approvals for Investments in Associated Companies

As required by Regulation 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations 2012, the position of various investments in associated companies against approvals held by the Company is as under:

1. Nestle Pakistan Limited

- (a) Amount approved in the Annual General Meeting held on April 26, 2012: Rs. 1,000 million;
- (b) The Company has invested Rs. 69.58 million so far;
- (c) The said amount could not be fully utilized for non-availability of shares at reasonable price (the resolution did not require implementation within specified period and the authorization to invest continues to be valid and in effect); and
- (d) There was no major change in the financial position of the investee company.

2. Packages Limited

- (a) Amount approved in the Annual General Meeting held on April 26, 2012: Rs. 500 Million and amount approved in the Extraordinary General Meeting dated March 31, 2016: Rs. 2,000 Million;
- (b) The amount of Rs. 500 Million, approved in the Annual General Meeting held on April 26, 2012 has been substantially utilized and the Company has invested Rs. 492.79 Million so far with a balance of Rs. 7.21 Million remaining. However, the authorization to invest the remaining amount of Rs. 7.21 Million in the future will remain valid and in effect, in addition to the authorization to invest further Rs. 2,000 Million obtained in the Extraordinary General Meeting dated March 31, 2016, as the resolutions do not require implementation within a specified period;
- (c) There was no major change in the financial position of the investee company.

3. Tri-Pack Films Limited

- (a) Amount approved in the Annual General Meeting held on April 26, 2012: Rs. 500 Million;
- (b) The Company has invested an amount of Rs. 299.62 Million in subscribing 2,397,002 right shares of Tri-Pack Films Limited. An amount of Rs. 200.38 Million remains unutilized because of unavailability of shares at a reasonable price. However, the authorization to invest this amount in the future will remain valid and in effect, as the resolution passed on April 26, 2012 did not require implementation within a specified period; and
- (c) There was no major change in the financial position of the investee company.

4. Sanofi-Aventis Pakistan Limited

- (a) Amount approved in the Annual General Meeting held on April 26, 2012: Rs. 500 Million;

Notice of Annual General Meeting

- (b) The Company has invested Rs. 91.02 Million so far;
- (c) The said amount could not be fully utilized for non-availability of shares at reasonable price (the resolution did not require implementation within specified period and the authorization to invest continues to be valid and in effect); and
- (d) There was no major change in the financial position of the investee company.

5. Siemens (Pakistan) Engineering Company Limited

- (a) Amount approved in the Annual General Meeting held on April 26, 2012: Rs. 500 Million;
- (b) The Company has made no investment because of non-availability of shares at reasonable price (the resolution did not require implementation within specified period and the authorization to invest continues to be valid and in effect); and
- (c) The investee company is reorganizing its business operations in recent times, therefore, the Company will execute any investment decision considering changed business outlook of the investee company.

6. Packages Construction (Private) Limited

- (a) Amount approved in the Annual General Meeting held on April 21, 2015: Rs. 1,000 million;
- (b) The Company has invested an amount of Rs. 750 Million in subscribing 75 Million shares of Packages Construction (Private) Limited. An amount of Rs. 250 Million remains unutilized in view of the need of the investee company for further funds for the time being. However, the authorization to invest this amount in the future will remain valid and in effect, as the resolution passed on April 21, 2015 did not require implementation within a specified period; and;
- (c) There has been no major change in the financial position of the investee company.

Proxy Form

The Company Secretary,
IGI Insurance Limited,
7th Floor, The Forum,
Suite Nos. 701-713, G-20, Block 9,
Khayaban-e-Jami, Clifton,
Karachi-75600, Pakistan

I/We _____
of _____ being member (s) of **IGI Insurance Limited, and holder of** _____ Ordinary Shares as per Share **Registered Folio No.** _____ and/or **CDC Participant I. D. No.** _____ and **Sub Account No.** _____ hereby appoint _____ of _____ or failing him / her _____ of _____ as my/our proxy in my/our absence to attend and vote for me/us on my/our behalf at the sixty one Annual General Meeting of the Company to be held on Thursday, April 21st, 2016 at 3:00 p.m. at the Auditorium of The Institute of Chartered Accountants of Pakistan, Chartered Accountants Avenue, Clifton, Karachi-75600 and at any adjournment thereof. Signed this _____ day of _____ 2016.

1) Witness:

Signature _____
Name _____
Address _____

CNIC or _____
Passport No. _____

Signature:

Please affix
Rupees five
revenue stamp

2) Witness:

Signature _____
Name _____
Address _____

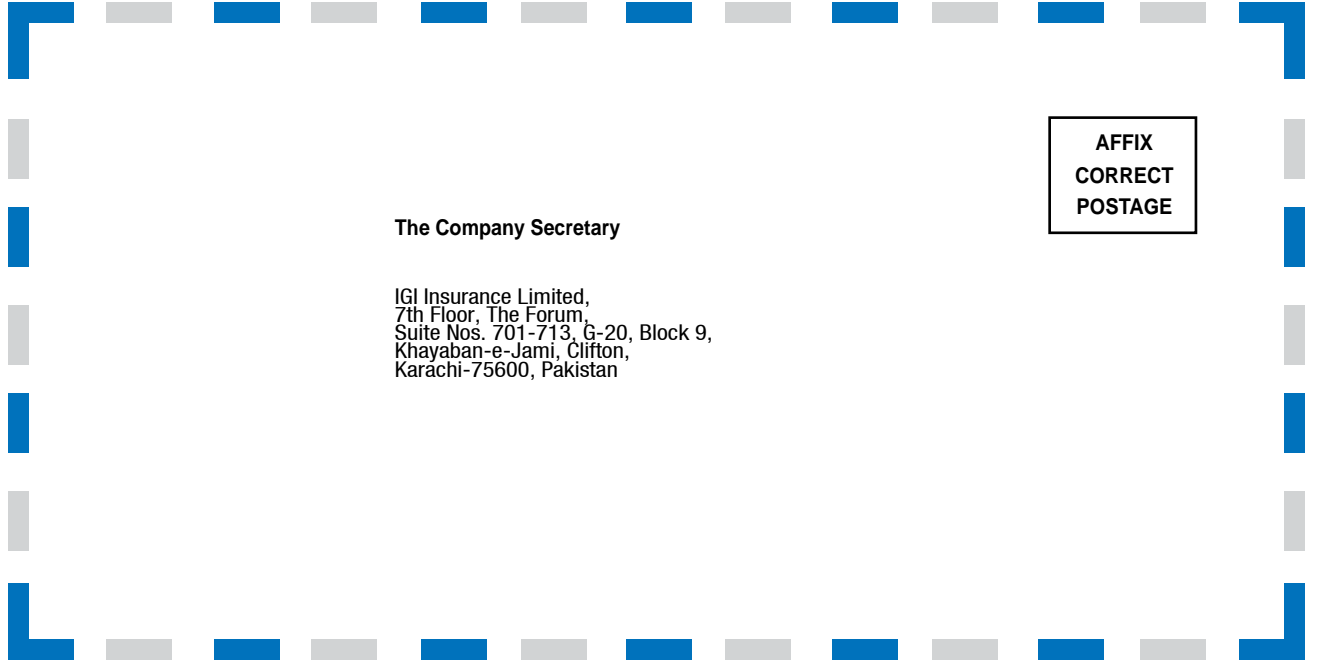
CNIC or _____
Passport No. _____

(Signature should agree with the specimen
signature registered with the Company)

Note: Proxies in order to be effective, must be received by the Company not less than 48 hours before the meeting.

CDC Shareholders and their proxies are each requested to attach an attested photocopy of their Computerized National Identity Card or Passport with this proxy form before submission to the Company.

The shareholders having shares deposited with the Central Depository Company (CDC) are requested to bring their Original Computerized National Identity Cards and CDC account number for verification.



The Company Secretary

IGI Insurance Limited,
7th Floor, The Forum,
Suite Nos. 701-713, G-20, Block 9,
Khayaban-e-Jami, Clifton,
Karachi-75600, Pakistan

AFFIX
CORRECT
POSTAGE

تشکیل نیابت داری

باسٹھواں سالانہ اجلاس عام

میں / ہم _____
 ساکن _____ بطور آئی جی آئی انشورنس لمیٹڈ کے
 رکن و حامل _____ عام حصص برطانیہ شیئر رجسٹرڈ نمبر _____
 اور یا سی ڈی سی کے شراکتی آئی ڈی نمبر _____ اور ذیلی کھاتہ نمبر _____
 ساکن _____ یا بصورت دیگر _____
 کو اپنی جگہ بروز جمعرات مورخہ 21 اپریل 2016 بوقت 03:00 بجے بمقام انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹینٹس آف پاکستان کے آڈیٹوریم میں منعقد یا ملتوی ہونے والے باسٹھویں سالانہ اجلاس عام میں رائے دہندگی کیلئے اپنا نمائندہ مقرر کرتا ہوں۔

گواہان:

براہ کرم پانچ روپے
 مالیت کے ریونیوٹکٹ
 چسپاں کریں۔

دستخط

(دستخط کمپنی میں درج نمونہ دستخط
 کے مطابق ہونے چاہئیں)

دستخط _____
 نام _____
 پتہ _____
 شناختی کارڈ یا
 پاسپورٹ نمبر _____

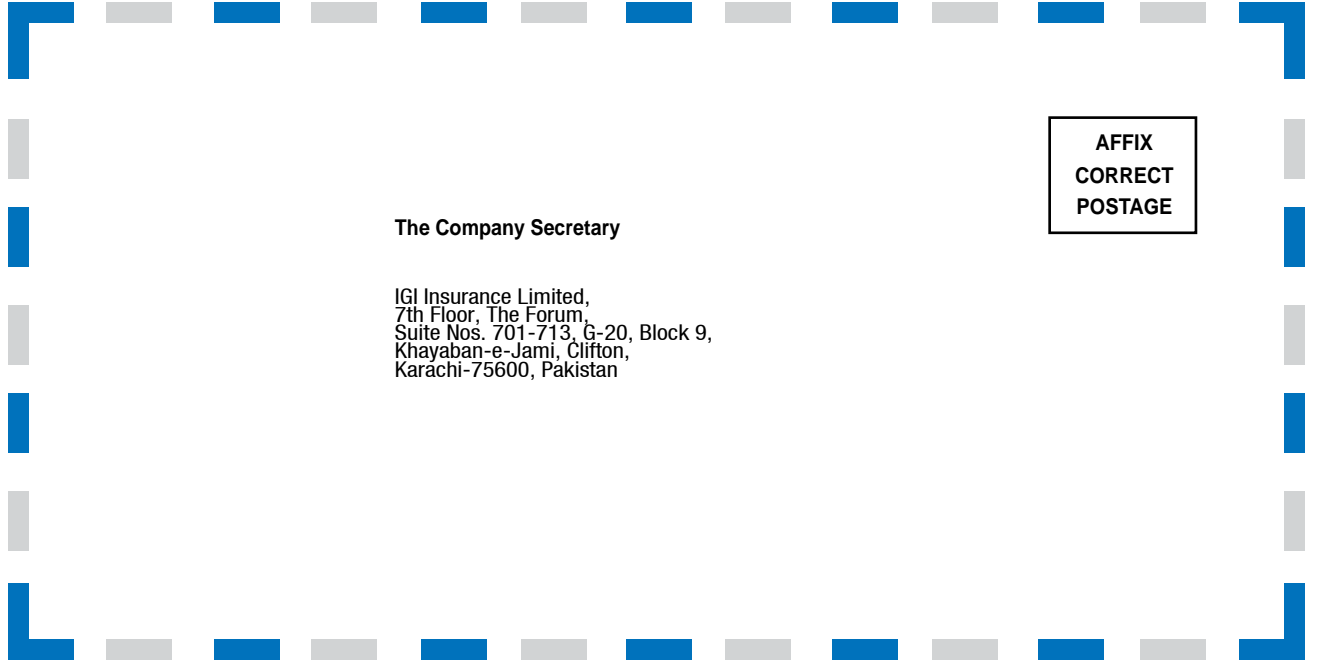
گواہان:

دستخط _____
 نام _____
 پتہ _____
 شناختی کارڈ یا
 پاسپورٹ نمبر _____

نوٹ: پراسیز کے موثر ہونے کیلئے لازم ہے کہ وہ اجلاس سے 48 گھنٹہ قبل کمپنی کو موصول ہوں۔

سی ڈی سی کے حصص یافتگان اور ان کے نمائندوں سے التماس ہے کہ وہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپی پراسیز فارم کے ساتھ کمپنی میں جمع کرائیں۔

سی ڈی سی کے حصص یافتگان سے درخواست ہے کہ وہ تصدیق کیلئے اور بجٹل کمپیوٹرائزڈ قومی شناختی کارڈ اور سی ڈی سی اکاؤنٹ نمبر اپنے ہمراہ لے کر آئیں



The Company Secretary

IGI Insurance Limited,
7th Floor, The Forum,
Suite Nos. 701-713, G-20, Block 9,
Khayaban-e-Jami, Clifton,
Karachi-75600, Pakistan

**AFFIX
CORRECT
POSTAGE**

31 دسمبر 2015 کو ختم ہونے والے سال کے لئے مجموعی مالیاتی

گوشواروں پر حصص یافتگان کے لئے ڈائریکٹرز کی رپورٹ

بورڈ کی جانب سے 31 دسمبر 2015 کو ختم ہونے والے سال کے لئے آئی جی آئی انشورنس لمیٹڈ کے مجموعی مالیاتی گوشواروں پر رپورٹ پیش کرتے ہوئے میں خوشی محسوس کر رہا ہوں۔
بورڈ آف ڈائریکٹرز کی جانب سے منافع کے درج ذیل تصرف کی سفارش کی گئی ہے۔

2014	2015	
(روپے ہزاروں میں)		
1,619,354	2,351,127	منافع قبل از ٹیکس
(191,721)	(375,833)	ٹیکسیشن
1,427,633	1,975,294	منافع بعد از ٹیکس
1,499	(81,783)	دیگر جامع آمدنی
1,429,132	1,893,511	مجموعی جامع آمدنی
36,870	18,585	نان-کنٹرولنگ انٹرسٹ کے لئے منسوب منافع جات
1,392,262	1,874,926	عمومی حصے داروں کے لئے منسوب منافع جات
716,522	2,220,320	آئندہ کے لئے غیر مختص شدہ منافع جات
2,145,654	4,113,831	دستیاب منافع جات برائے تصرف
11.64	16.10	آمدنی فی شیئر

برائے اور منجانب بورڈ

سید بابر علی

چیئرمین

کراچی: 26 فروری 2016

آڈٹ کمیٹی

جیسا کہ کوڈ آف کارپوریٹ گورننس کے تحت ضروری ہے، آڈٹ کمیٹی نے بورڈ کی جانب سے باقاعدہ منظور کردہ تفصیلی شرائط کے مطابق سرگرمی جاری رکھی۔ کمیٹی کی تشکیل اور اس کے تفصیلی شرائط سالانہ رپورٹ کے ساتھ منسلک ہیں۔

آڈیٹرز

موجودہ بیرونی محاسب میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس سکدش ہو رہے ہیں اور اہل ہونے کی بنا پر انہوں نے خود کو دوبارہ تقرری کے لئے پیش کیا ہے۔ بیرونی محاسب، انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹینٹ آف پاکستان (ICAP) کی جانب سے اطمینان بخش ریٹنگ کے حامل ہیں، جیسا کہ کوالٹی کنٹرول جائزہ پروگرام کے تحت ضروری ہے۔ آڈٹ کمیٹی کی جانب سے تجویز کے مطابق بورڈ آف ڈائریکٹرز نے میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس کو سال 2016 کے لئے باہمی طے کردہ فیس پر کمپنی کے بیرونی محاسب کی حیثیت سے تقرری کی سفارش کی ہے۔

نمایاں تبدیلیاں

آپ کی کمپنی کی مالیاتی پوزیشن کو متاثر کرنے کے ضمن میں مورخہ 31 دسمبر 2015 سے کوئی بنیادی تبدیلیاں یا مالیاتی وعدے رونما نہیں ہوئے۔

حصص یافتگان کا خاکہ

حصص یافتگان کے خاکے کو ظاہر کرنے کے سلسلے میں ایک گوشوارہ سالانہ رپورٹ کے ساتھ منسلک ہے۔

برائے اور کمپنی کی جانب سے



سید بابر علی

چیئرمین

کراچی 26 فروری 2016

13- سرمایہ کاری، ذمہ داری پالیسی میں تبدیلی، اگر کوئی ہو، سی ای او کی تقرری، معاوضہ اور شرائط و ضوابط سے متعلق تمام اہم ترین فیصلے بورڈ کی جانب سے کئے گئے ہیں۔

14- بورڈ کے آٹھ ممبران میں سے صرف ایک ممبر نے اب تک سرٹیفیکیشن حاصل نہیں کی ہے جو کہ کوڈ کی شرائط کے مطابق 30 جون 2016 تک حاصل کر لی جائے گی۔

15- ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کا مجموعی مشاہرہ بشمول تنخواہ، فیس، مراعات وغیرہ 23.26 ملین اور 4.30 ملین روپے ہے۔

انشورنس آرڈیننس

جیسا کہ انشورنس آرڈیننس اور قوانین جو کہ ذیل میں تحریر ہیں، ڈائریکٹرز توثیق کرتے ہیں کہ:

○ ان کی رائے میں اور ان کے بہترین یقین کے مطابق کمپنی کے سالانہ قانونی گوشوارے جو کہ بیان کے ساتھ منسلک فارمز میں درج ہیں، وہ انشورنس آرڈیننس اور متعلقہ قوانین کے مطابق تیار کئے گئے ہیں۔

○ کمپنی نے سال کے دوران ادا شدہ سرمائے، مقدوریت اور مکرر بیمہ کے انتظامات سے متعلق طے کردہ قوانین اور آرڈیننس کی شکوے پر عملدرآمد کیا اور اس بیان کی تاریخ پر بھی کمپنی آرڈیننس اور طے کردہ قوانین کی شکوے پر عملدرآمد کا سلسلہ جاری رکھے ہوئے ہے جیسا کہ اوپر درج کیا گیا ہے۔

بورڈ اور سب کمیٹی کے اجلاس

بورڈ آف ڈائریکٹرز، آڈٹ، انڈر رائٹنگ، ری انشورنس، کلیمز، انویسٹمنٹ، ہیومن ریسورس اور کمپنیشن کمیٹی کے اجلاس شیڈول کے مطابق منعقد کئے گئے۔ بورڈ میں دو اتفاقی اسامیاں یکم مارچ 2015 اور 9 اپریل 2015 کو خالی ہوئیں جنہیں ڈائریکٹرز نے مقررہ وقت کے اندر پُر کر دیا۔

ہر ایک ڈائریکٹر کی جانب سے بورڈ اور اس کی سب کمیٹیوں کے اجلاس میں شرکت درج ذیل کے مطابق رہی۔

بورڈ نے ان ڈائریکٹرز کو غیر حاضری کے لئے چھٹی منظور کر دی تھی جو بورڈ کے اجلاسوں میں شرکت نہیں کر سکے۔

بورڈ/سب کمیٹی	بورڈ کا اجلاس	آڈٹ کمیٹی	انڈر رائٹنگ کمیٹی	ری انشورنس کمیٹی	کلیمز کمیٹی	انویسٹمنٹ کمیٹی	ہیومن ریسورس اور کمپنیشن کمیٹی
منعقدہ اجلاس کی تعداد	5	4	4	4	4	4	4
حاضری							
سید بابر علی	4	-	-	-	-	-	-
شیم احمد خان	5	4	-	-	4	4	4
سید کمال علی	-	-	-	-	-	-	-
سید یاور علی	5	4	-	-	-	4	4
سید شاہد علی	3	-	-	-	-	-	1
سید حیدر علی	5	4	4	4	-	4	4
وقار احمد ملک	1	-	-	-	-	-	1
فریال جمعہ	4	3	-	-	-	-	2
عثمان خالد وحید	2	-	-	-	-	1	-
طاہر مسعود	5	-	4	4	4	4	4

کارپوریٹ گورننس پر رپورٹ

- 1- ڈائریکٹرز نے ایس ای سی پی کوڈ آف کارپوریٹ گورننس کے کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک کے ساتھ درج ذیل معاملات پر عملدرآمد کی تصدیق کی ہے۔
مالیاتی گوشوارے مع ان کے ناگزیر حصے کے طور پر تشکیل دیئے گئے نوٹس جو کہ آپ کی کمپنی کی انتظامیہ کی جانب سے کمپنیز آرڈیننس 1984 اور انشورنس آرڈیننس 2000 کی مطابقت میں تیار کئے گئے اور شفاف انداز میں سرگرمیوں کے نتائج، کیش فلو اور ایکویٹی میں تبدیلی کو ظاہر کرتے ہیں۔
- 2- کمپنی کے حسابات کی باقاعدہ کتب تیار کی گئی ہیں۔
- 3- مناسب اکاؤنٹنگ پالیسیاں مالیاتی گوشوارے کی تیاری کے سلسلے میں مستقل طور پر لاگو کی جاتی رہی ہیں اور اکاؤنٹنگ تخمینہ جات درست اور محتاط جائزے کی بنیاد پر تیار کئے گئے۔
- 4- انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز، جیسا کہ یہ پاکستان میں نافذ العمل ہیں، مالیاتی گوشوارے کی تیاری میں لاگو کئے جاتے رہے ہیں اور ان سے کسی بھی انحراف کے بارے میں مناسب وضاحت اور جواز پیش کیا گیا۔
- 5- داخلی کنٹرول کا نظام اپنی ساخت کے اعتبار سے مستحکم ہے اور موثر طور پر نافذ العمل اور زیر نگرانی رہتا ہے۔
- 6- بطور ایک چلتے ادارے کمپنی کے کاروبار جاری رکھنے کی اہلیت پر کوئی قابل ذکر شبہات نہیں۔
- 7- کارپوریٹ گورننس کی بہترین روایات سے کسی قسم کا قابل ذکر گریز نہیں کیا گیا جیسے لسٹنگ ریگولیشن میں درج ہیں ماسوائے ان امور کے جو کوڈ آف کارپوریٹ گورننس کی اسٹیٹمنٹ آف کمپلائنس میں بیان کئے گئے ہیں۔
- 8- گزشتہ دس سالوں کے لئے نمایاں کاروباری اور مالیاتی تفصیل سالانہ رپورٹ میں ظاہر کی گئی ہے۔
- 9- ٹیکسز، ڈیوٹیز، لیویز اور چارجز کے ضمن میں 31 دسمبر 2015 کے اختتام پر کوئی قانونی ادائیگیاں واجب الادا نہیں ہیں ماسوائے ان کے جو مالیاتی گوشوارے میں ظاہر کی گئی ہیں۔
- 10- بعد از ملازمت مشاہرہ فنڈ کے محاسب شدہ گوشواروں کے مطابق سرمایہ کاریوں کی قدر درج ذیل ہے۔

پراویڈنٹ فنڈ بمطابق	30 جون 2014	62.18 ملین روپے
گریجویٹ فنڈ بمطابق	31 دسمبر 2014	38.51 ملین روپے
- 11- ریلٹیڈ پارٹی کے ساتھ لین دین آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز کی جانب سے منظور اور توثیق کئے گئے ہیں۔
- 12- ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکریٹری، ایگزیکٹوز اور ان کے شریک حیات و نابالغ بچوں کی جانب سے شیئرز کے ضمن میں کی گئی تجارت، اگر کوئی ہے، تو اس کی تفصیل ذیل میں دی گئی ہے۔

ڈائریکٹرز اور ان کے شریک حیات

- سید بابر علی، ڈائریکٹر نے 1,864,700 شیئرز خریدے۔
- مسز پروین بابر علی نے 167,700 شیئرز خریدے۔
- سید شاہد علی ڈائریکٹر نے 2,660,800 شیئرز فروخت کئے۔
- سید حیدر علی ڈائریکٹر نے 543,700 شیئرز خریدے۔
- مسز سید یاور علی نے 55,000 شیئرز خریدے۔
- محترمہ فریال جمعہ ڈائریکٹر نے 100 شیئرز خریدے۔
- جناب عثمان خالد وحید ڈائریکٹر نے 100 شیئرز خریدے۔
- جناب طاہر مسعود (سی ای او) نے 400 شیئرز فروخت کئے۔

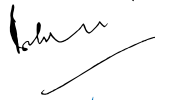
مستقبل پر ایک نظر

آپ کی کمپنی کا بورڈ اور انتظامیہ اس حقیقت سے بخوبی آگاہ ہیں کہ ہم ایک مستحکم اور متحرک صنعت ہونے کے باوجود ایک انتہائی مسابقتی ماحول میں کام کر رہے ہیں۔ ہم یقین رکھتے ہیں کہ ہم موزوں پیشہ ورانہ ٹیم اور ایک جدید و متحرک آپریشنل پلیٹ فارم کے حامل ہیں جو مستقبل میں منافع بخش اور مستحکم کاروبار کی ضمانت دے سکتا ہے۔ اس اعتبار سے یہ سال کمپنی کے لئے بہترین رہا اور ہم آنے والے سالوں میں ترقی کی نئی منزلیں حاصل کرنے کی جدوجہد جاری رکھیں گے۔

اعتراف:

ہم اپنے صارفین، کاروباری شراکت داروں اور ملازمین کے مشکور ہیں کہ انہوں نے ہم پر اعتبار کیا اور اس سے ہمیں سالہا سال کامیابی اور ترقی کے حصول میں مدد ملی۔ ہم آئی جی آئی کی سرپرستی اور اس پر اعتماد کرنے کے لئے اپنے حصص یافتگان کا بھی شکریہ ادا کرتے ہیں۔

برائے بورڈ اور اس کی جانب سے



سید باقر علی

چیئرمین

کراچی: 26 فروری 2016

ضابطہ اخلاق

آپ کی کمپنی نے ایک ضابطہ اخلاق تیار کیا ہے تاکہ اخلاقی اقدار اور اصولوں کی پاسداری کو یقینی بنایا جائے جس پر تمام ملازمین نے باقاعدہ دستخط کئے ہیں۔ ہماری تمام آپریشنل سرگرمیاں ایک انتہائی شفاف طریقہ کار کے مطابق انجام دی جاتی ہیں اور سختی کے ساتھ ضابطہ اخلاق پر عمل کیا جاتا ہے جس پر کوئی مفاہمت نہیں کی جاتی۔

کارپوریٹ سماجی ذمہ داری (CSR)

آپ کی کمپنی اپنی کارپوریٹ سماجی ذمہ داریوں سے پوری طرح آگاہ ہے اور تعلیم، صحت اور ماحولیات کے شعبوں میں سماجی خدمت کے اداروں کی معاونت کر رہی ہے۔ کمپنی نے 2014 کے 20.6 ملین روپے کے مقابلے 2015 میں 1.6 ملین روپے کا عطیہ دیا۔ کمپنی پورے سال کالجوں اور جامعات سے طلباء کو انٹرن شپس کی پیشکش بھی کرتی ہے۔

آئی ایس او سرٹیفیکیشن اور ہمارے صارف کے لئے اس کی اہمیت

آپ کی کمپنی نے پیداواری صلاحیت اور اپنی کارکردگی میں بہتری پر توجہ کا سلسلہ جاری رکھتے ہوئے اور اپنے کوالٹی مینجمنٹ سرٹیفیکیشن ISO 9001:2008 کو برقرار رکھتے ہوئے پاکستان میں ISO 9001:2008 سرٹیفیکیشن حاصل کرنے والی پہلی عمومی بیمہ کمپنی کا اعزاز حاصل کیا ہے۔

بیمہ کار کے مالیاتی استحکام کی ریٹنگ

پاکستان کریڈٹ ریٹنگ ایجنسی (پرائیویٹ) لمیٹڈ (PACRA) نے آپ کی کمپنی کو مسلسل سولہویں سال کے لئے ’انشورر فنانشل اسٹریٹجی‘ (IFS) ریٹنگ تفویض کرتے ہوئے دسمبر 2015 میں ’AA‘ (ڈبل اے) ریٹنگ دی۔ ’AA‘ (ڈبل اے) کی انشورر فنانشل اسٹریٹجی (آئی ایف ایس) ریٹنگ بیمہ دار اور معاہدہ کی ذمہ داریوں کو پورا کرنے، معمولی خطرے کے عناصر سے نمٹنے کے لئے ایک انتہائی مستحکم صلاحیت کو ظاہر کرتی ہے اور ان توقعات کو پورا کرتی ہے جو کاروباری اور معاشی عناصر پر کسی بھی برے اثرات کو محدود کرتے ہیں۔

تصرف:

مجوزہ تصرف درج ذیل کے مطابق ہیں:

2014	2015	
		(روپے ہزاروں میں)
368,069	490,758	سال 2015 کے لئے حتمی منافع منقسمہ - 40 فیصد (2014: 30 فیصد)
-	245,379	سال 2015 کے لئے عبوری منافع منقسمہ - 20 فیصد (2014: کچھ نہیں)
368,069	490,758	حتمی منافع منقسمہ کے لئے محفوظات سے منتقلی برائے سال
-	245,379	سال کے دوران ادا کردہ عبوری منافع منقسمہ کے لئے محفوظات سے منتقلی
		سال 2015 کے لئے 40 فیصد کے حتمی منافع منقسمہ کی تجویز کے ذریعے کل منافع منقسمہ کی رقم 736 ملین روپے ہو جائے گی۔

سرمایہ کی مناسبت اور سیالیت

کمپنی موثر طور پر اپنے کاروباری معاہدوں کے مطابق اپنے اثاثہ جات کو ہم آہنگ بنانے اور پوزیشن پر نگاہ رکھتی ہے اس کے ساتھ طے شدہ اہداف کے تحت اس کی سرمایہ کاریوں کو مختلف سمتوں میں سرمایہ کاری کرنے اور کریڈٹ کوالٹی کے لئے بھی متحرک رہتی ہے۔ فنڈز کے لئے کمپنی کا بنیادی ذریعہ کاروبار چلانے والی سرگرمیوں کے ذریعے حاصل ہونے والی رقم بشمول پریمیز اور خالص سرمایہ کاری سے حاصل ہونے والی آمدنی ہے۔ کاروباری سرگرمیوں سے حاصل شدہ رقوم کو عمومی طور پر مستقبل کی معاون ادائیگیوں کی ضرورت بشمول حصص یافتگان کو منافع منقسمہ کی ادائیگیوں میں صرف کیا جاتا ہے۔

انفارمیشن ٹیکنالوجی اور بزنس پراسیس ری-انجینئرنگ

سال 2015 اس اعتبار سے ایک بہترین سال تھا کہ اس میں ٹیکنالوجی کو بڑے پیمانے پر اپ گریڈ کیا گیا جس سے ہماری ان بنیادی کاروباری ایپلی کیشنز میں اضافہ ہوا جو مزید پیداواری منافع جات فراہم کر رہی ہیں اور ہمیں ایک آن لائن کلیمز پورٹل کے ذریعے اپنے کارپوریٹ صارفین تک رسائی میں معاونت حاصل ہوئی۔ ہمارے صارفین اب براہ راست ہمارے آن لائن پورٹل پر کلیمز سے آگاہ کر سکتے ہیں اور اپنے واجب الادا کلیمز کا اسٹیٹس جاننے کے ساتھ کلیمز سے متعلق دستاویزات اپ لوڈ کر سکتے ہیں۔ اس انٹرا ایکٹو پروسیس کے نتیجے میں ہمارے صارفین کے لئے کلیمز کا تصفیہ مزید بہتر اور تیز رفتاری کے ساتھ ہونے لگا ہے۔ ہم نے شراکت داروں کے لئے مزید متحرک اور صارف دوست تجربہ فراہم کرنے کے لئے اپنی ویب سائٹ کو دوبارہ تیار کیا ہے۔ علاوہ ازیں ہم نے انتہائی جدید برق رفتار انرجی کے حامل آئی ٹی ہارڈ ویئر پر بھی توجہ دی جس نے ہمیں مزید ماحول دوست ادارہ بنادیا۔

انسانی وسائل

آئی جی آئی میں ہم اپنے عمل کو انتہائی بیش قیمت اثاثہ تصور کرتے ہیں۔ کمپنی کا انسانی وسائل کا فلسفہ ہر سطح پر ملکیت، بہتری کے اقدام اور نئی جدتوں کا خیر مقدم کرنے کو فروغ دینا ہے۔

2015 میں آئی جی آئی نے پاکستان اسٹریٹجک ہیومن ریسورس مینجمنٹ (PSHRM) اور انجینئرنگ کنسلٹنگ (Engage Consulting) کی جانب سے منعقد کرائے گئے سروے ”بیسٹ پلیس ٹو ورک“ (کام کے لئے بہترین مقام) میں شرکت کی۔ سروے نے ایمپلائز برانڈنگ کی اہمیت کو اجاگر کرنے کے ساتھ کسی بھی کمپنی کی ثقافت، اقدار اور کمپنی کی ہدایات کے مطابق ملازمین کی وابستگی کے حوالے سے قابل قدر معلومات فراہم کیں۔ ہم اپنے حصص یافتگان کو بہ مسرت آگاہ کرتے ہیں کہ اس میں شرکت کرنے والی 37 کمپنیوں میں سے سروے کی بنیاد پر ہمارا تیسرا (3) نمبر رہا۔

ہم اپنے ویژن اور مشن کو آگے لے جانے کے لئے انڈسٹری میں بہترین ٹیلنٹ کو متعارف کرانے، اسے برقرار رکھنے اور اسے فروغ دینے کے سلسلے میں اپنی کوششیں جاری رکھیں گے۔

بورڈ میں تبدیلیاں

سال کے دوران بورڈ کی تشکیل میں دو ضروری تبدیلیاں کی گئیں۔ جناب وقار احمد ملک یکم مارچ 2015 کو مستعفی ہو گئے اور بورڈ اس موقع پر ان کی قابل قدر خدمات کو، جو انہوں نے اپنے دور میں بخوبی انجام دیں، خراج تحسین پیش کرتا ہے۔ سید کمال علی 09 اپریل 2015 کو انتقال کر گئے۔ بورڈ کے ساتھ اپنی طویل رفاقت کے دوران سید کمال علی نے کمپنی کے فروغ اور ترقی کے لیے شاندار خدمات انجام دیں۔ محترمہ فریال جمعد اور جناب عثمان خالد وحید کو نئے ڈائریکٹرز کی حیثیت سے بورڈ میں شامل کیا گیا۔

موٹر

مجموعی پرییم میں 21 فیصد تک اضافہ ہوا اور 2014 میں 570 ملین روپے کے مقابلے میں یہ 2015 میں 693 ملین روپے رہا جس کے نتیجے میں حاصل شدہ خالص پرییم 543 ملین روپے سے بڑھ کر 631 ملین روپے ہو گیا۔ بلند تر پرییم آمدنی کے حصول کے ساتھ خالص کلیمز بھی 2014 کے 288 ملین روپے کے مقابلے میں بڑھ کر 322 ملین روپے رہے اور ذمہ نویسی منافع جات 2014 میں 105 ملین روپے سے بڑھ کر 2015 میں 119 ملین روپے ہو گیا۔

صحت

اس سال کے دوران مجموعی پرییم میں 6 فیصد تک کی ہوئی جو کاروبار کی کتاب کو مختصر کرنے کی ہماری حکمت عملی کا حصہ تھی اور اس کے نتیجے میں خالص کلیمز 2014 کے 85 ملین روپے سے کم ہو کر 2015 میں 84 ملین روپے ہو گئے۔

دیگر (متفرق)

متفرق شعبے، جس میں انجینئرنگ اور کنٹرولنگ کے تمام خدشات کی بیمہ جات، سفری، بانڈ اور مالی امور کے کاروبار، مجموعی تحریری پرییم شامل ہیں، 2014 کے 234 ملین روپے سے بڑھ کر 319 ملین روپے ہو گیا۔ یہ نمایاں اضافہ سفری کاروبار میں بہتر فروخت کے باعث ممکن ہوا۔ خالص کلیمز جو 2014 میں 30 ملین روپے تھے، 2015 میں بڑھ کر 45 ملین روپے ہو گئے۔ سال 2015 کے لیے ذمہ نویسی منافع گزشتہ سال کے 30 ملین روپے کے مقابلے میں 31 ملین روپے رہا۔

کلیمز

کلیمز کو ہل اور درست انداز میں نمٹانے کی اپنی ترجیح پر خصوصی توجہ کے ساتھ ہم نے گزرتے وقت کے ساتھ کلیمز کے تصفیے کے وقت کو کم کرنے کے لئے متعدد نئے اقدامات متعارف کئے ہیں۔ کلیمز تصفیہ کی مرکزیت کے خاتمے کی مسلسل کامیابی پر کام کرتے ہوئے ریجن کو تصفیہ کے لئے اختیار دیا گیا اور ہیڈ آفس کو صرف وسیع اور پیچیدہ کلیمز کے تصفیہ اور جدید ترین چانچ پڑتال کی ٹیکنالوجی کے استعمال کے ذریعے مجموعی طور پر کلیمز کی کارکردگی کی نگرانی پر توجہ دینے کے لئے مختص کیا گیا ہے۔

مکرر بیمہ اور خطرات کی مناظمت

ہم مکرر بیمہ کے ایک انتہائی محتاط انداز سے تیار کردہ اعلیٰ معیار کے پروگرام کے ذریعے خطرات سے نمٹنے کی پالیسی پر عمل درآمد کرتے ہیں۔ ہم اپنی بیمہ کی مہارت کے استعمال کے ذریعے اپنے صارفین کو طویل مدتی خطرات کی مناظمت کی فراہمی یقینی بنانے کے لئے مستحکم شراکت کار کے قیام پر یقین رکھتے ہیں۔ اس شعبے میں ہماری مہارت جدید ترین ٹیکنالوجی سے آراستہ پلیٹ فارم اور رسک انجینئرنگ سروس سے مزین ہے جس سے ہمارے صارفین کو ان خطرات کو سمجھنے میں مدد ملتی ہے جن سے ان کے کاروبار کو خطرہ لاحق ہو سکتا ہے اور وہ خطرات سے تحفظ کے لئے باکفایت حل کا تعین کر سکتے ہیں۔

سرمایہ کاری

ہماری سرمایہ کاری کا مقصد سرمایہ کاری کے خریطہ پر زیادہ سے زیادہ منافع کا حصول ہے جبکہ ہماری سرمایہ کارفلائی اور نافذ العمل ضوابط کے لئے اسی پر انحصار کیا جاتا ہے۔ آپ کی کمپنی کی سرمایہ کاری کی کتابی قدر 31 دسمبر 2015 کے مطابق 12,325 ملین روپے رہی جبکہ سال 2014 کے لئے یہ قدر 12,196 ملین روپے تھا۔

ڈائریکٹرز کی رپورٹ برائے حصص یافتگان

آئی جی آئی انشورنس کے ڈائریکٹرز آپ کی کمپنی کی سالانہ رپورٹ برائے مالی سال 31 دسمبر 2015 بشمول محاسب شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

کمپنی کی کارکردگی کا جائزہ 2015

سال 2015 کے دوران کمپنی کی کارکردگی میں مجموعی طور پر بہتری آئی۔ آپ کی کمپنی نے مجموعی ذمہ نویسی پر بیمہ میں 10 فیصد اضافہ حاصل کیا اور یہ 2015 میں 2.344 ملین روپے ہو گیا جو کہ 2014 میں 2.140 ملین روپے تھا۔ آتشزدگی، بحری اور موٹر کے کاروباری شعبوں میں اس اضافے کا بڑا کردار رہا۔ سال کے دوران کمپنی نے 1,532 ملین روپے کا قبل از ٹیکس منافع حاصل کیا جو سال گزشتہ میں 942 ملین روپے تھا جس سے 63 فیصد اضافہ ظاہر ہوتا ہے۔ ذمہ نویسی نتائج بڑھ کر 256 ملین روپے رہے (2014: 208 ملین روپے) سرمایہ کاری سے آمدنی 1,445 ملین روپے رہی بہ لحاظ 2014 میں 941 ملین روپے کے، جس سے کمپنی کے منافع کی شرح میں بھی اضافہ ہوا۔ کمپنی نے فی حصص 10.54 روپے کی آمدنی حاصل کی جو 2014 میں 6.71 روپے تھی۔ خالص برقرار رہنے والا پر بیمہ مجموعی ذمہ نویسی پر بیمہ کے 48 فیصد کو ظاہر کرتا ہے۔ 2015 کے دوران خالص کلیمز میں گزشتہ سال کے مقابلے میں ایک فیصد کمی آئی جس سے سال رواں میں خالص خسارے کی شرح 2014 کے 57 فیصد کے مقابلے میں کم ہو کر 52 فیصد ہو گئی۔ اسی طرح 2015 کے لئے ذمہ نویسی نتائج 256 ملین روپے تھے جو کہ 2014 میں 208 ملین روپے رہے۔ 2015 میں ذمہ نویسی منافع کی شرح 2014 کے 10 فیصد کے مقابلے میں بہتر ہو کر 11 فیصد ہو گئی۔ عمومی اور انتظامی اخراجات میں 7 فیصد کمی ریکارڈ کی گئی اور یہ 188 ملین روپے سے کم ہو کر 175 ملین روپے ہو گئے۔ مالیاتی اخراجات بنیادی طور پر 66 فیصد کم ہوئے جو اس سال کے دوران آئی جی آئی لائف انشورنس لمیٹڈ کے حصول کے لئے کمپنی کے طویل المیعاد قرضے کی ادائیگی کے ضمن میں تھے۔

شعبہ جات ایک نظر میں

آتشزدگی

زیر جائزہ سال کے دوران مجموعی پر بیمہ 2 فیصد اضافے کے ذریعے 2014 کے 812 ملین روپے سے بڑھ کر 2015 میں 826 ملین روپے ہو گیا۔ حاصل شدہ خالص پر بیمہ کمی کے ساتھ 88 ملین روپے سے 80 ملین روپے ہو گیا۔ خالص کلیمز 2014 میں 40 ملین روپے کے مقابلے میں بڑھ کر 2015 میں 58 ملین روپے ہو گئے۔ ذمہ نویسی خسارہ جات 2014 کے 17 ملین روپے کے منافع کے برخلاف 0.5 ملین روپے رہے۔

بحری، فضائی اور زمینی نقل و حمل

بحری کاروبار 2014 میں 399 ملین روپے سے 3 فیصد کم ہو کر 2015 میں 388 ملین روپے رہا۔ اس خسارے کی بنیادی وجہ تیل کی قیمتوں میں کمی کے باعث درآمدی اقدار میں کمی کا رجحان رہی۔ حاصل شدہ خالص پر بیمہ 188 ملین روپے سے کم ہو کر 180 ملین روپے ہو گیا تاہم خالص کلیمز بھی 150 ملین روپے سے کم ہو کر 78 ملین روپے رہے جس کے نتیجے میں ذمہ نویسی منافع 28 ملین روپے سے 107 ملین روپے ہو گیا۔



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Gujranwala

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