ANNUAL REPORT | 2018

Delivering on Promise, Everytime

askari
general insurance co. ltd.

Insurer Financial Strength Rating

AA

Rating Agencies:
PACRA
JCR - VIS

15%

Written Premium (including Takaful Contribution)

2018 Rs. 3,180 M | 2017 Rs. 2,766 M

14%

Shareholder's Equity

2018 Rs. 1,687 M

2017 Rs. 1,484 M

14%

Investments

2018 Rs. 1,832 M

2017 Rs. 1,607 M

17%

Profit After Tax

2018 Rs. 296 M

2017 Rs. 254 M

17%

Earnings Per Share

2018 Rs. 4.73

2017 Rs. 4.06

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RANCE
STO
RCL
%
PUT

Corporate Information

Board of Directors

Lt Gen Najib Ullah Khan (Retd)
Chairman

Maj Gen Akhtar Iqbal (Retd)
Member

Maj Gen Imtiaz Hussain Sherazi (Retd)
Member

Brig M. Aslam Khan (Retd)
Member

Malik Riffat Mehmood
Member

Mr. Abdul Hai Mahmood Bhaimia
Member

Mr. M. Munir Malik
Member

Mr. Imran Iqbal
Member

President & Chief Executive
Mr. Abdul Waheed

Chief Financial Officer
Mr. Razi Haider

Company Secretary
Mr. Faizan Zafar

Head of Internal Audit
Mr. Usman Nawaz

Executive, Risk Management & Compliance Committee

Maj Gen Akhtar Iqbal (Retd)
Chairman

Maj Gen Imtiaz Hussain Sherazi (Retd)
Member

Brig M. Aslam Khan (Retd)
Member

Mr. Abdul Waheed
Member

Audit Committee

Mr. M. Munir Malik
Chairman

Malik Riffat Mehmood
Member

Brig M. Aslam Khan (Retd)
Member

Ethics, Human Resource and Remuneration Committee

Mr. Imran Iqbal
Chairman

Brig M. Aslam Khan (Retd)
Member

Mr. Abdul Waheed
Member

Underwriting, Reinsurance & Coinsurance Committee

Maj Gen Akhtar Iqbal (Retd)
Chairman

Mrs. Samina Khan
Member

Mr. Sohail Khalid
Member

Claims Settlement Committee

Malik Riffat Mehmood
Chairman

Mr. Abdul Waheed
Member

Mr. Athar Alam
Member

Investment Committee

Malik Riffat Mahmood
Chairman

Mr. M. Munir Malik
Member

Mr. Abdul Waheed
Member

Mr. Razi Haider
Member

Mr. Shahid Qayyum
Member

External Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants
Islamabad

Shariah Compliance Auditors

S. M. Suhail & Co.
Chartered Accountants
Islamabad

Shariah Advisor

Mufti Ehsan Waquar

Legal Advisors

Hassan Kaunain Nafees

Banks

- Askari Bank Limited
- Askari Islamic Bank Limited
- Habib Bank Limited
- The Bank of Punjab
- Bank Alfalah Limited
- Summit Bank Limited
- NRSP Microfinance Bank
- Silk Bank Limited
- Faysal Bank Limited
- Bank Al Habib Limited
- Meezan Bank Limited
- The Bank of Khyber
- JS Bank Limited
- Zarai Taraqiati Bank Limited
- Sindh Bank Limited
- Punjab Provincial Cooperative Bank Limited

Registrar & Share Transfer Office

THK Associates (Private) Limited
1st Floor, 40-C, Block-6, P.E.C.H.S,
Karachi 75400, Pakistan.

PABX: +92 (021) 111-000-322
Direst: +92 (021) 34168270
Fax: +92 (021) 34168271

Registered Office/Head Office

3rd Floor, AWT Plaza, The Mall,
Rawalpindi, Pakistan

Ph: +92-51-9028101-2
Fax: +92-51-9272424
Email: info@agico.com.pk

Our Board of Directors

Lt Gen Najib Ullah Khan (Retd)
Chairman

Maj Gen Akhtar Iqbal (Retd)

Maj Gen Imtiaz Hussain Sherazi (Retd)

Brig M. Aslam Khan (Retd)

Malik Riffat Mehmood

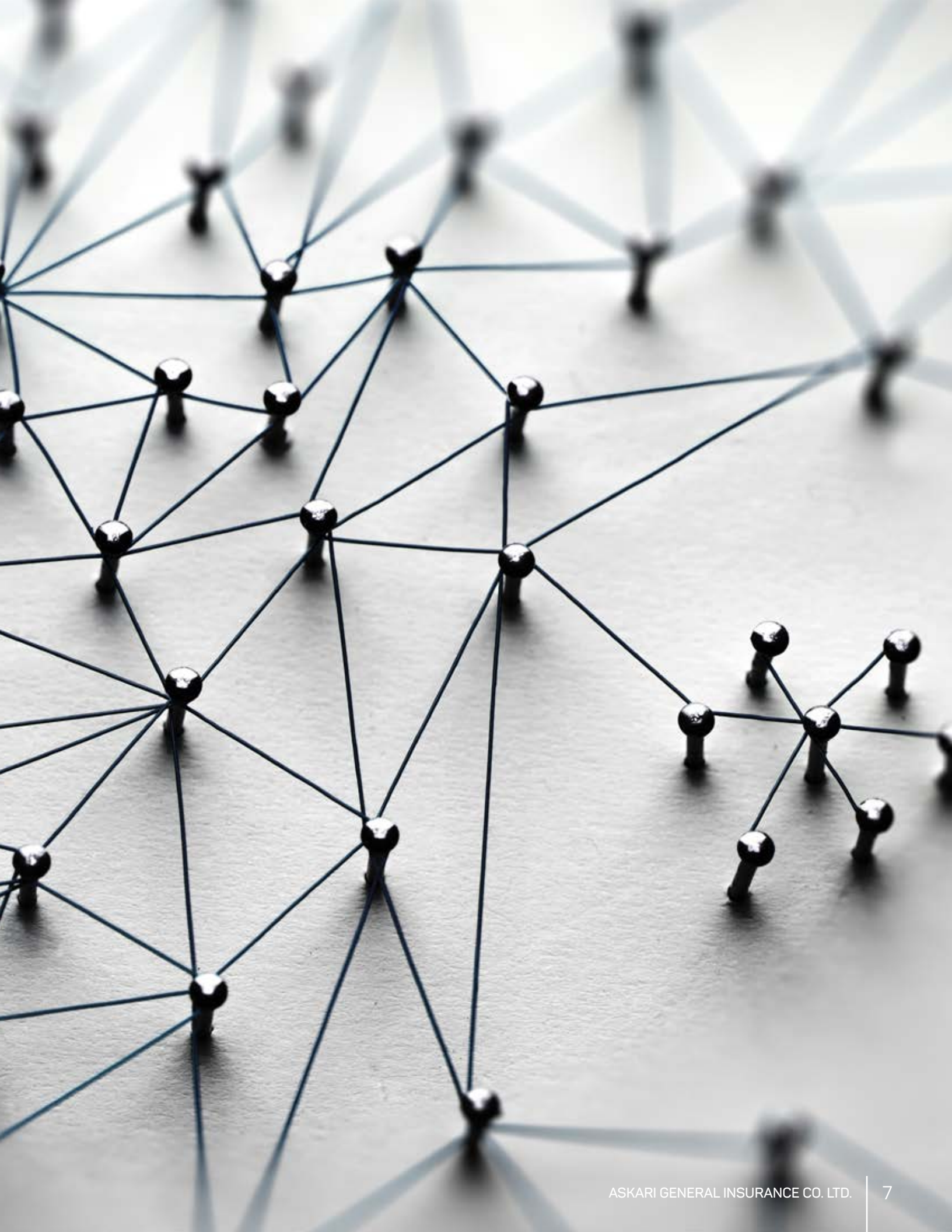
Mr. Abdul Hai Mahmood Bhaimia

Mr. M. Munir Malik

Mr. Imran Iqbal

Vision

The vision of askari general insurance company limited is to be amongst the leading insurance companies of the country with the clear perception of upholding the principles of corporate governance and making agico a profitable and growth oriented insurance company while creating insurance awareness and culture.



MISSION

To become a leading insurance company by providing client friendly services through highly motivated team of dedicated professionals and ensuring progressive return to the shareholders.

Our Products

Marine Insurance

Health Insurance

Motor Insurance

Miscellaneous Insurance

Fire Insurance

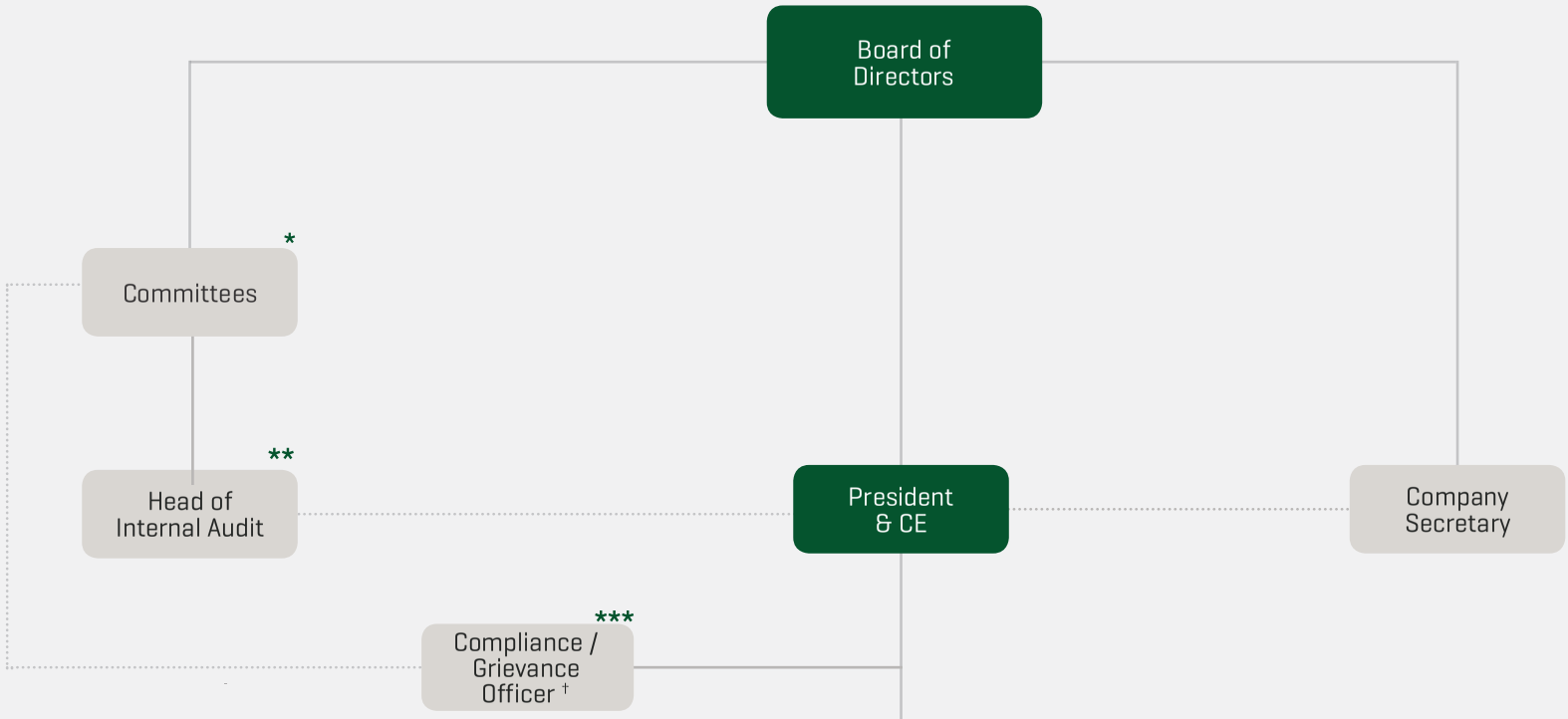
Agriculture Insurance

Aviation Insurance

Engineering Insurance

Travel Insurance

Organizational Structure



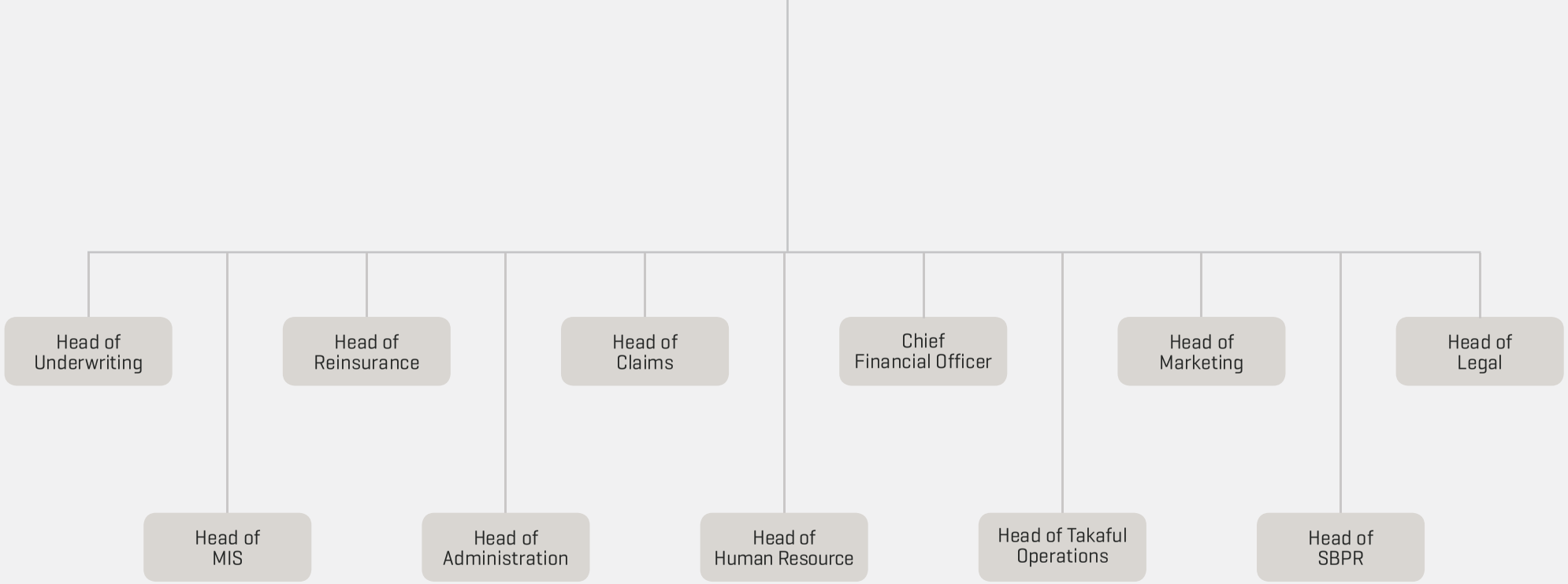
*Committees include the following:-

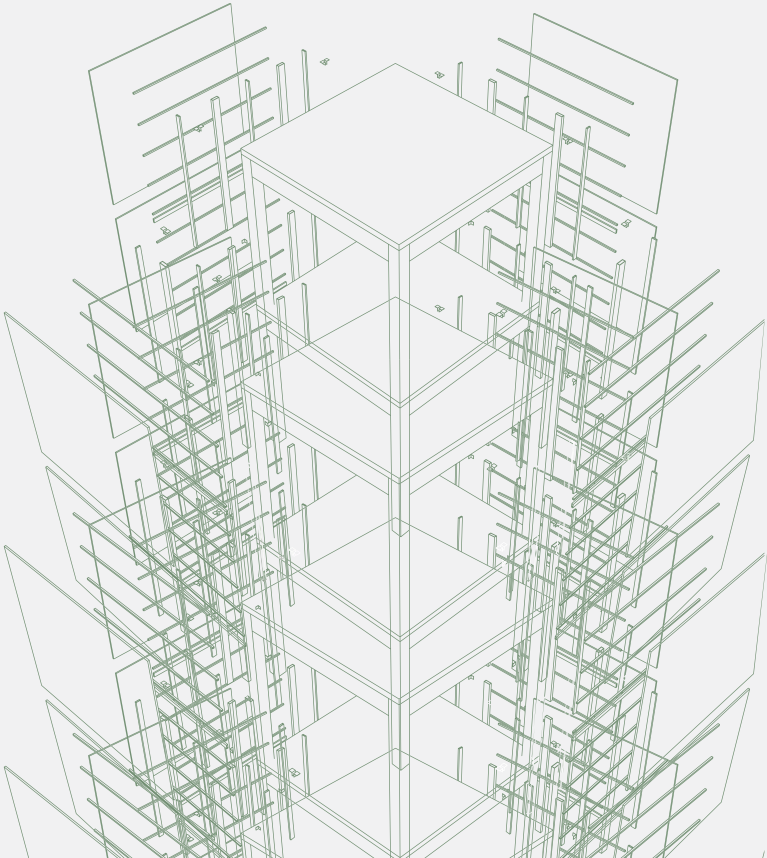
- *Audit Committee*
- *Executive, Risk Management & Compliance Committee*
- *Ethics, Human Resource and Remuneration Committee*
- *Underwriting, Reinsurance & Coinsurance Committee*
- *Claims Settlement Committee*
- *Investment Committee*

** Internal Audit functionally reports to the Audit Committee

*** Compliance Officer functionally reports to the Executive, Risk Management & Compliance Committee

† Grievance Officer functionally reports to Claims Settlement Committee


Head of Underwriting
Head of MIS
Head of Reinsurance
Head of Administration
Head of Claims
Head of Human Resource
Chief Financial Officer
Head of Takaful Operations
Head of Marketing
Head of SBPR
Head of Legal



Our Management

Rana Shahbaz Ahmed
Head of Marketing

Mr. Razi Haider
Chief Financial Officer

Mr. Mustafa Salman Pasha
Strategic Business
Planning & Relations

Mrs. Samina Khan
Head of Underwriting

Mr. Zahid Mahmood Chaudary
Head of HR

Mr. Faizan Zafar
Company Secretary

Mr. Imran Abid Bukhari
Head of Takaful Operations

Mr. Sohail Khalid
Head of Reinsurance

Mr. Anwar Ahmed Malik
Compliance Officer /
Head of Grievance Function

Mr. Athar Alam
Head of Claims

Mr. Hassan Aziz Rana
Head of Legal Affairs

Mr. Hassan Tahir
Head of MIS

Col. Ayub Aezad (Retd)
Head of Admistration

Mr. Usman Nawaz
Head of Internal Audit

Your Company achieved its highest-ever Insurer Financial Strength rating of Double A (AA)

Chairman's Review

Dear Shareholders,

It is my privilege to be serving as the Chairman of Board of Directors of askari general insurance company limited (the Company). I would like to thank our esteemed shareholders for entrusting me with guiding direction of the Company and assure that all my efforts will continue to be aimed at steering the Company towards consistent qualitative and quantitative growth in future as well.

We are committed towards fulfilling our mission of becoming the leading insurance company in Pakistan. This commitment is reflected through the milestones we achieved in 2018. Your Company achieved its highest-ever Insurer Financial Strength rating of Double A (AA), a testament to the excellent guidance of its Board of Directors and efforts put in by the entire Company. We underwrote our highest-ever Gross Premium of Rs. 3.18 billion, an increase of 15% over the last year. Considerable growth was witnessed in profits as well, with ample support from Window Takaful Operations, even though stock market generated lower than expected returns.

In acknowledgment of the confidence and trust shown by our esteemed shareholders, your Company has been making an effort to distribute dividends regularly that saw the Company disburse cash dividend of Rs. 94 million approximately in 2018. Hence, cumulative cash dividend of Rs. 269 million have been distributed since 2016 while bonus shares worth Rs. 121 million have also been disbursed since then.

On governance side, performance of members of our Board remained excellent throughout the year and their collective contributions and efforts allowed the Company to not only achieve its targets but also maintain its excellent market reputation, while providing consistent returns to the shareholders.

I would like to praise the management for its immense efforts in achieving wonderful results in 2018 and hope that the Company would continue its upward growth trajectory in future as well.

Lt Gen Najib Ullah Khan (Retd)
Chairman

Rawalpindi
March 13, 2019

چیئرمین کا جائزہ ۲۰۱۸

عسکری جنرل انشورنس کمپنی لمیٹڈ

محترم حصص کنندگان،

عسکری جنرل انشورنس کمپنی لمیٹڈ کے بورڈ آف ڈائریکٹرز کے چیئرمین کے طور پر کام کرنا میرے لیے اعزاز کی بات ہے۔ میں اپنے حصص کنندگان کے لیے شکر گذاری کے کلمات کے ساتھ ابتدا کرنا چاہوں گا جنہوں نے کمپنی کی فراہم کردہ ہدایت کے ساتھ مجھ پر اعتماد کیا اور اس بات کو یقینی بنایا کہ کمپنی کو مسلسل معیاری اور مقداری ترقی کی طرف لانے کے لیے میری کوششیں مستقبل میں بھی جاری و ساری رہیں گی۔

ہم پاکستان کی معروف انشورنس کمپنی بننے کے اپنے مقصد کو پورا کرنے کے لیے پُرعزم ہیں۔ 2018ء میں ہم نے جو سنگ میل حاصل کیے اس سے ہمارا عزم جھلکتا ہے۔ آپ کی کمپنی نے سب سے اعلیٰ ذمہ نویسی مالیاتی طاقت کی ڈبل اے (AA) کی شرح کو حاصل کیا ہے جو کہ کمپنی کے بورڈ آف ڈائریکٹرز کی شاندار راہنمائی اور مکمل کمپنی کی کوششوں کا منہ بولتا ثبوت ہے۔ ہم نے اپنے سب سے زیادہ مجموعی پریمیم 3.18 بلین روپے کی ذمہ نویسی کی جو کہ گذشتہ سال سے ۱۵ فیصد زیادہ ہے۔ نافذۃ التکافل عمل کاری (ونڈو تکافل آپریشنز) کے کافی تعاون سے منافع میں نمایاں اضافہ ہوا تھا، اگرچہ اسٹاک مارکیٹ نے توقع سے کم آمدن پیدا کی۔

ہمارے معزز حصص کنندگان کی طرف سے ہمارے لیے جو اعتماد اور بھروسہ ہے اس کے اعتراف میں، آپ کی کمپنی باقاعدگی سے ڈیویڈنڈز (منافع) تقسیم کرنے کی کوشش کر رہی ہے جس کے حساب سے کمپنی نے سال 2018ء میں تقریباً 94 ملین روپے کا ڈیویڈنڈ کیش خرچ کیا ہے۔ تاہم، سال 2016ء سے اب تک، مجموعی طور پر 269 ملین روپے نقد ڈیویڈنڈ کی شکل میں تقسیم کیے گئے ہیں جب کہ اس وقت سے اب تک 121 ملین روپے کی مالیت کے بونس حصص بھی تقسیم کیے گئے ہیں۔

گورننس کی جانب سے، ہمارے بورڈ کے ارکان کی کارکردگی پورے سال میں بہت ہی شاندار رہی نیز ان کی اجتماعی شراکت اور کوششوں نے کمپنی کو نہ صرف اس کے اہداف حاصل کرنے میں مدد کی بلکہ کمپنی کی بہترین مارکیٹ شہرت کو برقرار رکھنے میں بھی مدد کی، جب کہ اس کے ساتھ ساتھ حصص کنندگان کو مستقل منافع بھی ملا۔

آخر میں، میں مینجمنٹ کی تعریف کرنا چاہتا ہوں جنہوں نے سال 2018ء میں شاندار نتائج حاصل کرنے کے لیے اپنی پوری کوشش کی اور مجھے امید ہے کہ کمپنی مستقبل میں بھی اپنی بڑھتی ہوئی اس ترقی کی رفتار کو جاری رکھے گی۔

لیفٹیننٹ جنرل نجیب اللہ خان (ر)
چیئرمین

راولپنڈی
13 مارچ، 2019ء

President's Message

To our valued shareholders and policyholders,

It is my privilege to report successful completion of another year of AGICO delivering on its promises to shareholders and policyholders. Our aim is to achieve sustainable and consistent growth, propelled by commitment to quality and enhancement of our capabilities. Our efforts in this regard, resulting from untiring hard work and dedication of our teams, enabled us to achieve a pivotal milestone of "AA" IFS rating from PACRA and JCR-VIS.

Numbers tell the state of a company's strength and direction to the world. Our underwritten business, profits and payouts convey the story of a strong and growing company. In 2018, your Company achieved Gross Premium Written of Rs. 3.18 billion (including Takaful contribution of Rs. 295 million), a growth of 15% over the previous year. Your Company's profit after taxes, well supplemented by profit of Rs. 57 million from Window Takaful Operations, grew by 17%, enabling it to declare 15% final cash dividend along with 15% issue of bonus shares for 2018.

We believe that clients' trust and satisfaction is our strength. We take pride in exceeding expectations of our clients while providing unique insurance solutions specifically tailored as per their needs and requirements. We launched web and mobile-based solutions to allow our valuable clients to obtain insurance policies and track their claims, leading to increased satisfaction. Additionally, steps were taken to reduce claims processing time by automating and improving those processes. As a team, we are fully committed and, with your continued support and trust, we are confident of delivering even better services in future.

I am delighted with the efforts of our management towards maintaining the increased growth. I would like to take this opportunity to thank our valuable clientele and business partners for the support extended in 2018.

Abdul Waheed
President & Chief Executive

In 2018, your Company achieved Gross Premium Written of Rs. 3.18 billion

Directors' Report

Directors of askari general insurance company limited (the Company) feel honored to present Company's 24th Annual Report, together with the audited financial statements for the year ended 31 December 2018 and Auditors' Report thereon.

MACRO-ECONOMIC SYNOPSIS

The Country's economy grew at 5.8% in 2018, short of 6.0% target, as against 5.4% growth achieved last year. The prime contributors towards GDP growth were agriculture and manufacturing sectors while services sector grew at 6.4%.

Discount rate increased from 5.75% to 10.0% while Pak Rupee devalued by 25%, thereby contributing to increase in CPI inflation to 8.40% in December 2018 from 5.2% in January 2018.

AGICO in 2018

This year proved to be yet another exciting one for AGICO as it underwrote highest-ever gross premium of Rs. 3.18 billion (inclusive of Rs. 295 million of Takaful contribution) - an increase of 15% over the last year. The investments portfolio grew by almost 15% whereas net profits after tax and earnings per share grew by 17%. Major contributors towards overall business and profitability were fire, marine, miscellaneous and motor classes of business, with motor class accounting for almost 50% of total underwriting profits.

2018

KEY HIGHLIGHTS

Credit Rating

Your Company achieved Insurer Financial Strength Rating of "AA" by both PACRA and JCR-VIS credit rating agency with stable future outlook.

REDEFINING CLIENT SATISFACTION

With automation, results can be achieved faster while optimizing the amount of human support needed. Additionally, it becomes easier to eliminate unnecessary actions and focus on creating value for the organization as a whole. Keeping this in mind, we redefined and automated the business processes for health claims to help us reduce the claims processing time and add more visibility in the processes. This lead to increased productivity, reliability and customer satisfaction in overall heath claims process. Another milestone was the implementation of travel insurance software for our agents. The creation of this software allowed our agents to provide insurance policies quickly with minimal effort and time.

We will continue focusing on business process automation in 2019 to enhance customer satisfaction and reduce turn around time of various processes. We are also focusing on creating mobile applications for various processes. Recent changes in the Anti-Money Laundering and Countering Financing of Terrorism framework will see us integrate risk management controls within the overall entity-level IT controls. Furthermore, a comprehensive risk management and IT security system is being implemented to prevent possible information security breaches. We will focus on managing critical assets and the changing boundaries between client and insurer within the context of cyber risk.

Listed Companies (Code of Corporate Governance) Regulations, 2017

The Securities & Exchange Commission of Pakistan issued Listed Companies (Code of Corporate Governance) Regulations, 2017 (Regulations), applicable from 1st January 2018, which replaced the Code of Corporate Governance, 2012. The new Regulations introduced changes to the governance

requirements within the listed companies to bring them in line with the international best practices. The Company has already complied with the key requirements applicable. A statement of compliance in this regard can be viewed at page 70.

Insurance Rules 2017 and Insurance Accounting Regulations 2017

Although these Rules and Regulations were issued in 2017, the SECP had exempted the Company from complying with the requirements of these Rules and Regulations for the period ended 31 December 2017. The aim of these Rules and Regulations was to:

- Harmonize local accounting standards with the International Financial Reporting Standards and International Accounting Standards;
- Compile and consolidate the existing sets of insurance rules; and
- Bring substantial reforms in the insurance sector.

Your Company's quarterly financial information and annual statements for year 2018 were prepared in accordance with these Rules and Regulations.

DISTRIBUTIONS

The Board of Directors declared following distributions for the year ended 31 December 2018:

- Final Cash Dividend 15%
- Issue of Bonus shares 15%

PERFORMANCE REVIEW

The key performance indicators of the Company are summarized below:

	Rupees in million (unless specified otherwise)	
	2018	**2017**
Gross premium written (including Takaful)	3,180	2,766
Net premium revenue	1,812	1,356
Net Claims	1,069	622
Underwriting results	273	252
Investment & other income	104	101
Profit before tax – General Insurance Operations	364	346
Profit before tax – Window Takaful Operations (OPF)	57	24
Profit after tax	296	254
Earnings Per Share (Rs.)	4.73	4.06

Directors' Report

SEGMENT WISE PERFORMANCE ANALYSIS

The segment wise performance analysis for each class of business is as follows:

Fire & Property Damage

This segment contributed 16% to our total business underwritten in 2018 with gross premium underwritten of Rs. 451 m (2017: Rs. 407 m).

In 2018, the underwriting profit increased to Rs. 58 m as compared to Rs. 6.50 m last year. Loss ratio (net claims as % of net premium revenue) increased to 43% from 39% last year. The premium ceded to the reinsurers remained at 85% (2017: 85%) in line with the reinsurance arrangements.

Underwriting Profit
Rs. 58 m

Gross Premium Written
Rs. 451 m

Loss Ratio
43 %

Marine, Aviation & Transport

The contribution of this segment was 7% towards our portfolio with gross premium underwritten of Rs. 200 m (2017: Rs. 181 m).

The underwriting profit from this segment in the 2018 was Rs. 46 m (2017: Rs. 13 m). Loss ratio decreased to 33% in 2018 as compared to 40% last year. The premium ceded to the reinsurers mostly followed last year's trend as it stood at 62% (2017: 60%).

Gross Premium Written
Rs. 200 m

Underwriting Profit
Rs. 46 m

Loss Ratio
62 %

Motor

Motor segment was the best performing segment as it secured business of Rs. 986 m in 2018 (2017: Rs. 857 m), which translated to a share of 34% of the total business portfolio. It remained the top contributor towards underwriting profits with profit of Rs. 167 m (2017: Rs. 213 m). Loss ratio increased to 44% this year from 41% last year, primarily due to increase in value of replacement parts resulting from devaluation of Pak Rupee.

Underwriting Profit
Rs. 167 m

Gross Premium Written
Rs. 986 m

Loss Ratio
44 %

Accident & Health

This segment was the second highest contributor in the Company's business in 2018 at Rs. 784 m (2017: Rs. 830 m) which was 27% of the total portfolio. Loss ratio increased to 86% this year from 79% in 2017 mainly due to increase in cost of medicine resulting from devaluation of Pak Rupee. The ratio of premium ceded to reinsurers decreased to 23% in 2018 as compared to 27% last year.

Gross Premium Written
Rs. 784 m

Loss Ratio
86 %

Miscellaneous

This segment comprises of engineering insurance, bond insurance, crop insurance, travel insurance etc. It contributed 16% towards our underwritten business in 2018 as compared to 12% in 2017 with a premium of Rs. 464 m (2017: Rs. 307 m). It contributed Rs. 68 m towards profitability this year (2017: Rs. 36 m). The cession for this segment stood at 54% as compared to 57% in 2017.

Investment and other Income

Pakistan Stock Market largely continued its bearish trend as it was impacted by ongoing political and economic uncertainty. This reflected in lower equity return as compared to previous year. However, overall investment and other income for 2018 increased to Rs. 104 m from Rs. 101 m last year as return on fixed income securities, which make up Company's majority investments, increased as a result of significant rise in interest rates.

Reinsurance

The Company enjoys long-standing business relationships with internationally renowned Re-Insurers such as SCOR Re, XL Catlin, Trust Re, Echo Re, Sava Re, Labuan Re and Hannover Re. Moreover, AXA provides reinsurance services in relation to accident & health segment of the Company. Locally, we have reinsurance agreement with Pakistan Reinsurance Company Limited.

WINDOW TAKAFUL OPERATIONS

Window Takaful Operations (WTO) have been continuously adding volume and profitability towards business of the Company and we expect this trend to continue in the coming years as well.

The written contribution from WTO during 2018 was Rs. 295 m (2017: Rs. 183 m) while the profit from Operator's Fund for the year was Rs. 57 m (2017: Rs. 24 m).

AUDITORS

External Auditors

KPMG Taseer Hadi & Co. Chartered Accountants audited the financial statements for the year 2018. The Board of Directors recommended reappointment of KPMG Taseer Hadi & Co. Chartered Accountants as auditors of the Company for the next financial year ending December 31, 2019.

Shariah Compliance Auditors

The Board of Directors has also recommended reappointment of S.M. Suhail & Co. Chartered Accountants as Shariah Compliance Auditors of the

company, as required under Takaful Rules 2012, for the next financial year ending December 31, 2019.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

Statement of Directors Responsibilities

In compliance with the Corporate and Financial Reporting Framework of the Code of Corporate Governance, the Directors confirm the following:

- The financial statements, together with the notes forming an integral part of these statements, have been prepared by the management of the Company in conformity with the Companies Act, 2017 and the Insurance Ordinance 2000; present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of these financial statements and accounting estimates are based on reasonable and prudent judgement.
- International Accounting Standards, International Financial Reporting Standards or any other regulation or law (including but not limited to the Shariah guidelines I principles) as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed;
- The system of internal controls is sound in design and has been effectively implemented and monitored throughout the year.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as at 31 December 2018, except as disclosed in the financial statements. All such dues primarily related to the dues of last month of the financial year 2018 and were subsequently deposited in Government treasury in time.
- The related party transactions are approved or ratified by the Audit Committee and the Board of Directors.

Board Performance Evaluation

The Company's Board of Directors undergoes a self-evaluation exercise each year against a set of parameters. This evaluation is performed primarily to assist the Board in evaluating its quality of governance as it enables the Board members to perform their roles and responsibilities more effectively towards progress of your Company. This self-evaluation is carried out under an evaluation methodology based on certain parameters.

The evaluation exercise addresses areas of critical importance which include, but are not limited to, the following:

- Basic composition of the Board of Directors;
- Assessment of overall roles and responsibilities of the Board members;
- Effectiveness and efficiency of the operations of the Board and its Committees; and
- Trainings and upgradation of knowledge & skills of directors;

The result of the Board's self-assessment of its overall performance was satisfactory against the set criteria.

Key Financial Data

Key operational and financial data for the last 6 years is annexed at page 66 of the Annual Report.

Value of investments in Provident Fund and Gratuity Fund

The value of investments in provident fund and gratuity fund, on the basis of audited accounts, as at 31 December 2018 was:

Directors' Report

Name of Fund	**2018**	2017
	Rupees in million	
Employees' Provident Fund	**79**	75
Employees' Gratuity Fund	**80**	77

Composition of Board

The total number of directors are **eight** as per the following:

a. Male Eight
b. Female Nil

Category	Name of Director
Independent Directors	Mr. M. Munir Malik Mr. Imran Iqbal
Non-Executive Directors	Lt Gen Najib Ullah Khan (Retd) Maj Gen Akhtar Iqbal (Retd) Maj Gen Imtiaz Hussain Sherazi (Retd) Brig M. Aslam Khan (Retd) Mr. Abdul Hai Mahmood Bhaimia Malik Riffat Mehmood
Executive Directors	Not applicable

Board Meetings

Four meetings of the Board of Directors were held during 2018. Attendance by each of the director was as follows:

Name of Director	Meetings Attended
Lt Gen Najib Ullah Khan (Retd)	4
Maj Gen Imtiaz Hussain Sherazi (Retd)	3
Maj Gen Akhtar Iqbal (Retd)	4
Brig M. Aslam Khan (Retd)	4
Mr. Malik Riffat Mehmood	4
Mr. Abdul Hai Mahmood Bhaimia	4
Mr. M. Munir Malik	2
Mr. Imran Iqbal	3

The Board granted leave of absence to those directors who could not attend the Board Meetings.

Pattern of Shareholding

The pattern of shareholding is given at page 210 of this report. There was no trading in shares of the Company by the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor children.

Statement on Risk Management and Internal Controls

The statement on Risk Management and Internal Controls is given at page 42 of this report.

Principal Risks and Uncertainties Facing the Company

The information relating to principal risks and uncertainties faced by the Company is given at page 46 of this report.

Board Committees

During the year, the Audit Committee held four meetings whereas Ethics, Human Resource & Remuneration Committee held one meeting. The composition of the Board Committees and their terms of reference are given at page 53.

Further, the Company has additional four sub-committees of the Board: which cover the core areas of business; these are Underwriting, Reinsurance & Coinsurance Committee, Claims Settlement Committee, Executive, Risk Management & Compliance Committee and Investment Committee. The names of members and the terms of references of these committees are given at page 53.

FUTURE EXPECTATIONS

The new government has worked diligently to realign fiscal and monetary policies towards exports, investment and productivity growth. Efforts are being made to facilitate both foreign and local investment and improve the ease of doing business climate in the country. We expect that significant foreign investments inflow will occur in 2019. Second phase of CPEC-related projects will also commence that will mainly be focused on trade and industry as main infrastructure-related work is in its final stages. As a result, considerable transfer of technology and skills will be seen within the Country. Sectors ranging from automobiles, telecommunications, energy, electronics and others are expected to see much investment in Pakistan.

ACKNOWLEDGMENTS

The Directors would like to thank the regulatory authorities, banks and financial institutions, reinsurers and credit rating companies for their guidance and valued support. We also thank our shareholders for posing their trust and confidence in the Company. Finally, we place on record our appreciation for the commitment and hard work of our employees towards the growth of the Company.

For and on behalf of the Board

Abdul Waheed
President & Chief Executive

Lt Gen Najib Ullah Khan (Retd)
Chairman – Board of Directors

Rawalpindi 13 March 2019

ڈائریکٹرز رپورٹ

جائے گی۔ امید ہے کہ آٹو موبائل، ٹیلی مواصلات، توانائی، الیکٹرانکس اور دیگر شعبہ جات کی طرف سے پاکستان میں بہت زیادہ سرمایہ کاری ہو گی۔

اظہار تشکر:

ریگولیٹری حکام، بینکوں و مالیاتی اداروں، ری انشورنس اور کریڈٹ ریٹنگ کمپنیوں کی طرف سے فراہم کردہ ہدایت اور قابل قدر حمایت کی بدولت ڈائریکٹر حضرات ان کا شکریہ ادا کرنا چاہیں گے۔ کمپنی پر بھروسہ اور اعتماد ظاہر کرنے کی بدولت ہم اپنے حصص یافتگان کا بھی شکریہ ادا کرتے ہیں۔ آخر میں، کمپنی کی ترقی کے خاطر کام کرنے والے ہمارے ملازمین کی وابستگی اور محنت کے لئے ہم اپنے تعریفی کلمات ریکارڈ میں رکھتے ہیں۔

بورڈ کی جگہ اور بورڈ کی نیابت سے:

جناب عبدالوحید
صدر و چیف ایگزیکٹو

لیفٹیننٹ جنرل نجیب اللہ خان (ر)
چیئرمین—بورڈ آف ڈائریکٹرز

راولپنڈی
13 مارچ 2019ء

بورڈ نے ان منتظمین کو رخصت دی تھی جو بورڈ کے اجلاس میں شرکت نہیں کر سکے۔

شیئر ہولڈنگ کا طریقہ کار:

شیئر ہولڈنگ کا طریقہ کار اس رپورٹ کے صفحے 210 پر دیا گیا ہے۔ ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکریٹری اور ان کی بیویوں اور نابالغ بچوں کی طرف سے کمپنی کے حصص میں کوئی ٹریڈنگ نہیں ہوئی۔

رسک مینجمنٹ اور انٹرنل کنٹرولز کے حوالے سے بیان:

رسک مینجمنٹ اور انٹرنل کنٹرولز کے حوالے سے بیان اس رپورٹ کے صفحے 42 پر دیا گیا ہے۔

کمپنی کو درپیش بڑے خطرات وخدشات:

کمپنی کو درپیش بڑے خطرات وخدشات کے متعلق معلومات اس رپورٹ کے صفحے 46 پر دی گئی ہے۔

بورڈ کی کمیٹیاں:

سال کے دوران، آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے جب کہ انسانی وسائل اور معاوضاتی کمیٹی کا ایک ہی اجلاس منعقد ہوا۔ بورڈ کمیٹیوں کی ساخت اور ان کے ریفرنس کی شرائط صفحہ 53 پر دی گئی ہیں۔

اس کے علاوہ، کمپنی میں بورڈ کی چار ذیلی کمیٹیاں ہیں جو کہ کاروبار کے اہم علاقوں کا احاطہ کرتی ہیں؛ یہ کمیٹیاں (۱) ذمہ نویسی، مکرر بیمہ کاری اور باہمی انشورنس کی کمیٹی، (۲) دعویٰ جات کی سیٹلمنٹ کمیٹی، (۳) ایگزیکٹو، رسک مینجمنٹ اینڈ کمپائلنس کمیٹی اور (۴) انویسٹمنٹ کمیٹی ہیں۔ ارکان اور ان کمیٹیوں کے حوالہ کی شرائط صفحہ 53 پر دی گئی ہے۔

مستقبل کی توقعات:

نئی حکومت نے برآمدات، سرمایہ کاری اور پیداوری کی ترقی کے حوالے سے مالی اور مالیاتی پالیسیوں کو مستحکم کرنے کے لئے مسلسل کام کیا ہے۔ غیر ملکی اور مقامی ہر دو سرمایہ کاری کو فروغ دینے اور ملک میں کاروباری آب وہوا کی سہولت کو آسان بنانے کے لئے کوششیں کی جارہی ہیں۔ ہم امید کرتے ہیں کہ 2019 میں اہم غیر ملکی سرمایہ کاری میں اضافہ ہوگا۔ سی. پیک سے متعلقہ منصوبوں کا دوسرا مرحلہ بھی شروع ہو جائے گا جس کی توجہ بنیادی طور پر تجارت اور صنعت پر مرکوز ہوگی کیونکہ مرکزی بنیادی ڈھانچہ سے متعلقہ کام آخری مراحل میں ہے۔ اس کے نتیجے میں، ملک کے اندر ٹیکنالوجی اور مہارت کی کافی منتقلی دیکھی

ڈائریکٹرز رپورٹ

بورڈ کی ساخت:

ڈائریکٹرز کی مجموعی تعداد آٹھ ہے جو کہ درج ذیل طریقے سے ہے:

- مرد آٹھ
- خواتین کوئی نہیں

درجہ	ڈائریکٹر کا نام
آزاد ڈائریکٹر	محمد منیر ملک عمران اقبال
غیر ایگزیکٹو ڈائریکٹرز	لیفٹیننٹ جنرل نجیب اللہ خان (ر) میجر جنرل اختر اقبال (ر) میجر جنرل امتیاز حسین شیرازی (ر) برگیڈیر محمد اسلم خان (ر) عبدالحئی محمود بھائی میا ملک رفعت محمود
ایگزیکٹو ڈائریکٹرز	قابل اطلاق نہیں

بورڈ کے اجلاس:

سال 2018ء کے دوران بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی حاضری درج ذیل رہی:

ڈائریکٹر کا نام	شرکت کردہ اجلاس کی تعداد
لیفٹیننٹ جنرل نجیب اللہ خان (ر)	4
میجر جنرل امتیاز حسین شیرازی (ر)	3
میجر جنرل اختر اقبال (ر)	4
برگیڈیر محمد اسلم خان (ر)	4
ملک رفعت محمود	4
عبدالحئی محمود بھائی میا	4
محمد منیر ملک	2
عمران اقبال	3

بورڈ کی کارکردگی کا اندازہ:

کمپنی کا بورڈ آف ڈائریکٹرز کچھ پیرامیٹرز کے برخلاف ہر سال خود تشخیصی مشق سے گزرتا ہے۔ بنیادی طور پر گورننس کے معیار کا جائزہ لینے میں بورڈ کی مدد کرنے کے لئے یہ تشخیص کی جاتی ہے اور یہ بورڈ کے ارکان کو اس قابل بنا دیتی ہے کہ وہ آپ کی کمپنی کی ترقی کے لیے اپنے کردار اور ذمہ داریوں کو زیادہ مؤثر طریقے سے سرانجام دیں۔ یہ خود تشخیصی عمل، مخصوص پیرامیٹرز پر مبنی ایک تشخیصی طریقہ کار کے تحت عمل میں لایا جاتا ہے۔

تشخیصی مشق انتہائی اہمیت کے ایریا کا احاطہ کرتی ہے جس میں درج ذیل ایریا بھی شامل ہیں:

- بورڈ آف ڈائریکٹرز کی بنیادی ساخت؛
- بورڈ کے ممبران کی اجمالی ذمہ داریوں اور کردار کی تشخیص؛
- بورڈ اور اس کی کمیٹیوں کی کاروائی کی کارکردگی اور تاثیر؛ نیز
- منتظمین کی مہارات اور علم کی اپ گریڈیشن اور ٹریننگ؛

قائم کردہ معیار کے لحاظ سے بورڈ کی مجموعی کارکردگی کی خود تشخیصی تسلی بخش تھی۔

کلیدی مالیاتی ڈیٹا:

گزشتہ 6 سال کے لئے کلیدی آپریشنل اور مالیاتی ڈیٹا سالانہ رپورٹ کے صفحے 66 پر شامل کر دیا گیا ہے۔

پراویڈنٹ فنڈ اور گریجویٹی فنڈ میں سرمایہ کاری کی قدر و قیمت:

آڈٹ اکاؤنٹس کی بنیاد پر، پراویڈنٹ فنڈ اور گریجویٹی فنڈ میں سرمایہ کاری کی قدر و قیمت 31 دسمبر 2018ء تک درج ذیل تھی:

فنڈ کا نام	سال 2018ء	سال 2017ء
	روپے ملین میں	
ایمپلائز پراویڈنٹ فنڈ	79	75
ایمپلائز گریجویٹی فنڈ	80	77

ڈائریکٹرز رپورٹ

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

ڈائریکٹرز کی ذمہ داریوں کا بیان:

کارپوریٹ گورننس کے کوڈ کے کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک کی تعمیل میں، منتظمین درج ذیل کی تصدیق کرتے ہیں:

- کمپنی کی انتظامیہ کی طرف سے مالیاتی بیانات بشمول ان نقاط کے جو کہ ان بیانات کا ایک لازمی حصہ ہیں، کو کمپنیز ایکٹ 2017ء اور انشورنس آرڈیننس 2000 کے مطابق تیار کیا گیا ہے؛ اور یہ بیانات کمپنی کے معاملات کی حالت، اس کی کاروائیوں کے نتائج، نقد رقم کے بہاؤ اور ایکوئٹی (حصص کی مقررہ قیمت) میں تبدیلیوں کے نتائج کو منصفانہ طریقے سے پیش کرتے ہیں۔
- کمپنی کے اکاؤنٹس کی مناسب کتابوں کو برقرار رکھا جا چکا ہے۔
- ان مالی بیانات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو مسلسل لاگو کر دیا گیا ہے اور اکاؤنٹنگ اندازہ جات کی بنیاد معقول اور منصفانہ فیصلہ پر رکھی گئی ہے۔
- انٹرنیشنل اکاؤنٹنگ معیارات، بین الاقوامی مالیاتی رپورٹنگ معیارات یا کسی بھی دوسرے ضابطے یا قانون (جو کہ بلا حصر شرعی ہدایات/اصولوں کو شامل ہیں) کی اسی طرح پیروی کی گئی ہے جیسا کہ وہ پاکستان میں لاگو ہیں۔ مالی بیانات کی ناقص تیاری اور کسی بھی طرح کے اخراج کو مناسب طور پر ظاہر کیا گیا ہے۔
- اندرونی کنٹرول کا نظام ڈیزائن میں مستحکم ہے، اسے مؤثر طریقے سے لاگو کیا گیا ہے اور سال بھر اس کی نگرانی کی گئی ہے۔
- حالیہ تشویش کے طور پر جاری رکھنے کے لئے کمپنی کی صلاحیت پر کوئی قابل ذکر شکوک وشبہات نہیں ہیں۔
- ٹیکس، فرائض، لیویز اور الزامات کے اکاؤنٹ پر کوئی قانونی ادائیگی نہیں ہے جو کہ 31 دسمبر 2018ء تک واجب الادا ہیں سوائے ان ادائیگیوں کے جن کا انکشاف مالی بیانات میں کر دیا گیا ہے۔ ایسے تمام واجبات بنیادی طور پر مالی سال 2018ء کے آخری مہینے کے واجبات سے متعلق ہیں اور نتیجتاً یہ بروقت حکومتی خزانے میں جمع کروا دیے گئے تھے۔
- متعلقہ پارٹی کی لین دین کی منظوری اور توثیق آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز کی طرف سے کی جاتی ہے۔

مکرر ذمہ نویسی:

کمپنی، بین الاقوامی شہرت یافتہ مکرر ذمہ نویسی جیسا کہ "SCOR Re"، "XL Catlin"، "Trust Re"، "Echo Re"، "Save Re"، "Luaban Re" اور "Hannover Re" کے ساتھ درینہ کاروباری تعلقات سے لطف اندوز ہوتی ہے۔ مزید برآں، "AXA" کمپنی، کمپنی کے حادثاتی اور صحت کے شعبہ کو مکرر ذمہ نویسی کی خدمات مہیا کرتی ہے۔ مقامی طور پر، ہمارا "پاکستان ری انشورنس کمپنی لمیٹڈ (PRCL)" کے ساتھ مکرر بیمہ کاری کا معاہدہ (ری انشورنس ایگریمنٹ) ہے۔

نافذۃ ا تکافل عمل کاری

نافذۃ ا تکافل عمل کاری (WTO) کمپنی کے کاروبار میں مسلسل حجم اور منافع شامل کرتا رہا ہے اور ہم امید کرتے ہیں کہ یہ رجحان آنے والے سال میں جاری رہے گا۔

سال 2018ء کے دوران نافذۃ ا تکافل عمل کاری (WTO) کی طرف سے مکتوبہ شراکت 295 ملین روپے تھی (جو کہ 2017ء میں 183 ملین روپے تھی) جب کہ اس سال کے لئے آپریٹر فنڈ سے 57 ملین روپے کا منافع ہوا (جو کہ 2017ء میں 24 ملین تھا)۔

محاسب

خارجی محاسب

"KPMG Taseer Hadi & Co. Chartered Accountants" نے سال 2018ء کے مالی بیانات کا محاسبہ کیا۔ بورڈ آف ڈائریکٹرز نے 31 دسمبر 2019ء کو ختم ہونے والے آئندہ مالی سال کے لیے "KPMG Taseer Hadi & Co. Chartered Accountants" کو کمپنی کے آڈیٹرز کے طور پر دوبارہ تعینات کرنے کی سفارش کی۔

شریعت تعمیل آڈیٹرز:

بورڈ آف ڈائریکٹرز 31 دسمبر 2019ء کو ختم ہونے والے آئندہ مالی سال کے لیے "S.M. Suhail & Co. Chartered Accountants" کو کمپنی کے شریعت تعمیل آڈیٹرز کے طور پر دوبارہ تعینات کرنے کی بھی سفارش کی ہے، جیسا کہ تکافل رولز 2012 کے تحت مطلوب ہے۔

ڈائریکٹرز رپورٹ

موٹر گاڑیاں:

موٹر گاڑیوں کا شعبہ بہترین کارکردگی کا مظاہرہ کرنے والا شعبہ تھا کیوں کہ اس نے 2018ء میں 986 ملین روپے کا کاروبار محفوظ کیا (جو کہ 2017ء میں 857 ملین روپے تھا)، جو کہ مجموعی کاروباری پورٹ فولیو میں 34 فیصد کا حصہ ہے۔ یہ شرح 167 ملین روپے (جو کہ سال 2017ء میں 213 ملین روپے تھی) کے منافع کے ساتھ ذمہ نویسی منافع کے لیے ٹاپ لیول کی شراکت دار رہی۔ نقصان کا تناسب گزشتہ سال 41 فیصد تھا جو کہ اس سال 44 فیصد ہو گیا جس کی بنیادی وجہ پاک روپیہ کی قیمت میں کمی کے نتیجے میں متبادل حصوں کی قیمت میں اضافہ ہونا شامل ہے۔

حادثات وصحت:

یہ شعبہ سال 2018ء میں 784 ملین روپے (جو کہ 2017ء میں 830 ملین روپے تھا) کے ساتھ کمپنی کے کاروبار میں دوسرا بڑا شراکت دار ہے جو کہ مجموعی پورٹ فولیو کا 27 فیصد تھا۔ نقصان کا تناسب سال 2017ء میں 79 فیصد تھا جو کہ اس سال 86 فیصد ہو گیا جس کی بنیادی وجہ پاک روپیہ کی قیمت میں کمی کے نتیجے میں دوائیوں کی قیمت میں اضافہ ہے۔ سال 2018ء میں مکرر بیمہ کاری کی طرف پریمیم کا تناسب 23 فیصد رہا جو کہ گزشتہ سال 27 فیصد تھا۔

متفرق کاروبار:

اس شعبہ میں انجینئرنگ انشورنس، بانڈ انشورنس، فصلی انشورنس، ٹریول انشورنس وغیرہ شامل ہیں۔ اس نے 464 ملین روپے (جو کہ سال 2017ء میں 307 ملین روپے تھا) کے پریمیم کے ساتھ سال 2018ء میں ہمارے ذمہ نویسی کاروبار میں 16 فیصد حصہ ڈالا جب کہ سال 2017ء میں 12 فیصد حصہ ڈالا تھا۔ اس نے اس سال کے منافع میں 68 ملین روپے (جو کہ 2017ء میں 36 ملین روپے تھا) کا حصہ ڈالا۔ اس شعبہ کی منتقلی 54 فیصد رہی جو کہ سال 2017ء میں 57 فیصد تھی۔

سرمایہ کاری اور دیگر آمدنی:

پاکستان اسٹاک مارکیٹ میں مندی کا رجحان رہا کیونکہ یہ جاری سیاسی اور اقتصادی غیر یقینی صورتحال سے متاثر تھی۔ پچھلے سال کے مقابلے میں اس سے کم ایکوئٹی آمدن ہوئی۔ تاہم 2018ء کے لئے مجموعی سرمایہ کاری اور دیگر آمدنی میں 104 ملین روپے کا اضافہ ہوا جو کہ گزشتہ سال 101 ملین روپے تھا۔ اس کی وجہ شرح سود میں ہونے والا اضافہ تھا جس نے کمپنی کی فکسڈ انکم میں خاطر خواہ اضافہ کیا۔

	روپے ملین میں (الاّ یہ کہ ان کو مخصوص کر دیا جائے)	
	2018ء	2017ء
ٹیکس کے بعد منافع	296	254
فی حصص آمدنی (روپے میں)	4.73	4.06

شعبہ جاتی کارکردگی کا تجزیہ

کاروبار کے ہر شعبہ کے لئے شعبہ جاتی کارکردگی کا تجزیہ مندرجہ ذیل ہے:

آتشزدگی اور املاک کے نقصان:

اس شعبہ نے 451 ملین روپے کی مجموعی ذمہ نویسی پریمیم کے ساتھ (جو کہ سال 2017ء میں 407 ملین روپے تھی) سال 2018ء میں ہمارے بیمہ کاری مجموعی کاروبار میں 16 فیصد حصہ ڈالا۔

سال 2018ء میں، ذمہ نویسی منافع 58 ملین روپے بڑھ گیا جو کہ گزشتہ سال 2017ء میں 6.50 ملین روپے تھا۔ اس کے نتیجہ میں نقصان کا تناسب (نیٹ پریمیم آمدنی کے فیصدی کے طور پر خالص مطالبہ جات) سال 2018ء میں 43 فیصد تک بڑھ گیا جو کہ گزشتہ سال 39 فیصد تک تھا۔ مکرر بیمہ کاری کی ترتیبات کے موافق سال 2018ء میں مکرر بیمہ کاری کی طرف پریمیم 85 فیصد رہا (جو کہ سال 2017ء میں بھی 85 فیصد تھا)۔

بحری، فضائی اور ٹرانسپورٹ:

200 ملین (سال 2017ء میں 181 ملین) کے مجموعی درج شدہ ذمہ نویسی کے ساتھ اس شعبہ کی شراکت سال 2018ء میں ہمارے پورٹ فولیو میں 7 فیصد تھی۔

سال 2018ء میں اس شعبہ سے درج شدہ منافع 46 ملین (جو کہ سال 2017ء میں 13 ملین) روپے تھا۔ نقصان کے تناسب میں گزشتہ سال 40 فیصد کے مقابلے میں اس سال 2018ء میں 33 فیصد تک کمی آئی۔ مکرر ذمہ نویسی بیشتر طور پر گزشتہ سال والے رجحان ہی کے مطابق رہی یعنی یہ 62 فیصد (جو کہ سال 2017ء میں 60 فیصد تھی) رہی۔

ڈائریکٹرز رپورٹ

اگرچہ یہ قواعد وضوابط سال 2017ء میں جاری کیے گئے، تاہم "سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP)" نے 31 دسمبر 2017ء تک ختم ہونے والے دورانیہ کے لیے کمپنی کو ان قواعد وضوابط کی ضروریات کی تعمیل کرنے سے مستثنیٰ رکھا۔ ان قواعد وضوابط کا مقصد یہ تھا کہ:

- بین الاقوامی مالیاتی رپورٹنگ معیار اور بین الاقوامی اکاؤنٹنگ معیار کے ساتھ مقامی اکاؤنٹنگ معیار کو ہم آہنگ کرنا۔
- انشورنس قوانین کے موجودہ سیٹ مرتب اور متحد کرنا؛ اور
- انشورنس سیکٹر میں مناسب اور کافی اصلاحات لانا۔

یکم جنوری 2018ء سے شروع ہونے والے دورانیے کے لیے آپ کی کمپنی کے مالیاتی بیانات انہی قواعد وضوابط کے مطابق تیار کیے گئے ہیں۔

اخراجات (ڈسٹری بیوشنز)

31 دسمبر 2018ء کو ختم ہونے والے سال کے لئے بورڈ آف ڈائریکٹرز نے مندرجہ ذیل اخراجات کا اعلان کیا ہے:

- فائنل نقد ڈیویڈنڈ 15 فیصد
- بونس حصص کا اجراء 15 فیصد

کارکردگی کا جائزہ

کمپنی کی کارکردگی کے کلیدی اشاریہ کا ذیل میں خلاصہ پیش کیا گیا ہے:

	روپے ملین میں (الاّ یہ کہ ان کو مخصوص کر دیا جائے)	
	2018ء	2017ء
مجموعی مکتوبہ پریمیم (بشمول تکافل)	3,180	2,766
خالص پریمیم آمدنی	1,812	1,356
خالص دعوے	1,069	622
ذمہ نویسی کے نتائج	273	252
سرمایہ کاری اور دیگر آمدنی	104	101
ٹیکس سے قبل منافع – جنرل انشورنس آپریشنز	364	346
ٹیکس سے قبل منافع – نافذۃ العمل تکافل عمل کاری	57	24

کلائنٹ کے اطمینان کی تعریفِ نو

آٹومیشن کے ساتھ نہ صرف نتائج کو تیزی سے حاصل کیا جاسکتا ہے بلکہ انسانی معاونت کو بہتر طریقے سے استعمال کیا جاسکتا ہے۔ مزید برآں، غیر ضروری اقدامات کو ختم کرنا اور تنظیم کے لئے قدر و قیمت بنانے پر توجہ مرکوز کرنا مجموعی طور پر آسان ہو جاتا ہے۔ یہ ذہن میں رکھتے ہوئے، ہم نے صحت کے دعویٰ جات کے لیے کاروباری عمل کو دوبارہ متعارف کرایا ہے اور اسے خودکار بنایا ہے جس سے ہمیں دعویٰ کے پروسیسنگ کے وقت کو کم کرنے اور پروسیسنگ میں مزید نمودداری شامل کرنے میں مدد ملے گی۔ یہ مجموعی طور پر صحت کے تمام دعویٰ جاتی عمل میں پیداواریت، اعتماد اور گاہکوں کے اطمینان میں اضافہ کا سبب بنتا ہے۔ ایک اور سنگ میل ہمارے ایجنٹوں کے لئے ٹریول انشورنس سافٹ ویئر کا نفاذ تھا۔ اس سافٹ ویئر کی تخلیق نے ہمارے ایجنٹوں کو کم سے کم کوشش اور کم وقت خرچ کر کے فوری طور پر انشورنس پالیسیاں فراہم کرنے میں مدد دی ہے۔

گاہک کے اطمینان کو بڑھانے اور مختلف کاموں کے مجموعی وقت میں کمی لانے کے لئے ہم 2019ء میں کاروباری پروسیس آٹومیشن پر توجہ مرکوز رکھیں گے۔ ہم مختلف کاموں کے لئے موبائل ایپلی کیشنز بنانے پر بھی توجہ مرکوز کر رہے ہیں۔ منی لانڈرنگ اور دہشت گردی کے فریم ورک میں فنانسنگ کے انسداد میں حالیہ تبدیلیاں یہ جان لیں گی کہ ہم مجموعی ادارے کی سطح کے آئی ٹی کنٹرول کے اندر اندر رسک مینجمنٹ کنٹرولز متحد کریں گے۔ مزید برآں، معلوماتی سیکورٹی کی ممکنہ خلاف ورزیوں کو روکنے کے لئے ایک جامع رسک مینجمنٹ اور آئی ٹی سیکورٹی سسٹم نافذ کیا جارہا ہے۔ ہم سائبر رسک کے تناظر کے اندر اندر کلائنٹ اور بیمہ کاروں کے مابین حدود تبدیل کرنے اور اہم اثاثوں کو منظم کرنے پر توجہ دیں گے۔

فہرست شدہ کمپنیوں (کارپوریٹ گورننس کا ضابطہ) کے ضوابط، 2017

"سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان" نے فہرست شدہ کمپنیوں (کارپوریٹ گورننس کا ضابطہ) کے ضوابط، 2017ء (قواعد) کا نفاذ کیا جو یکم جنوری 2018ء سے نافذ العمل ہوا، جس نے "کارپوریٹ گورننس کے ضابطہ، 2012ء کی جگہ لے لی۔ نئے قواعد نے فہرست شدہ کمپنیوں کے اندر اندر حکومتی ضروریات میں تبدیلی متعارف کرائی تاکہ ان کو بین الاقوامی بہترین طریقوں کے مطابق لایا جاسکے۔ کمپنی نے پہلے ہی سے قابل اطلاق اہم ضروریات کے مطابق عمل کیا ہے۔ اس سلسلے میں تعمیل کا ایک بیان صفحہ نمبر 70 پر دیکھا جاسکتا ہے۔

ڈائریکٹرز رپورٹ

"عسکری جنرل انشورنس کمپنی لمیٹڈ (AGICO)" کمپنی کے منتظمین کے لیے یہ اعزاز ہے کہ وہ اپنی چوبیسویں سالانہ رپورٹ پیش کر رہے ہیں۔ اس رپورٹ کے ساتھ 31 دسمبر 2018ء کو ختم ہونے والے سال کے محاسبہ شدہ مالی بیانات اور محاسبین کی رپورٹ بھی ہے۔

معیشت کا مجموعی جائزہ

2018ء میں ملک کی معیشت میں 5.8 فیصد اضافہ ہوا، جو کہ 6.0 فیصد کے مطلوبہ ہدف سے کم ہے، جبکہ گزشتہ سال 5.4 فیصد کی ترقی ہوئی۔ جی ڈی پی (GDP) کی نمو کی جانب اہم شراکت داری، زراعت اور مینوفیکچرنگ کے شعبوں کی تھی جب کہ سروسز کے شعبے میں 6.4 فیصد اضافہ ہوا۔

شرح منہائی 5.75 فیصد سے 10.0 فیصد تک پہنچ گئی جب کہ پاکستانی روپے کی قیمت 25 فیصد تک کم ہوئی، اس طرح دسمبر 2018ء تک افراطِ زر 8.40 فیصد تھی جو کہ جنوری 2018ء میں 5.2 فیصد تھی۔

2018ء میں عسکری جنرل انشورنس کمپنی لمیٹڈ (AGICO)

عسکری جنرل انشورنس کمپنی لمیٹڈ (AGICO) کے لیے یہ سال بھی ایک دلچسپ سال ثابت ہوا کیوں کہ اس سال (AGICO) نے 3.18 بلین (بشمول تکافل شراکت کے 295 ملین) کی سب سے زیادہ مجموعی بیمہ کاری کی جو کہ گزشتہ سال کے مقابلے میں 15 فیصد کا اضافہ ہے۔ سرمایہ کاری کے پورٹ فولیو میں تقریباً 15 فیصد اضافہ ہوا، جبکہ ٹیکس کے بعد خالص منافع اور فی حصہ آمدنی بالترتیب 17 فیصد بڑھ گئی۔ مجموعی طور پر کاروباری اور منافع بخش ہونے والے بڑے شراکت داروں میں فائر، میرین، متفرق اور موٹر طبقات کے شعبے تھے، مجموعی آمدنی میں تقریباً 50 فیصد منافع موٹر کے شعبے کا ہے۔

کلیدی جھلکیاں

سال 2018ء کی چند اہم جھلکیاں درج ذیل ہیں:

کریڈٹ ریٹنگ

آپ کی کمپنی کی JCR-VIS اور PACRA کریڈٹ ریٹنگ ایجنسیوں کی طرف سے درجہ بندی کی گئی۔ دونوں ریٹنگ ایجنسیوں نے آپ کی کمپنی کی مستحکم مستقبل کے نقطہ نظر کے ساتھ "ڈبل A" (AA) درجہ بندی کی ہے۔

Statement on Risk Management and Internal Controls

Board Responsibilities

The Board of Directors ["the Board"] of askari general insurance company limited ("the Company") recognizes the importance of maintaining a good system of risk management and internal controls to safeguard investment of shareholders and assets of the Company. The Board acknowledges its overall responsibility for reviewing the adequacy and integrity of the Company's system of risk management and internal controls, identifying principal risks and establishing an appropriate control environment and framework to manage risks and evaluating the Company's operational effectiveness and efficiency.

The Board has thoroughly reviewed the adequacy and effectiveness of the system of risk management and internal controls of the Company. It acknowledges the fact that owing to inherent limitations, the systems for this purpose can only manage rather than eliminate risk of business failure. Therefore, these systems cannot provide absolute assurance against material misstatements or losses and the effectiveness of an internal control system may vary over time.

System of Risk Management

The Board also acknowledges that all areas of the Company's activities involve some degree of risks and appreciates that effective risk management is part of best business management practices aimed at successfully achieving the Company's goals and objectives. Operationally, the respective key management staff is responsible for managing the risks of their departments. Any significant risks facing the Company are highlighted at appropriate level of hierarchy to ensure such risks are closely monitored and appropriately addressed. The above mentioned practices culminate into an on-going process used to identify, evaluate and manage significant risks that affect the achievement of the Company's goals & objectives.

System of Internal Control

The key measures implemented in the Company are as follows :-

- A well-defined organizational structure with well-defined responsibility matrix that sets out the authority delegated to the members of management;
- Documented policies and procedures for all significant processes;
- A management reporting system to facilitate the collection, processing, monitoring and dissemination of critical information for management review and decision;
- Performance reports such as quarterly financial reviews, business development and other corporate matters are regularly provided to the directors for discussion and deliberations at meetings of the Board;
- Review of quarterly and annual financial results by the Audit Committee;
- Regular meetings by the management team to discuss and review reports and business developments and to resolve key operational and managerial issues; and
- Reviewing adequacy and effectiveness of the system of internal control, with the assistance of the internal audit function.

Internal Audit Function

The Company has an in-house internal audit function that constantly reviews the adequacy and integrity of the internal control systems of the Company.

The functions of the internal audit are as follows:-

i. Perform audit work in accordance with the pre-approved internal audit plan;

ii. Carry out review of the system of internal controls of the Company;

iii. Review and comment on the effectiveness and adequacy of the existing control policies and procedures;

iv. Provide recommendations, if any, for the improvement of the control policies and procedures; and

v. Review and comment on the implementation status of the recommendations by the internal audit function.

The internal audit function reports directly to the Audit Committee. The internal audit reports are submitted to the Audit Committee which reviews and deliberates on the findings before making the necessary recommendations to the Board to strengthen its system of internal control and policies.

Conclusion

The Board has utmost assurance that the Company's risk management and internal control systems are operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Company.

The Board reiterates its commitment towards operating a sound system of internal controls and effective risk management practices throughout the Company. It is the view of the Board that the system of internal controls is adequate, considering the size of the Company's operations and functions; and that there was no breakdown or weaknesses in the system of internal control that may result in a significant loss to the Company for the year ended 31 December 2018. The Board will remain vigilant and continue implementing the necessary measures to improve and strengthen the Company's system of risk management and internal controls to adapt to the ever changing and challenging business environment.

داخلی آڈٹ فنکشن

کمپنی کے پاس ایک داخلی آڈٹ فنکشن ہے جو کمپنی کی داخلی کنٹرول کے نظام کی موزونیت اور سالمیت کا تسلسل سے جائزہ لیتا ہے۔

داخلی آڈٹ کے افعال مندرجہ ذیل ہیں:-

i۔ پہلے سے منظور شدہ داخلی آڈٹ منصوبہ کے مطابق آڈٹ کے کام سرانجام دینا؛

ii۔ کمپنی کے داخلی کنٹرول کے نظام کا جائزہ لینے کی کوشش کرنا؛

iii۔ موجودہ کنٹرول کی پالیسیوں اور طریقہ کار کی مؤثر اور مناسب نظر ثانی اور اس پر تبصرہ؛

iv۔ کنٹرول پالیسیوں اور طریقہ کاروں کی بہتری کے لئے سفارشات مہیا کرنا، اگر کوئی ہے تو؛ اور

v۔ داخلی آڈٹ فنکشن کی سفارشات کی نفاذ کی حیثیت پر نظر ثانی اور تبصرہ کرنا۔

داخلی آڈٹ فنکشن براہِ راست آڈٹ کمیٹی کو رپورٹ کرتا ہے۔ داخلی آڈٹ رپورٹس آڈٹ کمیٹی کو پیش کی جاتی ہے جو، داخلی کنٹرول اور پالیسیوں کے نظام کو مضبوط کرنے کے لئے بورڈ کو ضروری سفارشات کرنے سے پہلے، نتائج پر نظر ثانی کرتا ہے۔

نتیجہ

بورڈ نے انتہائی یقین دہانی کی ہے کہ کمپنی کے "رسک مینجمنٹ اینڈ انٹرنل کنٹرول سسٹم" پر بنیاد رکھتے ہوئے کمپنی کے "رسک مینجمنٹ اینڈ انٹرنل کنٹرول سسٹمز" تمام مادی پہلوؤں میں موزوں اور موثر انداز میں کام کر رہے ہیں۔

بورڈ نے کمپنی بھر میں داخلی کنٹرول اور مؤثر خطرے کے انتظام کے طریقوں کی کے موثر نظام کو چلانے کے لئے اپنی عزم کا اعادہ کیا ہے۔ کمپنی کے آپریشن اور افعال کے سائز پر غور کرتے ہوئے، یہ بورڈ کا نقطہ نظر ہے کہ اندرونی کنٹرول کا نظام مناسب ہے؛ اور یہ کہ داخلی کنٹرول کے نظام میں کوئی ایسی خرابی یا کمزوری نہیں تھی جو 31 دسمبر 2018ء کو ختم ہونے والے سال کے لئے کمپنی میں اہم نقصان کا باعث بن سکتی تھی۔ بورڈ محتاط رہے گا اور کمپنی کے "رسک مینجمنٹ اینڈ انٹرنل کنٹرول سسٹم" کو بہتر بنانے اور مضبوط کرنے کے لیے، کبھی بھی بدلنے والے اور مشکل کاروباری ماحول کے مطابق، ضروری اقدامات پر عملدرآمد جاری رکھے گا۔

رسک مینجمنٹ اینڈ انٹرنل کنٹرول پر بیان

بورڈ کی ذمہ داریاں

عسکری جنرل انشورنس کمپنی لمیٹڈ (کمپنی) کا بورڈ آف ڈائریکٹرز (دی بورڈ) کمپنی کے اثاثوں اور حصے داروں کی سرمایہ کاری کو محفوظ کرنے کے لئے "رسک مینجمنٹ اینڈ انٹرنل کنٹرول" کے اچھے نظام کو برقرار رکھنے کی اہمیت کو تسلیم کرتا ہے۔ بورڈ، بڑے خدشات کی پہچان کرتے ہوئے نیز خدشات کو قابو کرنے، کمپنی کے آپریشنل اثر ورسوخ اور کارکردگی کا اندازہ کرنے اور مناسب کنٹرول والا ماحول کا انتظامی ڈھانچہ بناتے ہوئے، کمپنی کے "رسک مینجمنٹ اینڈ انٹرنل کنٹرول" کی شناخت اور موزونیت کو مدنظر رکھنے کے لئے اپنی مجموعی ذمہ داری کو تسلیم کرنے کا اعتراف کرتا ہے۔

بورڈ نے کمپنی کے "رسک مینجمنٹ اینڈ انٹرنل کنٹرول" کے نظام کی موزونیت اور مؤثریت کا اچھی طرح سے جائزہ لیا ہے۔ بورڈ اس حقیقت کا اعتراف کرتا ہے کہ معتدل حدود کی وجہ سے، اس مقصد کے نظام کاروباری ناکامی کے خطرے کو ختم کرنے کے بجائے صرف اسے منظّم کر سکتے ہیں۔ لہذا، یہ نظام مواد کی غلطی بیانیوں یا نقصانات کے خلاف مطمئن یقین دہانی نہیں فراہم کر سکتا اور ایک اندرونی کنٹرول کے نظام کی تاثیر وقتاً فوقتاً مختلف ہوتی ہے۔

رسک مینجمنٹ کا نظام

بورڈ یہ بھی اعتراف کرتا ہے کہ کمپنی کی سرگرمیوں کے تمام شعبہ جات میں کسی حد تک خدشہ شامل ہوتا ہے اور بورڈ یہ تعریف کرتا ہے کہ مؤثر رسک مینجمنٹ بہترین کاروباری مینجمنٹ کے طریقوں کا حصہ ہے جن کا مقصد کمپنی کے اغراض ومقاصد کو کامیابی سے حاصل کرنا ہے۔ عملی طور پر، متعلقہ کلیدی مینجمنٹ اسٹاف اپنے اپنے شعبہ جات کے خدشات کا انتظام کرنے کا خود ذمہ دار ہے۔ کمپنی کو درپیش کسی بھی اہم خطرے کے متعلق تنظیمی ڈھانچے کے متعلقہ مناسب افراد کو باخبر کیا جائے تاکہ ان خدشات کی قریب سے نگرانی کی جائے اور مناسب طریقے سے ان کو حل کیا جائے۔

مندرجہ بالا طریقوں سے اُن اہم خدشات کی شناخت کرنے، ان کی تشخیص کرنے اور ان کو قابو کرنے کے لیے استعمال کردہ حالیہ طریقہ کار میں اضافہ ہوتا ہے جو خدشات کمپنیوں کے اہداف اور مقاصد کی کامیابی کو متاثر کرتے ہیں۔

داخلی کنٹرول کا نظام

کمپنی میں لاگو اہم اقدامات مندرجہ ذیل ہیں:-

- ☆ بالکل واضح قابلِ ادامیٹرکس کے ساتھ ایک بالکل واضح تنظیمی ڈھانچہ جو مینجمنٹ کے اراکین کو تفویض کردہ اختیار مقرر کرتا ہے؛
- ☆ تمام اہم عمل کاریوں کے لئے دستاویزی پالیسیاں اور طریقہ کار؛
- ☆ انتظامی جائزے اور فیصلے کے لئے اہم تنقیدی معلومات کو جمع کرنا، اس کی پروسیسنگ کرنا، اس کی نگرانی کرنا اور اس کو پھیلانے کے عمل کو سہل بنانے کے لیے مینجمنٹ رپورٹنگ سسٹم
- ☆ کارکردگی کی رپورٹیں جیسا کہ سہ ماہی مالیاتی جائزے، کاروباری ترقی اور دیگر کارپوریٹ سے متعلقہ معاملات بورڈ کے اجلاسوں میں بحث ومباحثہ اور غور وفکر کے لیے باقاعدگی سے ڈائریکٹرز کو فراہم کی جاتی ہیں؛
- ☆ آڈٹ کمیٹی کی طرف سے سہ ماہی اور سالانہ مالیاتی نتائج کا جائزہ؛
- ☆ رپورٹوں اور کاروباری ترقی پر تبادلہ خیال کرنے اور اہم عمل کاریوں اور انتظامی مسائل کو حل کرنے کے لئے انتظامی ٹیم کی طرف سے باقاعدگی سے اجلاس؛ اور

Principal Risks and Uncertainties Facing the Company

Strategic Risks

Strategic risks are the result of Company's strategic objectives and business strategy decisions. The Company's Board of Directors have established an Executive, Risk Management & Compliance Committee through which it actively supervises the management of these risks and creates mitigating strategies, wherever required.

Business Risks

These risks are associated with the commercial essence of an entity. Reduced market share, amendments to product-pricing regulations or other regulatory changes undermining the organization's profitability are a few examples of these risks affecting the Company.

Operational Risks

These include risk of adverse change in the value of capital resources resulting from operational events such as inadequacy or failure of internal systems, personnel, procedures or controls etc.

Financial Risks

The Company's activities expose it to a variety of financial risks. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. The Company consistently manages its exposure to financial risk without any material change from previous year 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. These risks are divided into following categories:

1. 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 any other conditions would effect their ability to meet contractual obligations in similar manner. The management monitors and limits the Company's exposure to credit risk through monitoring of client's exposure and maintaining conservative estimates of provisions for doubtful assets, if required. The management believes it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in entities of sound financial standing, covering various industrial sectors.

The Company has diversified portfolio of investment to mitigate the risk. The credit risk exposure relates

to investment in debt securities as mentioned in note 10 to the financial statements. The Company has also maintained a provision against certificates of investments as disclosed in note 10.5 to the financial statements.

2. Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of change in market variable such as interest / mark-up rate, foreign exchange rate and equity prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The market risks associated with the Company's business activities are as follows:

a. Interest / Mark-up Rate Risk

Interest / mark-up rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in the market interest / Mark-up rates. The Company invests in securities and has deposits that are subject to interest / mark-up rates risk. The Company limits interest / mark-up rate risk by monitoring changes in interest / mark-up rates in the currencies in which its cash and investments are denominated. The Company's financial liabilities are not exposed to interest / mark-up rate risk.

b. Foreign currency risk

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

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 foreign 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. For further details relating to Price Risk, please refer note no. 41 to the financial statements.

3. Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. Liquidity requirements are monitored by management to ensure that adequate funds are available to meet any obligations as they arise. To guard against risk, the Company has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities.

For further information relating to Liquidity Risks facing the Company , please refer to note no. 41 to the financial statements.

Key Sources of Estimating Uncertainty

The preparation of financial statements requires management and the Board of Directors to make estimates and judgements that impact reported amounts of assets, liabilities, revenues and expenses and related disclosures of contingencies. The estimates and associated assumptions are based on historical experience and various other factors that the management and the Board believe to be reasonable under the prevailing conditions. The results of these estimates and assumptions form the basis for making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The key areas of estimating uncertainty, which may have a significant effect on the amounts recognized in the financial statements, are discussed below:

Provision for unearned premium

The unearned premium reserve is the unexpired portion of the premium which relates to business in force at the balance sheet date. The unearned premium is calculated by applying 1/24 method as specified in the Insurance Accounting Regulations, 2017.

Principal Risks and Uncertainties Facing the Company

Premium deficiency reserve (liability adequacy test)

The Company maintains a provision in respect of premium deficiency for the class of business where the unearned premium liability is inadequate 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 in profit and loss account for the year, if any.

Provision for outstanding claims (including IBNR)

A liability for outstanding claims (including IBNR) is recognized in respect of all claims incurred up to the balance sheet date that is measured at the undiscounted value of expected future payments. An actuary carries out the valuation of IBNR claims based on guidelines issued by the Securities and Exchange Commission of Pakistan.

Employees' retirement benefits

The Company operates defined contribution provident fund and defined benefit gratuity fund for its employees. The accounting of these benefits is performed in accordance with International Accounting Standard 19 – Employee Benefits.

Deferred taxation

Deferred tax asset or liability is recognized using the balance sheet liability method for all temporary differences between the amounts attributed to assets and liabilities for financial reporting and taxation purposes. The amount of deferred tax recognized is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted at the balance sheet date.

Impairment in value of investments

All impairment losses are recognized in the profit and loss account. Provisions for impairment are reviewed at each balance sheet date and are adjusted to reflect the current best estimates. Changes in the provisions are recognized as income or expense in the profit and loss account.

Investment properties

Investment Property is accounted for under cost model in accordance with approved International Accounting Standard 40, "Investment Property" and S.R.O. 938 issued by the Securities and Exchange Commission of Pakistan. Valuation of investment properties are also carried out by independent valuers having relevant professional qualifications.

Useful lives of fixed assets

The assets' residual values, useful lives and method for depreciation are reviewed at each financial year end and adjusted if impact on depreciation is significant.

Amount due from insurance contract holders and amount due from other insurers / reinsurers

The Company reviews its amount due from insurance contract holders and amount due from other insurers / reinsurers portfolio to assess their recoverability and provision required there-against. While assessing this requirement, various factors including the delinquency and financial position of the counter party are considered.

ہوئے معطل ٹیکس اثاثہ یا واجبات کو تسلیم کیا جاتا ہے۔ شناخت شدہ معطل ٹیکس کی رقم کی بنیاد، بیلنس شیٹ ڈیٹ میں نافذ کردہ ٹیکس کی شرح کا استعمال کرتے ہوئے، اثاثوں اور واجبات کی رقم کی وصولی یا تصفیہ کے متوقع طریقہ کار پر ہے۔

سرمایہ کاری کی قیمت میں نقصان

منافع اور نقصان کے اکاؤنٹ میں تمام نقصانات کو تسلیم کیا جاتا ہے۔ ہر بیلنس شیٹ ڈیٹ میں نقصان کی شرائط کا جائزہ لیا جاتا ہے اور موجودہ بہترین تخمینوں کی عکاسی کرنے کے لئے اسے ایڈجسٹ کیا جاتا ہے۔ شرائط میں تبدیلی کو منافع اور نقصان کے اکاؤنٹ میں آمدنی یا اخراج کے طور پر تسلیم کیا جاتا ہے۔

سرمایہ کاری کی جائیداد

سرمایہ کاری کی جائیداد کو، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے جاری کردہ S.R.O 938، "سرمایہ کاری پراپرٹی" اور منظور شدہ بین الاقوامی اکاؤنٹنگ سٹینڈرڈ 40 کے مطابق لاگت ماڈل کے تحت شمار کیا جاتا ہے۔ سرمایہ کاری پراپرٹی کی تشخیص بھی خودمختار قابلِ قدر اشخاص کی طرف سے کی جاتے ہیں جو متعلقہ پیشہ ورانہ اہلیت رکھتے ہوں۔

فکسڈ اثاثوں کا مفید بقاء

اثاثے کے باقی رہنے والے اقدار، مفید بقاء اور استحصال کے طریقہ کار کی ہر مالی سال کے اختتام پر نظر ثانی کی جاتی ہیں اور اگر قیمتوں میں اضافہ بہت نمایاں ہو تو انہیں ایڈجسٹ کیا جاتا ہے۔

پریمیم واجبات لیکن دیگر بیمہ کاروں/مکرر ذمہ نویسوں کی طرف سے غیر ادا شدہ اور قابلِ ادا رقوم

کمپنی اپنے اُن پریمیم واجبات جو کہ ابھی تک بیمہ کاروں/مکرر ذمہ نویسوں کے پورٹ فولیو کی طرف سے غیر ادا شدہ اور قابلِ ادا ہیں، ان کا جائزہ لیتی ہے تاکہ ان کی بحالی اور مطلوبہ فراہمی کے لئے رسائی حاصل کرے۔ اس تقاضے کا اندازہ کرتے ہوئے، ہم منصب پارٹی کی ڈیلانسٹی اور مالی پوزیشن سمیت کئی عوامل شامل ہیں۔

غیر یقینی صورتحال کا تخمینہ کرنے کے اہم ذرائع

مالی بیانات کی تیاری کے لیے اس چیز کی ضرورت ہوتی ہے کہ بورڈ آف ڈائریکٹرز ایسے تخمینے اور فیصلے کرے جو کہ اثاثہ جات، واجبات، آمدنیوں اور اخراجات اور متعلقہ افواہوں کے بارے میں اطلاع کی مقدار پر اثر انداز ہوں۔

تخمینہ جات اور منسلک مفروضات تاریخی تجربے اور دیگر متعدد عوامل پر مبنی ہیں جن کے بارے میں انتظامیہ اور بورڈ کا یہ خیال ہے کہ یہ موجودہ حالات کے تحت مناسب ہیں۔ اِن تخمینوں اور مفروضوں کے نتائج اُن اثاثوں اور واجبات کے اقدار کے بارے میں فیصلہ کرنے کے لئے بنیاد بناتے ہیں جو کہ دوسرے ذرائع سے آسانی سے ظاہر نہیں ہوتے ہیں۔

مختلف نتائج یا حالات کے تحت اصل نتائج ان تخمینوں سے مختلف ہو سکتے ہیں۔ غیر یقینی تخمینہ کی اہم وجوہات، جس کا مالی بیانات میں تسلیم کردہ مقداروں پر ایک اہم اثر ہو سکتا ہے، کے بارے میں ذیل میں تبادلہ خیال کیا گیا ہے:

غیر موصول شدہ پریمیم کے لئے فراہمی

غیر موصول شدہ پریمیم ریزرو، بیلنس شیٹ ڈیٹ میں مذکور کاروبار سے متعلق پریمیم کا غیر متوقع حصہ ہے۔ "سیکورٹیز اینڈ ایکسچینج کمیشن (انشورنس) کے قوانین، 2002ء" میں بیان کردہ طریقہ کار کے 1/24 ویں حصے کو لاگو کرنے سے غیر موصول کردہ پریمیموں کا حساب لگایا جاتا ہے۔

پریمیم کی کمی والی آمدن (واجبات جانچنے کا ٹیسٹ)

کمپنی، کاروبار کی کلاس کے لئے پریمیم کی کمی کے سلسلے میں شرط کو برقرار رکھتی ہے جہاں، مکرر بیمہ کاری کے بعد، مستقبل کے متوقع واجبات کو پورا کرنے کے لئے غیر موصول پریمیم واجبات ناقابل اعتماد ہے، ایسے دعویٰ جات اور دیگر اضافی اخراجات میں سے جن کے بارے میں یہ توقع ہے کہ یہ بیلنس شیٹ ڈیٹ میں کاروبار کی اس کلاس میں غیر متوقع پالیسی کے حوالے سے بیلنس شیٹ ڈیٹ کے بعد خرچ ہوں گے۔ پریمیم کمی کی آمدن میں تحریک، بوقتِ ضرورت، سال کے لئے منافع اور نقصان کے اکاؤنٹ میں خرچ کے طور پر ریکارڈ کی گئی ہے۔

بقایا جاتی رقوم کے دعویٰ کے لئے شرط (IBNR سمیت)

بقایا جاتی رقوم کے دعویٰ (بشمول آئی بی این آر) کی ذمہ داری ان تمام دعووں کے سلسلے میں تسلیم کی جاتی ہے جو اس بیلنس شیٹ ڈیٹ تک خرچ ہوئے جس کی متوقع مستقبل کی ادائیگیوں کے غیر رعایتی اقدار تک پیمائش ہوئی۔ آئی بی این آر کے اُن دعویٰ جات کی تشخیص عمل میں لائی گئی جو دعویٰ جات اُن ہدایات پر مبنی تھے جو "سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان" نے جاری کیں۔

ملازمین کے ریٹائرمنٹ فوائد

کمپنی اپنے ملازموں کے لئے مقررہ بنیفٹ پنشن فنڈ اور مقررہ بنیفٹ گریجوئٹی فنڈ چلاتی ہے۔ ان فوائد کی اکاؤنٹنگ "بین الاقوامی اکاؤنٹنگ سٹینڈرڈ 19 ملازمین فوائد" کے مطابق کی جاتی ہے۔

معطل ٹیکس

مالیاتی رپورٹنگ اور ٹیکس کے مقاصد کے لئے اثاثوں اور واجبات کی منسوب کردہ رقوم کے درمیان تمام عارضی اختلافات کے لئے بیلنس شیٹ واجبات کا طریقہ استعمال کرتے

کمپنی کو درپیش بڑے خطرات اور غیر یقینی صورتحال

برقرار رکھی ہے جیسا کہ مالیاتی بیانات کے ملاحظہ نمبر 10.5 میں انکشاف کیا ہے۔

☆ **مارکیٹ رسک**

مارکیٹ رسک ایسا خطرہ ہے کہ جس میں مارکیٹ کے متغیرات جیسا کہ سود/ منافع کی شرح، غیر ملکی کرنسی کی شرح اور ایکوئٹی کی قیمتوں وغیرہ میں تبدیلی کے نتیجے میں مالی وسائل کی منصفانہ قیمت یا مستقبل کے نقد بہاؤ میں کمی بیشی ہو جائے گی۔ اصل مقصد قابلِ قبول پیرامیٹرز کے اندر رہتے ہوئے مارکیٹ رسک سے نمٹنے کا انتظام کرنا اور اسے کنٹرول کرنا ہے، جبکہ واپسی کو بہتر بنانا مقصود ہو۔ کمپنی کی کاروباری سرگرمیوں کے ساتھ منسلک مارکیٹ رسک مندرجہ ذیل ہیں:

اے) سود/ منافع کی شرح کا رسک

سود/ منافع کی شرح کا رسک ایسا خطرہ ہے کہ جس میں مارکیٹ سود/ منافع کی شرح میں تبدیلی کے نتیجے میں مالی وسائل کی منصفانہ قیمت یا مستقبل کے نقد بہاؤ میں کمی بیشی ہو جائے گی۔ کمپنی سیکیورٹیز میں سرمایہ کاری کرتا ہے اور اس کے پاس رقوم ہیں جس میں سود/ منافع کی شرح کا رسک موجود ہے۔

کمپنی اس کرنسی میں سود/ منافع کی شرح میں تبدیلی کو مدنظر رکھتے ہوئے سود/ منافع کی شرح کے رسک کو محدود کرتی ہے جس کرنسی میں کمپنی کے نقد رقوم اور سرمایہ کاری کی نشان زدگی کی گئی ہوتی ہے۔

بی) غیر ملکی کرنسی رسک

غیر ملکی کرنسی رسک ایسا خطرہ ہے جس میں غیر ملکی کرنسی کی شرح میں تبدیلیوں کی وجہ سے مالی وسائل کی منصفانہ قیمت یا مستقبل کے نقد بہاؤ میں تبدیلی آ جائے گی۔ اس وقت کمپنی مادی طور پر کرنسی رسک میں مبتلا نہیں ہے کیونکہ زیادہ تر لین دین پاکستانی روپوں میں کیا جاتا ہے۔

سی) قیمتوں کا رسک

قیمتوں کا رسک ایسا خطرہ ہے کہ جس میں مارکیٹ کی قیمتوں) سود/ منافع کی شرح کے رسک یا کرنسی رسک کے علاوہ (میں تبدیلی کی وجہ سے مالیاتی وسائل کی منصفانہ قیمت میں کمی بیشی واقع ہوگی، چاہے ان تبدیلیوں کی وجہ انفرادی مالیاتی وسائل یا اس کے اجراء کنندہ کے ساتھ مخصوص عوامل ہوں، یا مارکیٹ میں تجارت کیے جانے والے تمام یا ایک جیسے مالیاتی وسائل پر اثر انداز ہونے والے عوامل ہوں۔ قیمتوں کے رسک سے متعلق مزید تفصیلات مالیاتی بیانات کے ملاحظہ نمبر 41 میں مذکور ہیں۔

☆ **لیکویڈیٹی رسک (مائع جاتی خطرات)**

لیکویڈیٹی رسک ایسا خطرہ ہے جس میں کمپنی اپنے پر لاگو ہونے والے مالی واجبات کو پورا کرنے میں کامیاب نہیں ہو سکے گی۔ متوقع لیکویڈیٹی رسک مینجمنٹ کا مطلب مناسب نقد رقم اور مارکیٹنگ سیکیورٹیز کو برقرار رکھنا ہے۔ انتظامیہ، لیکویڈیٹی کی ضروریات کی نگرانی کرتی ہے تاکہ اس بات کو یقینی بنایا جا سکے کہ کسی بھی درپیش ذمہ داری کو پورا کرنے کے لئے مناسب فنڈز موجود ہیں۔ خطرے سے بچنے کے لئے، کمپنی نے لیکویڈیٹی ذہن میں رکھنے کے ساتھ نقد، نقد مساوات اور مارکیٹنگ سیکیورٹیز کے صحت مند توازن کو برقرار رکھتے ہوئے فنڈنگ وسائل اور اثاثہ جات کو مختلف جگہوں پر لگایا ہے۔

کمپنی کو درپیش لیکویڈیٹی خطرات سے متعلق مزید تفصیلات مالیاتی بیانات کے ملاحظہ نمبر 41 میں مذکور ہیں۔

کمپنی کو درپیش بڑے خطرات اور غیر یقینی صورتحال

اسٹریٹجک رسک

اسٹریٹجک رسک کمپنی کے اسٹریٹجک مقاصد اور کاروباری حکمت عملی کے فیصلے کا نتیجہ ہیں۔ کمپنی کے بورڈ آف ڈائریکٹرز نے ایک "ایگزیکٹو، رسک مینجمنٹ اینڈ کمپلائنس کمیٹی" قائم کردی ہے جس کے ذریعہ یہ کمپنی ان خطرات کے انتظام کی مؤثر طریقے سے نگرانی کرتی ہے اور جہاں بھی ضروری ہو یہ کمپنی ان خطرات کو کم کرنے کے لیے حکمت عملی بناتی ہے۔

کاروباری رسک

یہ خطرات کسی ادارے کے تجارتی جزو سے منسلک ہوتے ہیں۔ کمپنی کو متاثر کرنے والے ان خطرات کی چند مثالوں میں مارکٹ شیئر کی کمی، مصنوعات کی قیمتوں کا تعین کرنے والے قواعد وضوابط میں ترمیم یا کمپنی کے منافع کو کم کرنے والی دیگر ریگولیٹری تبدیلیاں بہت عام مثالیں ہیں۔

آپریشنل رسک

ان میں آپریشنل واقعات کے نتیجے میں کیپٹل وسائل کی قدر میں منفی تبدیلی کا خطرہ شامل ہوتا ہے جیسا کہ اندرونی نظام، اہلکار حضرات، طریقہ کار یا کنٹرول وغیرہ کا ناکافی ہونا یا ان چیزوں کی ناکامی۔

مالیاتی رسک

کمپنی کی سرگرمیاں مختلف مالیاتی خطرات سے نمٹنے کے لئے ظہور میں آتی ہیں۔ کمپنی کا مجموعی رسک مینجمنٹ پروگرام مالیاتی مارکیٹوں کی غیر متوقع صلاحیت پر توجہ مرکوز کرتا ہے اور مالی کارکردگی پر ممکنہ منفی اثرات کو کم کرنے کی کوشش کرتا ہے۔ کمپنی درج ذیل اہم ملاحظات میں بیان کردہ طریقہ سے پچھلے سال کی نسبت اس سال بھی کسی چیز کی تبدیلی کے بغیر مالیاتی خطرے کے ظہور کا تسلسل سے انتظام کررہی ہے۔ بورڈ آف ڈائریکٹرز پر کمپنی کے رسک مینجمنٹ فریم ورک کے قیام اور اس کی نگرانی کی مجموعی ذمہ داری ہے۔ کمپنی کی رسک مینجمنٹ پالیسیوں کی بہتری کے لئے بھی بورڈ ہی ذمہ دار ہے۔ یہ خطرات مندرجہ ذیل اقسام میں تقسیم کیے گئے ہیں:

☆ **کریڈٹ رسک (قرض کا خطرہ)**

کریڈٹ رسک ایسا خطرہ ہے جو اس امکان سے پیدا ہوتا ہے کہ ایک مالی آلہ پر ایک پارٹی اپنی ذمہ داری کو ہٹانے میں ناکام ہوجائے اور دوسری پارٹی کو مالی نقصان پہنچادے۔ کمپنی مختلف صنعتوں میں بہت سی ہم منصب پارٹیوں کے ساتھ لین دین کا آغاز کرتے ہوئے اور ہم منصب پارٹیوں کے کریڈٹ کی اہلیت کا جائزہ لیتے ہوئے کریڈٹ کے ظہور کی نگرانی کے ذریعے کریڈٹ رسک کنٹرول کرنے کی کوشش کرتی ہے۔

کریڈٹ رسک کا ارتکاز اس وقت ہوتا ہے جب کئی ہم منصب پارٹیاں ایک ہی قسم کی کاروباری سرگرمیاں کرتی ہیں۔ اس کے نتیجے میں، معاشی، سیاسی یا دیگر حالات میں کوئی بھی تبدیلی اسی طریقے سے ان کے معاہدے کو پورا کرنے کی صلاحیت پر اثر انداز ہوگی۔ مینجمنٹ، اگر ضرورت پڑے تو کلائنٹ کی پوشیدہ حقیقت کی نگرانی اور مشکوک اثاثہ جات کے لئے اشیاء کے روایتی تخمینوں کو برقرار رکھنے کے ذریعے، کمپنی کو کریڈٹ رسک میں پڑنے سے روکتی ہے یا اس خطرے کو کم کردیتی ہے۔ مینجمنٹ کا خیال ہے کہ کریڈٹ رسک پر بہت زیادہ توجہ مرکوز کرنے کی ضرورت نہیں ہے کیونکہ کمپنی کے مالی اثاثہ جات مالیاتی لحاظ سے مضبوط اداروں میں ہے جو ادارے مختلف صنعتی شعبہ جات کا احاطہ کیے ہوئے ہیں۔

خطرے کو کم کرنے کے لئے کمپنی کے پاس سرمایہ کاری کا ایک متنوع پورٹ فولیو ہے۔ اہم کریڈٹ رسک کے واقع ہونے کا تعلق اس میچورٹی سرمایہ کاری کے ساتھ ہے جو حکومتِ پاکستان اور مالیاتی ادارے کے ساتھ رکھی جاتی ہے جیسا کہ مالیاتی بیانات کے ملاحظہ نمبر 10 میں مذکور ہے۔ کمپنی نے سرمایہ کاری کے بعض سرٹیفکیٹ کے خلاف ایک شق بھی

Board Committees

The Company has six committees at the board level. These committees meet on quarterly basis to review the Company's performance, which strengthens its governance framework.

The terms of reference and composition of these committees are given below:

Executive, Risk Management and Compliance Committee

The terms of reference of the Committee include the following:

a. Oversee the activities of the risk management function / department;

b. Monitoring the compliance function and the insurer's risk profile in respect of compliance with the laws applicable to it as well as the internal policies and procedures.

c. Supervise and monitor matters reported using the insurer's whistle blowing or other confidential mechanisms for employees and others to report compliance concerns or potential breaches, violations or frauds.

d. Approve all investments over Rs. 10 million and review progress of investments.

e. Review yearly budget and recommend its approval to the Board.

f. Review monthly performance of the Company.

g. Review and approve claim payments over Rs. 1 million.

h. Review legal suits filed by or against the Company.

i. Consider any other matter related to the performance and operations of the Company.

The Committee comprises four members, including the Chairman of the Committee, three of whom are non-executive directors. Following is the composition of the Committee:

Name	Status in Committee
Maj Gen Akhtar Iqbal (Retd)	Chairman
Maj Gen Imtiaz Hussain Serazi (Retd)	Member
Brig M. Aslam Khan (Retd)	Member
Mr. Abdul Waheed	Member

Audit Committee

The terms of reference of the Committee include the following:

- determination of appropriate measures to safeguard the Company's assets;
- review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:
    - major judgemental areas;
    - significant adjustments resulting from the audit;
    - the going concern assumption;
    - any changes in accounting policies and practices;
    - compliance with applicable accounting standards;
    - compliance with listing regulations and other statutory and regulatory requirements; and
    - significant related party transactions.
- review of preliminary announcements of results prior to publication;
- facilitating 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 (in the absence of management, where necessary);
- review of management letter issued by external auditors and management's response thereto;
- ensuring coordination between the internal and external auditors of the Company;

- review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;
- consideration of major findings of internal investigations and management's response thereto;
- ascertaining that the internal control systems including financial and operational controls, accounting systems and the reporting structure are adequate and effective;
- review of the Company's statement on internal control systems prior to endorsement by the Board of Directors;
- determination of compliance with relevant statutory requirements;
- monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and
- consideration of any other issue or matter as may be assigned by the Board of Directors.

The Committee comprises three members, including the Chairman of the Committee, all of whom are non-executive directors. Following is the composition of the Committee:

Name	Status in Committee
Mr. M. Munir Malik	Chairman
Malik Riffat Mehmood	Member
Brig M. Aslam Khan (Retd)	Member

Ethics, Human Resource & Remuneration Committee

The terms of reference of the Committee include the following:

a. recommending human resource management policies to the board;

b. recommending to the board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO;

c. recommending to the Board the selection, evaluation, compensation (including retirement benefits) of CFO, Company Secretary and Head of Internal Audit;

d. consideration and approval on recommendations of CEO on such matters for key management positions who report directly to CEO;

e. proposing a remuneration approach and related policies for the insurer covering the remuneration policy, remuneration governance and structure (including approval policy for the level and composition of compensation), and the components of compensation (such as the amount of fixed remuneration, shares or options, other variable remuneration, pension rights, redundancy pay and other forms of compensation and benefits, as well as the performance criteria and their application);

f. reviewing and making recommendations to the Board of Directors regarding the specific remuneration of the Board members, the Chief Executive Officer, Chief Financial Officer, Company Secretary, Compliance Officer and Head of Internal Audit.

The Committee comprises three members including the Chairman of the Committee, out of which one is independent and one is a non-executive director. Following is the composition of the Committee:

Name	Status in Committee
Mr. Imran Iqbal	Chairman
Brig M. Aslam Khan (Retd)	Member
Mr. Abdul Waheed	Member

Underwriting, Reinsurance & Coinsurance Committee

The Underwriting, Reinsurance & Coinsurance Committee formulates the under writing policy of the Company. It sets out the criteria for assessing various types of insurance risks and determines the premium policy of different insurance covers. It regularly reviews the underwriting and premium policies of the Company with due regard to relevant factors such as business portfolio and the market development.

The Committee also ensures that adequate reinsurance arrangements are made for the Company. It peruses the proposed reinsurance arrangements prior to their execution, reviews the arrangements from time to time and subject to the consent of the participating reinsures and makes appropriate adjustments to those arrangements in the light of the market development. It also assesses the effectiveness of the reinsurance programme for future reference

Following is the composition of the Committee:

Name of Member	Status in Committee
Maj Gen Akhtar Iqbal (Retd)	Chairman
Mrs. Samina Khan	Member
Mr. Sohail Khalid	Member

Claims Settlement Committee

The Committee devises the claims settling policy of the Company. It oversees the claims' position of the Company and ensures that adequate claims reserves are made. It pays particular attention to significant claims' cases or events, which give rise to a series of claims. The Claims Settlement Committee determines the circumstances under which the claims' disputes be brought to its attention and decide how to deal with such claims' disputes. It also oversees the implementation of the measures for combating fraudulent claims' cases.

Following is the composition of the Committee:

Name	Status in Committee
Malik Riffat Mehmood	Chairman
Mr. Abdul Waheed	Member
Mr. Athar Alam	Member

Investment Committee

The Investment Committee is responsible for framing the investment policy for the Company and ensuring that the overall investment portfolio is managed in line with the approved investment policy. The functions of the Committee are outlined below:

Reviewing overall investment portfolio and investments and encashments made during the period under consideration;

- Reviewing the investment income generated in comparison with budgeted targets during the period under consideration;
- Reviewing and recommending the annual investment budget for the Board's approval;
- Assessing the macroeconomic and microeconomic factors for the foreseeable future and to issue guidance for further investments/ disinvestments, restructuring of investment portfolio and reallocation of funds etc. so as to make timely decisions to maximize profits (or reduce possible losses), within the parameters of prudent and sound investment operations;
- Assessing the performance benchmarks for the investment portfolio;
- To ensure that the investment decisions are in synchronization with overall business strategy and investment policy of the Company; and
- To recommend changes in the investment policy guidelines, as and when considered necessary, to the Board of Directors.

Following is the composition of the Committee:

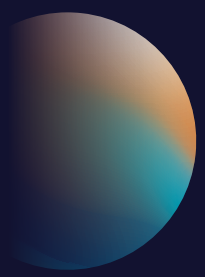
Name	Status in Committee
Malik Riffat Mehmood	Chairman
Mr. M. Munir Malik	Member
Mr. Abdul Waheed	Member
Mr. Razi Haider	Member
Mr. Shahid Qayyum	Member

Financial Calendar

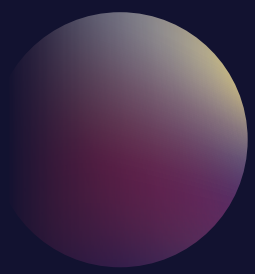
First Quarter ended
March 31, 2018
Announced on April 19, 2018

Half Year ended
June 30, 2018
Announced on August 16, 2018

Third Quarter ended
September 30, 2018
Announced on October 22, 2018



Year ended
Decemebr 31, 2018
Announced on March 13, 2019



Annual Report 2018
Issued on April 02, 2019

24th Annual General
Meeting
To be held on 24 April 2019

Financial Analysis

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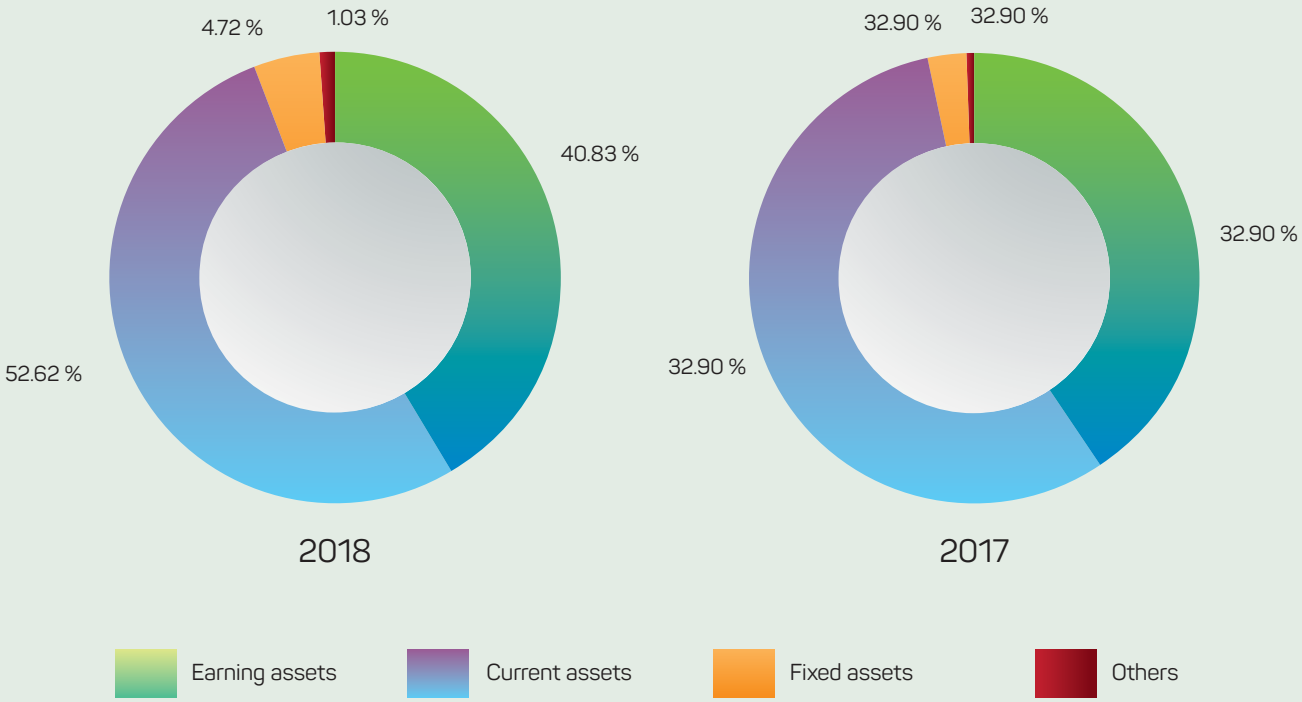
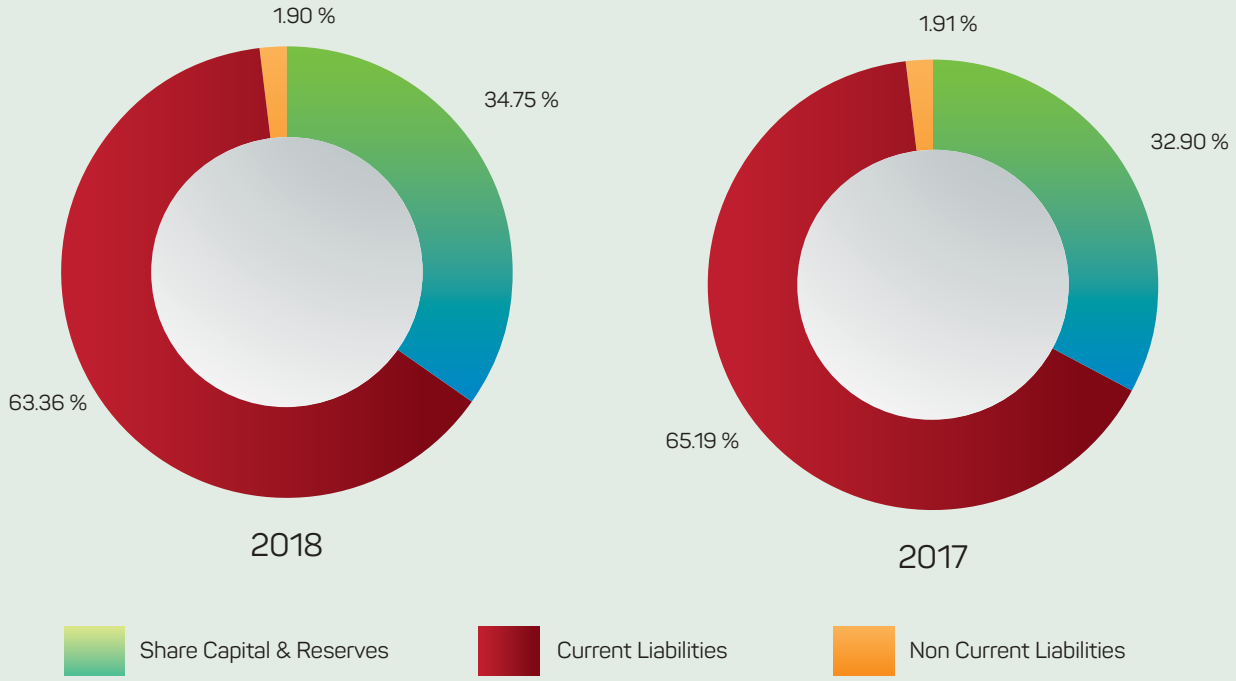
Performance at a Glance

Assets

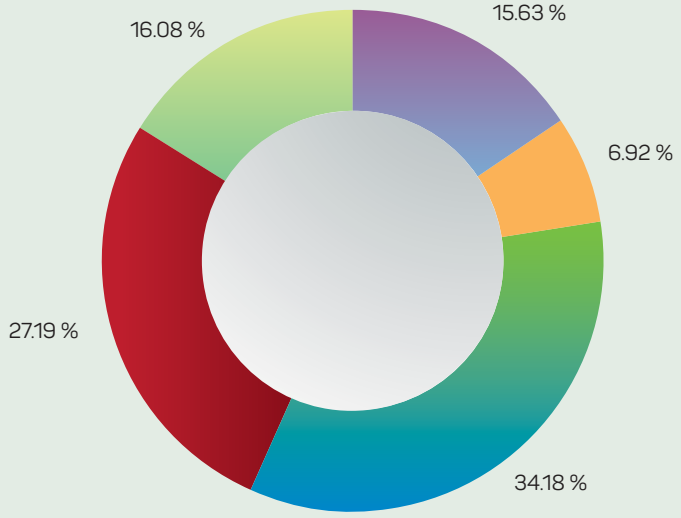


Shareholders' Equity and Liabilities

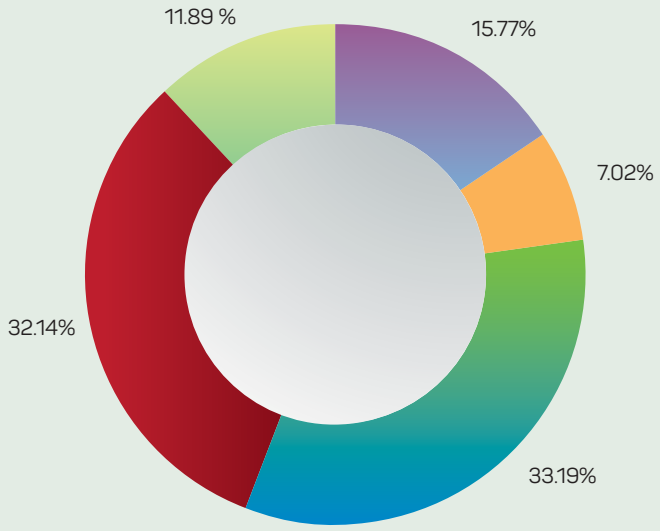


Performance at a Glance

Gross Premium - Business Wise

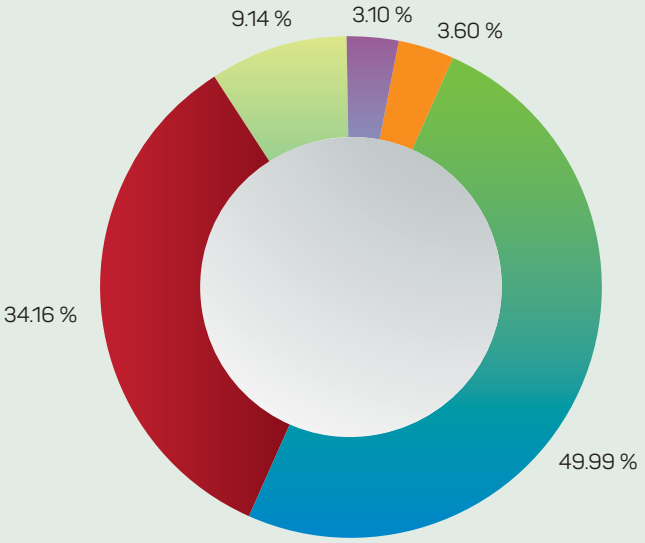


2018

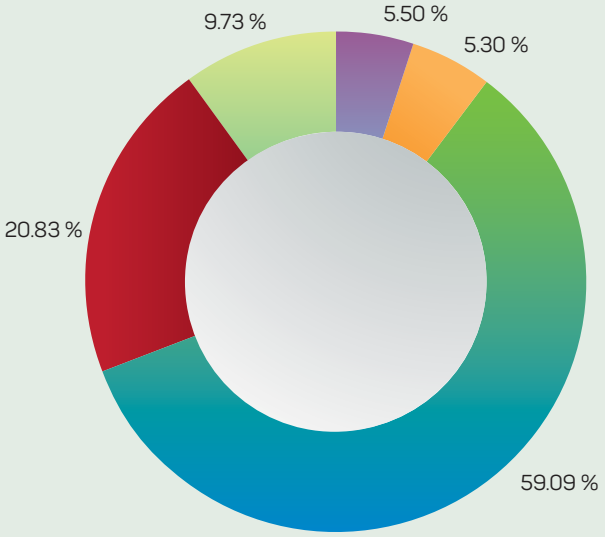


2017

Net Premium - Business Wise



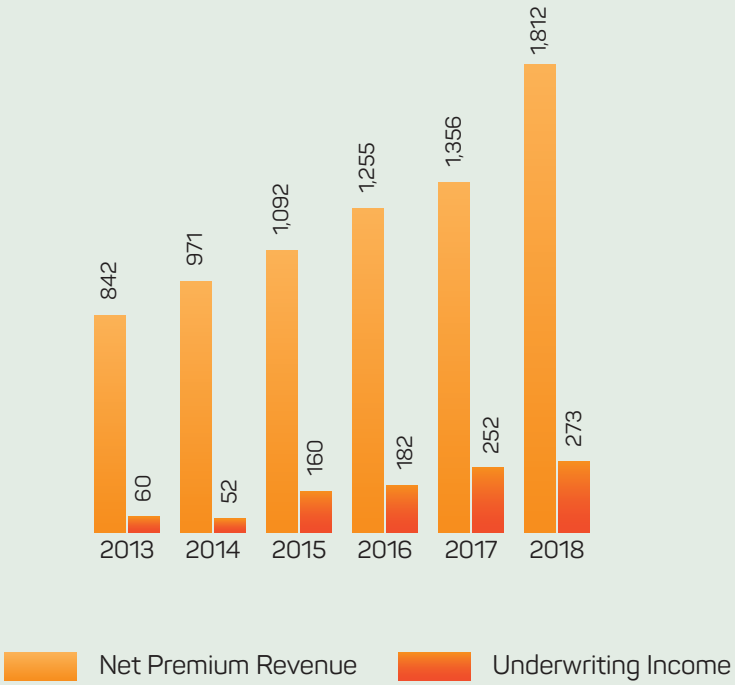
2018

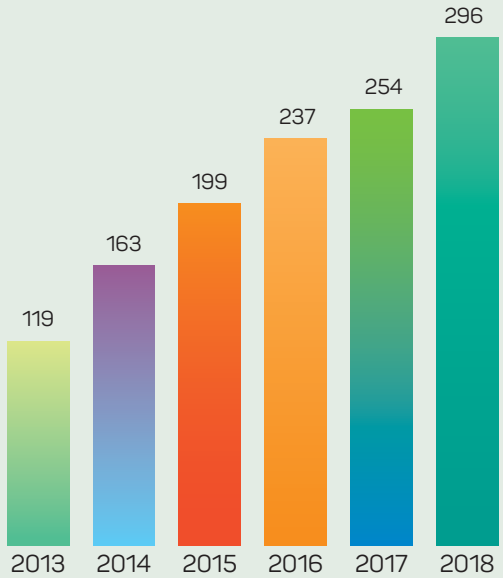


2017

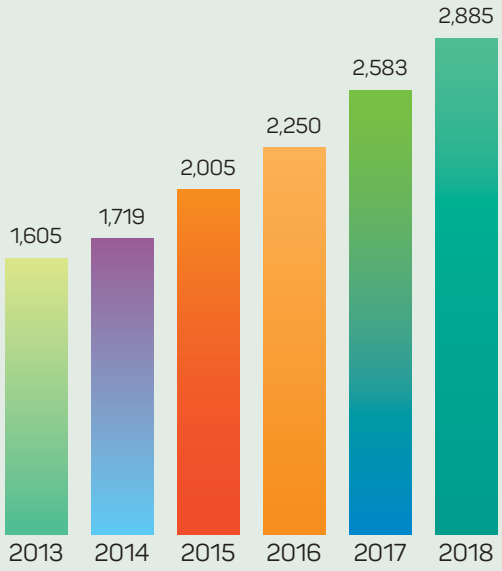
Fire and property damage | Marine, aviation and transport | Motor | Accident and health | Miscellaneous

Graphical Analysis - Balance Sheet

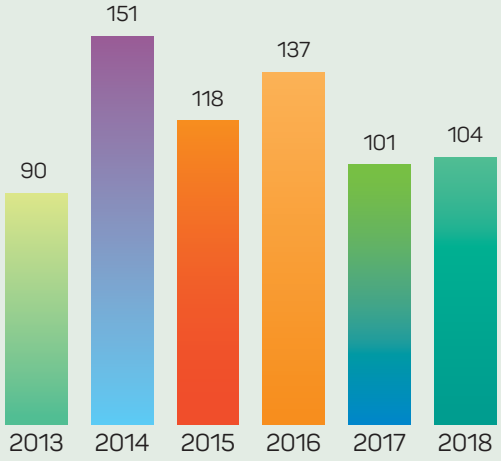




Profit After Tax

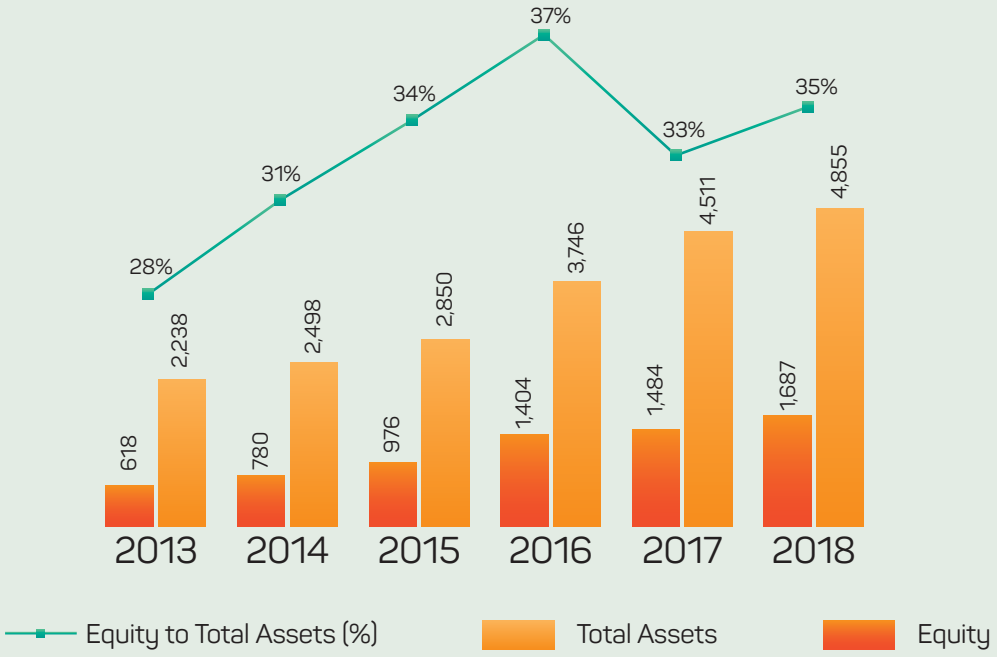


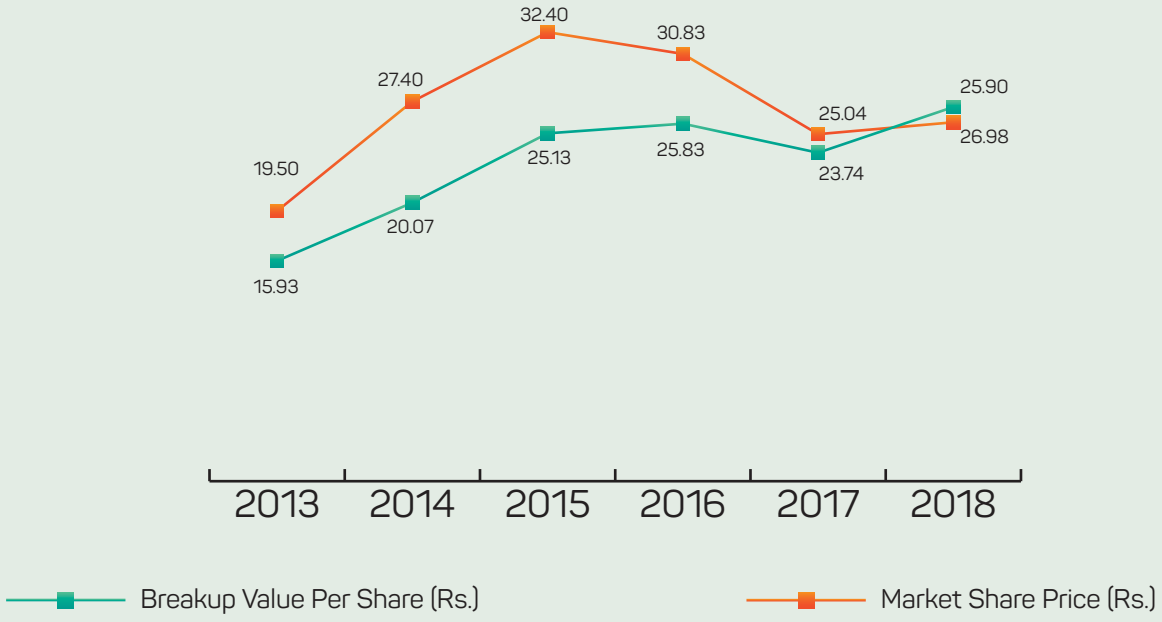
Gross Premiums Written



Investment and Other Income

Graphical Analysis - Profit & Loss





Statement of Value Added

For the year ended 31 December 2018

	2018	2017
	Rupees in thousand	
Wealth generated		
Net premium revenue	**1,811,751**	1,356,189
Commission from reinsurers	**236,146**	166,941
Investment income and profit on bank deposits	**78,350**	93,802
Rental income	**3,474**	4,518
Other income	**21,718**	2,957
Gain on Window Takaful Operations - Operator's Fund (OPF)	**56,907**	23,755
	2,208,346	1,648,162
Less:		
Claims, commission and expenses (excluding employees remuneration, depreciation and other taxes)	**1,383,683**	887,394
Net wealth generated	**824,663**	760,768
Wealth distribution:		
Employees' remuneration	**348,614**	338,195
Government taxes (includes income tax and other taxes)	**125,380**	110,907
Finance cost	**4,297**	5,056
	478,291	454,158
Distribution		
Cash dividend	**93,785**	116,891
Stock dividend	**-**	81,552
	93,785	198,443
Retained in business:		
Depreciation and amortization	**50,605**	52,920
Earnings	**201,982**	55,247
	252,587	108,167
Total wealth distributed	**824,663**	760,768

Vertical Analysis

	2018		2017		2016		2015		2014		2013	
Balance Sheet	**Rupees '000**	**%**	**Rupees '000**	**%**	**Rupees '000**	**%**	**Rupees '000**	**%**	**Rupees '000**	**%**	**Rupees '000**	**%**
Cash and Bank Deposits	147,175	3.03	191,755	4.25	151,902	4.06	115,264	4.06	133,969	5.36	119,602	5.34
Loans to Employees	324	0.01	801	0.02	1,344	0.04	1,488	0.05	1,586	0.06	1,111	0.05
Investments	1,831,910	37.74	1,606,820	35.62	1,524,532	40.70	1,157,928	40.75	1,014,304	40.61	864,102	38.61
Investment Property	41,811	0.86	43,121	0.96	44,431	1.19	45,741	1.61	47,051	1.88	48,361	2.16
Deferred Taxation	31,940	0.66	24,134	0.53	2,605	0.07	11,232	0.40	3,942	0.16	7,190	0.32
Current Assets - without investments, advances and cash and bank	2,357,261	48.56	2,404,616	53.30	1,807,718	48.26	1,360,156	47.86	1,247,777	49.95	1,130,506	50.51
Fixed Assets- Tangible and Intangible	228,906	4.72	120,400	2.67	133,732	3.57	99,524	3.50	49,321	1.97	67,123	3.00
Staff House Building Finance	12,771	0.26	-	00	-	00	-	00	-	00	-	00
Total Assets from Window Takaful Operations - OPF	202,467	4.16	119,482	2.65	79,387	2.12	50,368	1.77	-	00	-	00
Total Assets	4,854,565	100.00	4,511,129	100.00	3,745,651	100.00	2,841,701	100.00	2,497,950	100.00	2,237,995	100.00
Shareholders' Equity	1,686,721	34.75	1,484,286	32.90	1,404,245	37.49	975,777	34.34	779,535	31.21	618,475	27.64
Underwriting Provisions	2,195,594	45.23	2,045,241	45.34	1,651,460	44.09	1,412,067	49.69	1,344,770	53.83	1,307,779	58.44
Staff Retirement Benefits	54,390	1.12	40,988	0.91	32,357	0.86	19,737	0.69	15,132	0.61	11,081	0.50
Creditors and Accruals	751,407	15.48	773,271	17.14	508,014	13.56	381,616	13.43	343,744	13.76	281,639	12.58
Finance Lease Liability	59,591	1.23	63,770	1.41	70,655	1.89	31,474	1.11	-	00	-	00
Deposits and other payables	33,604	0.69	58,184	1.29	53,223	1.42						
Other Liabilities	4,049	0.08	2,298	0.05	1,237	0.03	18,710	0.66	14,769	0.59	19,021	0.85
Total Liabilities from Window Takaful Operations - OPF	69,209	1.42	43,091	0.96	24,460	0.65	2,320	0.08	-	00	-	00
Total Equity and Liabilities	4,854,565	100.00	4,511,129	100.00	3,745,651	100.00	2,841,701	100.00	2,497,950	100.00	2,237,995	100.00
Profit & Loss Account												
Net Premium Revenue	1,811,751	100.00	1,356,189	100.00	1,255,230	100.00	1,091,884	100.00	971,450	100.00	841,925	100.00
Net Claims	1,069,485	59.03	622,365	45.89	644,502	51.35	537,792	49.25	561,424	57.79	464,838	55.21
Expenses	553,133	30.53	536,302	39.54	477,867	38.07	449,083	41.13	418,416	43.07	368,042	43.71
Net Commission	75,563	4.17	46,999	3.47	48,722	3.88	54,965	5.03	60,074	6.18	50,616	6.01
Investment Income including Rental & Bank Deposits Returns	81,824	4.52	98,320	7.25	131,098	10.44	113,325	10.38	136,925	14.09	75,528	8.97
Other Income	21,718	1.20	2,957	0.22	6,310	0.50	4,552	0.42	13,608	1.40	14,446	1.72
Finance Cost	4,297	0.24	5,056	0.37	4,017	0.32	983	0.09	-	-	-	-
Impairment in Value of Available-for-Sale Securities	38,711	2.14	4,463	0.33	2,322	0.18	4,251	0.39	-	-	-	-
Profit Before Window Takaful Operations and Tax	363,940	20.09	340,742	25.12	314,973	25.09	276,868	25.36	202,217	20.82	149,636	17.77
Profit / (loss) from Window Takaful Operations - OPF	56,907	3.14	23,755	1.75	5,543	0.44	(1,952)	(0.18)		-		-
Taxation - net	125,080	6.90	110,807	8.17	83,711	6.67	76,408	7.00	38,802	3.99	30,571	3.63
Profit After Tax	295,767	16.32	253,690	18.71	236,805	18.87	198,508	18.18	163,415	16.82	119,065	14.14

Horizontal Analysis

	Rupees ' 000						% increase / (decrease) over preceding year					
	2018	2017	2016	2015	2014	2013	2018	2017	2016	2015	2014	2013
Balance Sheet												
Cash and Bank Deposits	147,175	191,755	151,902	115,264	133,969	119,602	(23.25)	26.24	31.79	(13.96)	12.01	(75.25)
Loans to Employees	324	801	1,344	1,488	1,586	1,111	(59.57)	(40.40)	(9.68)	(6.18)	42.75	(36.00)
Investments	1,831,910	1,606,820	1,524,532	1,157,928	1,014,304	864,102	14.01	5.40	31.66	14.16	17.38	42.82
Investment Property	41,811	43,121	44,431	45,741	47,051	48,361	(3.04)	(2.95)	(2.86)	(2.78)	(2.71)	(2.64)
Deferred Taxation	31,940	24,134	2,605	11,232	3,942	7,190	32.34	826.45	(76.81)	184.93	(45.17)	56.47
Current Assets - without investments, advances and cash and bank	2,357,261	2,404,616	1,807,718	1,360,156	1,247,777	1,130,506	(1.97)	33.02	32.91	9.01	10.37	12.71
Fixed Assets- Tangible and Intangible	228,906	120,400	133,732	99,524	49,321	67,123	90.12	(9.97)	34.37	101.79	(26.52)	(12.49)
Staff House Building Finance	12,771	-	-	-	-	-	00	00	00	00	00	00
Total Assets from Window Takaful Operations - OPF	202,467	119,482	79,387	50,368	-	-	69.45	50.51	57.61	100.00	00	00
Total Assets	4,854,565	4,511,129	3,745,651	2,841,701	2,497,950	2,237,995	7.61	20.44	31.81	13.76	11.62	0.63
Shareholders' Equity	1,686,721	1,484,286	1,404,245	975,777	779,535	618,475	13.64	5.70	43.91	25.17	26.04	22.98
Underwriting Provisions	2,195,594	2,045,241	1,651,460	1,412,067	1,344,770	1,307,779	7.35	23.84	16.95	5.00	2.83	20.60
Staff Retirement Benefits	54,390	40,988	32,357	19,737	15,132	11,081	32.70	26.67	63.94	30.43	36.56	11.75
Creditors and Accruals	751,407	773,271	508,014	381,616	343,744	281,639	(2.83)	52.21	33.12	11.02	22.05	(54.42)
Finance Lease Liability	59,591	63,770	70,655	31,474	-	-	(6.55)	(9.74)	124.49	100.00	00	00
Deposits and other payables	33,604	58,184	53,223	-	-	-	(42.25)	9.32	100.00	00	00	00
Other Liabilities	4,049	2,298	1,237	18,710	14,769	19,021	76.20	85.77	(93.39)	26.68	(22.35)	112.31
Total Liabilities from Window Takaful Operations - OPF	69,209	43,091	24,460	2,320	-	-	60.61	76.17	954.31	100.00	00	00
Total Equity and Liabilities	4,854,565	4,511,129	3,745,651	2,841,701	2,497,950	2,237,995	7.61	20.44	31.81	13.76	11.62	0.63
Profit & Loss Account												
Net Premium Revenue	1,811,751	1,356,189	1,255,230	1,091,884	971,450	841,925	33.59	8.04	14.96	12.40	15.38	20.28
Net Claims	1,069,485	622,365	644,502	537,792	561,424	464,838	71.84	(3.43)	19.84	(4.21)	20.78	24.64
Expenses	553,133	536,302	477,867	449,083	418,416	368,042	3.14	12.23	6.41	7.33	13.69	13.35
Net Commission	75,563	46,999	48,722	54,965	60,074	50,616	60.78	(3.54)	(11.36)	(8.50)	18.69	50.13
Investment Income including Rental & Bank Deposits Returns	81,824	98,320	131,098	113,325	136,925	75,528	(16.78)	(25.00)	15.68	(17.24)	81.29	16.51
Other Income	21,718	2,957	6,310	4,552	13,608	14,446	634.47	(53.14)	38.62	(66.55)	(5.80)	8.78
Finance Cost	4,297	5,056	4,017	983	-	-	(15.01)	25.87	308.65	100.00	00	00
Impairment in Value of Available-for-Sale Securities	38,711	4,463	2,322	4,251	-	-	767.37	92.20	(45.38)	100.00	00	00
Profit Before Window Takaful Operations and Tax	363,940	340,742	314,973	276,868	202,217	149,636	6.81	8.18	13.76	36.92	35.14	73.20
Profit / (loss) from Window Takaful Operations - OPF	56,907	23,755	5,543	(1,952)	-	-	139.56	328.56	(383.97)	100.00	00	00
Taxation - net	125,080	110,807	83,711	76,408	38,802	30,571	12.88	32.37	9.56	96.92	26.92	152.51
Profit After Tax	295,767	253,690	236,805	198,508	163,415	119,065	16.59	7.13	19.29	21.47	37.25	60.28

Six year Performance

	Rupees ' 000					
	2018	2017	2016	2015	2014	2013
Financial Position						
Paid Up Share Capital	625,234	625,234	543,682	388,344	388,344	388,344
Retained Profits	887,788	693,895	650,330	512,775	316,533	155,474
Reserves	173,699	165,157	210,233	74,658	74,658	74,658
Share Holders' Equity	1,686,721	1,484,286	1,404,245	975,777	779,535	618,475
Underwriting Reserve	1,642,458	1,538,596	1,160,228	986,731	895,426	926,428
Investments	1,831,910	1,606,820	1,524,532	1,157,928	1,014,304	864,102
Investment Property	41,811	43,121	44,431	45,741	47,051	48,361
Fixed Assets - Tangible and Intangible	228,906	120,400	133,732	99,524	49,321	67,123
Total Assets	4,854,565	4,511,129	3,745,651	2,849,689	2,497,950	2,237,995
Market Share Price	25.90	25.04	30.83	32.40	27.40	19.50
Breakup Value Per Share	26.98	23.74	25.83	25.13	20.07	15.93
Financial Performance						
Gross Premium Written	2,885,080	2,583,234	2,249,946	2,005,056	1,719,458	1,605,033
Net Premium Revenue	1,811,751	1,356,189	1,255,230	1,091,884	971,450	841,925
Net Claims	1,069,485	622,365	644,502	537,792	561,424	464,838
Underwriting Income	272,577	252,431	181,583	159,974	51,684	59,661
Management and Other Expenses	553,133	536,302	477,867	449,083	418,416	368,042
Investment and Other Income	103,541	101,277	137,408	117,877	150,533	89,975
Finance Cost	4,297	5,056	4,017	983	-	-
Profit Before Window Takaful Operations and Tax	363,940	340,742	314,973	276,868	202,217	149,636
Profit / (loss) from Window Takaful Operations - OPF	56,907	23,755	5,543	(1,952)	-	-
Profit After Tax	295,767	253,690	236,805	198,508	163,415	119,065
Dividend	15%	25%	10%	15%	-	-
Bonus Shares	15%	-	15%	10%	-	-
Earning Per Share (Rs.) (Restated)	4.73	4.06	3.89	3.26	2.68	1.95
Cash Flows Summary						
Operating Activities	364,137	257,472	123,594	120,099	28,955	(169,060)
Investing Activities	(274,436)	(75,044)	(227,053)	(137,800)	(14,587)	(194,579)
Financing Activities	(134,281)	(142,575)	140,097	(14,645)	-	-
Cash & Cash Equivalents at the year end	147,175	191,755	151,902	115,264	133,969	119,602

Financial Ratios

		2018	2017	2016	2015	2014	2013
Profitability							
Profit Before Tax / Gross Premium	%	14.59	14.11	14.25	13.71	11.76	9.32
Profit Before Tax / Net Premium	%	23.23	26.88	25.53	25.18	20.82	17.77
Profit After Tax / Gross Premium	%	10.25	9.82	10.52	9.90	9.50	7.42
Profit After Tax / Net Premium	%	16.32	18.71	18.87	18.18	16.82	14.14
Underwriting Result / Gross Premium	%	9.45	9.77	8.07	7.98	3.01	3.72
Underwriting Result / Net Premium	%	15.04	18.61	14.47	14.65	5.32	7.09
Profit Before Tax / Total Income	%	20.47	23.73	22.15	21.77	17.11	15.23
Profit After Tax / Total Income	%	14.39	16.51	16.37	15.72	13.82	12.12
Combined Ratio	%	77.03	74.86	83.51	82.40	84.11	83.64
Net Claims / Net Premium	%	59.03	45.89	51.35	49.25	57.79	55.21
Management and Other Expenses / Net Premium	%	30.53	39.54	38.07	41.13	43.07	43.71
Return to Share Holders							
Return on Equity - PAT	%	19.93	18.07	24.27	25.46	26.42	23.68
Earning Growth	%	16.59	7.13	19.29	21.47	37.25	60.28
Return on Assets (Book value)	%	6.09	5.62	6.32	6.97	6.54	5.32
Earning Per Share	Rs.	4.73	4.06	3.89	3.26	2.68	1.95
Breakup Value Per Share	Rs.	26.98	23.74	25.83	25.13	20.07	15.93
Market Share Price	Rs.	25.90	25.04	30.83	32.40	27.40	19.50
Performance / Liquidity							
Current Ratio	Times	1.41	1.44	1.58	1.46	1.41	1.32
Cash / Current Liabilities	Times	0.05	0.07	0.07	0.06	0.08	0.07
Total Assets Turnover	Times	0.59	0.57	0.60	0.70	0.69	0.72
Fixed Assets Turnover	Times	12.60	21.46	16.82	20.15	34.86	23.91
Total Liabilities / Equity	Times	1.88	2.04	1.67	1.92	2.20	2.62
Paid-up Capital / Total Assets	%	12.88	13.86	14.52	13.63	15.55	17.35
Earning Assets / Total Assets	%	41.63	40.83	45.94	46.28	47.85	46.12
Equity / Total Assets	%	34.75	32.90	37.49	34.24	31.21	27.64
Cash Flows from Operations / Premium Written	%	12.62	9.97	5.49	5.99	1.68	(10.53)

Statement & Reports

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Statement of Compliance with the Code of Corporate Governance

for Insurers, 2016 & Listed Companies (Code of Corporate Governance) Regulations, 2017
For the year ended 31 December 2018

This statement is being presented in compliance with the Code of Corporate Governance for Insurers, 2016 (the code) for the purpose of establishing a framework of good governance, whereby an insurer is managed in compliance with the best practices of corporate governance and the Listed Companies (Code of Corporate Governance) Regulations, 2017 (CCG 2017).

The Company has applied the principles contained in the Code and CCG 2017 in the following manner:

1. The total numbers of Directors are eight as per the following:

   a: Male: Eight
   b: Female: Nil

2. The Insurer encourages representation of independent, non-executive directors and directors representing minority interests on its Board of Directors. At 31 December 2018 the Board comprised:

Category	Names
Independent Director	Mr. M. Munir Malik Mr. Imran Iqbal
Non-Executive Directors	Lt Gen Najib Ullah Khan (Retd) Maj Gen Akhtar Iqbal (Retd) Maj Gen Imtiaz Hussain Sherazi (Retd) Brig M. Aslam Khan (Retd) Mr. Abdul Hai Mahmood Bhaimia Malik Riffat Mehmood
Executive Directors	Not Applicable

   The independent directors meet the criteria of independence as laid down under the Code and CCG 2017.

3. The directors have confirmed that none of them is serving as a director in more than five listed companies including this Company (excluding the listed subsidiary of listed holding companies).

4. 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 development financial institution or a non–banking financial institution or, being a member of stock exchange, has been declared as a defaulter by a stock exchange.

5. Three casual vacancies occurred on the Board during 2018 as follows:

Casual vacancy occurred and filled on	Resigned	Replaced by
February 2, 2018	Lt Gen Khalid Rabbani (Retd)	Lt Gen Najib Ullah Khan (Retd)
	Maj Gen Hamid Mahmud (Retd)	Maj Gen Imtiaz Hussain Sherazi (Retd)
	Maj Gen Syed Taqi Naseer Rizvi (Retd)	Maj Gen Akhtar Iqbal (Retd)

6. 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.

7. 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.

8. All powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board / shareholders as empowered by the relevant provisions of the Companies Act, 2017 ("the Act") and CCG 2017.

9. The meetings of the Board were presided over by the Chairman and in his absence, by a Director elected by the Board for this purpose and the Board met atleast once in every quarter. The Board has complied with the requirement of the Act and CCG 2017 with respect to frequency, recording and circulating minutes of meeting of Board. Written notices of Board meetings, along with agenda and working papers were circulated atleast seven days before the meeting.

10. The Board of Directors have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and CCG 2017.

11. Two directors of the Company have acquired certification under the Director's training program from Pakistan Institute of Corporate Governance, and one newly elected director will certify himself in the year 2019. During the year, two Directors Maj Gen Imtiaz Hussain Sherazi (Retd) and Maj Gen Akhtar Iqbal (Retd) (non-executive directors) have attended the Certified Director's training program.

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

13. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

14. The Directors' Report for this year has been prepared in compliance with the requirements of the code and CCG 2017 and fully describes the salient matters required to be disclosed.

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

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

17. The Company has complied with all the corporate and financial reporting requirements of the code and CCG 2017.

18. The Board has formed the following Board Committees:

Ethics, Human Resource and Remuneration Committee:

Name of the Member	Category
Mr. Imran Iqbal	Chairman
Brig M. Aslam Khan (Retd)	Member
Mr. Abdul Waheed	Member

Investment Committee:

Name of the Member	Category
Malik Riffat Mehmood	Chairman
Mr. Munir Malik	Member
Mr. Abdul Waheed	Member
Mr. Razi Haider	Member
Mr. Shahid Qayyum	Member

19. The Board has formed an Audit Committee. It comprises of three members, of whom two are non-executive directors and one is an independent director. The chairman of the Committee is an independent and non-executive director. The composition of the Audit Committee is as follows:

Audit Committee:

Name of the Member	Category
Mr. M. Munir Malik	Chairman
Malik Riffat Mehmood	Member
Brig M. Aslam Khan (Retd)	Member

20. The Board has formed the following Management Committees:

Underwriting, Reinsurance and Co-insurance Committee:

Name of the Member	Category
Maj Gen Akhtar Iqbal (Retd)	Chairman
Mr. Sohail Khalid	Member
Mrs. Samina Khan	Member

Claims Settlement Committee:

Name of the Member	Category
Malik Riffat Mehmood	Chairman
Mr. Abdul Waheed	Member
Mr. Athar Alam	Member

Executive, Risk Management & Compliance Committee:

Name of the Member	Category
Maj Gen Akhtar Iqbal (Retd)	Chairman
Maj Gen Imtiaz Hussain Sherazi (Retd)	Member
Brig M. Aslam Khan (Retd)	Member
Mr. Abdul Waheed	Member

The functions of Nominations Committee are being performed by the Board.

21. The meetings of the Committees except Ethics, Human Resource and Remuneration Committee, were held at least once every quarter. The Quarterly meetings of audit committee was held prior to the approval of interim and final results of the Company. The terms of references of the Committees have been formed and advised to the Committees for compliance.

22. The Board has set up an effective internal audit department which comprises of suitably qualified and experienced staff for the purpose and are conversant with the policies and procedures of the Company and are involved in the internal audit function on a regular basis.

23. The Chief Executive Officer, Chief Financial Officer, Company Secretary, Compliance Officer and the Head of Internal Audit possess such qualification and experience as is required under the code. Moreover, the persons heading the underwriting, claim, reinsurance, risk management and grievance function possess qualification and experience of direct relevance to their respective functions, as required under section 12 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000):

Name of Persons	Designation
Mr. Abdul Waheed	Chief Executive Officer
Mrs. Samina Khan	Head of Underwriting
Mr. Sohail Khalid	Head of Reinsurance
Mr. Athar Alam	Head of Claims
Mr. Khalid Qayyum	Head of Risk Management
Mr. Anwar Ahmed Malik	Compliance Officer/ Head of Grievance Function
Mr. Razi Haider	Chief Financial Officer
Mr. Faizan Zafar	Company Secretary
Mr. Usman Nawaz	Head of Internal Audit

In case there is any change in appointment of any person to act as Chief Exectuive Officer, Chief Financial Officer, Compliance Officer, Actuary, Company Secretary, Head of Internal Audit or during the reporting year, it should be disclosed here with cogent reasons for such change.

24. The Company is in the process of complying with the requirements and regulations laid down in Section 208 of the Companies Act, 2017. The compliance is dependent on clarification from the Securities and Exchange Commission of Pakistan (SECP) with respect to definition of related parties. In the meantime, the Company has continued to present the details of all related party transactions as disclosed in the financial statements before the Audit Committee and upon their recommendation to the Board for review and approval.

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

26. The statutory auditors or the persons associated with them have not been appointed to provide other services and the auditors have confirmed that they have observed IFAC guidelines in this regard.
27. The Board ensures that the investment policy of the Company has been drawn up in accordance with the provisions of the code.
28. The Board ensures that the risk management system of the Company is in place as per the requirements of the code.
29. The Company has set up a Risk Management function, which carries out its tasks as covered under the code.
30. The Company has been rated by JCR-VIS and PACRA, and the rating assigned by these rating agencies on 30 November 2018 and 28 December 2018 respectively. PACRA and JCR-VIS has assigned rating of "AA (Double A) with stable outlook.
31. The Board has set up Grievance function in compliance with the requirements of the code.
32. The Company has not obtained any exemption from the Securities and Exchange Commission of Pakistan in respect of the requirements of the code
33. We confirm that all other material principles contained in the code and CCG 2017 have been complied.

By order of the Board

Abdul Waheed
President & Chief Executive

Lt Gen Najib Ullah Khan (Retd)
Chairman – Board of Directors

Rawalpindi 13 March 2019

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INDEPENDENT AUDITORS' REPORT

To the members of askari general insurance company limited (the Company)

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017 and the Code of Corporate Governance for Insurers, 2016

We have reviewed the enclosed Statement of Compliance with the Code of Corporate Governance for Insurers, 2016 (the Code) and the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of askari general insurance company limited for the year ended 31 December 2018 in accordance with the requirements of regulation 40 of the Regulations and clause lxxvi of the Code.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

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 Regulations require 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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 procedures to assess and determine the Company's process for identification of related parties and that 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 requirements contained in the Regulations as applicable to the Company for the year ended 31 December 2018.

Date: March 22, 2019
Islamabad

KPMG Taseer Hadi & Co.
Chartered Accountants
Engagement Partner: Inam Ullah Kakra

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative.

("KPMG International"), a Swiss entity.

S.M. SUHAIL & CO.
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INDEPENDENT ASSURANCE REPORT TO THE BOARD OF DIRECTORS AND SHARIAH ADVISOR IN RESPECT OF COMPLIANCE WITH PRESCRIBED TAKAFUL RULES, 2012, AND SHARIAH RULES AND PRINCIPLES DETERMINED BY THE SHARIAH ADVISOR

We have performed an independent assurance engagement - Shariah Compliance Audit - of Window Takaful operations of Askari General Insurance Company Limited (the Company) to ensure that the Company has complied with the prescribed Takaful Rules, 2012, and Shariah Rules and Principles determined by the Shariah Advisor of the Company, during the year from January 01, to December 31, 2018.

2. Management's Responsibility for Shariah Compliance

It is the responsibility of the Company's management to ensure that the financial arrangements, contracts, products and transactions entered into by the Company and Askari General Insurance Company limited, Window Takaful Operations, with other financial institutions and stakeholders are, in substance and in their legal form, in compliance with the requirements of Shariah Rules and Principles as prescribed in the Takaful Rules, 2012, and determined by the Shariah Advisor.

3. Our Responsibility

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

3.2 The procedures selected by us for the engagement were based on our judgement, including the assessment of the risks of material non-compliance with the said Shariah Rules and Principles. In making those risk assessments, we considered such internal control procedures as were relevant to the Company's compliance with the Shariah Rules and Principles. our engagement, however, is not intended to express opinion on the effectiveness of the Company's internal controls for purposes of compliance with the Shariah Rules and Principles.

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

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3.4 During the course of our assignment, we came across certain matters that have been brought to the attention of the Shariah Advisor and the management of the Company entailing certain Shariah issues. Based on discussion with management and Shariah Advisor, it is reasonably concluded that these matters have no adverse Shariah compliance affect. In addition, interpretation and conclusion of the Shariah Advisor of the Company is considered final for the purpose of interpretation of the Shariah matters mentioned in the Takaful Rules, 2012.

4. Framework for the Engagement

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

5. Our Opinion

In our opinion, based on the sample selected, the financial arrangements, contracts, products and transactions entered into by the Company and the Askari General Insurance Company limited, Window Takaful operations, as the case may be, during the year from January 01, 2018, to December 31, 2018, are in compliance with the requirements of the Shariah Rules and Principles as determined by the Shariah Advisor and prescribed in the Takaful Rules, 2012, in all material respects.

S.M. Suhail & Co.
Chartered Accountants
Islamabad

Our Ref: SMS-ISLA-1102019
Date: March 05, 2019

askari
general insurance co. ltd.

Window Takaful Operations

Shariah Advisor Report to the Board of Directors.

For the year ended 31 December 2018

As Shariah Advisor of Askari General Insurance-Window Takaful operation, I have carefully reviewed all the product documents including policies, agreement, Surplus distribution mechanism. I have found them according with Shariah principles. I conform that transaction and activities of window Takaful Operation during the year comply with the Shariah principles and guidelines.

We hope Askari Window Takaful Operation to continue training programs in the coming year.

According to my information, Askari Window Takaful Operation has complied with the Shariah principles in every aspect of practical implementation.

Mufti Ehsan Waquar Ahmad

Shariah Advisor
Askari General Insurance Company Ltd.
Window Takaful Operation
March 08, 2019

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INDEPENDENT AUDITORS' REPORT

To the members of askari general insurance company limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **askari general insurance company limited (the Company)**, which comprise the statement of financial position as at 31 December 2018, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of Company's affairs as at 31 December 2018 and of the profit or loss, total comprehensive income or loss, the changes in equity and its cash flows for the year then ended.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion

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Following are the key audit matters:

S. No.	Key audit matter(s)	How the matter was addressed in our audit
1	**Valuation of Claim Liabilities** Refer note 3.2.3, 4(c) and 26 to the financial statements relating to valuation of claim liabilities. The Company's claim liabilities represent 14.07% of its total liabilities. Valuation of these claim liabilities involves significant management judgement regarding uncertainty in the estimation of claims payments and assessment of frequency and severity of claims. Claim liabilities are recognized on intimation of the insured event based on management judgment and estimation. The Company maintains provision for claims incurred but not reported (IBNR) based on the advice of an independent actuary. The actuarial valuation process involves significant judgement and the use of actuarial assumptions. We have identified the valuation of claim liabilities as key audit matter because estimation of claims liabilities involves a significant degree of judgment.	Our audit procedures in respect of this matter included the following: • Obtained an understanding, evaluated the design and tested the key controls over the process of capturing, processing and recording of information related to the claims and recoveries from reinsurance arrangements; • Inspected significant arrangements with reinsurers to obtain an understanding of contracts terms and assessed that recoveries from reinsurance on account of claims reported has been accounted for based on terms and conditions; • Assessed the appropriateness of the Company's accounting policy for recording of claims in line with requirements of applicable accounting and reporting standards; • Tested claims transactions on sample basis with underlying documentations to evaluate that whether the claims reported during the year are recorded in accordance with the requirements of the Company's policy and insurance regulations and assessed the sufficiency of reserving claim liabilities, by testing calculations on the relevant data including recoveries from reinsurers based on their respective arrangements; • Tested specific claims transactions on sample basis recorded close to year end and subsequent to year end with underlying documentation to assess whether claims had been recognized in the appropriate accounting period; • Used an external actuarial specialist to assist us in evaluation of general principles, actuarial assumptions and methods adopted for actuarial valuations by the actuary of the Company for determination of IBNR; and • Considered the adequacy of Company's disclosures about the estimates used and the sensitivity to key assumptions.

S. No.	Key audit matter(s)	How the matter was addressed in our audit
2	**Revenue Recognition** Refer note 3.1.1.2, 3.2.1 and 25 to the financial statements for accounting policies and details in respect of revenue recognition risk. The Company receives its revenue primarily from two main sources namely; premium and investment income. Premium from insurance policies comprise of 92.5% of the total revenue. We identified recognition of premium as a key audit matter as it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not be recognized in the appropriate period.	Our audit procedures in respect of this matter included the following: • Obtained an understanding, evaluated the design and tested the controls over the process of capturing, processing and recording of information related to premium; • Assessed the appropriateness of the Company's accounting policy for recording of Premiums in line with requirements of applicable accounting and reporting standards; • Tested the policies on sample basis where premium was recorded close to year end and subsequent to period end and evaluated that these were recorded in the appropriate accounting period; and • Tested a sample of journal entries posted throughout the year to revenue accounts that met specific criteria to identify unusual or irregular items.
3	**Valuation of insurance / reinsurance receivables** Refer note 3.2.1, 3.2.4 and 13 to the financial statements for accounting policies and details in respect of Valuation of insurance / reinsurance receivables. The Company's insurance / reinsurance receivables represents 28.7% of its total assets which are stated net of provision for impairment of Rs. 29.31 million. Valuation of these receivables involves significant judgment regarding uncertainty in determining impairment / provisions. We identified the valuation of insurance / reinsurance receivables as a key audit matter as the estimation involves a significant degree of judgment.	Our audit procedures in respect of this matter included the following: • Obtained an understanding, evaluated the design and tested the implementation of controls designed for the recognition and valuation of receivables; • Tested the accuracy of insurance / reinsurance receivables aging report, on a sample basis, by comparing individual balances in the report with underlying documentation to ensure the balances appearing in the ageing report were classified within appropriate ageing bracket; • Assessed the appropriateness of assumptions and estimates made by the management for the provision for impairment by comparing, on a sample basis, past experience and historical trends of collection, actual write offs and receipts and settlement from / with customers and reinsurer subsequent to the financial year end; • Assessed the reinsurance share of claims outstanding against the terms of the reinsurance contracts and the related recorded liability; and • Assessed the historical accuracy of provisions for bad debt recorded by examining the utilization or release of previously recorded provisions.

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S. No.	Key audit matter(s)	How the matter was addressed in our audit
4	**Classification, Valuation and Impairment of Investments** Refer note 3.6, 3.16(a), 4(h), 4(k), 9, 10 and 11 to the financial statements relating to classification, valuation and impairment of investments. The Company's investment portfolio comprise of government debt securities, equity securities, other fixed income securities and term deposits. Investments carried at Available for Sale represent 25.57% of the total investments while investments classified as Fair value through Profit and Loss and Held to Maturity represent 12.7% of total investments. We identified the classification, valuation and impairment of investments as key audit matter because of the significance of investments and management's judgment involved in classification and impairment.	Our audit procedures in respect of this matter included the following: • Obtained an understanding, evaluated the design and tested the implementation of controls designed for classification and valuation of investments and for impairment of investments classified as available for sale; • Tested, on a sample basis, specific investments buying and selling transactions and classification recorded during the year with underlying documentation; • Assessed the methodology used and evaluated the valuation of debt securities using the market yield pricing methodology based on interpolation of relevant rates and valuation of equity securities and mutual fund units by comparing the quoted prices of Pakistan Stock Exchange and Mutual Fund Association of Pakistan (MUFAP) respectively for the securities; and • Assessed the adequacy of impairment in the value of available for sale securities held by the Company in accordance with accounting and reporting standards as applicable in Pakistan.
5	**Changes in accounting policies due to introduction of Insurance Rules, 2017 and Insurance Accounting Regulations, 2017** Refer note 2, 3.1.1 and 3.1.1.1 to the financial statements for changes in accounting policies Insurance Rules, 2017 and Insurance Accounting Regulations, 2017 became effective from 1 January 2018. These regulations contained a new format of financial statements and changed the presentation basis. These changes also required changes in basis of valuation of available for sale investments. Because of the significance of the 'change', this was identified as key audit matter.	Our audit procedures in respect of this matter included the following: • Evaluated the adequacy and completeness of the disclosures relating to changes in accounting policies and adjustments required in accordance with accounting and reporting standards as applicable in Pakistan; and • Evaluated the adequacy and completeness of additional disclosures as required under new accounting regulations.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Company's Annual Report but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan and the requirements of Insurance Ordinance, 2000 and, Companies Act, 2017 (XIX of 2017), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the

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financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XXI of 2017), and are in agreement with the books of account;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; 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.

The engagement partner on the audit resulting in this independent auditors' report is Inam Ullah Kakra.

Date: March 22, 2019
Islamabad

KPMG Taseer Hadi & Co.
Chartered Accountants
Engagement Partner: Inam Ullah Kakra

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative.

("KPMG International"), a Swiss entity.

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INDEPENDENT AUDITORS' REPORT – WINDOW TAKAFUL OPERATIONS

To the members of askari general insurance Operator limited (the Operator) – Window Takaful Operations

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of askari general insurance company limited ("the Operator") – Window Takaful Operations, which comprise the statement of financial position as at 31 December 2018, and the statement of comprehensive income, the statement of changes in fund and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of comprehensive income, the statement of changes in fund and the statement of cash flows together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of Operator's affairs as at 31 December 2018 and of the profit or loss, total comprehensive income or loss, the changes in fund and its cash flows for the year then ended.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Operator in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Operator's Annual Report for 2018 but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan and the requirements of Insurance Ordinance, 2000 and, Companies Act, 2017 (XIX of 2017), and for such internal control as management determines is necessary to enable the

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preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Operator's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Operator or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Operator's financial reporting process.

Auditors' responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit, in accordance with ISAs as applicable in Pakistan, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Operator's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Operator's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Operator to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding

independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other legal and regulatory requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Operator as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XXI of 2017), and are in agreement with the books of account;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Operator's business; and

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

The engagement partner on the audit resulting in this independent auditors' report is Inam Ullah Kakra.

Date: March 22, 2019
Islamabad

KPMG Taseer Hadi & Co.
Chartered Accountants
Engagement Partner: Inam Ullah Kakra

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("KPMG International"), a Swiss entity.

Monthly Budget - Detail
Description
Category
Projected Cost
Extracurricular activities
Children
Medical
School Supplies
Children
Movies
Children
Music (CDs, downloads, etc.)
Entertainment
Sporting Events
Entertainment
Dining Out
Entertainment
Charity 1
Charity 2
Over 2,000
1,000 - 2,000
500 - 1,000
250 - 500
0 - 250
128
80
97
113
12
7
11
10
companies by activity market value

Financial Statements

For the year ended 31 December 2018

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Statement of Financial Position
As at 31 December 2018

	Note	31 December 2018	31 December 2017 (Restated)	01 January 2017 (Restated)
ASSETS		Rupees in thousand		
Property and equipment	6	**228,834**	120,189	133,457
Intangible assets	7	**72**	211	275
Investment property	8	**41,811**	43,121	44,431
Investments				
- Equity securities	9	**424,765**	1,108,251	1,435,818
- Debt securities	10	**276,345**	147,749	88,714
- Term deposits	11	**1,130,800**	350,820	-
Loans and other receivables	12	**73,214**	68,410	34,876
Insurance / Reinsurance receivables	13	**1,393,739**	1,485,664	935,827
Reinsurance recoveries against outstanding claims	26	**180,980**	184,417	206,705
Salvage recoveries accrued		**60,543**	14,568	15,603
Taxation - payments less provision		**-**	-	9,415
Deferred commission expense / Acquisition cost	27	**97,956**	70,218	59,193
Deferred taxation	16	**31,940**	24,134	2,605
Prepayments	17	**563,924**	582,140	547,443
Cash and bank	18	**147,175**	191,755	151,902
Total assets from Window Takaful Operations - OPF	45	**202,467**	119,482	79,387
Total Assets		**4,854,565**	4,511,129	3,745,651

Razi Haider
Chief Financial Officer

Abdul Waheed
President & Chief Executive

EQUITY AND LIABILITIES	Note	31 December 2018	31 December 2017 (Restated)	01 January 2017 (Restated)
		Rupees in thousand		
Capital and reserves attributable to Company's equity holders				
Ordinary share capital	19	**625,234**	625,234	543,682
Share premium	20	**121,161**	121,161	121,161
Reserves	20	**52,538**	43,996	89,072
Unappropriated profit		**887,788**	693,895	650,330
Total Equity		**1,686,721**	1,484,286	1,404,245
Liabilities				
Underwriting Provisions				
- Outstanding claims including IBNR	26	**445,799**	416,296	419,120
- Unearned premium reserves	25	**1,642,458**	1,538,596	1,160,228
- Unearned reinsurance commission	27	**107,337**	90,349	72,112
Retirement benefit obligations	14	**28,722**	17,271	6,976
Staff compensated absences	15	**25,668**	23,717	25,381
Liabilities against assets subject to finance lease - secured	21	**59,591**	63,770	70,655
Taxation - provision less payment		**6,288**	6,733	-
Premium received in advance		**22,794**	31,083	23,103
Insurance / Reinsurance payables	22	**531,640**	569,317	340,346
Unclaimed dividends		**4,049**	2,298	1,237
Other creditors and accruals	23	**190,685**	166,138	144,565
Deposits and other payables		**33,604**	58,184	53,223
Total Liabilities		**3,098,635**	2,983,752	2,316,946
Total liabilities from Window Takaful Operations - OPF	45	**69,209**	43,091	24,460
Total Equity and Liabilities		**4,854,565**	4,511,129	3,745,651
Contingencies and commitments	24			

The annexed notes 1 to 48 form an integral part of these financial statements.

Maj Gen Akhtar Iqbal (Retd)
Director

Lt Gen Najib Ullah Khan (Retd)
Chairman

Statement of Comprehensive Income
For the year ended 31 December 2018

	Note	2018	2017 (Restated)
		Rupees in thousand	
Net insurance premium	25	**1,811,751**	1,356,189
Net insurance claims	26	**(1,069,485)**	(622,365)
Net commission and other acquisition costs	27	**75,563**	46,999
Insurance claims and acquisition expenses		**(993,922)**	(575,366)
Management expenses	28	**(545,252)**	(528,392)
Underwriting results		**272,577**	252,431
Investment income	29	**70,701**	87,829
Rental income		**3,474**	4,518
Other income	30	**29,366**	8,930
Other expenses	31	**(7,881)**	(7,910)
Results of operating activities		**368,237**	345,798
Finance costs	32	**(4,297)**	(5,056)
Profit before tax from General Operations		**363,940**	340,742
Profit before tax from Window Takaful Operations - OPF	33	**56,907**	23,755
Profit before tax		**420,847**	364,497
Income tax expense	34	**(125,080)**	(110,807)
Profit after tax		**295,767**	253,690
Other comprehensive income:			
Items that will be reclassified subsequently to profit and loss account:			
Unrealised loss on available-for-sale investments - net		**(17,462)**	(25,336)
Unrealised loss on available-for-sale investments from Window Takaful Operations - OPF (net)		**-**	(1,604)
Reclassification adjustment on available-for-sale investments included in profit and loss account - net		**25,325**	(18,136)
Reclassification adjustment on available-for-sale investments included in profit and loss account from Window Takaful Operations - OPF (net)		**679**	-
		8,542	(45,076)
Items that will not be reclassified subsequently to profit and loss account:			
Effect of remeasurement of staff retirement benefit plans - net		**(7,820)**	(10,475)
Total comprehensive income for the year		**296,489**	198,139
Earnings (after tax) per share - Rupees	35	**4.73**	4.06

The annexed notes 1 to 48 form an integral part of these financial statements.

Razi Haider
Chief Financial Officer

Abdul Waheed
President & Chief Executive

Maj Gen Akhtar Iqbal (Retd)
Director

Lt Gen Najib Ullah Khan (Retd)
Chairman

Cash Flow Statement
For the year ended 31 December 2018

	2018	2017
Operating cash flows	Rupees in thousand	
a) Underwriting activities:		
Premium received	**2,780,064**	2,059,504
Reinsurance premium paid	**(1,688,973)**	(414,799)
Claims paid	**(1,402,176)**	(1,005,118)
Reinsurance and other recoveries received	**1,009,704**	232,072
Commission paid	**(190,603)**	(142,590)
Commission received	**449,276**	107,713
Management expenses paid	**(519,095)**	(475,164)
Net cash flows generated from underwriting activities	**438,197**	361,618
b) Other operating activities:		
Income tax paid	**(141,151)**	(91,985)
Other expenses paid	**(7,819)**	(8,551)
Other operating receipts / (payments)	**74,433**	(4,153)
Advances to employees	**477**	543
Net cash used in other operating activities	**(74,060)**	(104,146)
Total cash flow generated from all operating activities	**364,137**	257,472
Investing activities:		
Profit / return received	**59,480**	20,220
Dividends received	**33,308**	9,689
Payments for investments	**(8,303,764)**	(2,434,281)
Proceeds from investments	**8,073,135**	2,353,358
Fixed capital expenditure	**(139,651)**	(24,781)
Proceeds from disposal of fixed assets	**3,056**	751
Total cash used in investing activities	**(274,436)**	(75,044)
Financing activities:		
Financial charges paid	**(4,297)**	(5,056)
Repayment of obligation under finance lease	**(25,341)**	(20,482)
Dividend paid	**(92,035)**	(115,830)
Staff house building finance - net	**(12,771)**	-
Mark-up on staff house building finance received	**431**	-
Equity transactions costs paid	**(268)**	(1,207)
Total cash used in financing activities	**(134,281)**	(142,575)
Net cash (used in) / generated from all activities	**(44,580)**	39,853
Cash and cash equivalents at beginning of the year	**191,755**	151,902
Cash and cash equivalents at end of the year	**147,175**	191,755

The annexed notes 1 to 48 form an integral part of these financial statements.

Razi Haider
Chief Financial Officer

Abdul Waheed
President & Chief Executive

Maj Gen Akhtar Iqbal (Retd)
Director

Lt Gen Najib Ullah Khan (Retd)
Chairman

Cash Flow Statement
For the year ended 31 December 2018

	2018	2017
	Rupees in thousand	
Reconciliation to Profile and Loss Account		
Operating cash flows	**364,137**	257,472
Depreciation expense	**(50,605)**	(52,920)
Financial charges	**(4,297)**	(5,056)
Gain on disposal of fixed assets	**40**	652
(Decrease) / increase in assets other than cash	**(802,691)**	828,177
Decrease / (increase) in liabilities other than running finance	**637,856**	(871,779)
Unrealized gain on investments - held for trading	**3,962**	14,920
Reversal of provision against doubtful debts	**-**	1,983
Provision against amounts due from other insurers / reinsurers	**-**	(3,574)
Provision for diminution in value of AFS investments	**(38,711)**	(4,463)
Dividend income	**33,343**	9,689
Investment income	**55,148**	21,789
Profit on bank deposits	**7,648**	5,973
Income tax provision	**(125,080)**	(110,807)
Gain on trading	**16,959**	45,894
Tax paid	**141,151**	91,985
Profit after taxation from General Insurance Operations	**238,860**	229,935
Profit from Window Takaful Operations - OPF	**56,907**	23,755
Profit after taxation	**295,767**	253,690

Definition of cash :

Cash comprises cash in hand, bank balances, stamp in hand and short term placements with banks which are readily convertible to cash in hand and which are used in the cash management function on a day-to-day basis.

	2018	2017
Cash for the purpose of the cash flow statement consists of:	Rupees in thousand	
Cash and other equivalents		
Cash in hand	**906**	960
Banking instrument (Cash Deposit Receipt)	**15,000**	-
Stamp in hand	**596**	382
	16,502	1,342
Current and other accounts		
Current accounts	**28,575**	43,232
Deposit accounts	**102,098**	147,181
	130,673	190,413
Total	**147,175**	191,755

The annexed notes 1 to 48 form an integral part of these financial statements.

Razi Haider
Chief Financial Officer

Abdul Waheed
President & Chief Executive

Maj Gen Akhtar Iqbal (Retd)
Director

Lt Gen Najib Ullah Khan (Retd)
Chairman

Statement of Changes in Equity
For the year ended 31 December 2018

	Share capital	Reserves				Total reserves	Total equity
	Issued, subscribed and paid up	Capital reserve	Revenue reserve				
		Share premium	General reserve	Available-for-sale investment revaluation reserve	Retained earnings		
	Rupees in thousand						
Balance as at 01 January 2017 (as previously reported)	543,682	121,161	70,000	-	650,330	841,491	1,385,173
Net effect of change in accounting policy	-	-	-	19,072	-	19,072	19,072
Balance as at 01 January 2017 (Restated)	543,682	121,161	70,000	19,072	650,330	860,563	1,404,245
Total comprehensive income for the year							
Profit for the year	-	-	-	-	253,690	253,690	253,690
Other comprehensive loss for the year (Restated)	-	-	-	(45,076)	(10,475)	(55,551)	(55,551)
Total comprehensive income / (loss) for the year	-	-	-	(45,076)	243,215	198,139	198,139
Changes in owners' equity							
Issuance of bonus shares	81,552	-	-	-	(81,552)	(81,552)	-
Final cash dividend 2016: (Rupee 1 per share)	-	-	-	-	(54,368)	(54,368)	(54,368)
Interim cash dividend 2017: (Rupee 1 per share)	-	-	-	-	(62,523)	(62,523)	(62,523)
Equity transaction costs	-	-	-	-	(1,207)	(1,207)	(1,207)
	81,552	-	-	-	(199,650)	(199,650)	(118,098)
Balance as at 31 December 2017 (Restated)	625,234	121,161	70,000	(26,004)	693,895	859,052	1,484,286
Balance as at 01 January 2018 (as previously reported)	**625,234**	**121,161**	**70,000**	**-**	**693,895**	**885,056**	**1,510,290**
Net effect of change in accounting policy	**-**	**-**	**-**	**(26,004)**	**-**	**(26,004)**	**(26,004)**
Balance as at 01 January 2018 (Restated)	**625,234**	**121,161**	**70,000**	**(26,004)**	**693,895**	**859,052**	**1,484,286**
Total comprehensive income for the year							
Profit for the year	**-**	**-**	**-**	**-**	**295,767**	**295,767**	**295,767**
Other comprehensive income / (loss) for the year	**-**	**-**	**-**	**8,542**	**(7,820)**	**722**	**722**
Total comprehensive income for the year	**-**	**-**	**-**	**8,542**	**287,947**	**296,489**	**296,489**
Changes in owners' equity							
Final cash dividend 2017: (Rupee 1.5 per share)	**-**	**-**	**-**	**-**	**(93,786)**	**(93,786)**	**(93,786)**
Equity transaction costs	**-**	**-**	**-**	**-**	**(268)**	**(268)**	**(268)**
	-	**-**	**-**	**-**	**(94,054)**	**(94,054)**	**(94,054)**
Balance as at 31 December 2018	**625,234**	**121,161**	**70,000**	**(17,462)**	**887,788**	**1,061,487**	**1,686,721**

The annexed notes 1 to 48 form an integral part of these financial statements.

Razi Haider
Chief Financial Officer

Abdul Waheed
President & Chief Executive

Maj Gen Akhtar Iqbal (Retd)
Director

Lt Gen Najib Ullah Khan (Retd)
Chairman

1 LEGAL STATUS AND NATURE OF BUSINESS

askari general insurance company limited ("the Company") was incorporated under the Companies Ordinance, 1984 as a public limited company on 12 April 1995. The Company is engaged in non-life insurance business comprising of fire, marine, motor, health and miscellaneous. The Company commenced its commercial operations on 15 October 1995. Shares of the Company are quoted on Pakistan Stock Exchange Limited. The registered office and principal place of business of the Company is located at AWT Plaza, Rawalpindi. The Company has 19 branches in Pakistan. The Company is a subsidiary of Army Welfare Trust.

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

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

The Securities and Exchange Commission of Pakistan ("SECP") vide its S.R.O 89(1)/2017 dated 9 February, 2017 has prescribed format of the presentation of annual financial statements for general insurance companies. These financial statements have been prepared in accordance with the format prescribed by the SECP (note 3.1.1).

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

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

2.1 Basis of measurement

These financial statements have been prepared on the historical cost convention except for certain financial instruments which are stated at their fair values and obligation under certain employee retirement benefit funds including staff compensated absences which are measured at their present values as determined under the provisions of IAS-19, "Employee Benefits".

2.2 Functional and presentation currency

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

2.3 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are effective in the current year

Securities and Exchange Commission of Pakistan ("SECP") vide S.R.O 88(1)/2017 and S.R.O 89(1)/2017 dated 9 February 2017 has issued the and Insurance Rules, 2017 Insurance Accounting Regulations, 2017 (the Rules and Accounting Regulations 2017). The application of these Rules and Accounting Regulations, 2017 for the purpose of preparation and presentation of the financial statements was effective from 1 April 2017. SECP vide letter ID /OSM /Askari /2017 /13197, dated 11 January 2018 had granted exemption from application of Rules and Accounting Regulations 2017 to the Company till 31 December 2017. Therefore, the application of Rules and Accounting Regulations 2017 became effective from the accounting year commencing from 01 January 2018.

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

In addition, Companies Act 2017 also became effective for the financial statements for the year ended 31 December 2017. As the Company's financial statements are prepared in accordance with the format prescribed by SECP, it did not have a direct impact on the financial statements.

2.4 New accounting standards and IFRIC interpretations that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2019:

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Company's financial statements.
- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The application of this standard is not likely to have an impact on Company's financial statements.
- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Company is currently in the process of analyzing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard.
- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Company is currently in the process of analyzing the potential impact of its lease arrangements that will result in recognition of right to use assets and liabilities on adoption of the standard.

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Company's financial statements.
- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Company's financial statements.
- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS Standards.
- Amendment to IFRS 4 'Insurance Contracts'- Applying IFRS 9 'Financial Instruments' with IFRS 4 (effective for annual periods beginning on or after 1 July 2018). The amendment address issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts'. The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from 1 July 2018 onwards to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied. The amendments are not likely to have an impact on Company's financial statements.
- Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on Company's financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 The significant accounting policies adopted in preparation of these financial statements are set out below. The policies have been applied consistently to all years presented except for the following:

3.1.1 Application of Insurance Rules 2017 and Insurance Accounting Regulations 2017

The Company has adopted these Rules and Accounting Regulations 2017 and accordingly has changed its accounting policies as follows:

3.1.1.1 Available-for-sale investments

During the year, the Company has changed its accounting policy for the valuation of the available-for-sale investments to comply with the requirements of the 'Insurance Rules, 2017' (the Rules) issued by Securities and Exchange Commission of Pakistan vide its S.R.O. 89(1) / 2017 dated 09 February 2017. In line with the requirements provided in the Rules, the quoted available-for-sale investments are to be valued at market value and any unrealised gains or losses arising on revaluation of available-for-sale investments are taken to Other Comprehensive Income and transferred to revaluation reserves, whereas unquoted available-for-sale investments are valued at cost less impairment in value, if any. On de-recognition or impairment of available-for-sale investments, the cumulative gains or losses previously reported in revaluation reserves are reclassified to Profit and Loss Account for the period. This change in accounting policy has been applied retrospectively in accordance with the requirement of IAS - 8 'Accounting Policy, Change in Accounting Estimates and Error' and comparatives have been restated to conform to the changed policy.

Effect on statement of financial position

	As at 31 December 2017		
	Balance previously reported	Adjustment	Balance Restated
	Rupees in thousand		
Investments:			
- Equity securities	1,144,445	(36,194)	1,108,251
Deferred taxation	12,989	11,145	24,134
Reserves	-	(26,004)	(26,004)
Total assets from takaful operations	120,437	(955)	119,482

	As at 01 January 2017		
	Balance previously reported	Adjustment	Balance Restated
	Rupees in thousand		
Investments:			
- Equity securities	1,409,513	26,305	1,435,818
Deferred taxation	11,174	(8,569)	2,605
Reserves	-	19,072	19,072
Total assets from takaful operations	78,051	1,336	79,387

Effect on other comprehensive income

	For the year ended 31 December 2017		
	Balance previously reported	Adjustment	Balance Restated
	Rupees in thousand		
Item to be reclassified to profit and loss account in subsequent year - net	-	(45,076)	(45,076)

Previously, quoted available-for-sale investments were stated at the lower of cost or market value (market value being taken as lower if the reduction is other than temporary) in accordance with the requirements of the SEC (Insurance) Rules, 2002.

Had the accounting policy not been changed, available-for-sale investments and reserves would have been higher by Rs.24,595 thousand and Rs.17,463 thousand respectively. Deferred taxation and other comprehensive income would have been lower by Rs.7,132 thousand and Rs. 8,542 thousand respectively.

The change in accounting policy has no impact on Profit and Loss Account and Earning Per Share.

3.1.1.2 Premium income

Up to 31 December 2017, premium had been recognized as written at the time of insurance policy (policy written) in accordance with the SEC (Insurance) Rules, 2002. However, the Company has changed its accounting policy for recognition of premium under an insurance policy / cover note as written from date of issuance to the date of attachment of risk to the policy / cover note in accordance with the requirements of Insurance Accounting Regulations 2017.

3.1.1.3 Presentation of Financial Statements

The Company has adopted format for preparation and presentation of its financial statements in line with the requirements of the Rules and Accounting Regulations 2017. Significant changes in presentation are rearrangements in sequence of assets / liabilities in the statement of financial position; presentation of single profit or loss account instead of segment wise (classes of business) presentation and discontinuation of separate statements of premium, claims, expense and investment income. The segment wise premium, claims and expenses and investment income is now included in notes to the financial statements.

Amendments to IAS 7 'Statement of Cash Flows' became effective during the year. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. Accordingly, those disclosures have been included in note 18.2 to the financial statements. However, there was no change in the reported figures of statement of comprehensive income or statement of financial position.

3.2 Insurance contracts

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

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

- Fire and property damage;
- Marine, aviation and transport;
- Motor;
- Health and accident; and
- Miscellaneous.

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

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

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

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

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

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

Liability insurance contracts protect the insured against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events.

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

The Company also accepts insurance risk pertaining to insurance contracts of other insurer as reinsurance inward. The insurance risk involved in these contracts is similar to the contracts undertaken by the Company as insurer.

Reinsurance 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 Company enters into reinsurance contracts with both foreign and local reinsurers.

3.2.1 Premium and receivable under insurance contracts

Premium written under all insurance policies is recognized as income over the period of insurance from the date of issuance of policy to its expiry, after taking into account the unearned portion of premium. Amount is recorded as premium written at the time the policy is written. Where the pattern of incidence of risk varies over the year of the policy, premium is recognized as revenue in accordance with the pattern of the incidence of risk. The portion of premium written relating to the unexpired year of coverage is recognized as unearned premium by the Company. The unearned premium is calculated by applying 1/24 method as specified in the Insurance Accounting Regulations, 2017.

Premium income includes administrative surcharge that represents documentation charges recovered by the Company from policy holders in respect of policies issued. Administrative surcharge is recognised as premium income at the time of issuance of policy.

Receivable under insurance contracts are recognized 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 that impairment loss is recognised in the profit and loss account.

3.2.2 Reinsurance ceded

The Company enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward reinsurance premium are accounted for in the same year as the related premium for the direct or accepted reinsurance business being reinsured. Reinsurance premium is recognised as expense after taking into account the proportion of deferred premium expense which is calculated using pattern similar to calculation of premium income for the same policy. The deferred portion of premium expense is recognised as prepayment.

Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in the manner consistent with the related reinsurance contract. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurance 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 contracts.

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

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

Pakistan Reinsurance Company Limited (PRCL) retrocession business is booked on the basis of PRCL statements pertaining to the previous years.

3.2.3 Claim expense including provision for outstanding claims including Incurred But Not Reported

The Company recognizes liability in respect of all claims incurred up to 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 claims except as otherwise expressly indicated in an insurance contract. The liability for claims include amounts relating to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

Provision for liability in respect of unpaid reported claims as at 31 December 2018 is made on the basis of individual case estimates by using Chain Ladder Method (Development technique) on the basis of recommendation by an independent actuary under the guidelines issued by Insurance Division of SECP vide its Circular 9 of 2016 dated March 09, 2016 for estimation of IBNR claims reserve, which were effective from 01 July 2016.

	IBNR	
Class of business	**Gross**	**Net**
	Rupees in thousand	
- Fire and property damage;	1,809	321
- Marine, aviation and transport;	3,404	1,646
- Motor;	48,076	38,651
- Accident and health; and	79,992	38,486
- Miscellaneous.	22,753	12,978
	156,034	**92,082**

3.2.4 Reinsurance recoveries against claims

Claims recoveries receivables from the reinsurers are recognized as an asset at the same time as the claims which give rise to the right of recovery are recognized as a liability and are measured at the amount expected to be received in accordance with respective reinsurance arrangements.

3.2.5 Commission

Commission expense incurred on issuance of policies is deferred and recognized as asset and is recognized in the profit and loss account as an expense in accordance with pattern of recognition of premium revenue. Commission and other forms of revenue (apart from recoveries) from reinsurers are deferred and recognized as liability and recognized in the profit and loss account as revenue in accordance with the pattern of recognition of the reinsurance premium. Profit / commission, if any, under the terms of reinsurance arrangements, is recognized when the Company's right to receive the same is established.

3.2.6 Premium deficiency reserve

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

For this purpose, loss ratios for each class are estimated based on historical claim development for all classes except Accident and health which is determined on the basis of actuarial recommendations. Judgement is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims. If these ratios are adverse, premium deficiency is determined. The loss ratios estimated on these basis for the unexpired portion are as follows:

	2018	2017
- Fire and property damage;	**35%**	31%
- Marine, aviation and transport;	**31%**	34%
- Motor;	**44%**	43%
- Accident and health; and	**86%**	79%
- Miscellaneous.	**33%**	29%

Based on an analysis of combined operating ratio for the expired year 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. Hence, no reserve for the same has been made in these financial statements.

3.3 Provision for unearned premium and prepaid reinsurance premium ceded

In accordance with the requirements of Insurance Rules, 2017, provision for unearned premium is calculated by applying 1/24th method. Unearned portion of premium is recognized as liability.

The deferred portion of reinsurance premium is recognised as reinsurance premium ceded using 1/24th method.

3.4 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 and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

3.5 Fixed assets

Owned - tangible

These are stated at cost less accumulated depreciation and impairment losses, if any, except for capital work in progress which is stated at cost less impairment losses, if any. Depreciation is charged on depreciable amount over the estimated useful life. Depreciation is charged on monthly basis where full month depreciation is charged in the month of addition and no depreciation is charged in the month of disposal.

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

Owned - intangible

Software development cost are only capitalized 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 amortization and impairment losses, if any. Amortization is charged on the amortizable amount over the useful life of the asset by applying straight line method. Intangible assets with indefinite useful lives are stated at cost less impairment losses, if any.

Leased - tangible

Assets held under finance leases are initially recorded at the lower of the present value of minimum lease payments under the lease agreements and the fair value of the leased assets. The related obligations under the leases less financial charges allocated to future periods are shown as a liability.

The financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of interest on the outstanding liability.

Depreciation on leased assets is charged by allocating their depreciable amount over the estimated useful lives or the lease term of the assets, which ever is shorter, from the month these are available for use, while on disposals, depreciation is charged up to the month in which the assets are disposed off.

3.6 Investments

3.6.1 Classification

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

a) In equity securities

Surplus / (deficit) arising on revaluation of quoted securities which are classified as available-for-sale investments is taken to a separate account which is shown in the statement of financial position as revaluation surplus. The surplus / (deficit) arising on these securities is taken to the profit and loss account when actually realised upon disposal or in case of impairment of securities. The unrealized surplus / (deficit) arising on revaluation of quoted securities which are classified as held for trading is taken to the profit and loss account. Provision for diminution in the values of securities is made after considering impairment, if any, in their value and is taken to profit and loss account. Impairment is booked when there is an objective evidence of significant or prolonged decline in the value of such securities.
Unquoted investments are recorded at cost less accumulated impairment losses, if any.

b) In debt securities

These are investments with fixed or determinable payments and fixed maturities which the Company has the intention and ability to hold till maturity. Provision for impairment against debt securities is made in accordance with the requirements of the law. In case of unquoted equity securities, the breakup value of· the security should be considered to determine impairment amount. Premium or discount on debt securities classified as available-for-sale and held to maturity is amortised using effective interest method and taken to the profit and loss account.

c) In term deposits

These are investments with fixed or determinable payments and fixed (short term) maturities which the Company has the intention and ability to hold till maturity.
Investments which are designated at fair value through profit or loss upon initial recognition.

3.7 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.8 Investment property

Investment Property is accounted for under cost model in accordance with approved International Accounting Standard (IAS) 40, "Investment Property" and S.R.O. 938 issued by the Securities and Exchange Commission of Pakistan.

Depreciation is charged on depreciable amount on straight line basis over its estimated useful life at the rate of 2.5% per annum.

Subsequent capital expenditures on existing properties and gains or losses on disposals are accounted for in the same manner as tangible fixed assets.

3.9 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 finalized during the current year for such years.

Deferred taxation

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 recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences unused tax losses and tax credits can be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the 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 other comprehensive income or equity in which case it is included in other comprehensive income or equity.

3.10 Employees' retirement benefits

a) Defined benefit plan

The Company operates a funded gratuity scheme covering all eligible employees completing the minimum qualifying year of service as specified by the scheme. The assets of the funded plan are held independently in a separate fund. Provision for gratuity is made to cover obligations under the scheme in accordance with the actuarial recommendations. The latest actuarial valuation was carried out as at 31 December 2018.

Actuarial valuation was carried out using the Projected Unit Credit Method based on the following significant assumptions:

	2018	2017
Discount rate	13.25% per annum	9% per annum
Expected return on plan assets	13.25% per annum	9% per annum
Expected rate of increase in salary	13.25% per annum	9% per annum
Average expected remaining working life time of the employee	10.17 years	10.35 years
Mortality rate	SLIC 2001 - 2005	SLIC 2001 - 2005

The Company recognizes the actuarial gains or losses in other comprehensive income in the year in which they arise.

b) Defined contribution plan

The Company operates a recognized staff provident fund as a defined contribution plan for all eligible employees. Equal monthly contributions are made both by the Company and the employees to the fund at the rate of 8.33% of basic salary. The Company's contribution is charged to income during the year.

c) Compensated absences

Provisions for compensated absences is recognised annually to cover the obligation for compensated absences and charged to profit and loss account. The provision is determined using the projected unit credit method.

The latest actuarial valuation was carried out as at 31 December 2018 based on the following significant assumptions:

	2018	2017
Discount rate	13.25% per annum	9% per annum
Expected rate of increase in salary	13.25% per annum	9% per annum
Average number of leaves accumulated per annum	7 days	9 days
Mortality rate	SLIC 2001 - 2005 with 1 year setback	SLIC 2001 - 2005 with 1 year setback

3.11 Management expenses

Management expenses have been allocated to various classes of business on equitable basis. Expenses not allocable to underwriting business are charged under other expenses.

3.12 Earnings per share

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

3.13 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 Insurance Accounting Regulations, 2017. 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 following business segments:

Fire insurance segment provides insurance cover against damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and impact.

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

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

Accident and health provides inpatient and outpatient medical coverage.

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

Investment and income taxes are managed on an overall basis and are therefore, not allocated to any segment. Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them while the carrying amount of certain assets pertaining to two or more segments have been allocated to segments on a reasonable basis. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

3.14 Foreign currency transactions

Transactions in foreign currencies are translated into reporting currency at the rates of exchange prevailing at the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All exchange differences are routed through profit and loss account.

3.15 Finance income

Finance income comprises interest income on funds invested, dividend income, exchange gain and changes in the fair value of financial assets at fair value through profit or loss - held for trading. Income on bank deposits is accrued on a time proportion basis using effective rate of interest. Income on investments is recognized on time proportion basis taking into account the effective yield of such securities. Dividend income on equity investments is recognized when the right to receive the payment is established. Foreign currency gains and losses are reported on a net basis.

3.16 Impairment

a) Non-derivative financial assets

All financial assets are assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers and economic conditions that correlate with defaults or the disappearance of an active market for a security.

The Company considers evidence of impairment for financial assets measured at amortised cost at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in as allowance against financial asset measured at amortized cost. Interest on the impaired asset is recognized only to the extent it is considered recoverable. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

b) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.17 Distribution and appropriations

Cash dividends declared, bonus shares issued and other reserves' appropriations are recognized in the year in which these announcements or appropriations are made.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with the requirements of approved accounting standards as applicable to insurance companies in Pakistan requires management to make judgements/estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These judgements/estimates and assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the estimates about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from their estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

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

a) *Income tax*

In making the estimates for income taxes currently payable by the Company, the management takes into account current income tax laws and the decisions of appellate authorities on certain issues in the past. In making the provision for deferred taxes, estimates of the Company's future taxable profits are taken into account.

b) *Fixed assets, depreciation and amortisation*

In making estimates of the depreciation / amortisation method, the management uses depreciation / amortisation rate which reflects the pattern in which economic benefits are expected to be consumed by the Company. These rates are reviewed at each financial year end and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets, the depreciation / amortisation rates would be changed to reflect the change in pattern. Further, the assets residual values are reviewed and adjusted if appropriate, at each financial year end.

c) *Outstanding claims including incurred but not reported (IBNR)*

The liability for IBNR is computed through Chain Ladder Method (Development technique) in light of the guidelines issued by Insurance Division of SECP vide its Circular 9 of 2016 dated March 09, 2016 for estimation of IBNR claims reserve, the liability for IBNR for all classes of business is based on actuary recommendation. Any significant change in assumption used event may affect the management's judgement which could affect the provision made for IBNR. Reinsurance recoveries against outstanding claims and salvage recoveries are recognized as an asset and are measured at the amount expected to be received.

d) *Premium deficiency reserves*

The Company carries out an analysis of loss / combined ratios for the expired year, such ratio being calculated after taking into account the relevant IBNR provision for the determination of premium deficiency reserve for each class of business.

e) ***Defined benefit plan***

Defined benefit plan is provided to eligible employees of the Company. Calculations in this respect require assumptions to be made of future outcomes, the principal ones being in respect of increase in remuneration, the expected long-term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

f) ***Impairment***

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated in order to determine the extent of impairment loss, if any. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Provisions for impairment are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

g) ***Provision against premium due but unpaid & amount due from other insurers/reinsurers***

The Company reviews its premium due but unpaid and amounts due from other insurers / reinsurers portfolio to assess their recoverability and provision required there-against. While assessing this requirement, various factors including the delinquency and financial position of the counter party are considered.

h) ***Classification of investments***

In classifying investments as "held-for-trading" the Company has determined securities which are acquired with the intention to trade by taking advantage of short term market / interest rate movements.

In classifying investments as "held-to-maturity" the Company has determined financial assets with fixed or determinable payments and fixed maturity. In making this judgement, the Company evaluates its intention and ability to hold such investments to maturity.

The investments which are not classified as held for trading or held to maturity are classified as available-for-sale.

i) ***Allocation of management expenses***

Management expenses which are not specifically related to a class of business are allocated on all classes of business based on their respective net premium share in the total net premium of the Company.

j) ***Provisions***

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of past event and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

k) ***Fair value of investments***

The fair value of held for trading and available-for-sale investments is determined by reference to their quoted closing repurchase price at the reporting date. Any change in the estimate might effect carrying amounts of investments held for trading with corresponding effect in profit and loss account. Fair value of held to maturity instruments is determined with reference to general interest rates prevailing in the market. Fair value of held to maturity investments is determined for disclosure purpose only.

5 SUMMARY OF SIGNIFICANT EVENTS AND TRANSACTIONS

- The Company has changed format for preparation of its annual financial statements to comply with the requirements of the 'Insurance Rules, 2017' issued by SECP vide its S.R.O. 89(1) / 2017 dated 09 February 2017. In line with the requirements provided in the Rules, accordingly these are the first set of annual financial statements of the Company for the year ended 31 December 2018.
- The company has purchased an office at 8th Floor of Askari Tower, Lahore. The total area of the office is 5,400 square feet and its cost is Rs.118,800,000.

		Note	2018	2017
6	**PROPERTY AND EQUIPMENT**		Rupees in thousand	
	Operating assets	6.2	**225,963**	117,413
	Capital work-in-progress	6.1	**2,871**	2,776
			228,834	120,189
6.1	**Movement in Capital work-in-progress is as follows:**			
	Opening balance		**2,776**	1,430
	Additions		**2,467**	6,016
	Transfers		**(2,372)**	(4,670)
	Closing balance		**2,871**	2,776

6.2 Operating assets

Rupees in thousand

	Note	2018									
		Cost				Depreciation				Written down value as at 31 December	Useful life (years)
		As at 1 January	Additions / (Disposals)	Adjustments	As at 31 December	As at 1 January	For the period	(Disposals) / Adjustments	As at 31 December		
Building	6.2.1	-	118,800	-	118,800	-	743	-	743	118,057	40
Furniture and fixtures		24,980	714	-	25,694	15,789	2,794	(823)	17,760	7,934	5
Computers and office equipment		60,190	7,231	-	67,421	50,686	6,922	(532)	57,076	10,345	3
Motor vehicles (Owned)		18,844	3,256	-	22,100	9,111	3,475	(134)	12,452	9,648	5
Motor vehicles (Leased)		124,642	14,726	-	139,368	47,005	25,631	(3,801)	68,835	70,533	5
Tracking devices		106,863	(80)	2,372	109,155	96,047	8,255	(80)	104,222	4,933	3
Leasehold improvements		15,358	5,317	-	20,675	14,826	1,336	-	16,162	4,513	3
		350,877	149,964	2,372	503,213	233,464	49,156	(5,370)	277,250	225,963	

6.2.1 This represents the carrying value of one office located at 8th Floor of Askari Tower, Lahore. The total area of the office is 5,400 square feet.

Rupees in thousand

	2017									
	Cost				Depreciation				Written down value as at 31 December	Useful life (years)
	As at 1 January	Additions / (Disposals)	Adjustments	As at 31 December	As at 1 January	For the period	(Disposals) / Adjustments	As at 31 December		
Furniture and fixtures	17,781	7,199	-	24,980	13,360	2,770	(341)	15,789	9,191	5
Computers and office equipment	58,133	2,057	-	60,190	46,188	6,917	(2,419)	50,686	9,504	3
Motor vehicles (Owned)	12,598	6,246	-	18,844	7,215	2,206	(310)	9,111	9,733	5
Motor vehicles (Leased)	111,045	13,597	-	124,642	22,968	24,037	-	47,005	77,637	5
Tracking devices	102,193	-	4,670	106,863	81,020	15,027	-	96,047	10,816	3
Leasehold improvements	15,358	-	-	15,358	14,331	495	-	14,826	532	3
	317,108	29,099	4,670	350,877	185,082	51,452	(3,070)	233,464	117,413	

6.2.2 Details of disposal of fixed assets during the year

Rupees in thousand

Particulars of assets / buyers	Relationship	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain on sale
		2018				
Vehicles sold to following in-service/ resigning employees as per Company's policy						
Suleman Khalid	Employee	1,830	1,037	793	793	-
Rana Shahbaz	Employee	4,606	2,763	1,843	1,843	-
Aggregate value of other items with individual book value not exceeding Rs. 500,000/- Disposed via auction		1,949	1,569	380	420	40
2018 - Total		**8,385**	**5,369**	**3,016**	**3,056**	**40**
2017 - Total		8,697	8,598	99	751	652

7 INTANGIBLE ASSETS

Rupees in thousand

	Cost				Amortization				Written down value as at 31 December	Useful life (years)
	As at 1 January	Additions / (Disposals)	Adjustments	As at 31 December	As at 1 January	For the period	(Disposals) / Adjustments	As at 31 December		
Computer software	5,139	-	-	5,139	4,928	139	-	5,067	72	5
2018	5,139	-	-	5,139	4,928	139	-	5,067	72	
2017	10,573	(5,434)	-	5,139	10,298	158	(5,528)	4,928	211	5

8 INVESTMENT PROPERTY

This represents the carrying amount of two offices in Islamabad Stock Exchange building, classified as investment property based on the management's intention to hold the property for earning rentals and / or capital appreciation.

	2018	2017
Cost	Rupees in thousand	
Balance at beginning of the year	**52,400**	52,400
Balance at end of the year	**52,400**	52,400
Depreciation		
Balance at beginning of the year	**(9,279)**	(7,969)
Depreciation for the year	**(1,310)**	(1,310)
Balance at end of the year	**(10,589)**	(9,279)
	41,811	43,121
Useful life (years)	**40**	40

8.1 The market value of the investment property as on 31 December 2018 is Rs. 89.08 million (2017: Rs. 86.46 million) as per valuation carried out by an independent valuer. Useful life of the investment property is estimated to be 40 years.

8.2 The amount of depreciation has been allocated to management expenses.

	Note	2018	2017 (Restated)
9 INVESTMENTS IN EQUITY SECURITIES		Rupees in thousand	
Fair value through profit and loss	9.1	**166,340**	846,891
Available-for-sale	9.2	**258,425**	261,360
Total equity securities		**424,765**	1,108,251

	Number of shares / units		2018		2017	
	2018	2017	**Cost**	**Carrying value**	Cost	Carrying value
			Rupees in thousand			
9.1 Fair value through profit and loss account						
Mutual funds						
ABL Islamic Income Fund	**-**	5,808,581	**-**	-	60,183	60,298
Askari High Yield Scheme	**-**	1,537,071	**-**	-	156,327	159,372
JS Cash Fund	**-**	480,123	**-**	-	50,000	50,019
JS Income Fund	**-**	1,429,411	**-**	-	137,307	140,711
NAFA Income Fund	**-**	516,068	**-**	-	5,120	5,169
NAFA Income Opportunity Fund	**-**	13,792,007	**-**	-	147,461	151,195
PIML Income Fund	**1,523,372**	1,501,661	**162,345**	**166,307**	160,000	162,345
UBL Money Market Fund	**327**	313	**33**	**33**	33	32
UBL Growth and Income Fund	**-**	1,362,859	**-**	**-**	115,540	117,750
	1,523,699	26,428,094	**162,378**	**166,340**	831,971	846,891

		2018			2017		
		Cost	**Impairment / provision**	**Carrying value**	Cost	Impairment / provision	Carrying value (Restated)
		Rupees in thousand					
9.2	**Available-for-sale**						
	Listed shares	**121,716**	**(25,652)**	**96,064**	46,527	(6,393)	40,134
	Mutual funds	**206,407**	**(19,451)**	**186,956**	257,420	-	257,420
	Unrealized deficit on revaluation	**-**	**-**	**(24,595)**	-	-	(36,194)
		328,123	**(45,103)**	**258,425**	303,947	(6,393)	261,360
	Listed shares						
	Indus Motor Company Limited	**-**	**-**	**-**	1,694	-	1,694
	Ghandara Industries Limited	**8,460**	**(2,800)**	**5,660**	6,365	(2,335)	4,030
	Ghandhara Nissan Limited	**6,406**	**(2,856)**	**3,550**	-	-	-
	Engro Corporation Limited	**-**	**-**	**-**	9,799	-	9,799
	Maple Leaf Cement Factory Limited	**6,907**	**(3,871)**	**3,036**	5,083	(2,024)	3,059
	D.G Khan Cement Company Limited	**5,377**	**(3,373)**	**2,004**	5,377	(2,034)	3,343
	Fauji Cement Company Limited	**5,978**	**(951)**	**5,027**	-	-	-
	The Searle Company Limited	**-**	**-**	**-**	86	-	86
	Fauji Foods Limited	**5,245**	**-**	**5,245**	-	-	-
	Fauji Fertilizer Bin Qasim Limited	**8,313**	**-**	**8,313**	9,629	-	9,629
	Oil & Gas Development Company Limited	**4,079**	**(879)**	**3,200**	-	-	-
	Pakistan OilFields Limited	**4,335**	**(936)**	**3,399**	4,867	-	4,867
	Hascol Petroleum Limited	**1,269**	**(379)**	**890**	-	-	-
	Mari Petroleum Company Limited	**5,171**	**-**	**5,171**	3,627	-	3,627
	Sui Northern Gas Pipelines Limited	**8,006**	**(1,923)**	**6,083**	-	-	-
	Amreli Steels Limited	**5,180**	**(2,068)**	**3,112**	-	-	-
	International Steels Limited	**6,232**	**(2,253)**	**3,979**	-	-	-
	Mughal Iron and Steel Industries Limited	**1,185**	**-**	**1,185**	-	-	-
	Pakistan National Shipping Corporation	**3,886**	**-**	**3,886**	-	-	-
	MCB Bank Limited	**5,323**	**-**	**5,323**	-	-	-
	United Bank Limited	**16,413**	**(1,239)**	**15,174**	-	-	-
	Habib Bank Limited	**3,328**	**(919)**	**2,409**	-	-	-
	National Bank of Pakistan	**6,228**	**-**	**6,228**	-	-	-
	Attock Refinery Limited	**2,154**	**(679)**	**1,475**	-	-	-
	National Refinery Limited	**2,241**	**(526)**	**1,715**	-	-	-
		121,716	**(25,652)**	**96,064**	46,527	(6,393)	40,134
	Unrealized deficit on revaluation			**(6,352)**			(3,307)
				89,712			36,827

	2018			2017		
	Cost	**Impairment / provision**	**Carrying value**	Cost	Impairment / provision	Carrying value (Restated)
	Rupees in thousand					
Mutual funds						
Dawood Income Fund	**2,328**	**-**	**2,328**	2,113	-	2,113
JS Large Capital Fund	**15,000**	**-**	**15,000**	-	-	-
ABL Stock Fund	**-**	**-**	**-**	45,472	-	45,472
AKD Opportunity Fund	**25,000**	**-**	**25,000**	-	-	-
HBL Stock Fund	**55,503**	**(12,265)**	**43,238**	55,503	-	55,503
Alfalah GHP Islamic Value Fund	**-**	**-**	**-**	10,000	-	10,000
Alfalah GHP Alpha Fund	**-**	**-**	**-**	32,771	-	32,771
Alfalah GHP Stock Fund	**-**	**-**	**-**	14,351	-	14,351
UBL Stock Advantage Fund	**25,000**	**(4,811)**	**20,189**	25,000	-	25,000
MCB Pakistan Stock Market Fund	**25,000**	**-**	**25,000**	25,000	-	25,000
Lakson Equity Fund	**48,356**	**-**	**48,356**	26,990	-	26,990
Lakson Asset Allocation Dev Mkt Fund	**-**	**-**	**-**	20,000	-	20,000
PIML Value Equity Fund	**10,000**	**(2,375)**	**7,625**	-	-	-
First Dawood Mutual Fund	**220**	**-**	**220**	220	-	220
	206,407	**(19,451)**	**186,956**	257,420	-	257,420
Unrealized deficit on revaluation		**-**	**(18,243)**		-	(32,887)
			168,713			224,533

9.2.1 Investments in units / shares - quoted

Number of shares / units		Face value per share / unit	Investee name	Carrying value	
2018	2017	**Rupees**		**2018**	2017 (Restated)
				Rupees in thousand	
			Open-End Mutual Funds		
32,420	29,721	100	Dawood Income Fund	**2,328**	2,113
103,499	-	100	JS Large Capital Fund	**15,000**	-
-	2,670,080	10	ABL Stock Fund	**-**	45,472
289,770	-	50	AKD Opportunity Fund	**25,000**	-
456,488	456,488	100	HBL Stock Fund	**55,503**	55,503
-	100,000	10	Alfalah GHP Islamic Value Fund	**-**	10,000
-	387,821	50	Alfalah GHP Alpha Fund	**-**	32,771
-	91,475	100	Alfalah GHP Stock Fund	**-**	14,351
327,955	327,955	50	UBL Stock Advantage Fund	**25,000**	25,000
241,540	241,540	50	MCB Pakistan Stock Market Fund	**25,000**	25,000
386,001	206,167	100	Lakson Equity Fund	**48,356**	26,990
-	157,998	100	Lakson Asset Allocation Dev Mkt Fund	**-**	20,000
84,991	-	100	PIML Value Equity Fund	**10,000**	-
			Closed-End Mutual Funds		
36,395	36,396	10	First Dawood Mutual Fund	**220**	220

Number of shares / units		Face value per share / unit	Investee name	Carrying value	
2018	2017	**Rupees**		**2018**	2017 (Restated)
				Rupees in thousand	
			Automobile and Parts		
-	1,000	10	Indus Motor Company Limited	**-**	1,694
20,600	7,300	10	Ghandara Industries Limited	**8,460**	6,365
37,000	-	10	Ghandara Nissan Limited	**6,406**	-
			Chemicals		
-	30,000	10	Engro Corporation Limited	**-**	9,799
			Cement		
74,700	44,700	10	Maple Leaf Cement Factory Limited	**6,907**	5,083
25,000	25,000	10	D.G Khan Cement Company Limited	**5,377**	5,377
230,000	-	10	Fauji Cement Company Limited	**5,978**	-
			Pharmaceutical		
-	285	10	The Searle Company Limited	**-**	86
			Food Producers		
155,000	-	10	Fauji Foods Limited	**5,245**	-
			Fertilizers		
215,000	225,000	10	Fauji Fertilizer Bin Qasim Limited	**8,313**	9,629
			Oil and Gas		
25,000	-	10	Oil & Gas Development Company Limited	**4,079**	-
8,000	8,000	10	Pakistan OilFields Limited	**4,335**	4,867
6,000	-	10	Hascol Petroleum Limited	**1,269**	-
3,720	2,500	10	Mari Petroleum Company Limited	**5,171**	3,627
75,000	-	10	Sui Northern Gas Pipelines Limited	**8,006**	-
			Engineering Ind.		
65,000	-	10	Amreli Steels Limited	**5,180**	-
60,500	-	10	International Steels Limited	**6,232**	-
30,000	-	10	Mughal Iron and Steel Industries Limited	**1,185**	-
56,500	-	10	Pakistan National Shipping Corporation	**3,886**	-
			Banks		
25,000	-	10	MCB Bank Limited	**5,323**	-
105,000	-	10	United Bank Limited	**16,413**	-
20,000	-	10	Habib Bank Limited	**3,328**	-
125,000	-	10	National Bank of Pakistan	**6,228**	-
			Refinery		
10,000	-	10	Attock Refinery Limited	**2,154**	-
6,000	-	10	National Refinery Limited	**2,241**	-
		Carrying value - before provision		**328,123**	303,947
		Provision for diminution in market value		**(45,103)**	(6,393)
		Carrying value		**283,020**	297,554
		Market value		**258,425**	261,360

10 INVESTMENTS IN DEBT SECURITIES

	Note	2018 Cost	2018 Impairment / provision	2018 Carrying value	2017 Cost	2017 Impairment / provision	2017 Carrying value
		Rupees in thousand					
HELD TO MATURITY							
Government Securities							
Pakistan Investment Bonds	10.1	**40,858**	**-**	**40,858**	64,914	-	64,914
Treasury Bills	10.2	**25,487**	**-**	**25,487**	6,796	-	6,796
		66,345	**-**	**66,345**	71,710	-	71,710
AVAILABLE-FOR-SALE							
Term Finance Certificates	10.3	**160,000**	**-**	**160,000**	75,000	**-**	75,000
Sukuks	10.4	**50,000**	**-**	**50,000**	-	**-**	-
		210,000	**-**	**210,000**	75,000	-	75,000
LOANS AND RECEIVABLES							
Certificates of Investments	10.5	**11,128**	**(11,128)**	**-**	17,257	(16,218)	1,039
		287,473	**(11,128)**	**276,345**	163,967	(16,218)	147,749

10.1 Pakistan Investment Bonds

Face Value	Profit Rate %	Profit Payment	Type of Security	Maturity Date	2018	2017
					Rupees in thousand	
5,000,000	7%	On Maturity	Pakistan Investment Bonds	21-Apr-19	**5,014**	5,061
11,000,000	7%	On Maturity	Pakistan Investment Bonds	29-Dec-19	**24,702**	-
25,000,000	7%	On Maturity	Pakistan Investment Bonds	21-Apr-19	**11,142**	25,026
25,000,000	11.50%	On Maturity	Pakistan Investment Bonds	18-Jul-18	**-**	24,861
6,000,000	11.25%	On Maturity	Pakistan Investment Bonds	17-Jul-17	**-**	6,004
4,000,000	8.75%	On Maturity	Pakistan Investment Bonds	26-Mar-18	**-**	3,962
					40,858	64,914

10.1.1 PIBs 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. These carry interest at effective rate of 6.53% to 12.54% per annum (2017: 6.53% to 12.54% per annum) and will mature by 29 December 2019 (2017: 21 April 2019). Market value of PIBs carried at amortised cost amounts to Rs. 41.41 million (2017: Rs.65.51 million).

10.2 Treasury Bills

Face Value	Profit Rate %	Profit Payment	Type of Security	Maturity Date	2018	2017
					Rupees in thousand	
25,487,332	8.74%	Maturity	Treasury Bills	03-Jan-19	**25,487**	-
6,796,300	6.01%	Maturity	Treasury Bills	24-May-18	**-**	6,796
					25,487	6,796

10.2.1 Treasury bill carries interest at effective rate of 8.74% per annum (2017: 6.01% per annum) and will mature by 03 January 2019.

10.3 Term Finance Certificates

Number of certificates		Mark up Rate	Investee name	Value of Certificates	
2018	2017			**2018**	2017
				Rupees in thousand	
15,000	15,000	6-M KIBOR Plus 150 bps	Bank Al Habib	**75,000**	75,000
15,000	-	6-M KIBOR Plus 150 bps	Bank Alfalah	**75,000**	-
2,000	-	6-M KIBOR Plus 200 bps	Soneri Bank	**10,000**	-
				160,000	75,000

10.3.1 The term finance certificates have a maturity of ten years and are maturing on 05 January 2028 to 20 Decemeber 2028.

10.4 Sukuks

Number of certificates		Mark up Rate	Investee name	Value of Certificates	
2018	2017			**2018**	2017
				Rupees in thousand	
500	-	3-M KIBOR Plus 100 bps	Dawood Hercules Corporation Limited	**50,000**	-

10.5

Loans and Receivables	2018 Cost	2018 Impairment / provision	2018 Carrying value	2017 Cost	2017 Impairment / provision	2017 Carrying value
	Rupees in thousand					
Certificate of Investments	**11,128**	**(11,128)**	**-**	17,257	(16,218)	1,039

11 INVESTMENTS IN TERM DEPOSITS

	Note	2018	2017
		Rupees in thousand	
Loans and receivables			
Deposits maturing within 12 months	11.1	**1,130,800**	350,820
Deposits maturing after 12 months		-	-

11.1

Certificate Number		Investment Period	Investee Name	Rate	Carrying value	
2018	2017				**2018**	2017
					Rupees in thousand	
1253364	1061046	365 days	JS Bank Limited	11.20%	**200,000**	115,000
1253367	1065531	365 days	JS Bank Limited	11.20%	**200,000**	81,515
1253368	1071974	365 days	JS Bank Limited	11.20%	**218,000**	154,305
1253385	-	365 days	JS Bank Limited	11.20%	**122,300**	-
1254340	-	365 days	JS Bank Limited	11.20%	**40,500**	-
1269349	-	31 days	JS Bank Limited	11.45%	**100,000**	-
AA19003QN183	-	31 days	Soneri Bank Limited	11.00%	**250,000**	-
					1,130,800	350,820

		Note	2018	2017
			Rupees in thousand	
12	**LOANS AND OTHER RECEIVABLES**			
	Sundry receivables	12.1	**49,233**	64,226
	Advances to employees	12.2	**324**	801
	Staff house building finance	12.3	**12,771**	-
	Accrued investment income		**10,886**	3,383
			73,214	68,410
12.1	**Sundry receivables**			
	Security deposits		**16,910**	8,559
	Advances to suppliers - unsecured, considered good		**579**	891
	Receivable against sale of laptops		**2,691**	2,143
	Receivable against sale of vehicles		**611**	861
	Deposit against vehicles Ijarah		**3,145**	3,772
	Other receivables - unsecured, considered good		**25,297**	48,000
			49,233	64,226

12.2 These represent short term interest free advances given in accordance with terms of employment. These are secured and considered good. The maximum amount due from executives at the end of any month during the year was Rs. 70 thousand (2017: Rs. 836 thousand) and outstanding balance at 31 December 2018 is Rs. nil (2017: nil).

12.3 This represents house building finance facility provided to eligible employees of the Company in compliance with the provisions of Insurance Ordinance, 2000 at six-month KIBOR. It is secured and considered good. Currently, only one employee has availed this facility which is secured through registered mortgage / equitable mortgage and the repayment is being made through deduction from monthly salary of the employee.

		Note	2018	2017
			Rupees in thousand	
13	**INSURANCE / REINSURANCE RECEIVABLES**			
	Due from insurance contract holders	13.1	**1,225,705**	1,127,543
	Less: provision for impairment of receivables from insurance contract holders	13.2	**(15,337)**	(15,337)
			1,210,368	1,112,206
	Due from other insurers / reinsurers	13.4	**197,347**	387,434
	Less: provision for impairment of receivables from other insurers / reinsurers	13.5	**(13,976)**	(13,976)
			183,371	373,458
			1,393,739	1,485,664

13.1 Due from insurance contract holders

This includes premium amounting of Rs. 1,316 thousand (2017: Rs. 153 thousand) and Rs. 94,261 thousand (2017: Rs. 86,940 thousand) receivable from the Parent and associated undertakings respectively, the movement of which is as follows:

	2018	2017
	Rupees in thousand	
Receivable from parent:		
Balance at beginning of the year	**153**	177
Insurance premium written (including government levies, administrative surcharge and policies stamps)	**6,871**	7,156
Premium received during the year	**(5,708)**	(7,180)
Balance at end of the year	**1,316**	153
Receivable from associated undertakings:		
Balance at beginning of the year	**86,940**	87,146
Insurance premium written (including government levies, administrative surcharge and policies stamps)	**148,088**	127,409
Premium received during the year	**(140,767)**	(127,615)
Balance at end of the year	**94,261**	86,940

13.2 Provision for doubtful balances

Balance at beginning of the year	**15,337**	17,320
Provision made during the year	**-**	(1,983)
Balance at end of the year	**15,337**	15,337

13.3 Age analysis of amounts receivable from related parties:

Receivable from parent:		
Up to 1 year	**1,163**	150
1 to 2 years	**150**	3
2 to 3 years	**3**	-
	1,316	153
Receivable from associated undertakings:		
Up to 1 year	**93,666**	77,332
1 to 2 years	**375**	9,005
2 to 3 years	**220**	603
	94,261	86,940

		Note	2018	2017
			Rupees in thousand	
13.4	**Due from other insurers / reinsurers**			
	Considered good		**183,371**	373,458
	Considered doubtful		**13,976**	13,976
			197,347	387,434
	Provision for doubtful balances		**(13,976)**	(13,976)
			183,371	373,458
13.5	**Provision for doubtful balances**			
	Balance at beginning of the year		**13,976**	10,402
	Provision made during the year		**-**	3,574
	Balance at end of the year		**13,976**	13,976
14	**RETIREMENT BENEFIT OBLIGATIONS**			
14.1	**Amount recognized in the balance sheet**			
	Present value of defined benefit obligation	14.3	**107,728**	90,208
	Benefits due but not paid during the year		**1,297**	4,381
			109,025	94,589
	Fair value of plan assets	14.4	**(80,303)**	(77,318)
	Net liability at end of the year		**28,722**	17,271
14.2	**Movement in liability recognized in balance sheet**			
	Balance at beginning of the year		**17,271**	6,976
	Expense for the year	14.5	**11,312**	8,623
	Actuarial loss recognized in other comprehensive income		**11,013**	14,966
			39,596	30,565
	Contributions to the fund during the year		**(10,874)**	(13,294)
	Balance at end of the year		**28,722**	17,271
14.3	**Reconciliation of the present value of defined benefits obligation**			
	Present value of obligations as at beginning of the year		**90,208**	79,886
	Current service cost		**10,641**	8,851
	Interest cost		**7,825**	6,104
	Benefits paid		**(3,097)**	(7,162)
	Benefits due but not paid		**(351)**	(1,340)
	Actuarial loss		**2,502**	3,869
	Present value of obligations as at end of the year		**107,728**	90,208

		2018	2017
14.4	**Movement in the fair value of plan assets**	Rupees in thousand	
	Fair value of plan assets as at beginning of the year	**77,318**	76,083
	Interest income on plan assets	**7,154**	6,332
	Contribution to the fund	**10,874**	13,294
	Benefits paid	**(6,532)**	(7,294)
	Actuarial loss	**(8,511)**	(11,097)
	Fair value of plan assets as at end of the year	**80,303**	77,318
14.5	**Expense for the year**		
	Current service cost	**10,641**	8,851
	Interest cost	**7,825**	6,104
	Interest income on plan assets	**(7,154)**	(6,332)
	Expense for the year	**11,312**	8,623

14.6 The estimated charge to profit and loss account for the defined benefit plan for the year ending 31 December 2019 is Rs. 14.83 million.

14.7 Composition of fair value of plan assets

	2018		2017	
	Fair value Rupees '000	**Percentage %**	Fair value Rupees '000	Percentage %
Debt instruments	**28,458**	**35%**	15,948	21%
Cash and bank balances	**6,204**	**8%**	11,609	15%
Mutual funds	**45,641**	**57%**	49,761	64%
Fair value of plan assets	**80,303**	**100%**	77,318	100%

14.8 Comparison of present value of defined obligation, fair value of plan assets and surplus / (deficit) of gratuity fund for the last four years:

	2018	2017	2016	2015	2014
	Rupees in thousand				
Present value of defined benefit obligation	**107,728**	90,208	79,885	68,982	53,344
Fair value of plan assets	**(80,303)**	(77,318)	(76,082)	(60,462)	(49,246)
Deficit	**27,425**	12,890	3,803	8,520	4,098
Effect of remeasurement:					
- Actuarial loss on experience adjustment on obligation	**2,502**	3,869	1,816	4,186	4,028
- Actuarial (loss) / gain on plan assets	**(8,511)**	(11,097)	4,939	855	511

14.9 Sensitivity Analysis

The calculation of the defined benefit obligation is sensitive to the assumption used. The following table summarizes the impact on the defined benefit obligation at the end of the reporting period as a result of a change in the respective assumptions by one percent.

	(Increase) / decrease in defined benefit obligation			
	2018		2017	
	Rupees in thousand			
	1% increase	**1% decrease**	1% increase	1% decrease
Discount rate	**97,753**	**119,650**	82,815	101,429
Future salary growth	**119,648**	**97,540**	101,429	82,398

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

14.10 Expected maturity analysis of staff gratuity fund is as follows:

	2018	2017
	Rupees in thousand	
Within one year	**4,568**	4,662
Between one to two years	**7,525**	6,595
Between two to five years	**23,896**	20,245
Over five year	**135,926**	82,908

14.11 Significant Actuarial Assumption

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

	2018	2017
	per annum	
a) Expected rate of increase in salary level	**13.25%**	9%
b) Discount rate	**13.25%**	9%

14.12 Risks

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

		Note	2018	2017
			Rupees in thousand	
15	**STAFF COMPENSATED ABSENCES**	15.1	**25,668**	23,717
15.1	**Movement in liability**			
	Balance at beginning of the year		**23,717**	25,381
	Charge for the year	15.1.1	**4,314**	1,229
	Benefits paid		**(2,363)**	(2,893)
	Balance at end of the year		**25,668**	23,717
15.1.1	**Charge for the year**			
	Current service cost		**2,970**	2,651
	Interest cost		**2,028**	1,799
	Actuarial gain on experience adjustment		**(684)**	(3,221)
			4,314	1,229
16	**DEFERRED TAXATION**			
	Deferred tax asset in respect of:			
	- Provision for impairment in loans and receivables investments		**3,227**	4,196
	- Unrealized losses on AFS investments		**7,132**	11,145
	- Provision for diminution in value of AFS investments		**13,080**	-
	- Provision against premium due but unpaid		**4,448**	4,601
	- Provision against amounts due from other insurers / reinsurers		**4,053**	4,192
			31,940	24,134
17	**PREPAYMENTS**			
	Prepaid reinsurance premium ceded		**547,973**	566,134
	Prepaid rent		**13,810**	13,701
	Others		**2,141**	2,305
			563,924	582,140
18	**CASH AND BANK**			
	Cash in hand		**906**	960
	Banking instrument (Cash Deposit Receipt)		**15,000**	-
	Policy & Revenue stamps, Bond papers		**596**	382
			16,502	1,342

		2018	2017
		Rupees in thousand	
CURRENT AND OTHER ACCOUNTS			
Cash at bank:			
Current accounts		**28,575**	43,232
Deposit accounts - local currency	18.1	**102,098**	147,181
		130,673	190,413

18.1 These carry an annual effective markup rate ranging from 3.70% to 8.03% (2017 : 2.4% to 5.25%).

18.2 **Reconciliation of movement of liabilities of cash flows arising from financing activities**

	Unpaid dividend and unclaimed dividend	Staff house building finance	Finance cost	Liability against assets subject to finance lease	Total
	Rupees in thousand				
Balance at 01 January 2018	**2,298**	**-**	**-**	**63,770**	**66,068**
Changes from financing cash flows					
Dividend declared	**93,786**	**-**	**-**	**-**	**93,786**
Dividend paid	**(92,035)**	**-**	**-**	**-**	**(92,035)**
Total finance provided	**-**	**(12,960)**	**-**	**-**	**(12,960)**
Repayment of principal	**-**	**189**	**-**	**-**	**189**
Additional leased vehicles	**-**	**-**	**-**	**21,162**	**21,162**
Lease rentals paid	**-**	**-**	**-**	**(19,869)**	**(19,869)**
Down payment on leased assets	**-**	**-**	**-**	**(5,472)**	**(5,472)**
Finance cost received / (paid)	**-**	**431**	**(4,297)**	**-**	**(3,866)**
Finance cost charge for the year	**-**	**(431)**	**4,297**	**-**	**3,866**
Balance at 31 December 2018	**4,049**	**(12,771)**	**-**	**59,591**	**50,869**

		2018	2017
19	**SHARE CAPITAL**	Rupees in thousand	
19.1	**Authorized Capital**		
	100,000,000 ordinary shares of Rs. 10 each	**1,000,000**	1,000,000

19.2 **Issued, subscribed and paid-up share capital**

2018	2017		2018	2017
Number of shares			Rupees in thousand	
		Ordinary shares of Rs. 10 each issued as:		
24,358,699	24,358,699	- fully paid cash shares	**243,587**	243,587
38,164,688	38,164,688	- fully paid bonus shares	**381,647**	381,647
62,523,387	62,523,387		**625,234**	625,234

19.3 Army Welfare Trust (AWT) and directors hold 37,041,491 (2017: 37,041,491) and 478,240 (2017: 478,240) ordinary shares of the Company respectively at the year end.

		2018	2017
20	**RESERVES**	Rupees in thousand	
	Capital reserve		
	Share premium	**121,161**	121,161
	Revenue reserves		
	General reserves	**70,000**	70,000
	AFS Revaluation reserve	**(17,462)**	(26,004)
		52,538	43,996
		173,699	165,157

21 **LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - SECURED**

	2018			2017		
	Minimum lease payments	**Financial charges for future periods**	**Principal outstanding**	Minimum lease payments	Financial charges for future periods	Principal outstanding
	Rupees in thousands					
Not later than one year	**26,311**	**4,387**	**21,924**	22,617	3,804	18,813
Later than one year and not later than five years	**42,650**	**4,983**	**37,667**	49,400	4,443	44,957
Over five years	**-**	**-**	**-**	-		
	68,961	**9,370**	**59,591**	72,017	8,247	63,770

21.1 The above represents finance lease entered into with different banks for motor vehicles. The liability has a term of five years.

		Note	2018	2017
			Rupees in thousand	
22	**INSURANCE / REINSURANCE PAYABLES**			
	Amount due to other insurers		**86,824**	21,435
	Amount due to foreign reinsurers		**444,816**	547,882
			531,640	569,317
23	**OTHER CREDITORS AND ACCRUALS**			
	Agents' commission payable		**62,323**	59,490
	Tax deducted at source		**11,390**	7,748
	Federal excise duty / federal insurance fee		**35,071**	31,732
	Accrued expenses		**5,087**	35,107
	Fund received against leased vehicle	23.1	**13,422**	11,030
	Fund received against vehicle Ijarah	23.1	**2,065**	1,275
	Others		**61,327**	19,756
			190,685	166,138
23.1	**Funds received from executives**			
	Funds received against leased vehicles		**-**	2,685
	Fund received against vehicle Ijarah		**491**	210
			491	**2,895**

24 CONTINGENCIES AND COMMITMENTS

24.1 Claims against the Company not acknowledged as debts amounted to Rs. 24.679 million at year end (2017: Rs. 22.979 million). Details of the major legal proceedings disclosed as contingencies are as follows:

Parties involved	Date of institution of case	Court, agency or authority where proceedings are pending	Facts of the case and relief sought	2018	2017
				Rupees in thousand	
(1) Moinuddin of M/S Moin Khan & Co. (2) Federation of Pakistan (3) Federal Insurance Mohtasib	09-May-18	Islamabad High Court	Through this Writ Petition, the Orders dated 24-05-2017 & 12-01-2018 of FIO and of President's Secretariat dated 19-04-2018 have been challenged. The matter arose upon repudiation of Claim for theft of vehicle by AGICO where against Complaint was lodged before FIO. On 21-05-2018, the said Writ Petition was taken up by the I.H.C which ordered for issuance of Notice to the Respondents. The matter is pending adjudication and the management believes that the appeal will be disposed in favor of the Company.	**7,600**	7,600
Mian cotton factory	10-Mar-18	Banking court	AGICO had issued Fire Insurance Coverage to Mian Cotton Factory For Cotton bales, which were pledged against credit facilities, sanctioned to them by JS Bank. The above suit is as a result of demand raised by JS Bank and factual controversies about the claim of fire, the above suit has been filed. A Petition for Leave to Appeal has been filed and the management believes that the case will be settled in favor of the Company.	**5,000**	5,000
				12,600	12,600
Other immaterial cases				**12,079**	10,379
Total				**24,679**	22,979

Tax assessments for Assessment Years 1996-1997 to 1999-2000 were finalized by the tax authorities mainly by curtailing management expenses and thereby raising demands aggregating to Rs. 6.6 million. On appeals filed by the Company, these assessments were set aside by the Income Tax Appellate Tribunal (ITAT). The Company has filed reference applications to the High Court on question of admissibility of management expenses for the Assessment Years 1996-1997 to 1999-2000. The management firmly believes that the matter will be resolved in favor of the Company.

24.2 Commitments

The Company's commitment under Ijarah arrangement with Meezan Bank Limited is Rs 14.3 million (2017: Rs 16.5 million). The contracts have a term of five years.

	2018	2017
Future Minimum Ujrah (lease) payments are as under:	Rupees in thousand	
Not later than one year	**4,686**	4,239
Later than one year and not later than five years	**9,587**	12,238
	14,273	16,477
Ijarah payments recognized in expense during the year	**5,255**	4,567

		2018	2017
25	**NET INSURANCE PREMIUM**	Rupees in thousand	
	Written gross premium	**2,885,080**	2,583,234
	Add: Unearned premium reserve opening	**1,538,596**	1,160,228
	Less: Unearned premium reserve closing	**1,642,458**	1,538,596
	Premium earned	**2,781,218**	2,204,866
	Less: Reinsurance premium ceded	**951,306**	877,064
	Add: Prepaid reinsurance premium opening	**566,134**	537,747
	Less Prepaid reinsurance premium closing	**547,973**	566,134
	Reinsurance expense	**969,467**	848,677
		1,811,751	1,356,189
26	**NET INSURANCE CLAIMS**		
	Claims paid	**1,407,006**	1,005,118
	Add: Outstanding claims including IBNR closing	**445,799**	416,296
	Less: Outstanding claims including IBNR opening	**416,296**	419,120
	Claims expense	**1,436,509**	1,002,294
	Less: Reinsurance and other recoveries received	**370,461**	402,217
	Add: Reinsurance and other recoveries in respect of outstanding claims closing	**180,980**	184,417
	Less: Reinsurance and other recoveries in respect of outstanding claims opening	**184,417**	206,705
	Reinsurance and other recoveries revenue	**367,024**	379,929
		1,069,485	622,365

26.1 Claim Development

The following table shows the development of fire claims over the last five years. The disclosure goes back to the year 2014 for which there is still uncertainty about the amount and timing of claims payments. For other classes of business, the uncertainty about the amount and timings of claims payment is usually resolved within a year. In accordance with the guidelines issued by the Securities and Exchange Commission of Pakistan vide Circular No. 4/2010 dated 23 January 2010, the claims where uncertainty about the amount and timing of claims payment is usually resolved within a year, are not disclosed in the below table.

Accident Year	**2014**	**2015**	**2016**	**2017**	**2018**
	Rupees in thousand				
Estimate of ultimate claims costs					
At end of accident year	41,226	40,106	87,779	101,657	116,459
One year later	60,209	48,943	93,844	99,357	
Two years later	61,383	48,391	93,982		
Three years later	68,388	46,821			
Four years later	70,246				
Current estimate of cumulative claims	70,246	46,821	93,982	99,357	116,459
Cumulative payments to date	61,691	47,120	93,039	90,549	83,014
Liability recognised in the statement of financial position	**8,555**	**(299)**	**943**	**8,808**	**33,445**

		2018	2017
27	**NET COMMISSION EXPENSE / ACQUISITION COST**	Rupees in thousand	
	Commission paid or payable	**188,321**	130,967
	Add: Deferred commission expense opening	**70,218**	59,193
	Less: Deferred commission expense closing	**97,956**	70,218
	Net commission	**160,583**	119,942
	Less: Commission received or recoverable	**253,134**	185,178
	Add: Unearned reinsurance commission opening	**90,349**	72,112
	Less: Unearned reinsurance commission closing	**107,337**	90,349
	Commission from reinsurers	**236,146**	166,941
		(75,563)	(46,999)

		Note	2018	2017
			Rupees in thousand	
28	**MANAGEMENT EXPENSES**			
	Salaries and other benefits	28.1	**348,614**	338,195
	Rent		**43,726**	41,038
	Communication		**12,027**	12,168
	Tracker devices		**12,649**	13,223
	Monitoring of trackers		**8,282**	10,021
	Printing and stationery		**9,236**	5,435
	Traveling and entertainment		**13,657**	8,012
	Depreciation and amortization		**50,605**	52,920
	Repair and maintenance		**12,262**	11,651
	Utilities		**11,337**	11,256
	Advertisement		**2,060**	2,574
	Legal and professional charges		**7,707**	4,866
	Bank charges		**1,181**	738
	Reversal of provision against premium due but unpaid		**-**	(1,983)
	Provision against amounts due from other insurers / reinsurers		**-**	3,574
	Vehicle Ijarah rentals		**5,255**	4,567
	Miscellaneous		**6,554**	10,137
	Penalty imposed by SECP		**100**	-
			545,252	528,392

28.1 This includes charges for defined benefit plans, staff compensated absences and defined contribution plans amounting to Rs. 11.31 million (2017: Rs. 8.63 million), Rs. 4.31 million (2017: Rs. 1.23 million) and Rs. 10.57 million (2017: Rs. 9.32 million) respectively.

		Note	2018	2017
			Rupees in thousand	
29	**INVESTMENT INCOME**			
	Dividend income on investments			
	Dividend income on securities held for trading		**26,497**	2
	Dividend income on available-for-sale investments		**6,846**	9,687
			33,343	9,689
	Income from debt securities			
	Return on government securities		**4,846**	5,554
	Return on other fixed income securities		**62,201**	8,726
			67,047	14,280
	Net realised gains on investments			
	Gain on trading of held for trading investments		**16,959**	45,894
	(Loss) / gain on sale of available-for-sale investments		**(16,993)**	7,509
			(34)	53,403
	Unrealized profit on re-measurement of investments held for trading		**3,962**	14,920
	Provision for diminution in available-for-sale investments		**(38,711)**	(4,463)
	Reversal for diminution in value of Certificate of Investments		**5,094**	-
	Total investment income		**70,701**	87,829
30	**OTHER INCOME**			
	Profit on bank deposits		**7,648**	5,973
	Gain on sale of fixed assets	6.2.2	**40**	652
	Mark-up on staff house building finance		**431**	-
	Others	30.1	**21,247**	2,305
			29,366	8,930

30.1 This includes income recognized in respect of long outstanding payables for more than ten years amounting to Rs. 14,629 thousand (2017: nil)

		Note	2018	2017
			Rupees in thousand	
31	**OTHER EXPENSES**			
	Subscription		**6,251**	5,730
	Auditors' remuneration	31.1	**1,630**	2,180
			7,881	7,910
31.1	**Auditors' remuneration**			
	Audit fee		**540**	539
	Half yearly review		**315**	315
	Special purpose review		**300**	300
	Other certifications		**260**	900
	Tax advisory services		**215**	126
			1,630	2,180

32 FINANCE COST

These are the financial charges on vehicles leased from Askari Bank and Bank Al-Habib for employees of the company. The finance cost relating to Askari Bank and Bank Al-Habib is Rs. 2.15 million and Rs. 2.15 million respectively.

		2018	2017
		Rupees in thousand	
33	**WINDOW TAKAFUL OPERATIONS - OPF**		
	Wakala fee	**95,850**	54,110
	Management expenses	**(24,552)**	(23,369)
	Commission expenses	**(20,422)**	(12,311)
	Modarib's share of PTF investment income	**1,699**	-
	Investment income	**1,947**	4,659
	Other expenses	**2,385**	666
	Profit from Window Takaful Operations- OPF	**56,907**	23,755
34	**INCOME TAX EXPENSE**		
	For the year		
	Current	**134,311**	112,623
	Deferred	**(9,231)**	(1,816)
		125,080	110,807

34.1 Relationship between tax expense and accounting profit

	2018	2017	2018	2017
	Effective tax rate - %		Rupees in thousand	
Profit for the year before taxation			**420,847**	364,497
Tax at the applicable rate	**29.00**	30.00	**122,046**	109,349
Effect of items that are not considered in determining taxable income - net	**0.55**	0.37	**2,336**	1,336
Effect of amounts chargeable to tax at reduced rate	**0.00**	0.00	**-**	-
Effect of change in tax rate	**0.17**	0.03	**698**	122
	29.72	30.40	**125,080**	110,807

34.2 Taxation charged to other comprehensive income

Current tax income	**(3,194)**	(4,490)

34.3 Management assessment of sufficiency of current income tax provision

A comparison of provision on account of income taxes with most recent tax assessment for last three years is as follows:

	2017	2016	2015
	Rupees in thousand		
Tax assessed as per most recent tax assessment	108,362	85,502	82,902
Provision in financial statements	112,623	83,651	83,698
	(4,261)	1,851	(796)

34.4 Tax returns for the Tax Years 2013 to 2018 were assessed in terms of section 120 of the income Tax Ordinance 2001 however the tax authorities are empowered to amend the assessment within five years (05) years from the end of the financial year in which the Commissioner has issued or treated to have issued the assessment order.

	2018	2017
35 EARNINGS PER SHARE	Rupees in thousand	
Profit after tax (Rupees in thousand)	**295,767**	253,690
Weighted average number of shares	**62,523**	62,523
Earnings per share (Rupees)	**4.73**	4.06

36 COMPENSATION OF DIRECTORS AND EXECUTIVES

36.1 The aggregate amounts charged in these financial statements for remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Company are as follows:

	2018			2017		
	Chief Executive	**Directors**	**Executives**	Chief Executive	Directors	Executives
	Rupees in thousand					
Fees	**-**	**1,280**	**-**	-	1,050	-
Managerial remuneration	**10,669**	**-**	**9,738**	9,359	-	8,089
Leave encashment	**375**	**-**	**298**	273	-	244
Bonus	**3,899**	**-**	**3,016**	3,545	-	2,355
Charge to defined benefit plan	**1,248**	**-**	**1,332**	931	-	1,041
Rent and house maintenance	**4,801**	**-**	**3,942**	4,211	-	3,265
Utilities	**1,067**	**-**	**876**	936	-	726
Conveyance	**1,101**	**-**	**4,517**	965	-	3,686
Provident fund	**889**	**-**	**618**	780	-	544
Others	**36**	**-**	**1,419**	36	-	1,179
	24,085	**1,280**	**25,756**	21,036	1,050	21,129
No of person(s)	**1**	**8**	**6**	1	8	6

36.2 The Chief Executive and Executives are also provided with Company maintained cars.

37 RELATED PARTY TRANSACTIONS

The Company is a subsidiary of Army Welfare Trust ("the parent company") therefore all subsidiaries and associated undertakings of the parent company are related parties of the Company. Other related parties comprise of directors, key management personnel, entities with common directorships and entities over which the directors are able to exercise influence. Balances with related parties are shown in the note 13.1 and the remuneration of chief executive, executives and directors is disclosed in note 36 to the financial statements. Transactions with related parties other than those disclosed elsewhere in these financial statements are as follows:

	2018	2017
	Rupees in thousand	
Transactions with the parent company:		
Insurance premium written (including government levies administrative surcharge and policies stamps)	**6,871**	7,156
Premium received during the period	**5,708**	7,180
Insurance claims paid	**2,749**	1,893
Rent paid	**20,825**	19,737
Dividend Paid	**55,578**	59,669
Bonus shares issued	**-**	48,571
Transactions with associated undertakings:		
Army Stud Farms Boylegunj		
Insurance premium written (including government levies administrative surcharge and policies stamps)	**420**	380
Premium received during the period	**420**	380
Insurance claims paid	**-**	-
Army Stud Farms Probynabad		
Insurance premium written (including government levies administrative surcharge and policies stamps)	**555**	558
Premium received during the period	**555**	558
Insurance claims paid	**24**	-
Army Welfare Sugar Mills		
Insurance premium written (including government levies administrative surcharge and policies stamps)	**8,213**	8,937
Premium received during the period	**7,596**	8,843
Insurance claims paid	**448**	1,066
Askari Airport Services		
Insurance premium written (including government levies administrative surcharge and policies stamps)	**197**	403
Premium received during the period	**197**	403
Insurance claims paid	**58**	13

	2018	2017
	Rupees in thousand	
Askari Aviation (Private) Limited		
Insurance premium written (including government levies administrative surcharge and policies stamps)	**29,101**	22,130
Premium received during the period	**25,091**	22,687
Insurance claims paid	**417**	387
Askari Development and Holdings (Private) Limited		
Insurance premium written (including government levies administrative surcharge and policies stamps)	**1,284**	408
Premium received during the period	**1,211**	243
Insurance claims paid	**85**	55
Askari Enterprises (Private) Limited		
Insurance premium written (including government levies administrative surcharge and policies stamps)	**610**	727
Premium received during the period	**1,045**	280
Insurance claims paid	**294**	56
Askari CNG and Fuels		
Insurance premium written (including government levies administrative surcharge and policies stamps)	**5,238**	4,490
Premium received during the period	**425**	4,548
Insurance claims paid	**673**	382
Askari Guards (Private) Limited		
Insurance premium written (including government levies administrative surcharge and policies stamps)	**69,822**	57,123
Premium received during the period	**71,069**	57,415
Insurance claims paid	**2,168**	3,806
Askari Lagoon Faisalabad		
Insurance premium written (including government levies administrative surcharge and policies stamps)	**40**	62
Premium received during the period	**57**	-
Insurance claims paid	**-**	-

	2018	2017
	Rupees in thousand	
Askari Shoe Project		
Insurance premium written (including government levies administrative surcharge and policies stamps)	**2,368**	2,728
Premium received during the period	**673**	2,316
Insurance claims paid	**427**	495
Askari Tours and Travels		
Insurance premium written (including government levies administrative surcharge and policies stamps)	**907**	148
Premium received during the period	**85**	82
Insurance claims paid	**-**	48
Askari Woolen Mills		
Insurance premium written (including government levies administrative surcharge and policies stamps)	**717**	510
Premium received during the period	**625**	969
Insurance claims paid	**-**	99
AWT Plaza Project		
Insurance premium written (including government levies administrative surcharge and policies stamps)	**214**	-
Premium received during the period	**106**	-
Insurance claims paid	**83**	-
Army Welfare Trust CEO (Army Projects) Office		
Insurance premium written (including government levies administrative surcharge and policies stamps)	**221**	177
Premium received during the period	**207**	426
Insurance claims paid	**223**	224
Blue Lagoon		
Insurance premium written (including government levies administrative surcharge and policies stamps)	**265**	571
Premium received during the period	**413**	595
Insurance claims paid	**46**	423
Fauji Security Services (Private) Limited		
Insurance premium written (including government levies administrative surcharge and policies stamps)	**15,944**	18,526
Premium received during the period	**18,459**	18,523
Insurance claims paid	**312**	427

	2018	2017
	Rupees in thousand	
MAL Pakistan Limited		
Insurance premium written (including government levies administrative surcharge and policies stamps)	**3,301**	4,486
Premium received during the period	**3,571**	3,272
Insurance claims paid	**1,780**	2,334
Petrosel Lubricants (Private) Limited		
Insurance premium written (including government levies administrative surcharge and policies stamps)	**380**	555
Premium received during the period	**421**	361
Insurance claims paid	**202**	471
Army Welfare Housing Scheme		
Insurance premium written (including government levies administrative surcharge and policies stamps)	**428**	179
Premium received during the period	**471**	176
Insurance claims paid	**-**	83
Army Welfare Real Estate Division		
Insurance premium written (including government levies administrative surcharge and policies stamps)	**1,092**	708
Premium received during the period	**801**	764
Insurance claims paid	**311**	347
ASK Flying Academy		
Insurance premium written (including government levies administrative surcharge and policies stamps)	**2,719**	2,911
Premium received during the period	**2,719**	3,118
Insurance claims paid	**2,463**	-
Askari Apparel		
Insurance premium written (including government levies administrative surcharge and policies stamps)	**432**	(159)
Premium received during the period	**1,528**	1,003
Insurance claims paid	**15**	97
AWT Investments Limited		
Insurance premium written (including government levies administrative surcharge and policies stamps)	**580**	-
Premium received during the period	**574**	-
Insurance claims paid	**-**	-

	2018	2017
	Rupees in thousand	
Services Travels		
Insurance premium written (including government levies administrative surcharge and policies stamps)	**70**	128
Premium received during the period	**70**	128
Insurance claims paid	**-**	-
Askari Life Assurance		
Insurance premium written (including government levies administrative surcharge and policies stamps)	**2,027**	-
Premium received during the period	**1,715**	-
Insurance claims paid	**-**	-
Askari Chartered Services		
Insurance premium written (including government levies administrative surcharge and policies stamps)	**19**	479
Premium received during the period	**19**	479
Insurance claims paid	**-**	-
Askari Seeds		
Insurance premium written (including government levies administrative surcharge and policies stamps)	**109**	244
Premium received during the period	**109**	244
Insurance claims paid	**71**	61
Medask		
Insurance premium written (including government levies administrative surcharge and policies stamps)	**815**	-
Premium received during the period	**537**	-
Insurance claims paid	**10**	-
Army Welfare Scheme		
Insurance premium written (including government levies administrative surcharge and policies stamps)	**-**	-
Premium received during the period	**-**	-
Insurance claims paid	**-**	23
Transactions with other related parties		
Contributions to Employees Provident Fund Trust	**32,458**	27,269

38 FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	2018						
	Held-for-trading	Available-for-sale	Held-to-maturity	Loans and receivables	Other financial liabilities	Total	Level 1
	Rupees in thousand						
Financial assets measured at fair value							
Investment at fair value through profit and loss	166,340	-	-	-	-	166,340	166,340
Investment at fair value through other comprehensive income	-	258,425	-	-	-	258,425	258,425
Financial assets not measured at fair value							
Cash and bank deposits*	-	-	-	147,175	-	147,175	-
Loans to employees	-	-	-	324	-	324	-
Investments							
- Government securities	-	-	66,345	-	-	66,345	-
- Certificates of Investment (COIs) / TDRs	-	-	-	1,130,800	-	1,130,800	-
- Fixed term deposits	-	210,000	-	-	-	210,000	-
Premium due but unpaid*	-	-	-	1,210,368	-	1,210,368	-
Amounts due from other insurers / reinsurers*	-	-	-	183,371	-	183,371	-
Salvage recoveries accrued*	-	-	-	60,543	-	60,543	-
Accrued investment income*	-	-	-	10,886	-	10,886	-
Reinsurance recoveries against outstanding claims*	-	-	-	180,980	-	180,980	-
Sundry receivables*	-	-	-	49,233	-	49,233	-
Total assets of Window Takaful Operations - OPF	-	-	-	202,467	-	202,467	-
Financial liabilities not measured at fair value							
Provision for outstanding claims (including IBNR)*	-	-	-	-	445,799	445,799	-
Amounts due to other insurers / reinsurers*	-	-	-	-	531,640	531,640	-
Accrued expenses*	-	-	-	-	5,087	5,087	-
Other creditors and accruals*	-	-	-	-	185,594	185,594	-
Deposits and other payables*	-	-	-	-	33,604	33,604	-
Unclaimed dividend*	-	-	-	-	4,049	4,049	-
Total liabilities of Window Takaful Operations - OPF	-	-	-	-	69,209	69,209	-
	166,340	468,425	66,345	3,176,147	1,274,982	5,152,239	424,765

	2017 - Restated						
	Held-for-trading	Available-for-sale	Held-to-maturity	Loans and receivables	Other financial liabilities	Total	Level 1
	Rupees in thousand						
Financial assets measured at fair value							
Investment at fair value through profit and loss	846,891	-	-	-	-	846,891	846,891
Investment at fair value through other comprehensive income	-	261,360	-	-	-	261,360	261,360
Financial assets not measured at fair value							
Cash and bank deposits*	-	-	-	191,755	-	191,755	-
Loans to employees	-	-	-	801	-	801	-
Investments							
- Government securities	-	-	71,710	-	-	71,710	-
- Certificates of Investment (COIs) / TDRs	-	-	-	351,859	-	351,859	-
- Fixed term deposits	-	75,000	-	-	-	75,000	-
Premium due but unpaid*	-	-	-	1,112,206	-	1,112,206	-
Amounts due from other insurers / reinsurers*	-	-	-	373,458	-	373,458	-
Salvage recoveries accrued*	-	-	-	14,568	-	14,568	-
Accrued investment income*	-	-	-	3,383	-	3,383	-
Reinsurance recoveries against outstanding claims*	-	-	-	184,417	-	184,417	-
Sundry receivables*	-	-	-	64,226	-	64,226	-
Total assets of Window Takaful Operations - OPF	-	-	-	119,482	-	119,482	-
Financial liabilities not measured at fair value							
Provision for outstanding claims (including IBNR)*	-	-	-	-	416,296	416,296	-
Amounts due to other insurers / reinsurers*	-	-	-	-	569,317	569,317	-
Accrued expenses*	-	-	-	-	35,107	35,107	-
Other creditors and accruals*	-	-	-	-	131,030	131,030	-
Deposits and other payables*	-	-	-	-	58,184	58,184	-
Unclaimed dividend*	-	-	-	-	2,298	2,298	-
Total liabilities of Window Takaful Operations -OPF	-	-	-	-	43,091	43,091	-
	846,891	336,360	71,710	2,416,155	1,255,323	4,926,439	1,108,251

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

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair values estimates.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

39 SEGMENT INFORMATION

39.1 Segment Profit and loss

	Fire and property damage		Marine, aviation and transport		Motor		Accident and health		Miscellaneous		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	Rupees in thousand											
Premium receivable (inclusive of Federal Excise Duty, Federal Insurance Fee and Administrative surcharge)	**523,584**	474,476	**235,892**	214,749	**1,152,176**	1,001,777	**792,365**	842,258	**529,430**	352,930	**3,233,447**	2,886,190
Less: Federal Excise Duty	**68,253**	63,134	**28,864**	27,235	**156,040**	135,650	**142**	3,802	**60,584**	42,628	**313,883**	272,449
Federal Insurance Fee	**4,371**	4,025	**1,981**	1,818	**9,899**	8,629	**7,803**	8,130	**4,630**	3,081	**28,684**	25,683
Stamp Duty	**39**	38	**5,387**	4,480	**206**	181	**3**	1	**165**	124	**5,800**	4,824
Gross written premium (inclusive of administrative surcharge)	**450,921**	407,279	**199,660**	181,216	**986,031**	857,317	**784,417**	830,325	**464,051**	307,097	**2,885,080**	2,583,234
Gross premium	**444,275**	402,636	**194,032**	176,355	**954,137**	827,911	**781,463**	827,916	**460,097**	304,540	**2,834,004**	2,539,358
Administrative surcharge	**5,865**	5,657	**6,377**	5,427	**31,983**	29,679	**1,120**	725	**6,053**	3,727	**51,398**	45,215
Service charges	**781**	(1,014)	**(749)**	(566)	**(89)**	(273)	**1,834**	1,684	**(2,099)**	(1,170)	**(322)**	(1,339)
Insurance premium earned	**418,911**	332,650	**186,617**	183,464	**924,800**	813,529	**853,459**	444,417	**397,431**	430,806	**2,781,218**	2,204,866
Insurance premium ceded to reinsurers	**(362,767)**	(264,144)	**(121,359)**	(111,623)	**(19,074)**	(12,133)	**(234,491)**	(161,890)	**(231,776)**	(298,887)	**(969,467)**	(848,677)
Net insurance premium	**56,144**	68,506	**65,258**	71,841	**905,726**	801,396	**618,968**	282,527	**165,655**	131,919	**1,811,751**	1,356,189
Commission income	**82,977**	76,834	**45,235**	36,102	**862**	415	**37,356**	25,820	**69,716**	27,770	**236,146**	166,941
Net underwriting income	**139,121**	145,340	**110,493**	107,943	**906,588**	801,811	**656,324**	308,347	**235,371**	159,689	**2,047,897**	1,523,130
Insurance claims	**(119,659)**	(100,578)	**(60,173)**	(64,662)	**(404,849)**	(343,741)	**(750,704)**	(349,015)	**(101,124)**	(144,298)	**(1,436,509)**	(1,002,294)
Insurance claims recovered from reinsueres	**95,503**	73,577	**38,390**	36,167	**5,245**	18,342	**217,957**	125,029	**9,929**	126,814	**367,024**	379,929
Net claims	**(24,156)**	(27,001)	**(21,783)**	(28,495)	**(399,604)**	(325,399)	**(532,747)**	(223,986)	**(91,195)**	(17,484)	**(1,069,485)**	(622,365)
Commission expense	**(41,113)**	(38,356)	**(25,689)**	(25,999)	**(50,967)**	(41,829)	**(13,552)**	(3,083)	**(29,262)**	(10,675)	**(160,583)**	(119,942)
Management expense	**(15,874)**	(73,472)	**(18,451)**	(40,522)	**(289,084)**	(221,087)	**(175,006)**	(98,159)	**(46,837)**	(95,152)	**(545,252)**	(528,392)
Underwriting results	**57,978**	6,511	**44,570**	12,927	**166,933**	213,496	**(64,981)**	(16,881)	**68,077**	36,378	**272,577**	252,431
Investment income											**70,701**	87,829
Rental income											**3,474**	4,518
Other income											**29,366**	8,930
Finance costs											**(4,297)**	(5,056)
Other expenses											**(7,881)**	(7,910)
											363,940	340,742
Profit before tax from Window Takaful Operations - OPF											**56,907**	23,755
Profit before tax											**420,847**	364,497

39.2 Segment Assets and Liabilities

	Fire and property damage		Marine, aviation and transport		Motor		Accident and health		Miscellaneous		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017 (Restated)
	Rupees in thousands											
Corporate Segment assets - Conventional	**361,003**	355,981	**114,878**	178,733	**923,238**	1,490,186	**708,514**	1,064,324	**402,393**	1,003,737	**2,510,026**	4,092,961
Corporate Segment assets - Takaful OPF	**6,248**	4,414	**2,402**	1,355	**31,841**	20,074	**1,788**	664	**1,564**	578	**43,843**	27,085
Corporate unallocated assets - Conventional											**2,142,072**	298,686
Corporate unallocated assets - Takaful OPF											**158,624**	92,397
Consolidated total assets											**4,854,565**	4,511,129
Corporate Segment liabilities - Conventional	**387,047**	365,521	**123,394**	131,064	**956,527**	958,435	**895,339**	876,859	**518,718**	463,168	**2,881,025**	2,795,047
Corporate Segment liabilities - Takaful OPF	**5,903**	4,611	**1,016**	764	**46,899**	30,305	**2,748**	2,140	**7,978**	1,641	**64,544**	39,461
Corporate unallocated Segment liabilities - Conventional											**217,610**	188,705
Corporate unallocated Segment liabilities - Takaful OPF											**4,665**	3,630
Consolidated total liabilities											**3,167,844**	3,026,843

40 MOVEMENT IN INVESTMENTS

	Held to maturity	Available-for - sale	Fair value through P&L	Loans and receivables	Total
	Rupees in thousand				
At beginning of previous year	70,091	364,784	1,073,175	16,482	1,524,532
Additions	6,796	1,084,393	4,516,052	1,066,259	6,673,500
Disposals (sale and redemptions)	(5,177)	(1,098,465)	(4,757,256)	(730,882)	(6,591,780)
Fair value net (loss) / gain (excluding net realised gains)	-	(9,889)	14,920	-	5,031
Impairment loss	-	(4,463)	-	-	(4,463)
At beginning of current year	**71,710**	**336,360**	**846,891**	**351,859**	**1,606,820**
Additions	**36,764**	**580,083**	**672,963**	**7,448,129**	**8,737,939**
Disposals (sale and redemptions)	**(42,129)**	**(420,907)**	**(1,357,476)**	**(6,674,282)**	**(8,494,794)**
Fair value net gains (excluding net realised gains)	**-**	**11,600**	**3,962**	**-**	**15,562**
Impairment (loss) / reversal	**-**	**(38,711)**	**-**	**5,094**	**(33,617)**
At end of current year	**66,345**	**468,425**	**166,340**	**1,130,800**	**1,831,910**

41 MANAGEMENT OF FINANCIAL AND INSURANCE RISK

41.1 Financial risk

The Company's activities exposes 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 program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. The Company consistently manages its exposure to financial risk without any material change from previous year 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.

i) 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 management monitors and limits the Company's exposure to credit risk through monitoring of client's exposure and maintaining conservative estimates of provisions for doubtful assets, if required.

The management believes it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in entities of sound financial standing, covering various industrial sectors.

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

	2018	2017
	Rupees in thousand	
Bank deposits	**130,673**	190,413
Investments	**1,407,145**	498,569
Advances to employees	**324**	801
Amount due from insurance contract holders	**1,210,368**	1,112,206
Amounts due from other insurers / reinsurers	**183,371**	373,458
Accrued investment income	**10,886**	3,383
Reinsurance recoveries against outstanding claims	**180,980**	184,417
Staff house building finance	**12,771**	-
Sundry receivables	**49,233**	64,226
	3,185,751	2,427,473

The Company does not hold any collateral against the above balances except for staff house building finance as mentioned in note 12.3 to the financial statements. Provision against receivable is written off when the Company expects that it cannot recover the balance due except as already provided for in these financial statements, 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 age analysis of gross receivables is as follows:

	Amount due from insurance contract holders	**Amount due from other insurers / reinsurers**	**Reinsurance recoveries against outstanding claims**	**Sundry receivables**	**2018 Aggregate**	2017 Aggregate
	Rupees in thousand					
Up to 1 year	**1,055,305**	**168,243**	**135,458**	**49,233**	**1,408,239**	1,545,008
1-2 years	**156,552**	**12,913**	**20,127**	**-**	**189,592**	142,245
2-3 years	**8,015**	**2,195**	**3,353**	**-**	**13,563**	33,664
Over 3 years	**5,833**	**13,996**	**22,042**	**-**	**41,871**	42,703
	1,225,705	**197,347**	**180,980**	**49,233**	**1,653,265**	1,763,620

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

Rating Financial institution	Rating		Rating agency	2018	2017
	Long term	Short term		Rupees in thousand	
Askari Bank Limited	AA+	A1+	PACRA	**101,083**	172,472
Summit Bank Limited	A-	A-1	JCR-VIS	**986**	950
Habib Bank Limited	AAA	A-1+	JCR-VIS	**2,099**	1,828
Faysal Bank Limited	AA	A1+	PACRA	**1,263**	1,939
Silk Bank Limited	A-	A-2	JCR-VIS	**54**	91
Bank Al Falah Limited	AA+	A1+	PACRA	**593**	1,310
Bank Al-Habib Limited	AA+	A1+	PACRA	**160**	173
Meezan Bank Limited	AA+	A-1+	JCR-VIS	**703**	573
The Bank of Punjab	AA	A1+	PACRA	**105**	742
NRSP Microfinance Bank	A	A1	PACRA	**3,483**	782
JS Bank Limited	AA-	A1+	PACRA	**1,644**	590
Sindh Bank Limited	AA	A-1+	JCR-VIS	**1**	1
Bank Of Khyber	A	A-1	PACRA	**1,211**	495
PPCBL	Exempted	Exempted	Not Applicable	**7,516**	3,815
Samba Bank Limited	AA	A-1	JCR-VIS	**1,215**	-
Zarai Taraqiyati Bank	AAA	A-1+	JCR-VIS	**8,557**	4,652
				130,673	190,413

b) Sector wise analysis of gross amount due from insurance contract holders is as follows:

Agriculture	**21,152**	11,298
Construction Companies	**72,774**	3,229
Development	**36,696**	46,281
Education	**56,862**	38,548
Engineering	**16,341**	7,258
Financial Services	**65,926**	35,557
Logistics	**25,236**	3,626
Miscellaneous	**148,024**	204,002
Other Manufacturing	**27,003**	16,395
Other Services	**229,877**	306,595
Pharmaceuticals	**9,320**	6,027
Poultry Industry	**848**	61
Sugar Industry	**1,162**	635
Telecommunication	**480,171**	419,601
Textile and Composites	**32,760**	26,779
Travel and Tourism Development	**1,553**	1,651
	1,225,705	1,127,543

c) The credit quality of amounts due from other insurers / reinsurers and reinsurance recoveries against outstanding claims can be assessed with reference to external credit rating as follows:

	2018			2017
	Amount due from other insurers / reinsurers	**Reinsurance recoveries against outstanding claims**	**Aggregate**	Aggregate
Rating	Rupees in thousand			
A or above	**197,248**	**180,957**	**378,205**	565,600
Others	**99**	**23**	**122**	6,251
	197,347	**180,980**	**378,327**	571,851

d) The Company has diversified portfolio of investment to mitigate the risk. The credit risk exposure relates to investment in debt securities as mentioned in note 10 to the financial statements. The Company has also maintained a provision against certain certificates of investments as disclosed in note 10.5 to the financial statements.

ii) **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. Liquidity requirements are monitored by management to ensure that adequate funds are available to meet any obligations as they arise. To guard against risk, the Company has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities.

The table below summarises the maturity profile of the Company's financial liabilities. The contractual maturities of these liabilities at the year end have been determined on the basis of the remaining period at the balance sheet date to the contractual maturity date. Financial liabilities not having a contractual maturity are assumed to mature on the expected date on which these liabilities will be settled.

	2018			
	Carrying amount	**Contractual cash flows**	**Up to one year**	**More than one year**
	Rupees in thousand			
Provision for outstanding claims (including IBNR)	**445,799**	**445,799**	**445,799**	**-**
Amounts due to other insurers / reinsurers	**531,640**	**531,640**	**531,640**	**-**
Accrued expenses	**5,087**	**5,087**	**5,087**	**-**
Other creditors and accruals	**137,506**	**137,506**	**137,506**	**-**
Unclaimed dividend	**4,049**	**4,049**	**4,049**	**-**
Deposits and other payables	**33,604**	**33,604**	**33,604**	**-**
Liabilities against assets subject to finance lease	**68,961**	**68,961**	**26,311**	**42,650**
Other liabilities	**76,814**	**76,814**	**76,814**	**-**
	1,303,460	**1,303,460**	**1,260,810**	**42,650**

	2017			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	Rupees in thousand			
Provision for outstanding claims (including IBNR)	416,296	416,296	416,296	-
Amounts due to other insurers / reinsurers	569,317	569,317	569,317	-
Accrued expenses	35,107	35,107	35,107	-
Other creditors and accruals	116,241	116,241	116,241	-
Unclaimed dividend	2,298	2,298	2,298	-
Deposits and other payables	58,184	58,184	58,184	-
Liabilities against assets subject to finance lease	72,017	72,017	22,617	49,400
Other liabilities	32,061	32,061	32,061	-
	1,301,521	1,301,521	1,252,121	49,400

iii) Market risk

a) Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of change in market variable such as interest / mark up rate, foreign exchange rate and equity prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The market risks associated with the Company's business activities are interest / mark up rate risk and price risk.

Interest / mark-up rate risk

Interest / mark-up rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in the market interest / mark up rates. The Company invests in securities and has deposits that are subject to interest / mark up rates risk. The Company limits interest / mark up rate risk by monitoring changes in interest / mark up rates in the currencies in which its cash and investments are denominated. The Company's financial liabilities are not exposed to interest / mark up rate risk. At the balance sheet date exposure to interest bearing financial assets is as follows:

	2018	2017	**2018**	2017
	Effective interest rate (%)		Carrying amounts Rupees in thousand	
Fixed rate financial assets				
Deposit accounts	**3.70% to 8.03%**	2.4% to 5.25%	**102,098**	147,181
Investments	**2.81% to 12.54%**	5.63% to 12.54%	**1,407,145**	498,569
			1,509,243	645,750

Sensitivity analysis

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate will not effect the fair value of any financial instrument.

For cash flow sensitivity analysis of variable rate instruments a hypothetical change of 100 basis points in interest rates at the reporting date would have decreased / increased profit for the year by Rs. 2.10 million (2017: Rs. 750 thousand).

It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. The analysis assumes that all other variables remain constant. Actual results might differ from those reflected above.

b) Foreign currency risk

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

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. The Company is exposed to price risk since it has investments in quoted securities which are carried at fair value. The Company manages price risk by monitoring exposure in quoted securities and implementing the strict discipline in internal risk management and investment policies.

The carrying value of investments are based on quoted market prices as of the balance sheet date except for investments held to maturity securities which are measured at their amortized cost.

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

Sensitivity analysis

A 10% increase / (decrease) in market prices of held for trading investments at the year end, would have increased / (decreased) profit before tax by Rs. 16.63 million (2017: Rs. 84.69 million).

iv) Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The carrying values of all financial assets and financial liabilities approximate their fair values except for available-for-sale and held to maturity investments whose fair values are determined for disclosure purpose only and have been disclosed in their respective notes to these financial statements.

The basis for determining the fair values is as follows:

Fair value hierarchy

The table below analysis financial instruments carried at fair value, by valuation method. The different levels are defined as below:

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 assets or liabilities, either directly (i.e, as prices) or indirectly (i.e, derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at the balance sheet date, the Company's investments in fair value through profit or loss of Rs. 166.34 million (2017: Rs. 846.89 million) and investments in available-for-sale (Equity securities) of Rs. 258.43 million (2017: Rs. 261.36 million) are carried in the financial statements at their fair values. The fair values for these investments have been determined using the valuation method as described in fair value hierarchy level 1. Fair value of debt securities determined for disclosure purpose only are determined using the valuation method as described in fair value hierarchy level 2.

Determination of fair values

Fair values have been determined for measurement / or disclosure purpose based on the following methods:

Investment in fair value through profit and loss account - held for trading

The fair value of held for trading investment is determined by reference to their closing repurchase price / price quoted on the stock exchange at the reporting date.

Available-for-sale investment

The fair value of available-for-sale investment is determined by reference to their closing repurchase price / price quoted on the stock exchange at the reporting date. They are being carried at fair value.

Held to maturity investment

Fair value for held to maturity investment is estimated as the present values of future cash flows, discounted at the market rate of interest at the reporting date. They are being carried at fair value.

Non-derivatives financial assets and liabilities

The fair value is estimated based on the present values of future cash flows, discounted at the market rate of interest at the reporting date. However, since these assets and liabilities are due to be settled within one year, their fair values approximate their carrying values.

v) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain a strong capital base to support the sustained development of its business. The management closely monitors the return on capital along with the level of distributions to ordinary shareholders. The Company is compliant with the minimum capital requirement under the Insurance Ordinance 2000.

SECP under S.R.O.828 (I) 2015 dated 18th August 2015 has prescribed the following minimum paid up capital requirement for all non life insurers:

	30 June	31 December
	Rupees in thousand	
Year 2015	-	300,000
Year 2016	350,000	400,000
Year 2017	450,000	500,000

The Company meets the regulatory requirements for minimum paid up capital.

41.2 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. By the very nature of an insurance contract, this risk is random and therefore unpredictable. The principal risk that the Company faces under its insurance contracts is that the actual claims exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims is greater than estimated. Insurance events are random, and the actual number and amount of claims will vary from year to year from the level established.

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

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.

(a) Frequency and severity of claims

Political, environmental, economical and climatic changes give rise to more frequent and severe extreme events (for example, fire, theft, steal, riot and strike, explosion, earthquake, atmospheric damage, hurricanes, typhoons, river flooding, electric fluctuation, terrorism, war risk, damages occurring in inland transit, burglary, loss of cash in safe and cash in transit, travel and personal accident, money losses , engineering losses and other events) and their consequences (for example subsidence claims). For certain contracts, the Company has also limited the number of claims that can be paid in any policy year or introduced a maximum amount payable for claims in any policy year.

Insurance contracts which are divided into direct and facultative arrangements are further subdivided into five segments: fire, marine, motor, accident and health and miscellaneous. The insurance risk arising from these contracts is concentrated in the territories in which the Company operates, and there is a balance between commercial and personal properties / assets in the overall portfolio of insured properties / assets. The Company underwrites insurance contract in Pakistan.

The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography. The Company has the right to re-price the risk on renewal. It also has the ability to impose deductibles and reject fraudulent claims. Insurance contracts also entitle the Company to pursue third parties for payment of some or all costs (for example, subrogation). The claim payments are limited to the extent of sum insured on occurrence of the insured event.

The Company has entered into reinsurance cover / arrangements with local and foreign reinsurers having good credit rating by reputable rating agencies, to reduce its exposure to risks and resulting claims. Keeping in view the maximum exposure in respect of key zone aggregates, a number of proportional and non-proportional facultative reinsurance arrangements are in place to protect the net account in case of a major catastrophe. The effect of such reinsurance arrangements is that the Company recovers the share of claims from reinsurers thereby reducing its exposure to risk. Apart from the adequate event limit which is a multiple of the treaty capacity or the primary recovery from the proportional reinsurance arrangements, any loss over and above the said limit would be recovered under 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 has claims department dealing with the mitigation of risks surrounding claims incurred whether reported or not. This department investigates and settles all claims based on surveyor's report / assessment. The unsettled claims are reviewed individually on a periodic basis and adjusted to reflect the latest information on the underlying facts, contractual terms and conditions, and other factors. The Company actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

(b) Sources of uncertainty in the estimation of future claim payments

Claims reported and otherwise are analyzed separately. The development of large losses / catastrophes is analyzed separately. The shorter settlement year for claims allows the Company to achieve a higher degree of certainty about the estimated cost of claims including IBNR. However, the longer time needed to assess the emergence of a subsidence claim makes the estimation process more uncertain for these claims.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value, reinsurance and other recoveries. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome may be different from the original liability established. The liability comprises amount in relations to unpaid reported claims, claims incurred but not reported (IBNR), expected claims settlement costs and a provision for unexpired risks at the end of the reporting year.

Liability in respect of outstanding claims is based on the best estimate of the claims intimated or assessed. In calculating the estimated cost of unpaid claims (both reported and not), the Company estimation techniques are a combination of loss-ratio-based estimates (where the loss ratio is defined as the ratio between the ultimate cost of insurance claims and insurance premium earned in a prior financial years in relation to such claims) and an estimate based upon actual claims experience using predetermined basis where greater weight is given to actual claims experience as time passes.

In estimating the liability for the cost of reported claims not yet paid, the Company considers any information available from surveyor's assessment and information on the cost of settling claims with similar characteristics in previous years. Claims are assessed on a case-by-case basis separately.

Particulars	**Total amount**	**Age-wise Breakup**				
		1 to 6 months	**7 to 12 months**	**13 to 24 months**	**25 to 36 months**	**Beyond 36 months**
		(Rupees in thousand)				
Claims not encashed	**59,472**	**53,675**	**2,190**	**1,757**	**1,850**	**-**

(c) Key assumptions

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

(d) Changes in assumptions

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

(e) Sensitivity analysis

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

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

	Profit before tax		Shareholders' equity	
	2018	2017	**2018**	2017
	Rupees in thousand			
10% increase in loss				
Fire and property damage	**(1,313)**	(1,815)	**(932)**	(1,271)
Marine aviation and transport	**(1,708)**	(2,416)	**(1,213)**	(1,691)
Motor	**(14,487)**	(12,940)	**(10,285)**	(9,058)
Health	**(4,406)**	(4,419)	**(3,128)**	(3,093)
Miscellaneous	**(4,568)**	(1,597)	**(3,243)**	(1,118)
	(26,482)	(23,187)	**(18,801)**	(16,231)

A 10% decrease would have had equal but opposite effect on the profit and loss account and shareholders' equity.

(f) Concentration of insurance risk

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

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

	Gross sum insured	Reinsurance	Net
	Rupees in thousand		
2018			
Fire and property	**623,667,798**	**546,272,626**	**77,395,172**
Marine, aviation and transport	**595,306,457**	**384,978,035**	**210,328,422**
Motor	**49,314,958**	**496,824**	**48,818,134**
Miscellaneous	**313,402,484**	**109,422,121**	**203,980,363**
	1,581,691,697	**1,041,169,606**	**540,522,091**
2017			
Fire and property	551,051,919	466,796,081	84,255,838
Marine, aviation and transport	441,973,987	263,027,307	178,946,680
Motor	41,526,506	942,652	40,583,854
Miscellaneous	167,835,063	99,112,949	68,722,114
	1,202,387,475	829,878,989	372,508,486

The Company's class wise major risk exposure is as follows:

	Maximum Gross Risk Exposure	
	2018	2017
	Rupees in thousand	
Fire and property	**160,336,433**	36,002,828
Marine, aviation and transport	**243,663,525**	169,036,875
Motor	**66,000**	39,200
Liability	**3,342,468**	397,500
Miscellaneous	**27,809,406**	1,638,000

42 STATEMENT OF SOLVENCY

Assets	2018 Rupees in thousand
Property and equipment	228,834
Intangible assets	72
Investment property	41,811
Investments	
- Equity securities	424,765
- Debt securities	276,345
- Term deposits	1,130,800
Loans and other receivables	73,214
Insurance / Reinsurance receivables - unsecured, considered good	1,393,739
Reinsurance recoveries against outstanding claims	180,980
Salvage recoveries accrued	60,543
Deferred commission expense / Acquisition cost	97,956
Deferred taxation	31,940
Prepayments	563,924
Cash and bank	147,175
Total assets from Window Takaful Operations - OPF	202,467
Total Assets (A)	4,854,565
In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000	
(g) receivable from related parties	95,578
(h) insurance / reinsurance receivables for more than three months	455,210
(i) intangible assets	72
(j) deferred tax asset	31,940
(k) security deposit receivable	16,910
(k) security deposits	33,604
(U)-(i) vehicles	80,181
(U)-(ii) office equipment	18,149
(U)-(ii) office equipment (window takaful operator's fund)	139
(U)-(iii) fixtures and fittings	7,934
(U)-(iii) fixtures and fittings (window takaful operator's fund)	312
Total of In-admissible assets (B)	740,029
Total Admissible Assets (C=A-B)	4,114,536

	2018	
	Rupees in thousand	
Total Liabilities		
Underwriting Provisions		
- Outstanding claims including IBNR		**445,799**
- Unearned premium reserves		**1,642,458**
- Unearned reinsurance commission		**107,337**
Retirement benefit obligations		**28,722**
Staff compensated absences		**25,668**
Liabilities against assets subject to finance lease - secured		**59,591**
Taxation - provision less payment		**6,288**
Premium received in advance		**22,794**
Insurance / Reinsurance Payables		**531,640**
Unclaimed dividend		**4,049**
Other Creditors and Accruals		**190,685**
Deposits and other payables		**33,604**
Total Liabilities		**3,098,635**
Total liabilities from Window Takaful Operations - OPF		**69,209**
Total Liabilities (D)		**3,167,844**
Total Net Admissible Assets (E=C-D)		**946,692**
Minimum solvency requirement (higher of following)		**362,350**
Method A - U/s 36(3)(a)	150,000	
Method B - U/s 36(3)(b)	362,350	
Method C - U/s 36(3)(c)	271,861	
Excess in Net Admissible Assets over Minimum Requirements		**584,342**

43 CORRESPONDING FIGURES

The preparation and presentation of these financial statements for the year ended December 31, 2018 is in accordance with requirements in Companies Act, 2017. The fourth schedule to the Companies Act, 2017 has introduced certain presentation and classification requirements for the elements of financial statements. Accordingly, the corresponding figures have been represented, wherever considered necessary, to comply with the requirements of the Companies Act, 2017. Further, certain corresponding figures have been changed on account of reclassification of prior year figures. Following major representations have been made during the year:

Description	Represented		Rupees in thousand
	From	**To**	
Unclaimed dividend	Other creditors and accruals	Unclaimed dividend (presented on face of statement of financial position)	2,298
Deposits and other payables	Other creditors and accruals	Deposits and other payables (presented on face of statement of financial position)	58,184
Term Finance Certificates	Held to maturity investments	Available-for-sale investments	75,000

44 PROVIDENT FUND

	2018	2017
	Rupees in thousand	
Size of the fund - total assets	**78,987**	74,684
Percentage of investment made (based on fair value)	**96%**	96%
Fair value of investments	**75,748**	71,339

44.1 The cost of above investments amounted to Rs. 56.36 million (2017: Rs. 58.70 million).

44.2 The break-up of fair value of investments is:

	2018	2017	**2018**	2017
	Percentage		Rupees in thousand	
Pakistan Stock Market Fund	**13%**	15%	**9,654**	10,397
Pakistan Investment Bond	**0%**	50%	**-**	35,851
NIT Islamic Equity Fund	**2%**	3%	**1,953**	2,345
Askari High Yield	**18%**	18%	**13,416**	12,755
T-Bills	**45%**	0%	**34,310**	-
Bank balances	**22%**	14%	**16,415**	9,991
	100%	100%	**75,748**	71,339

44.3 The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and rules formulated for this purpose.

		2018	2017
		Rupees in thousand	
45	**WINDOW TAKAFUL OPERATIONS - OPF**		
	Assets		
	Cash and bank deposits	**3,915**	36,568
	Investments	**147,413**	51,604
	Current assets - others	**50,688**	30,928
	Fixed assets	**451**	382
	Total assets	**202,467**	119,482
	Total liabilities - current	**69,209**	43,091
	Profit from Window Takaful Operations - OPF	**56,907**	23,755

Details of total assets, total liabilities and segment disclosure of window takaful operations are stated in the annexed financial statements.

46 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors of the Company in the meeting held on 13 March 2019 have proposed a final cash dividend of Rupees 1.50 per share and bonus issue of 15%.

47 DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorized for issue by the Board of Directors of the Company on 13 March 2019.

48 GENERAL

Number of employees

Total number of employees at the end of the year were 436 (2017: 418). Average number of employees during the year were 427 (2017: 413).

Razi Haider	Abdul Waheed	Maj Gen Akhtar Iqbal (Retd)	Lt Gen Najib Ullah Khan (Retd)
Chief Financial Officer	President & Chief Executive	Director	Chairman

Window Takaful Operations
Financial Statements

For the year ended 31 December 2018

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Statement of Financial Position
As at 31 December 2018

		31 December 2018			31 December	01 January
		Operator's Fund	**Participants' Takaful Fund**	**Aggregate**	2017 Aggregate (Restated)	2017 Aggregate (Restated)
ASSETS	**Note**	Rupees in thousand				
Property and equipment	5	**451**	**-**	**451**	382	262
Investments						
- Equity securities	6	**143,408**	**35,208**	**178,616**	81,877	84,371
- Debt securities	7	**5,000**	**5,000**	**10,000**	-	-
Loans and other receivables	8	**3,772**	**29,333**	**33,105**	2,713	2,947
Takaful / Retakaful receivable	9	**968**	**63,786**	**64,754**	38,758	23,533
Retakaful recoveries against outstanding claims	19	**-**	**16,078**	**16,078**	17,701	6,904
Salvage recoveries accrued		**-**	**3,632**	**3,632**	-	-
Wakala fees receivable	10	**33,113**	**-**	**33,113**	20,048	16,538
Deferred commission expense/Acquisition cost	21	**10,730**	**-**	**10,730**	7,037	4,396
Mudarib's fees receivable		**201**	**-**	**201**	69	69
Tax deducted at source		**1,857**	**557**	**2,414**	1,226	703
Prepayments	11	**48**	**29,421**	**29,469**	14,018	11,760
Cash and bank	12	**3,915**	**70,797**	**74,712**	85,515	22,758
Total Assets		**203,463**	**253,812**	**457,275**	269,344	174,241

The annexed notes 1 to 32 form an integral part of these financial statements.

Razi Haider
Chief Financial Officer

Abdul Waheed
President & Chief Executive

FUNDS AND LIABILITIES	Note	31 December 2018 Operator's Fund	31 December 2018 Participants' Takaful Fund	31 December 2018 Aggregate	31 December 2017 Aggregate (Restated)	01 January 2017 Aggregate (Restated)
		Rupees in thousand				
Operator's Fund						
Statutory fund		**50,000**	**-**	**50,000**	50,000	50,000
Reserves		**-**	**-**	**-**	(955)	1,336
Accumulated profit		**84,253**	**-**	**84,253**	27,346	3,591
		134,253	**-**	**134,253**	76,391	54,927
Waqf/Participants' Takaful Fund						
Cede money		**-**	**1,000**	**1,000**	1,000	1,000
Reserves		**-**	**101**	**101**	-	(1)
Accumulated surplus		**-**	**12,356**	**12,356**	15,528	2,612
		-	**13,457**	**13,457**	16,528	3,611
Underwriting provisions						
Outstanding claims including IBNR	19	**-**	**68,644**	**68,644**	41,065	21,530
Unearned contribution reserves	16	**-**	**89,757**	**89,757**	57,789	33,802
Unearned retakaful rebate	20	**-**	**5,352**	**5,352**	2,473	2,049
Contribution received in advance		**-**	**2,733**	**2,733**	639	1,912
Takaful / Retakaful payables	13	**2,006**	**32,910**	**34,916**	8,997	13,108
Unearned wakala fees	18	**61,788**	**-**	**61,788**	36,407	21,446
Wakala fees payable		**-**	**33,113**	**33,113**	20,048	16,538
Mudarib's fees payable		**-**	**201**	**201**	69	69
Other creditors and accruals	14	**5,416**	**7,645**	**13,061**	8,938	5,249
Total Liabilities		**69,210**	**240,355**	**309,565**	176,425	115,703
Total Funds and Liabilities		**203,463**	**253,812**	**457,275**	269,344	174,241
Contingencies and Commitments	15					

Maj Gen Akhtar Iqbal (Retd)
Director

Lt Gen Najib Ullah Khan (Retd)
Chairman

Statement of Comprehensive Income

For the year ended 31 December 2018

	Note	2018	2017
		Rupees in thousand	
PTF Revenue Account			
Net contribution revenue	16	**99,104**	63,110
Net takaful benefits	19	**(108,860)**	(53,904)
Direct expenses	17	**(4,596)**	-
Retakaful rebate	20	**8,616**	5,094
Takaful claims and acquisition costs		**(104,840)**	(48,810)
Underwriting Results		**(5,736)**	14,300
Investment income	23	**1,512**	(2,308)
Other income	24	**2,751**	924
Mudarib's share	25	**(1,699)**	-
Results of operating activities		**2,564**	(1,384)
(Deficit) / surplus for the year		**(3,172)**	12,916
Other comprehensive income			
Items that will be subsequently reclassified to the profit and loss account			
Unrealized gain on available-for-sale investments		**101**	1
Reclassification adjustment relating to available-for-sale investments disposed off in the year		**-**	-
Other comprehensive income for the year		**101**	1
Total comprehensive (deficit) / surplus for the year		**(3,071)**	12,917
OPF Revenue Account			
Wakala fee	18	**95,850**	54,110
Commission expense	21	**(20,421)**	(12,311)
Management expenses	22	**(24,553)**	(23,369)
		50,876	18,430
Investment income	23	**1,947**	4,659
Other income	24	**2,829**	1,291
Modarib's share of PTF investment income	25	**1,699**	-
Other expenses	26	**(444)**	(625)
Results of operating activities		**6,031**	5,325
Profit for the year		**56,907**	23,755
Other comprehensive income / (loss)			
Items that will be subsequently reclassified to the profit and loss account			
Unrealized loss on available-for-sale investments		**-**	(2,291)
Reclassification adjustment relating to available-for-sale investments disposed off in the year		**955**	-
Other comprehensive income / (loss) for the year		**955**	(2,291)
Total comprehensive income for the year		**57,862**	21,464

The annexed notes 1 to 32 form an integral part of these financial statements.

Razi Haider Chief Financial Officer	Abdul Waheed President & Chief Executive	Maj Gen Akhtar Iqbal (Retd) Director	Lt Gen Najib Ullah Khan (Retd) Chairman

Cash Flow Statement

For the year ended 31 December 2018

	Operator's Fund	Participants' Takaful Fund	2018 Aggregate	2017 Aggregate (Restated)
	Rupees in thousand			
Operating Cash Flows				
a) Takaful activities				
Contribution received	-	272,826	272,826	169,115
Re-takaful contribution paid	-	(37,189)	(37,189)	(27,701)
Claims paid	-	(119,562)	(119,562)	(57,959)
Re-takaful and other recoveries received	-	46,030	46,030	4,142
Commission paid	(24,291)	-	(24,291)	(12,749)
Re-takaful rebate received	-	6,940	6,940	5,693
Wakala fee paid	108,565	(108,565)	-	-
Management expenses paid	(22,855)	(2,865)	(25,720)	(20,789)
Net cash flow generated from underwriting activities	61,419	57,615	119,034	59,752
b) Other operating activities:				
Income tax paid	(667)	(521)	(1,188)	(524)
Other expenses paid	(484)	-	(484)	(444)
Other operating payments	(1,495)	(30,430)	(31,925)	(470)
Other operating receipts	880	2,338	3,218	1,866
Loan advanced paid	(688)	-	(688)	(934)
Loan repayments received	888	-	888	772
Net cash flow (used in) / generated from other operating activities	(1,566)	(28,613)	(30,179)	266
Total cash flow from all operating activities	59,853	29,002	88,855	60,018
Investment activities:				
Profit / return received	2,345	2,736	5,081	2,009
Modarib's fee received / (paid)	1,567	(1,567)	-	-
Dividends received	1,739	176	1,915	2,047
Payment for investments	(143,400)	(85,523)	(228,923)	(25,296)
Proceeds from disposals of investments	47,758	77,026	124,784	25,802
Fixed capital expenditure	(281)	-	(281)	(250)
Proceeds from disposals of fixed assets	-	-	-	43
Total cash flow (used in) / generated from investing activities	(90,272)	(7,152)	(97,424)	4,355
Financing activities:				
Payment against Ijarah	(2,234)	-	(2,234)	(1,616)
Total cash flow from financing activities	(2,234)	-	(2,234)	(1,616)
Net cash flow from all activities	(32,653)	21,850	(10,803)	62,757
Cash and cash equivalents at beginning of the year	36,568	48,947	85,515	22,758
Cash and cash equivalents at end of the year	3,915	70,797	74,712	85,515

The annexed notes 1 to 32 form an integral part of these financial statements.

Razi Haider	Abdul Waheed	Maj Gen Akhtar Iqbal (Retd)	Lt Gen Najib Ullah Khan (Retd)
Chief Financial Officer	President & Chief Executive	Director	Chairman

Cash Flow Statement

For the year ended 31 December 2018

	Operator's Fund	Participants' Takaful Fund	2018 Aggregate	2017 Aggregate (Restated)
	Rupees in thousand			
Reconciliation to Profit and Loss Account:				
Operating cash flows	**59,853**	**29,002**	**88,855**	60,018
Depreciation expense	**(212)**	**-**	**(212)**	(88)
Dividend income	**1,739**	**176**	**1,915**	2,048
Gain on disposal of investments	**796**	**839**	**1,635**	-
Increase in assets other than cash	**17,765**	**72,973**	**90,738**	45,909
Increase in liabilities other than running finance	**(23,224)**	**(109,916)**	**(133,140)**	(72,436)
Unrealized gain on investments held for trading	**662**	**28**	**690**	1,134
Investment income	**213**	**213**	**426**	6,327
Profit on bank deposits	**2,345**	**2,736**	**5,081**	2,009
Tax paid	**667**	**521**	**1,188**	524
Decrease in deposit against vehicle Ijarah	**(2,234)**	**-**	**(2,234)**	(1,616)
(Provision for) / reversal of diminution in value of AFS investments	**(1,463)**	**256**	**(1,207)**	(7,158)
Profit / (deficit) for the year	**56,907**	**(3,172)**	**53,735**	36,671
Attributed to				
Operator's Fund	**56,907**	-	**56,907**	23,755
Participants' Takaful Fund	**-**	**(3,172)**	**(3,172)**	12,916
	56,907	**(3,172)**	**53,735**	36,671

Definition of cash :

Cash comprises cash in hand, bank balances, stamp in hand and short term placements with banks which are readily convertible to cash in hand and which are used in the cash management function on a day-to-day basis.

Cash for the purpose of the cash flow statement consist of:

	2018	2017
	Rupees' in thousand	
Cash and other equivalents	**158**	235
Current and other accounts	**74,554**	85,280
	74,712	85,515

The annexed notes 1 to 32 form an integral part of these financial statements.

Razi Haider	Abdul Waheed	Maj Gen Akhtar Iqbal (Retd)	Lt Gen Najib Ullah Khan (Retd)
Chief Financial Officer	President & Chief Executive	Director	Chairman

Statement of Changes in Fund

For the year ended 31 December 2018

	Operator's Fund			
	Statutory fund	**Available-for -sale investments revaluation reserve**	**Accumulated profit**	**Total**
	Rupees in thousand			
Balance as at 01 January 2017 as previously reported	50,000	-	3,591	53,591
Effect of change in accounting policy	-	1,336	-	1,336
Balance as at 01 January 2017 (Restated)	50,000	1,336	3,591	54,927
Total comprehensive income / (loss) for the year				
Profit for the year	-	-	23,755	23,755
Other comprehensive loss for the year (Restated)	-	(2,291)	-	(2,291)
	-	(2,291)	23,755	21,464
Balance as at 31 December 2017 (Restated)	50,000	(955)	27,346	76,391
Balance as at 01 January 2018 as previously reported	**50,000**	**-**	**27,346**	**77,346**
Effect of change in accounting policy	**-**	**(955)**	**-**	**(955)**
Balance as at 01 January 2018 (Restated)	**50,000**	**(955)**	**27,346**	**76,391**
Total comprehensive income for the year				
Profit for the year	**-**	-	**56,907**	**56,907**
Other comprehensive income for the year	**-**	**955**	**-**	**955**
	-	**955**	**56,907**	**57,862**
Balance as at 31 December 2018	**50,000**	**-**	**84,253**	**134,253**

	Participants' Takaful Fund			
	Cede Money	**Available-for-sale investments revaluation reserve**	**Accumulated surplus**	**Total**
	Rupees in thousand			
Balance as at 01 January 2017 as previously reported	1,000	-	2,612	3,612
Effect of change in accounting policy	-	(1)	-	(1)
Balance as at 01 January 2017 (Restated)	1,000	(1)	2,612	3,611
Total comprehensive income for the year				
Surplus for the year	-	-	12,916	12,916
Other comprehensive income for the year (Restated)	-	1	-	1
	-	1	12,916	12,917
Balance as at 31 December 2017	1,000	-	15,528	16,528
Balance as at 01 January 2018 as previously reported	**1,000**	**-**	**15,528**	**16,528**
Effect of change in accounting policy	**-**	**-**	**-**	**-**
Balance as at 01 January 2018 (Restated)	**1,000**	**-**	**15,528**	**16,528**
Total comprehensive income / (loss) for the year				
Deficit for the year	**-**	-	**(3,172)**	**(3,172)**
Other comprehensive income for the year	**-**	**101**	**-**	**101**
	-	**101**	**(3,172)**	**(3,071)**
Balance as at 31 December 2018	**1,000**	**101**	**12,356**	**13,457**

The annexed notes 1 to 32 form an integral part of these financial statements.

Razi Haider	Abdul Waheed	Maj Gen Akhtar Iqbal (Retd)	Lt Gen Najib Ullah Khan (Retd)
Chief Financial Officer	President & Chief Executive	Director	Chairman

Notes to and forming part of the Financial Statements

For the year ended 31 December 2018

1 LEGAL STATUS AND NATURE OF BUSINESS

askari general insurance company limited ("the Operator") was incorporated under the Companies Ordinance, 1984 on 12 April, 1995. The Operator is registered in Pakistan Stock Exchange and is engaged in general insurance business. The registered office and principal place of the Operator is located at AWT Plaza, Rawalpindi.

The Operator has been allowed to undertake Window Takaful Operations (WTO) on 10 August 2015 by Securities and Exchange Commission of Pakistan under SECP Takaful Rules 2012 to carry on General Window Takaful Operations in Pakistan.

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

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIENCE

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

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

Total assets, total liabilities and profit/ (loss) of the Window Takaful Operations of the Company referred to as the Operator's fund has been presented in these financial statements in accordance with the requirements of Circular 25 of 2015 dated July 09, 2015.

2.1 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain financial instruments which are stated at their fair values.

2.2 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is the Operator's functional and presentation currency. All financial information presented in Pakistani Rupees has been rounded to the nearest thousand.

2.3 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are effective in the current year

Securities and Exchange Commission of Pakistan ("SECP") vide S.R.O 88(1)/2017 and S.R.O 89(1)/2017 dated 9 February 2017 has issued the Insurance Rules, 2017 and Insurance Accounting Regulations, 2017 (the Rules and Accounting Regulations 2017). The application of these Rules and Accounting Regulations, 2017 for the purpose of preparation and presentation of the financial statements was effective from 1 April 2017. SECP vide letter ID/OSM/

Askari/2017/13197, dated 4 August 2017 had granted exemption from application of Rules and Accounting Regulations 2017 to the Company till 31 December 2017. Therefore, the application of Rules and Accounting Regulations 2017 became effective from the accounting year commencing from 01 January 2018.

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

The Operator has adopted these Rules and Accounting Regulations 2017 and accordingly has changed its accounting policies as contained in note 3.1.

In addition, Companies Act 2017 also became effective for the financial statements for the year ended 31 December 2017. As the Operator's financial statements are prepared in accordance with the format prescribed by SECP, it did not have a direct impact on the financial statements.

2.4 Standards, interpretations and amendments not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2019:

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Operator's financial statements.
- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The application of interpretation is not likely to have an impact on Operator's financial statements.
- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Operator is currently in the process of analyzing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard.
- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The application of interpretation is not likely to have an impact on Operator's financial statements.

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Operator's financial statements.
- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Operator's financial statements.
- Amendment to IFRS 3 *'Business Combinations'* – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS Standards.
- Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. An Operator remeasures its previously held interest in a joint operation when it obtains control of the business. An Operator does not remeasures its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12 *Income Taxes* - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies as stated below have been applied consistently to all years presented in these financial statement except for the changes in accounting policies as follow;

3.1 Changes in Accounting Policies

3.1.1 Application of Insurance Rules 2017 and Insurance Accounting Regulations 2017

The Operator has adopted these Rules and Accounting Regulations 2017 and accordingly has changed its accounting policies as follows:

3.1.1.1 Available-for-sale investments

Refer note 3.14.2 for change in policy of available-for-sale investments.

3.1.1.2 Premium income

Up to 31 December 2017, contribution had been recognized as written at the time of takaful policy (policy written) in accordance with the Insurance Accounting Regulations, 2017. Accordingly to the Rules and Accounting Regulations 2017, the Operator has changes its accounting policy for recognition of contribution under an takaful policy / cover note as written from date of issuance to the date of attachment of risk to the policy / cover note.

3.1.1.3 Presentation of Financial Statements

The Operator has adopted format for preparation and presentation of its financial statements in line with the requirements of the Rules and Accounting Regulations, 2017. Significant changes in presentation are rearrangements in sequence of assets / liabilities in the statement of financial position; presentation of single profit or loss account instead of segment wise (classes of business) presentation and discontinuation of separate statements of Premium, Claims, Expense and investment Income. The segment wise premium, claims, expenses and investment income is now included in notes to the financial statements.

3.1.1.4 Reconciliation of cash flows arising from financing activities

Amendments to IAS 7 'Statement of Cash Flows' became effective during the year. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activates, including both changes arising from cash flow and non-cash changes. However, there was no change in the reported figures of profit and loss account or balance sheet.

3.2 Furniture, Fixtures and Equipment

These are stated at cost less accumulated depreciation and impairment losses, if any, except for capital work in progress which is stated at cost less impairment losses, if any. Depreciation is charged on depreciable amount over the estimated useful life.

Depreciation is charged on monthly basis where full depreciation is charged in the month of addition and no depreciation is charged in the month of disposal.

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

3.3 Takaful contracts

Takaful contracts are those contracts where the Participants' Takaful Fund (PTF) has accepted significant Takaful risk from another party (the participants) by agreeing to compensate the participants if a specified uncertain future event adversely affects the policyholders.

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

The Operator underwrites non-life takaful contracts that can be categorised into fire and property damage, marine, aviation and transport, motor, health and accident and miscellaneous contracts. Contracts may be concluded for a fixed term of one year, for less than one year and in some cases for more than one year. However, most of the contracts are for twelve months duration. Takaful contracts entered into by the Operator under which the contract holder is another Takaful Operator (inwards retakaful) of a facultative nature are included within the individual category of takaful contracts, other than those which fall under Treaty. The takaful risk involved in these contracts is similar to the contracts undertaken by the Operator as takaful operator.

Fire and property takaful contracts mainly compensate the customers for damage suffered to their property. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the covered properties in their business activities (business interruption cover).

Marine, aviation and transport class of business provides coverage against loss and damage to goods in transit by any means of conveyance, physical loss or damage to aircraft, ships, and liabilities to third parties and passengers arising from their use.

Motor takaful covers physical loss or damage to the vehicle and liabilities to third parties as provided under the requirements of the Motor Vehicle Ordinance, 1965.

All other takaful contracts like cash in hand, cash in transit, personal accident, infidelity, public liabilities, crop, livestock, travel, bankers and other financial institutions packages, product liabilities, professional indemnity, workers compensation etc. are included under miscellaneous takaful cover.

3.4 Deferred Commission expense/Acquisition cost

Commission expense incurred in obtaining and recording policies is deferred and recognised as an expense in accordance with pattern of recognition of contribution revenue by applying 1/24th method.

3.5 Unearned contribution reserve

The unearned Contribution reserve is the unexpired portion of the Contribution which relates to business in force at the balance sheet date. Unearned Contribution have been calculated by applying 1/24th method as specified in the Insurance Accounting Regulations, 2017.

3.6 Contribution deficiency reserves

The Operations is required as per repealed Insurance Rules, 2017, to maintain a provision in respect of contribution deficiency for the class of business where the unearned contribution reserve is not adequate to meet the expected future liability, after retakaful recoveries from claims, and supplementary expenses expected to be incurred after the reporting date in respect of the unexpired takaful contracts in that class of business at the reporting date. The movement in the contribution deficiency reserve is recorded as an expense in the profit and loss account.

The Operator determines adequacy of liability of contribution deficiency by carrying out analysis of its loss ratio of expired period of contracts. The liability of contribution deficiency in relation to accident and health takaful contracts is based on actuary recommendation.

No provision has been made as the unearned contribution reserve for each class of business as at the year end is adequate to meet the expected future liability after retakaful from claims and other expenses, expected to be incurred after the reporting date in respect of policies in force at reporting date.

3.7 Claims

Claims are charged to PTF income as incurred based on estimated liability for compensation owed under the takaful contracts. It includes claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries and any adjustments to claims outstanding from previous years.

3.8 Outstanding claims including incurred but not reported (IBNR)

The liability for IBNR is computed through Chain Ladder Method (Development technique) in light of the guidelines issued by Insurance Division of SECP vide its Circular 9 of 2016 dated March 09, 2016 for estimation of IBNR claims reserve, the liability for IBNR for all classes of business is based on actuary recommendation. Any significant change in assumption used event may affect the management's judgement which could affect the provision made for IBNR. Reinsurance recoveries against outstanding claims and salvage recoveries are recognized as an asset and are measured at the amount expected to be received.

3.9 Retakaful contracts

Retakaful Contribution is recognised as an expense at the time the retakaful is ceded. Rebate from retakaful is recognised in accordance with the policy of recognising contribution revenue.

Retakaful assets represent balances due from retakaful operators and retakaful recoveries against outstanding claims. Retakaful liabilities represent balances due to retakaful operators and are primarily retakaful contribution payable for retakaful contracts and are recognised at the same time when retakaful Contribution are recognised as an expense.

3.10 Receivables and payables related to insurance contracts

Receivables including contribution due but unpaid relating to takaful contracts are recognized when due. Claim payable is recorded when intimation is received. These are recognized at cost, which is the fair value of the consideration given less provision for impairment, if any. Contribution receive in advance is recognized as liability till the time of issuance of takaful contract there against.

If there is an objective evidence that any contribution due but unpaid is impaired, the Operations reduces the carrying amount of that contribution receivable and recognizes the loss in profit and loss account.

3.11 Segment reporting

An operating segment is a component of the Operator that engages in business activities from which it may earn revenues and incur expenses. The Operator present segment reporting of operation results using the classes of business as specified under the Insurance Ordinance, 2000. Takaful Rules 2012 and the Insurance Rules, 2017 as the primary reporting format.

The Operator has five business segments for reporting purposes namely, fire and property, marine, motor, health and accident and miscellaneous. The nature and business activities of these segments are disclosed in note no. 3.3.

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

3.12 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, stamps in hand and call deposits with maturities of three months of less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Operator in the management of its short-term commitments.

3.13 Revenue recognition

3.13.1 Participants' Takaful Fund (PTF)

a) Contribution

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

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

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

b) Rebate from retakaful operators

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

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

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

3.13.2 Operator's Fund (OPF)

Wakala fee

The Operator manages the general takaful operations for the participants and charges wakala fee against these services. Percentage of wakala fee charged, during the year on gross contribution written, against each class of business was as follows:

Fire and property damage;	35%
Marine, aviation and transport;	35%
Motor;	45%
Accident and health; and	25%
Miscellaneous.	40%

Wakala fee is recognised on the same basis on which the related revenue is recognised. Unexpired portion of wakala fee is recognised as an asset of OPF and a liability of PTF.

3.13.3 Operator's Fund (OPF)/Participants' Fund (PTF)

a) Investment Income

Return on investments, profit on profit and loss sharing accounts and bank deposits are recognised on accrual basis.

b) Dividend income

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

3.14 Investments

3.14.1 Classification

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

a) In equity securities

Surplus / (deficit) arising on revaluation of quoted securities which are classified as available-for-sale investments is taken to a separate account which is shown in the statement of financial position as revaluation surplus. The surplus / (deficit) arising on these securities is taken to the profit and loss account when actually realised upon disposal or in case of impairment of securities. The unrealized surplus / (deficit) arising on revaluation of quoted securities which are classified as held for trading is taken to the profit and loss account. Provision for diminution in the values of securities is made after considering impairment, if any, in their value is taken to profit and loss account. Impairment Is booked when there is an objective evidence of significant or prolonged decline in the value of such securities.

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

b) In debt securities

a These are investments with fixed or determinable payments and fixed maturities which the Operator's has the intention and ability to hold till maturity. Provision for impairment against debt securities is made in accordance with the requirements of the law. In case of unquoted equity securities, the breakup value of· the security should be considered to determine impairment amount. Premium or discount on debt securities classified as available-for-sale and held to maturity is amortised using effective interest method and taken to the profit and loss account.

c) In term deposit

These are investments with fixed or determinable payments and fixed (short term) maturities which the Operator has the intention and ability to hold till maturity. Investments which are designated at fair value through profit or loss upon initial recognition.

3.14.2 Change in accounting policies

During the period, the Operator has changed its accounting policy for the valuation of the available-for-sale investments to comply with the requirements of the 'Insurance Rules, 2017' issued by Securities and Exchange Commission of Pakistan vide its S.R.O. 89(1) / 2017 dated 09 February 2017. In line with the requirements provided in the Rules, the quoted available-for-sale investments are to be valued at market value and any unrealized gains or losses arising on revaluation of available-for-sale investments are taken to Other Comprehensive Income and transferred to revaluation reserves, whereas unquoted available-for-sale investments are valued at cost less impairment in value, if any. On de-recognition or impairment of available-for-sale investments, the cumulative gains or losses previously reported in revaluation reserves are reclassified to Profit and Loss Account for the period. This change in accounting policy has been applied retrospectively in accordance with the requirement of IAS - 8 'Accounting Policy, Change in Accounting Estimates and Error' and comparatives have been restated to conform to the changed policies.

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

i) Operator's fund

Effect of change in statement of financial position

	31 December 2017		
Investments	Balance previously reported	Adjustment	Balance restated
	Rupees in thousand		
Equity securities	11,000	(955)	10,045
Reserves	-	955	955

	01 January 2017		
Investments	Balance previously reported	Adjustment	Balance restated
	Rupees in thousand		
Equity securities	17,479	1,336	18,815
Reserves	-	(1,336)	(1,336)

Effect of change on other comprehensive income

	For the year ended 31 December 2017		
Other Comprehensive Loss	Previously reported	Adjustment	As Restated
	Rupees in thousand		
Items that will be reclassified to profit and loss account subsequently	-	(2,291)	(2,291)

ii) Participants' Takaful Fund

Effect of change in statement of financial position

	31 December 2017		
Investments	Balance previously reported	Adjustment	Balance restated
	Rupees in thousand		
Equity securities	9,822	-	9,822
Reserves	-	-	-

	01 January 2017		
Investments	Balance previously reported	Adjustment	Balance restated
	Rupees in thousand		
Equity securities	20,000	(1)	19,999
Reserves	-	1	1

Effect of change on other comprehensive income

	For the year ended 31 December 2017		
Other comprehensive income	Previously reported	Adjustment	As Restated
	Rupees in thousand		
Items that will be reclassified to profit and loss account subsequently	-	1	1

Previously, quoted available-for-sale investments were stated at the lower of cost or market value (market value being taken as lower if the reduction is other than temporary) in accordance with the requirements of the SEC (Insurance) Rules 2002.

Had the accounting policy not been changed, available-for-sale investments of PTF would have been lower by Rs.0.10 million, (December 2017: Rs.nil) and available-for-sale investments of OPF would have been changed by Rs.nil million, (December 2017: Rs.0.95 million).

The change in accounting policy has no impact on Profit and Loss Account.

d) Loans and receivables

Loans and receivables comprise cash and bank deposits, contribution due but unpaid, amounts due from other Takaful & Retakaful operators. Wakala fee receivable, Mudarib fee receivable and sundry receivables.

3.15 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, WTO has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.16 Provisions

Provisions are recognised when the Operator has a legal or constructive obligation as a result of a past event and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. However, the provision are reviewed at balance sheet date and adjusted to reflect current best estimates.

3.17 Ijarah

Ijarah rentals are recognized as an expense on accrual basis as and when the rentals become due.

3.18 Impairment of assets

The carrying amount of assets are reviewed at each reporting date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset fair value less cost to sell and value in use. Impairment losses are recognised in profit and loss account.

3.19 Management expenses

Management expenses have been allocated to various revenue accounts on equitable basis.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

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

	Note
- Provision for unearned contribution	3.5
- Contribution deficiency reserve	3.6
- Provision for outstanding claims (including IBNR)	3.8
- Useful lives of fixed assets	5.1

5 PROPERTY AND EQUIPMENT

	Note	**2018**	2017
		Rupees in thousand	
Operating assets - OPF	5.1	**451**	382
		451	382

Notes to and forming part of the Financial Statements

For the year ended 31 December 2018

5.1 OPERATING ASSETS - OPF

	Rupees in thousand									
	31 December 2018									
	Cost				**Depreciation**					
	As at 1 January	**Additions/ (Disposals)**	**Adjustments**	**As at 31 December**	**As at 1 January**	**For the year**	**(Disposals)/ Adjustments**	**As at 31 December**	**Written down value as at 31 December**	**Useful life (years)**
Furniture & fixtures	**290**	**200**	**-**	**490**	**35**	**143**	**-**	**178**	**312**	**5**
Office equipment	**194**	**81**	**-**	**275**	**67**	**69**	**-**	**136**	**139**	**3**
	484	**281**	**-**	**765**	**102**	**212**	**-**	**314**	**451**	

	Rupees in thousand									
	31 December 2017									
	Cost				Depreciation					
	As at 1 January	Additions/ (Disposals)	Adjustments	As at 31 December	As at 1 January	For the year	(Disposals)/ Adjustments	As at 31 December	Written down value as at 31 December	Useful life (years)
Furniture & fixtures	53	237	-	290	23	12	-	35	255	5
Office equipment	239	(44)	-	195	7	76	(15)	68	127	3
	292	193	-	485	30	88	(15)	103	382	

6 INVESTMENTS IN EQUITY SECURITIES

	Note	2018 Cost/ Carrying value	2018 Impairment/ provision	2018 Carrying value	2017 Cost/ Carrying value	2017 Impairment/ provision	2017 Carrying value (Restated)
		Rupees in thousand					
(a) Operator's Fund							
(i) Available-for-sale							
Others							
Mutual funds	6.1	**6,000**	**(1,463)**	**4,537**	11,000	-	11,000
Unrealized gain on revaluation		**-**	**-**	**-**	-	**-**	(955)
		6,000	**(1,463)**	**4,537**	11,000	**-**	10,045
(ii) At fair value through profit and loss							
Others							
Mutual funds	6.2	**138,209**	**662**	**138,871**	40,877	682	41,559
		144,209	**(801)**	**143,408**	51,877	682	51,604
(b) Participants' takaful fund							
(i) Available-for-sale							
Others							
Listed shares	6.3	**16,980**	**(6,901)**	**10,079**	16,980	(7,158)	9,822
Unrealized surplus on revaluation		**-**	**-**	**101**	-	-	-
		16,980	**(6,901)**	**10,180**	16,980	(7,158)	9,822
(ii) At fair value through profit and loss							
Others							
Mutual funds	6.4	**25,000**	**28**	**25,028**	20,000	451	20,451
		41,980	**(6,873)**	**35,208**	36,980	(6,707)	30,273

Notes to and forming part of the Financial Statements

For the year ended 31 December 2018

		Number of shares/units		2018		2017	
		2018	2017	**Cost**	**Carrying value**	Cost	Carrying value (Restated)
				Rupees in thousand			
6.1	**Available-for-sale investments - OPF**						
	Open-end mutual funds						
	Alfalah GHP Islamic Value Fund	**-**	50,000	**-**	**-**	5,000	5,000
	JS Islamic Fund	**47,808**	47,808	**6,000**	**4,537**	6,000	6,000
				6,000	**4,537**	11,000	11,000
	Unrealized loss on revaluation			**-**	**-**	-	(955)
				6,000	**4,537**	11,000	10,045
6.2	**Fair value through profit and loss - held for trading - OPF**						
	Open-end mutual funds						
	Alfalah GHP Islamic Income Fund	**167,605**	111,378	**17,197**	**17,464**	11,582	11,505
	JS Islamic Hybrid Fund of Funds - Mustand	**70,900**	68,766	**7,388**	**7,538**	6,877	7,169
	Al-Ameen Islamic Aggressive Income Fund	**119,867**	116,417	**12,164**	**12,253**	11,612	11,819
	NAFA Islamic Income Fund	**3,211,621**	1,136,203	**31,460**	**31,601**	10,806	11,066
	ABL Islamic Income Fund	**2,375,658**	-	**25,000**	**25,000**	-	-
	Alhamra Islamic Income Fund	**191,306**	-	**20,000**	**20,000**	-	-
	JS Islamic Income Fund	**238,459**	-	**25,000**	**25,015**	-	-
				138,209	**138,871**	40,877	41,559

		Number of shares/units		2018		2017	
		2018	2017	**Cost**	**Carrying value**	Cost	Carrying value (Restated)
				Rupees in thousand			
6.3	**Available-for-sale investments - PTF**						
	Others						
	Listed Shares						
	Pharmaceutical						
	The Searle Company Limited	**15,180**	13,200	**8,098**	**3,728**	8,098	4,156
	Cement						
	Bestway Cement Limited	**5,000**	5,000	**1,335**	**573**	1,335	693
	Fertilizer						
	Fauji Fertilizer Bin Qasim	**50,000**	50,000	**2,409**	**1,864**	2,409	1,777
	Food Producers						
	Fauji Foods Limited	**60,000**	60,000	**1,716**	**1,716**	1,716	988
	Automobile & Parts						
	Ghandhara Industries Limited	**8,000**	4,000	**3,422**	**2,198**	3,422	2,208
				16,980	**10,079**	16,980	9,822
	Unrealized surplus on revaluation			**-**	**101**	-	-
				16,980	**10,180**	16,980	9,822

Notes to and forming part of the Financial Statements

For the year ended 31 December 2018

		Number of shares/units		2018		2017	
		2018	2017	**Cost**	**Carrying value**	Cost	Carrying value (Restated)
		Rupees in thousand					
6.4	**Fair value through profit and loss - held for trading - PTF**						
	Open-end mutual funds						
	Askari Islamic Income Fund	**-**	197,610	**-**	**-**	20,000	20,451
	AKD Islamic Income Fund	**483,216**	-	**25,000**	**25,028**	-	-
				25,000	**25,028**	20,000	20,451

7 INVESTMENTS IN DEBT SECURITIES

	2018			2017		
	Cost/ Carrying value	**Impairment/ provision**	**Carrying value**	Cost/ Carrying value	Impairment/ provision	Carrying value
	Rupees in thousand					
(a) Operator's Fund						
(i) **Available-for-sale**						
Sukuks	**5,000**	**-**	**5,000**	-	-	-
(b) Participants' takaful fund						
(i) **Available-for-sale**						
Sukuks	**5,000**	**-**	**5,000**	-	-	-

8 LOANS AND OTHER RECEIVABLE - CONSIDERED GOOD

	Operator's Fund	**Participants' Takaful Fund**	**2018 Aggregate**	2017 Aggregate
	Rupees in thousand			
Advances to employees	**-**	**-**	**-**	200
Receivable against sale of asset	**137**	**-**	**137**	121
Deposit against Ijarah - vehicles	**1,384**	**-**	**1,384**	1,323
Other receivables	**2,251**	**29,333**	**31,584**	1,069
	3,772	**29,333**	**33,105**	2,713

Notes to and forming part of the Financial Statements

For the year ended 31 December 2018

		Note	Operator's Fund	Participants' Takaful Fund	2018 Aggregate	2017 Aggregate
			Rupees in thousand			
9	**TAKAFUL/RETAKAFUL RECEIVABLES**					
	Due from takaful contract holders					
	Considered good	9.1	**-**	**53,119**	**53,119**	20,650
	Considered doubtful		**-**	**222**	**222**	-
			-	**53,341**	**53,341**	20,650
	Provision against doubtful balances		**-**	**(222)**	**(222)**	-
			-	**53,119**	**53,119**	20,650
	Due from other Takaful/Retakaful Operators					
	Considered good		**968**	**10,667**	**11,635**	18,108
	Considered doubtful		**-**	**1,171**	**1,171**	
			968	**11,838**	**12,806**	18,108
	Provision against doubtful balances		**-**	**(1,171)**	**(1,171)**	-
			968	**10,667**	**11,635**	18,108
			968	**63,786**	**64,754**	38,758

9.1 This includes contribution amounting to Rs.2.53 million (2017: 4.25 million) receivable from the associated undertakings as follows:

	2018 Aggregate	2017 Aggregate
	Rupees in thousand	
Askari Guards (Private) Limited	**2,192**	4,123
Mobil Askari Lubricants Pakistan Limited	**312**	100
Petrosel Lubricants (Private) Limited	**27**	31

10 WAKALA FEE RECEIVABLE

Wakala fee receivable	**33,520**	20,048
Less: Provision for refund of wakala fee against doubtful balances	**(408)**	-
	33,113	20,048

		Operator's Fund	Participants' Takaful Fund	2018 Aggregate	2017 Aggregate
		Rupees in thousand			
11	**PREPAYMENTS**				
	Prepaid retakaful contribution ceded - ptf	**-**	**29,421**	**29,421**	14,018
	Others - OPF	**48**	**-**	**48**	-
		48	**29,421**	**29,469**	14,018

Notes to and forming part of the Financial Statements

For the year ended 31 December 2018

		Operator's Fund	Participants' Takaful Fund	2018 Aggregate	2017 Aggregate
		Rupees in thousand			
12	**CASH AND BANK**				
	Cash and cash equivalent				
	Stamps in hand	**-**	**158**	**158**	235
	Cash at bank				
	- Savings account	**3,915**	**70,639**	**74,554**	85,280
		3,915	**70,797**	**74,712**	85,515

12.1 The rate of profit on profit and loss sharing accounts from various banks ranges from 2.41% to 5.28% (2017: 2.40% to 4.81%) per annum depending on the size of average deposits.

		Operator's Fund	Participants' Takaful Fund	2018 Aggregate	2017 Aggregate (Restated)
13	**TAKAFUL/RETAKAFUL PAYABLES**	Rupees in thousand			
	Due to Foreign retakaful operators	**-**	**10,280**	**10,280**	4,003
	Due to local takaful/retakaful operators	**2,006**	**22,630**	**24,636**	4,994
		2,006	**32,910**	**34,916**	8,997

		Operator's Fund	Participants' Takaful Fund	2018 Aggregate	2017 Aggregate (Restated)
14	**OTHER CREDITORS AND ACCRUALS**	Rupees in thousand			
	Agents' commission payable	**2,756**	**-**	**2,756**	3,055
	Federal takaful fee payable	**-**	**412**	**412**	196
	Federal excise duty payable	**-**	**4,076**	**4,076**	2,048
	Tax deducted at source	**238**	**305**	**543**	295
	Accrued expenses	**464**	**-**	**464**	1,486
	Others	**1,958**	**2,852**	**4,810**	1,858
		5,416	**7,645**	**13,061**	8,938

Notes to and forming part of the Financial Statements
For the year ended 31 December 2018

15 CONTINGENCIES AND COMMITMENTS

Contingency

There is no contingency as at 31 December 2018 (2017:Nil)

Commitments

The Operator's commitment under Ijarah arrangement with Meezan Bank Limited is Rs.6.59 million (31 December 2017: Rs.6.29 million). The contracts have a term of five years.

Future Minimum Ijarah (lease) payments are as under:

	2018	2017
	Rupees in thousand	
Not later than 1 year	**1,975**	1,252
Later than 1 year but not later than 5 years	**4,612**	5,046
	6,587	6,298

16 NET TAKAFUL CONTRIBUTION

Written Gross Contribution	**294,719**	183,002
Wakala fee	**(121,231)**	(69,071)
Written Net Contribution	**173,488**	113,931
Add: Unearned contribution reserve opening - net	**57,789**	33,802
Less: Unearned contribution reserve closing - net	**89,757**	57,789
Contribution earned	**141,520**	89,944
Less: Retakaful contribution ceded	**57,819**	29,108
Add: Prepaid retakaful contribution opening	**14,018**	11,744
Less: Prepaid retakaful contribution closing	**29,421**	14,018
Retakaful expense	**42,416**	26,834
Net takaful contribution	**99,104**	63,110

17 DIRECT EXPENSES

Tracker installation and monitoring charges	**3,545**	-
Inspection charges	**66**	-
Provision for doubtful balances net-off wakala fee refund	**985**	-
	4,596	-

18 NET WAKALA INCOME

Gross wakala fee	**121,231**	69,071
Add: Unearned wakala fee opening	**36,407**	21,446
Less: Unearned wakala fee closing	**61,788**	36,407
Net wakala fee expense	**95,850**	54,110

Notes to and forming part of the Financial Statements

For the year ended 31 December 2018

		Note	2018	2017
19	**NET TAKAFUL CLAIMS EXPENSE**		Rupees in thousand	
	Claim paid		**119,562**	57,959
	Add: Outstanding claims including IBNR closing		**68,644**	41,065
	Less: Outstanding claims including IBNR opening		**41,065**	21,530
	Claim expense		**147,141**	77,494
	Less: Retakaful and other recoveries received		**39,904**	12,793
	Add: Retakaful and other recoveries in respect of outstanding claims - closing		**16,078**	17,701
	Less: Retakaful and other recoveries in respect of outstanding claims - opening		**17,701**	6,904
	Retakaful and other recoveries revenue		**38,281**	23,590
	Net takaful claim expense		**108,860**	53,904
20	**REBATE FROM RETAKAFUL OPERATORS**			
	Retakaful Rebate income		**11,495**	5,518
	Add: Unearned retakaful rebate opening		**2,473**	2,049
	Less: Unearned retakaful rebate closing		**5,352**	2,473
	Rebate from retakaful operators		**8,616**	5,094
21	**COMMISSION EXPENSE/ACQUISITION COST**			
	Commission paid or payable		**24,114**	14,952
	Add: Deferred commission expense opening		**7,037**	4,396
	Less: Deferred commission expense closing		**10,730**	7,037
	Commission expense		**20,421**	12,311
22	**MANAGEMENT EXPENSES**			
	Employee benefit cost	22.1	**12,128**	13,549
	Rent		**5,165**	4,072
	Communication		**1,120**	1,177
	Printing and stationery		**-**	845
	Travelling and entertainment		**13**	4
	Depreciation		**212**	88
	Repairs and maintenance		**755**	492
	Utilities		**1,412**	1,117
	Legal and professional charges - business related		**282**	71
	Bank charges		**82**	66
	Vehicle Ijarah expenses		**2,173**	1,561
	Provision for refund of wakala fee on doubtful balances		**408**	-
	Miscellaneous		**803**	327
			24,553	23,369

Notes to and forming part of the Financial Statements

For the year ended 31 December 2018

		2018	2017
22.1	**Employee benefit cost**	Rupees in thousand	
	Salaries, allowances and other benefits	**11,699**	13,161
	Charge for post employment benefit	**429**	388
		12,128	13,549
23	**INVESTMENT INCOME**		
	(a) Participants' Takaful Fund		
	Income from equity securities - Available-for-sale		
	- Dividend income	**176**	1,506
	- Gain on sale of investments	**-**	2,269
		176	3,775
	Income from equity securities - Held for trading		
	- Gain on trading	**839**	624
	Income from debt securities - Available-for-sale		
	- Return on fixed income securities	**213**	-
		1,228	4,399
	Net unrealized gains on investment		
	- Net unrealized gains on investments at fair value through profit or loss - held for trading	**28**	451
	Reversal / (Impairment) in value of Available-for-sale securities		
	- Equity securities	**256**	(7,158)
	Total investment income/(loss) - PTF	**1,512**	(2,308)
	(b) Operator's Fund		
	Income from equity securities - Available-for-sale		
	- Gain on sale of investments	**250**	3,021
	Income from equity securities - Held for trading		
	- Dividend income	**1,739**	542
	- Gain on trading	**546**	413
	Income from debt securities - Available-for-sale		
	- Return on fixed income securities	**213**	-
		2,748	3,976
	Net unrealized gain on investments		
	- Net unrealized gain on investments at fair value through profit or loss - held for trading	**662**	683
	Impairment in value of Available-for-sale securities		
	- Equity securities	**(1,463)**	-
	Total investment income - OPF	**1,947**	4,659

Notes to and forming part of the Financial Statements

For the year ended 31 December 2018

		2018	2017
		Rupees in thousand	
24	**OTHER INCOME**		
	Participants' Takaful Fund (PTF)		
	Return on bank balances	**2,736**	924
	Others	**15**	-
		2,751	924
	Operator's Fund		
	Return on bank balances	**2,345**	1,085
	Others	**484**	206
		2,829	1,291
25	**Modarib's fee**		
	Investment income - PTF	**605**	**-**
	Return on bank balances - PTF	**1,094**	-
		1,699	-
26	**OTHER EXPENSES**		
	Auditors' remuneration	**276**	463
	Shariah Compliance Auditors' remuneration	**168**	162
		444	625

27 RELATED PARTY TRANSACTIONS

The related parties comprise of directors, major shareholders, key management personnel, entities under common control, entities with common directors and employees retirement benefit funds. The transactions with related parties are carried out at commercial terms and conditions except for compensation to key management personnel which are on employment terms.

Balance due from associated undertakings are disclosed in note 9 to the financial statements. Transaction with related parties during the year are as follows:

	2018	2017
	Rupees in thousand	
Askari Guards (Private) Limited		
Contribution written (including government levies and stamp duties)	**5,774**	4,193
Contribution received during the year	**6,124**	6,615
Takaful benefits paid	**135**	555

Notes to and forming part of the Financial Statements

For the year ended 31 December 2018

	2018	2017
	Rupees in thousand	
Mobil Askari Lubricants Pakistan Limited		
Contribution written (including government levies and stamp duties)	**1,690**	1,365
Contribution received during the year	**1,153**	1,370
Takaful benefits paid	**1,112**	779
Petrosel Lubricants (Private) Limited		
Contribution written (including government levies and stamp duties)	**232**	235
Contribution received during the year	**236**	204
Takaful benefits paid	**257**	126
Others		
Employees' retirement benefits	**759**	678

28 SEGMENT INFORMATION

Business class wise revenue and results have been disclosed in the profit and loss account prepared in line with the format issued by SECP through SEC (Insurance) Rules, 2017, vide SECP S.R.O. No 89 (1)/2017 dated 9 February 2017. The following table presents estimated information regarding certain assets and liabilities of the segments as at 31 December 2018 and 31 December 2017, unallocated capital expenditure and non-cash expenses during the year then ended.

28.1 Participants' Takaful Fund

	Year ended 31 December 2018					
	Fire and property damage	Marine, aviation and transport	Motor	Accident and Health	Miscellaneous	TOTAL
	Rupees in thousand					
Contribution receivable (inclusive of Federal Excise Duty, Federal Takaful Fee and Stamp duty)	39,323	19,805	232,308	18,871	28,445	338,752
Less: Federal Excise Duty	(4,690)	(1,945)	(30,350)	-	(3,403)	(40,388)
Federal Takaful Fee	(325)	(161)	(1,998)	(183)	(243)	(2,910)
Stamp duty	(9)	(678)	(46)	-	(2)	(735)
Gross written contribution	34,299	17,021	199,914	18,688	24,797	294,719
Gross direct contribution	32,704	16,959	199,914	18,688	24,495	292,760
Facultative inward contribution	1,595	62	-	-	302	1,959
Takaful contribution earned	26,062	13,268	168,765	17,173	8,082	233,350
Wakala expense	(5,699)	(3,065)	(75,802)	(4,551)	(2,713)	(91,830)
Retakaful contribution ceded to retakaful operators	(21,499)	(10,379)	(5,281)	-	(5,257)	(42,416)
Net takaful contribution	(1,136)	(176)	87,682	12,622	112	99,104
Retakaful Rebate income	4,875	2,450	476	-	815	8,616
Net underwriting income	3,739	2,274	88,158	12,622	927	107,720
Takaful claims	(43,773)	(5,931)	(71,710)	(20,887)	(4,840)	(147,141)
Takaful claims recovered from retakaful operators	40,396	3,471	(5,671)	-	85	38,281
Net takaful claims	(3,377)	(2,460)	(77,381)	(20,887)	(4,755)	(108,860)
PTF Direct expense	(522)	(94)	(3,966)	-	(14)	(4,596)
Net takaful claims and expenses	(3,899)	(2,554)	(81,347)	(20,887)	(4,769)	(113,456)
Underwriting result	(160)	(280)	6,811	(8,265)	(3,842)	(5,736)
Net investment income						1,512
Other income						2,751
Modarib's share						(1,699)
Deficit for the year						(3,172)
	As at 31 Decemeber 2018					
Segment assets	29,213	8,244	103,490	10,516	23,241	174,704
Unallocated assets						79,108
Total assets						253,812
Segment liabilities	26,697	11,289	151,432	23,157	19,932	232,508
Unallocated liabilities						7,847
Total liabilities						240,355

Notes to and forming part of the Financial Statements

For the year ended 31 December 2018

	Year ended 31 December 2017					
	Fire and property damage	Marine, aviation and transport	Motor	Accident and Health	Miscellaneous	TOTAL
	Rupees in thousand					
Contribution receivable (inclusive of Federal Excise Duty, Federal Takaful Fee and Stamp duty)	30,567	11,603	148,298	14,571	5,775	210,814
Less: Federal Excise Duty	(3,875)	(1,339)	(19,773)	-	(649)	(25,636)
Federal Takaful Fee	(262)	(97)	(1,293)	(85)	(51)	(1,788)
Stamp duty	(5)	(356)	(26)	(0)	(1)	(388)
Gross written contribution	26,425	9,811	127,206	14,486	5,074	183,002
Gross direct contribution	26,037	9,682	127,201	14,486	5,074	182,480
Facultative inward contribution	388	129	5	-	-	522
Takaful contribution earned	21,887	8,853	104,009	5,534	3,771	144,054
Wakala expense	(6,928)	(2,716)	(41,980)	(1,134)	(1,352)	(54,110)
Takaful contribution ceded to retakaful operators	(16,201)	(4,211)	(3,570)	-	(2,852)	(26,834)
Net takaful contribution	(1,242)	1,926	58,459	4,400	(433)	63,110
Retakaful Rebate income	3,380	1,049	261	-	404	5,094
Net underwriting income	2,138	2,975	58,720	4,400	(29)	68,204
Takaful claims	(8,800)	(3,093)	(53,519)	(9,382)	(2,700)	(77,494)
Takaful claims recovered from retakaful operators	5,034	1,263	15,279	-	2,014	23,590
Net takaful claims	(3,766)	(1,830)	(38,240)	(9,382)	(686)	(53,904)
Underwriting result	(1,628)	1,145	20,480	(4,982)	(715)	14,300
Net investment income						(2,308)
Other income						924
Modarib's share						-
Surplus for the year						12,916
	As at 31 Decemeber 2017					
Segment assets	19,354	4,761	69,300	3,752	6,467	103,634
Unallocated assets						79,386
Total assets						183,020
Segment liabilities	23,564	6,493	115,815	13,616	6,925	166,413
Unallocated liabilities						79
Total liabilities						166,492

28.2 Operator's Fund

	Year ended 31 December 2018					
	Fire and property damage	Marine, aviation and transport	Motor	Accident and Health	Miscellaneous	TOTAL
	Rupees in thousand					
Wakala Fee	10,052	5,421	72,312	4,551	3,514	95,850
Commission expense	(5,161)	(3,101)	(11,377)	(366)	(416)	(20,421)
Management expenses	281	44	(21,723)	(3,127)	(28)	(24,553)
Segment Result	5,172	2,364	39,212	1,058	3,070	50,876
Modarib's share of PTF investment income						1,699
Investment income						1,947
Other income						2,829
Other expenses						(444)
Profit for the year						56,907
	As at 31 December 2018					
Segment assets	6,248	2,402	31,841	1,788	1,564	43,843
Unallocated assets						159,620
						203,463
Segment liabilities	5,903	1,016	46,899	2,748	7,978	64,544
Unallocated liabilities						4,666
Total liabilities						69,210

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For the year ended 31 December 2018

	Year ended 31 December 2017					
	Fire and property damage	Marine, aviation and transport	Motor	Accident and Health	Miscellaneous	TOTAL
	Rupees in thousand					
Wakala fee	6,928	2,716	41,980	1,134	1,352	54,110
Commission expense	(3,614)	(1,699)	(6,749)	(148)	(101)	(12,311)
Management expenses	(2,992)	(1,173)	(18,130)	(490)	(584)	(23,369)
Segment result	322	(156)	17,101	496	667	18,430
Modarib's share of PTF investment income						-
Investment income						4,659
Other income						1,291
Other expenses						(625)
Profit for the year						23,755
	As at 31 December 2017					
Segment assets	4,414	1,355	20,074	664	578	27,085
Unallocated assets						93,352
						120,437
Segment liabilities	4,611	764	30,305	2,140	1,641	39,461
Unallocated liabilities						3,630
Total liabilities						43,091

29 FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	2018						
	Held-for-trading	Available--for sale	Held-to-maturity	Loans and receivables	Other financial liabilities	Total	Level 1
	Rupees in thousand						
Financial assets measured at fair value - OPF							
Investment at fair value through profit and loss							
- Mutual funds	138,871	-	-	-	-	138,871	138,871
Investment at fair value through other comprehensive income							
- Mutual funds		4,537	-	-	-	4,537	4,537
Financial assets not measured at fair value - OPF							
Cash and bank deposits - OPF	-	-	-	3,915	-	3,915	
Investments						-	-
- Sukuks	-	5,000	-	-	-	5,000	
Wakala fees receivable*	-	-	-	33,113	-	33,113	
Mudarib's fees receivable*	-	-	-	201	-	201	
Loans and other receivables*	-	-	-	3,772	-	3,772	-
Financial assets measured at fair value - PTF							
Investment at fair value through profit and loss							
- Mutual funds	25,028	-	-	-	-	25,028	25,028
Investment at fair value through other comprehensive income							
- Shares	-	10,079	-	-	-	10,079	
Financial assets not measured at fair value - PTF							
Cash and bank deposits - PTF	-	-	-	70,797	-	70,797	-
Investments							
- Sukuks	-	5,000	-	-	-	5,000	5,000
Takaful/Retakaful receivable*	-	-	-	63,786	-	63,786	-
Retakaful recoveries against outstanding claims*	-	-	-	16,078	-	16,078	-
Financial liabilities not measured at fair value - OPF							
Other creditors and accruals*	-	-	-	-	5,416	5,416	-
Financial liabilities not measured at fair value - PTF							
Provision for outstanding claims (including IBNR)*	-	-	-	-	68,644	68,644	-
Takaful / Retakaful payables*	-	-	-	-	32,910	32,910	-
Wakala fees payable*	-	-	-	-	33,113	33,113	-
Mudarib's fees payable*	-	-	-	-	201	201	-
Other creditors and accruals*	-	-	-	-	7,645	7,645	-
	163,899	24,616	-	191,662	147,929	528,106	173,436

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	2017						
	Held-for-trading	Available-for-sale	Held-to-maturity	Loans and receivables	Other financial liabilities	Total	Level 1
	Rupees in thousand						
Financial assets not measured at fair value - OPF							
Investment at fair value through profit and loss							
- Mutual funds	41,559	-	-	-	-	41,559	41,559
Investment at fair value through other comprehensive income	-	11,000	-	-	-	11,000	11,000
- Mutual funds							
Financial assets not measured at fair value - OPF							
Cash and bank deposits - OPF	-	-	-	36,568	-	36,568	-
Investments						-	-
Wakala fees receivable*	-	-	-	20,048	-	20,048	-
Loans and other receivables*	-	-	-	2,348	-	2,348	-
Financial assets measured at fair value - PTF							
Investment at fair value through profit and loss							
- Mutual funds	20,451	-	-	-	-	20,451	20,451
Financial assets not measured at fair value - PTF							
Cash and bank deposits - PTF	-	-	-	48,947	-	48,947	-
Investments							
- shares	-	9,822	-	-	-	9,822	9,822
Takaful / Retakaful receivable*	-	-	-	38,758	-	38,758	-
Retakaful recoveries against outstanding claims*	-	-	-	17,701	-	17,701	-
Loans and other receivables*	-	-	-	165	-	165	-
Financial liabilities not measured at fair value - OPF							
Other creditors and accruals*	-	-	-	-	6,684	6,684	-
Financial liabilities not measured at fair value - PTF							
Provision for outstanding claims (including IBNR)*	-	-	-	-	41,065	41,065	-
Takaful / Retakaful payables*	-	-	-	-	8,997	8,997	-
Wakala fees payable*	-	-	-	-	20,048	20,048	-
Other creditors and accruals*	-	-	-	-	2,254	2,254	-
	62,010	**20,822**	**-**	**164,535**	**79,048**	**326,415**	**82,832**

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

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

Consequently, differences may arise between the carrying values and the fair values estimates.

The Operator measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Notes to and forming part of the Financial Statements

For the year ended 31 December 2018

30 STATEMENT OF SOLVENCY

Assets	**2018** **Participants' Takaful Fund** (Rupees in thousand)
Investment	
Equity securities	**35,208**
Debt securities	**5,000**
Loans and other receivables	**29,333**
Takaful / Retakaful receivables	**63,786**
Retakaful recoveries against outstanding claims	**16,078**
Salvage recoveries accrued	**3,632**
Tax deducted at source	**557**
Prepayments	**29,421**
Cash and bank	**70,797**
Total Assets (A)	**253,812**
In-admissible assets as par following clauses of section 32 (2) of the Insurance Ordinance, 2000	
Takaful and retakaful receivable	**16,014**
Receivable from related parties	**2,531**
Total In-admissible Assets (B)	**18,545**
Total Admissible Assets (C=A-B)	**235,267**
Total Liabilities	
Underwriting Provisions	
Outstanding benefits including IBNR	**68,644**
Unearned contribution reserves	**89,757**
Unearned retakaful rebate	**5,352**
Contribution received in advance	**2,733**
Takaful / Retakaful payable	**32,910**
Other creditors and accruals	**7,645**
Total Liabilities (D)	**207,041**
Total Net Admissible Assets (E=C-D)	**28,226**

31 MANAGEMENT OF TAKAFUL AND FINANCIAL RISK

31.1 Takaful risk

The principal risk that is faced under takaful contracts is the possibility that the covered event occurs, the uncertainty of the amount of the resulting claims i.e. the frequency and severity of claims and that the actual claims and benefit payments exceed the carrying amount of the takaful liabilities. By the very nature of the takaful contract, this risk is random and therefore unpredictable. The objective of the Operator is to ensure that sufficient reserves are available to cover these liabilities.

The Operator manages these risks through its underwriting strategy, adequate retakaful arrangements and proactive claims handling. The underwriting strategy aims to minimize takaful risks with a balanced mix and spread of business classes and by observing underwriting guidelines and limits. The Operator underwrites mainly property, motor, marine cargo and transportation and other miscellaneous business. These classes of takaful are generally regarded as short-term takaful contracts where claims are normally intimated and settled within a short time span, usually one year. This helps to mitigate takaful risk.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Operator has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. For large risks, particularly in property segment of business, risk inspections are carried out before accepting the risks. Similarly, in case of large risks, annual renewals are also preceded by on-site surveys. Where needed, risk mitigation measures are identified and communicated to the clients to improve the risk to an acceptable level.

Retakaful arrangements in place include treaty and facultative arrangements, on proportional and non-proportional basis and also include catastrophe cover. The effect of such retakaful arrangements is that the PTF may not suffer ultimate net takaful losses beyond the PTF's risk appetite in any one year.

The Operator's arrangement of retakaful is diversified such that it is neither dependent on a single retakaful operator nor the operations of the Operator are substantially dependent upon any single retakaful contract. The Operator obtains retakaful cover only from companies with sound financial health.

a) Frequency and severity of claims

The frequency and severity of claims can be affected by several factors like political violence, environmental and economical, atmospheric disturbances, natural disasters, concentration of risks, civil riots etc. The Operator manages these risk through the measures described above. The Operator has limited its exposure to catastrophic and riot events by use of retakaful arrangements.

The Operator also monitors concentration of risk by evaluating multiple risks covered in the same geographical location. For fire and property risk a particular building and neighbouring buildings, which could be affected by a single claim incident, are considered as a single location. For earthquake risk, a complete city is classified as a single location. Similarly, for marine risk, multiple risks covered in a single vessel voyage are considered as a single risk while assessing concentration of risk. The Operator evaluates the concentration of exposures to individual and cumulative takaful risks and establishes its retakaful policy to reduce such exposures to levels acceptable to the Operator. The concentration of risk by type of contracts is summarized below by reference of liabilities.

2018	**Gross sum takaful**	**Sum Retakaful**	**Net**
	Rupees in thousand		
Fire and property damage	**30,929,000**	**25,496,821**	**5,432,179**
Marine, aviation and transport	**45,088,623**	**36,848,087**	**8,240,536**
Motor	**10,639,797**	**110,000**	**10,529,797**
Miscellaneous	**1,699,123**	**1,147,724**	**551,399**
	88,356,543	**63,602,632**	**24,753,911**

2017	Gross sum takaful	Sum Retakaful	Net
	Rupees in thousand		
Fire and property damage	21,958,750	16,098,332	5,860,418
Marine, aviation and transport	13,357,228	9,027,932	4,329,296
Motor	7,093,062	73,200	7,019,862
Miscellaneous	4,483,362	3,879,334	604,028
	46,892,402	29,078,798	17,813,604

The Operator's class wise major gross risk exposure is as follows:

Class of business	**2018**	2017
	Rupees in thousand	
Fire and property damage	**765,300**	1,074,600
Marine, aviation and transport	**319,521**	270,000
Motor	**33,000**	17,800
Miscellaneous	**315,150**	3,540,330

Since the Operator operates in Pakistan only, hence, all the takaful risks relate to policies written in Pakistan.

b) Sources of uncertainty in estimation of future claim payments

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

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the balance sheet date and for the expected ultimate cost of claims incurred but not reported (IBNR) at the balance sheet date. The details of estimation of outstanding claims (including IBNR) are given under note 3.8.

c) Key assumptions

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

d) Changes in assumptions

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

e) Sensitivity analysis

The Operator believes that the claim liabilities under takaful contracts outstanding at the period end are adequate. However, these amounts are not certain and actual payments may differ from the claims liabilities provided in the financial statements. The impact on the PTF surplus of the changes in the claim liabilities net of retakaful is analysed below. The sensitivity to changes in claim liabilities net of retakaful is determined separately for each class of business while keeping all other assumptions constant.

	Participants' Takaful Fund Revenue		Participants' Takaful Fund Equity	
10% increase in loss	**2018**	2017	**2018**	2017
	Rupees in thousand			
Fire and property damage	**117**	147	**83**	100
Marine aviation and transport	**317**	178	**225**	121
Motor	**3,732**	1,625	**2,650**	1,105
Miscellaneous	**366**	56	**260**	38
	4,532	2,006	**3,218**	1,364

A 10% decrease would have had equal but opposite effect on the profit and loss account and Participants' Takaful Fund Equity.

f) Age-wise breakup of unclaimed Takaful benefits

		Age-wise Breakup				
Particulars	**Total amount**	**1 to 6 months**	**7 to 12 months**	**13 to 24 months**	**25 to 36 months**	**Beyond 36 months**
	Rupees in thousand					
Claims not encashed	**5,053**	**4,666**	**297**	**86**	**4**	**-**

31.2 Financial risk

The Operator's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (comprising of currency risk, profit rate risk and other price risk). The Operator's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Operator's financial performance.

The Board of Directors has overall responsibility for establishment and over sight of the Operator's risk management framework. There are Board Committees and Management Committees for developing and monitoring the risk management policies.

31.3 Credit risk

Credit risk is the risk, which 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 management monitors exposure to credit risk through regular review of credit exposure, undertaking transactions with a large number of counter parties in various industries and by continually assessing the credit worthiness of counter parties.

Concentration of credit risk arises when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would affect their ability to meet contractual obligations in similar manner. Due to the nature of financial assets, the Operator believes it is not exposed to any major concentration of credit risk.

The carrying amounts of the following financial assets represent the Operator's maximum exposure to credit risk:

	2018			2017		
	Operator's Fund	**Participants' Takaful Fund**	**Aggregate**	Operator's Fund	Participants' Takaful Fund	Aggregate (Restated)
	Rupees in thousand					
Bank deposits	**3,915**	**70,639**	**74,554**	36,568	48,712	85,280
Investments	**148,408**	**40,208**	**188,616**	51,604	30,273	81,877
Loans and Other Receivables	**3,772**	**29,333**	**33,105**	2,548	165	2,713
Takaful/Retakaful receivable	**968**	**63,786**	**64,754**	-	35,509	35,509
Retakaful recoveries against outstanding claims	**-**	**16,078**	**16,078**		17,701	17,701
Salvage recoveries accrued	**-**	**3,632**	**3,632**		-	-
Wakala fees receivable	**33,113**		**33,113**	20,048		20,048
Mudarib's fees receivable	**-**	**-**	**-**	69		69
	190,176	**223,676**	**413,852**	110,837	132,360	243,197

Notes to and forming part of the Financial Statements
For the year ended 31 December 2018

The Operator does not hold any collateral against the above balances. Past due policies were not impaired as they relate to the number of policy holders and other Takaful/ retakaful operators for whom there is no recent history of default. The age analysis of gross receivables is as follows:

a) Operator's Fund

	2018		
	Due from other takaful/ retakaful operators	**Loans and other receivables**	**Aggregate**
	Rupees in thousand		
Upto 1 year	**365**	**3,772**	**4,137**
1-2 years	**528**	**-**	**528**
2-3 years	**75**	**-**	**75**
	968	**3,772**	**4,740**

	2017		
	Due from other takaful/ retakaful operators	Loans and other receivables	Aggregate
	Rupees in thousand		
Upto 1 year	765	2,548	3,313
1-2 years	435	-	435
	1,200	2,548	3,748

b) Participants' takaful fund

	2018				
	Due from takaful contract holders	**Due from other takaful/ retakaful operators**	**Retakaful recoveries against outstanding claims**	**Loans and other receivables**	**Aggregate**
	Rupees in thousand				
Upto 1 year	**48,639**	**8,426**	**14,390**	**33,105**	**104,560**
1-2 years	**4,511**	**1,675**	**1,687**	**-**	**7,873**
2-3 years	**191**	**1,757**	**-**	**-**	**1,948**
	53,341	**11,858**	**16,077**	**33,105**	**114,381**

Notes to and forming part of the Financial Statements

For the year ended 31 December 2018

	2017				
	Due from takaful contract holders	Due from other takaful/ retakaful operators	Retakaful recoveries against outstanding claims	Loans and other receivables	Aggregate
	Rupees in thousand				
Upto 1 year	19,713	11,519	17,668	165	49,065
1-2 years	937	2,483	33	-	3,453
2-3 years	-	857	-	-	857
	20,650	14,859	17,701	165	53,375

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

Rating

Financial institution	**Rating**		**Rating agency**	**2018**		2017	
	Short term	**Long term**		**Operator's Fund**	**Participants' Takaful Fund**	Operator's Fund	Participants' Takaful Fund
				Rupees in thousand			
Askari Islamic Bank	A1+	AA+	PACRA	**2,721**	**9,562**	**36,013**	10,756
Meezan Bank	A-1+	AA+	JCR-VIS	**393**	**59,363**	**555**	36,822
The Bank of Khyber	A1	A	PACRA	**-**	**803**	**-**	1,134
Al Barka Bank Ltd	A1	A	PACRA	**801**	**911**	**-**	
				3,915	**70,639**	**36,568**	48,712

The management monitors exposure to credit risk in contribution receivable from customers through regular review of credit exposure and prudent estimates of provisions for doubtful receivables.

The credit quality of amount due from other takaful & retakaful operators and retakaful recoveries against outstanding claims can be assessed with reference to external credit ratings as follows:

a) Operator's Fund

	2018	2017
	Due from other Takaful & Retakaful Operators	Due from other Takaful & Retakaful Operators
	Rupees in thousand	
A or above	**968**	1,200
	968	1,200

b) Participants' takaful fund

	2018			2017		
	Due from other Takaful & Retakaful Operators	**Retakaful recoveries against Outstanding claims**	**Aggregate**	Due from other Takaful & Retakaful Operators	Retakaful recoveries against Outstanding claims	Aggregate
	Rupees in thousand					
A or above	**11,589**	**21,672**	**33,261**	14,628	14,842	29,470
Others	**269**	**1,731**	**2,000**	231	2,859	3,090
	11,858	**23,403**	**35,261**	14,859	17,701	32,560

Sector wise analysis of gross contribution due from takaful contract holders is as follows:

	2018	2017
	Rupees in thousand	
Financial services	**24,050**	3,159
Textile and composites	**1,062**	418
Pharmaceuticals	**395**	686
Engineering	**330**	284
Other manufacturing	**2,737**	3,479
Education	**11**	-
Construction companies	**445**	-
Development	**708**	42
Logistics	**2,252**	1,065
Agriculture	**1,885**	1,038
Other services	**2,547**	6,596
Sugar industry	**198**	-
Poultry industry	**46**	-
Miscellaneous	**16,675**	3,884
	53,341	20,651

31.4 Liquidity risk

Liquidity risk is the risk that the Operator will encounter difficulty in meeting its obligations associated with financial liabilities. In respect of major loss event, there is also a liquidity risk associated with the timing differences between gross cash out-flows and expected retakaful recoveries.

The objective of the Operator's liquidity management process is to ensure, as far as possible, that it will always have sufficient liquidity to meet its claim and other liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Operator's reputation. It includes measuring and monitoring the future cash flows on daily, monthly and quarterly basis, maintaining sufficient cash reserves in bank accounts and a portfolio of highly marketable financial assets that can be easily liquidated in the event of an unforeseen interruption to cash flows.

Notes to and forming part of the Financial Statements

For the year ended 31 December 2018

The table below provides the maturity analysis of the Operator's liabilities as at balance sheet date. The contractual maturities of these liabilities at the year end have been determined on the basis of the remaining period at the balance sheet date to the contractual maturity date. Financial liabilities not having a contractual maturity are assumed to mature on the expected date on which these liabilities will be settled.

	2018			
	Carrying amount	**Contractual cash flows**	**Up to one year**	**More than one year**
	Rupees in thousand			
Financial Liabilities - OPF				
Other creditors and accruals	**5,416**	**5,416**	**5,416**	**-**
Takaful / Retakaful payable	**2,006**	**2,006**	**2,006**	
	7,422	**7,422**	**7,422**	**-**
Financial Liabilities - PTF				
Provision for outstanding claims (including IBNR)	**68,644**	**68,644**	**68,644**	**-**
Takaful / Retakaful payable	**32,910**	**32,910**	**32,910**	**-**
Wakala fees payable	**33,113**	**33,113**	**33,113**	**-**
Other creditors and accruals	**7,645**	**7,645**	**7,645**	**-**
	142,312	**142,312**	**142,312**	**-**

	2017			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	Rupees in thousand			
Financial Liabilities - OPF				
Other creditors and accruals	4,826	4,826	4,826	-
Other liabilities	1,858	1,858	1,858	-
	6,684	6,684	6,684	-
Financial Liabilities - PTF				
Provision for outstanding claims (including IBNR)	41,065	41,065	41,065	-
Takaful / Retakaful payable	5,748	5,748	5,748	-
Wakala fees payable	20,048	20,048	20,048	-
Other creditors and accruals	2,254	2,254	2,254	-
	69,115	69,115	69,115	-

31.5 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of change in market prices such as profit rates, foreign exchange rates and equity prices.

The Operator limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in Government securities, equity and term finance certificates' markets. In addition, the Operator actively monitors the key factors that affect the underlying value of these securities.

Notes to and forming part of the Financial Statements

For the year ended 31 December 2018

Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market profit rates. The Operator has securities and deposits that are subject to profit rate risk. The Operator limits profit rate risk by monitoring changes in profit rates in the currencies in which its financial assets are denominated.

The Operator's financial liabilities are not exposed to profit rate risk. The information about Operator's exposure to profit rate risk based on contractual reprising or maturity dates whichever is earlier is as follows:

	2018	2017	2018		2017	
	Profit rate / mark-up bearing (%)		Carrying amounts		Carrying amounts	
			Operator's Fund	Participants' Takaful Fund	Operator's Fund	Participants' Takaful Fund
Financial assets			Rupees in thousand			
Deposit accounts	**2.5% to 5.95%**	2.40% to 4.81%	**3,915**	**70,639**	36,568	48,712
			3,915	**70,639**	36,568	48,712

Sensitivity analysis

A 10% increase/(decrease) in market price of held for trading investments at the year end, would have increased/(decreased) profit by Rs.13.88 million (2017: Rs 4.15 million)

Foreign currency risk

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

31.6 Price risk

Price risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices (other than those arising from profit 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 similar financial instruments traded in the market.

31.7 Fair value

The fair value of all major financial assets is estimated to be not significantly different from their carrying values.

32 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors on its meeting held on 13 March 2019.

Razi Haider
Chief Financial Officer

Abdul Waheed
President & Chief Executive

Maj Gen Akhtar Iqbal (Retd)
Director

Lt Gen Najib Ullah Khan (Retd)
Chairman

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Pattern of Shareholding
As at 31 December 2018

NO. OF SHAREHOLDERS	From	To	SHARES HELD	PERCENTAGE
295	1	100	10456	0.0167
681	101	500	222813	0.3564
223	501	1000	177671	0.2842
323	1001	5000	868408	1.3889
88	5001	10000	630444	1.0083
32	10001	15000	386238	0.6178
18	15001	20000	308624	0.4936
17	20001	25000	385807	0.6171
8	25001	30000	229461	0.3670
12	30001	35000	391387	0.6260
6	35001	40000	220861	0.3532
7	40001	45000	297532	0.4759
5	45001	50000	243480	0.3894
1	50001	55000	50500	0.0808
2	55001	60000	111064	0.1776
2	60001	65000	122065	0.1952
1	65001	70000	69000	0.1104
3	70001	75000	218182	0.3490
1	75001	80000	75706	0.1211
1	80001	85000	81332	0.1301
3	85001	90000	265611	0.4248
2	95001	100000	196425	0.3142
2	100001	105000	207200	0.3314
4	110001	115000	451645	0.7224
1	115001	120000	120000	0.1919
1	130001	135000	131307	0.2100
1	135001	140000	136000	0.2175
1	150001	155000	152862	0.2445
1	155001	160000	157378	0.2517
2	160001	165000	324220	0.5186
1	170001	175000	171500	0.2743
1	175001	180000	175316	0.2804
1	195001	200000	198029	0.3167
2	200001	205000	402111	0.6431
1	215001	220000	218225	0.3490
1	230001	235000	231073	0.3696

NO. OF SHAREHOLDERS	From	To	SHARES HELD	PERCENTAGE
1	345001	350000	347432	0.5557
1	440001	445000	440705	0.7049
1	460001	465000	462874	0.7403
1	520001	525000	521209	0.8336
1	570001	575000	575000	0.9197
1	695001	700000	700000	1.1196
1	700001	705000	702750	1.1240
1	705001	710000	706355	1.1297
1	745001	750000	746924	1.1946
1	1245001	1250000	1249138	1.9979
1	1520001	1525000	1520641	2.4321
1	1855001	1860000	1858000	2.9717
1	2100001	2105000	2101971	3.3619
1	4955001	4960000	4957655	7.9293
1	36990001	36995000	36992800	59.1663
1766		Company Total	62523387	100.0000

Pattern of Shareholding
As at 31 December 2018

Categories of Shareholders

Particulars	No. of Shareholders	Shares Held	Percentage
Individuals	1,739	**20,247,462**	32.38%
Insurance Companies	-	-	-
Financial Institutions			
Escorts Investment Bank Limited	1	**3,967**	0.01%
Mutual Funds	2	**756,355**	1.21%
Charitable Trust			
Army Welfare Trust	4	**37,041,491**	59.24%
Others	20	**4,474,112**	7.16%
Total	**1,766**	**62,523,387**	**100.00%**

Held By

Particulars	No. of Shareholders	Shares Held	Percentage
Associated companies, undertakings & related parties			
Army Welfare Trust	4	**37,041,491**	59.24%
NIT/ICP	-	**-**	-
Directors, CEO, their spouse & minor children			
Lt Gen Najib Ullah Khan (Retd)	1	**3,062**	0.00%
Maj Gen Imtiaz Hussain Sherazi (Retd)	1	**3,062**	0.00%
Maj Gen Akhtar Iqbal (Retd)	1	**803**	0.00%
Brig M. Aslam Khan (Retd)	1	**3,062**	0.00%
Malik Riffat Mehmood	1	**803**	0.00%
Abdul Hai Mahmood Bhaimia	1	**3,943**	0.01%
M. Munir Malik	1	**631**	0.00%
Imran Iqbal	1	**462,874**	0.74%
Executives	-	**-**	-
Public Sector Companies and Corporations (other than specified above)	-	**-**	-
Banks, Development Financial Institutions, Non Banking Financial Institutions, Insurance Companies, Modarabas & pension funds (other than specified above)			
Escorts Investment Bank Limited	1	**3,967**	0.01%
Mutual Funds	2	**756,355**	1.21%
Shareholders holding five percent or more voting rights in the Company			
Muhammad Iqbal	1	**4,957,655**	7.93%
Individuals - local	1,693	**13,549,096**	21.67%
- foreign	37	**1,262,471**	2.03%
Others	20	**4,474,112**	7.16%
Total	**1,766**	**62,523,387**	**100.00%**

Notice of Annual General Meeting

It is our pleasure to announce the holding of 24th Annual General Meeting of **askari general insurance company limited** (the Company) as follows:

Date & Time: Wednesday, 24th April, 2019 at 11:00 a.m.
Venue: Blue Lagoon Complex, Off the Mall, Masood Akhtar Road, Rawalpindi Cantt.

Agenda

Ordinary Business:

1. To confirm minutes of the 23rd Annual General Meeting held on 26th April, 2018.

2. To receive, consider, approve and adopt the Financial Statements of the Company for the year ended 31st December, 2018 together with Chairman's Review, Directors' and Auditors' Reports thereon

3. To consider and approve payment of final cash dividend of 15% (Rs. 1.50 per share of Rs. 10 each) for the year ended 31st December, 2018 as recommended by the Directors of the Company.

4. To appoint auditors for the year 2019 and to fix their remuneration.

Special Business:

5. To approve issue of Bonus Shares @ 15% (Fifteen new shares for every hundred shares held), as recommended by the Directors by passing the following resolutions:

Resolved that:
"a sum of Rs. 93,785,080 out of the profit be capitalized and applied for the issue of 9,378,508 ordinary shares of Rs. 10 each and allotted as fully paid bonus shares to those members whose names appear in the members register of the Company at the close of business on 12th April, 2019 in the ratio of 15 shares for every 100 shares held."

a. "The bonus shares so distributed shall rank pari passu in all respects with the existing shares of the Company but shall not be eligible for cash dividend declared for the year ended 31st December 2018."

b. "Fractional entitlement of the members shall be consolidated into whole shares and sold on the Pakistan Stock Exchange to pay the proceeds of sale, when realized, to the shareholders according to their entitlements."

c. "For the purpose of giving effect to the above resolution, the Chief Executive and/or Company Secretary be and is/are hereby authorized to give such directions as may be necessary and to settle any question or difficulties that may arise in regard to the distribution of Bonus Shares or in the payment of the sale proceeds of the fractions as the Directors in their discretions deem fit."

Notice of Annual General Meeting

Other Business

6. To transact any other business with permission of the Chair.

By order of the Board

Faizan Zafar
Company Secretary

Rawalpindi
02 April 2019

Notes:

1. **Statement under Section 134(3) of the Companies Act, 2017 with respect to special business in Agenda 5**

   The Directors are of the view that the un-appropriated profits/ reserves of the Company are adequate for capitalization of Rupees 93,785,080/- enabling the issue of proposed 15% Bonus shares. The Directors have no interest directly or indirectly in this business except to the extent of their respective shareholdings in the Company.

2. The Share Transfer Books of the Company will remain closed from April 15, 2019 to April 24, 2019 (both days inclusive). Transfers received at our Registrars, Messrs. THK Associates (Pvt.) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi at the close of business on April 12, 2019 will be treated in time.

3. Members of the Company are requested to immediately notify the change in address if any, and ask for consolidation of folio numbers, provided the member holds more than one folio, to our registrar Messrs. THK Associates (Pvt.) Limited.

4. A Member entitled to attend and vote at the Annual General Meeting may appoint another person as his proxy to attend and vote for him/her. No person shall act as proxy, who is not a member of the Company except that Government of Pakistan/Corporate entity may appoint a person who is not a member of the Company. If the member is corporate entity (other than Government of Pakistan) its common seal should be affixed on the instrument.

5. A member shall not be entitled to appoint more than one proxy to attend any one meeting. If any member appoints more than one proxy for any one meeting and more than one instruments of proxy are deposited with the company, all such instruments of proxy shall be rendered invalid. The instrument appointing a proxy duly completed, together with Power of Attorney or Board Resolution, if any, under which it is signed or a notarially certified copy thereof, should be deposited with the Company Secretary, askari general insurance company limited, 3rd Floor, AWT Plaza, The Mall, Rawalpindi, not later than 48 hours before the time of holding the meeting.

6. Consent for Video Conference Facility

Members may participate in this Annual General Meeting via video-link facility at Lahore and Karachi, provided the Company receives consent from the members holding in aggregate 10% or more shareholding, residing at above mentioned locations, at least 7 days prior to date of the meeting.

Subject to the fulfillment of the above conditions, members shall be informed of the venue, 5 days before the date of the General Meeting along with complete information necessary to access the facility.

In this regard, please send a duly signed request as per following format at the registered address of the Company 7 days before holding of General Meeting.

I / We, _____ of_____ being a member of askari general insurance company limited, holder of _____ Ordinary Share(s) as per Registered Folio No. _____ hereby opt for video conference facility at _____.

7. Deduction of Withholding Tax on the Amount of Dividend

Please further note that under Section 150 of the Income Tax Ordinance, 2001 and pursuant to Finance Act, 2017, withholding tax on dividend income will be deducted as follows:

For filers of Income Tax returns	15%
For non-filers of Income Tax returns	20%

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 20%, all the shareholders, including joint shareholders, whose names are not entered into the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they, or their joint holders, are filers, are advised to make sure that their names are entered into ATL by the close of business on April 12, 2019, otherwise tax on their cash dividend will be deducted @ 20% instead of 15%.

8. Exemption from Tax and Deduction of Zakat:

Shareholders, who intend to claim exemption from tax and/or zakat (where applicable), are advised to ensure that they have provided valid tax exemption certificates and zakat declaration to their respective broker/company's shares registrar before 12 April 2019.

9. Taxation for Joint Shareholders

In order to ensure that holders of shares held in joint names or joint accounts are treated individually as filers or non-filers, all such shareholders are requested to provide shareholding proportions of principal shareholder and joint holder(s) in respect of shares held by them to our Share Registrar, on the address mentioned at end of notice, in writing before close of business on April 12, 2019, otherwise it will be assumed that the shares are equally held by principal shareholder and joint holder(s), as per format given below.

Name of Principal Shareholder/Joint Holders	Shareholding proportions (%)	CNIC No. (copy to be attached)	Folio / CDS Account No.	Total Shares	Signature

NOTE: In the event of non-receipt of the information by April 12, 2019, each shareholder will be assumed to have equal proportion of shares and the tax will be deducted accordingly.

10. Electronic Dividend Mandate

Under section 242 of Companies Act, 2017, it is mandatory for all listed Companies to pay cash dividend to its shareholders only through electronic mode directly in to the bank account designated by the entitled shareholders. In order to receive dividend directly into their respective bank account, shareholders are requested, if not already provided, to fill in Bank Mandate Form for Electronic Credit of Cash Dividend produced below and also on the Company's website and send it duly signed along with a copy of CNIC to the Share Registrar of the Company, THK Associates (Pvt.) Ltd., 40-C, Block 6, P.E.C.H.S, Karachi, Pakistan, in case of physical shares. In case shares are held in CDC, electronic dividend mandate form must be directly submitted to shareholder's brokers / participant / CDC account services. In case of non-receipt of information, the Company will be obliged to withhold payment of dividend to such shareholders till provision of prescribed details.

Shareholder's Detail	
Name of Company	
Name of shareholder	
Folio No./CDC Participants ID A/c No.	
CNIC No/NTN	
Passport No. (in case of foreign shareholder)	
Cell Number & Land Line Number	
Email Address (**Mandatory**)	

Shareholder's Bank Detail																									
Title of Bank Account (**Mandatory**)																									
International Bank Account Number (IBAN) - **Mandatory** (24 Digits)																									
P	**K**																								
Bank's Name																									
Branch Name and Address																									

Please also note that in compliance with section 244 of the Companies Act, 2017, after completion of required procedure, all dividends unclaimed for a period of three years from the date due and payable shall be deposited with the Federal Government.

11. Circulation of annual reports through CD/DVD/USB:

The Company obtained approval of shareholders in the 22nd Annual General Meeting, held on 26 April 2017, for circulation of future annual reports through CD/DVD/USB. Therefore, the annual reports for year ended 31 December 2018 have been circulated to all the shareholders in the form of CD. Any member requiring printed copy of Annual Report 2018 may send a request using a Standard Request Form placed on Company website.

12. Conversion of Physical Shares into Book-Entry Form:

The Shareholders having physical shares may open CDC sub-account with any of the brokers or Investor Account directly with the Central Depository Company (CDC) of Pakistan Limited to have their physical shares converted into electronic form. This will facilitate them in many ways including safe custody and timely sale of shares. Additionally, Section 72 of the Companies Act, 2017 (Act)

requires that after the commencement of the Act from a date notified by the Securities and Exchange Commission of Pakistan (SECP), a company having share capital, shall have shares in electronic form only. Every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by SECP, within a period not exceeding four years from the commencement of the Act.

Special notes to the shareholders:

A. FOR ATTENDING THE MEETING:

i. In case of individuals, the account holder or sub-account holder whose registration details are uploaded as per the Regulations shall authenticate his/her original valid Computerized National Identity Card (CNIC) or the original Passport at the time of attending the meeting.

ii. The shareholders registered on CDC are also requested to bring their particulars, I.D numbers and account numbers in CDS.

iii. In case of corporate entity, the Board of Directors' resolution/power of Attorney with specimen signature of the nominee shall be produced, unless it has been provided earlier, at the time of meeting.

B. FOR APPOINTMENT OF PROXIES:

i. In case of individuals, the account holder or sub-account holder and / or the persons whose registration details are uploaded as per the Regulations shall submit the proxy form as per requirement notified by the Company.

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

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

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

v. In case of corporate entity being a Member, the Board of Directors' resolution / power of attorney with specimen signature of the nominee / attorney shall have to be submitted, unless it has been provided earlier, along with the proxy form to the Company.

C. Electronic transmission of financial statements and notices

Our valued members, who desire to receive annual financial statements and notices through email in future, are hereby requested to convey their consent via email, at faizan.zafar@agico.com.pk, on a standard request form which is available at the Company's website.

Please ensure that your email account has sufficient rights and space available to receive such email attachments that may be greater than 1 MB in size. It shall be the responsibility of member(s) to timely communicate to the share registrar any change in his/her registered email address at the address of Company's Shares Registrar mentioned at end of this notice.

Contact Information:
For any query/problem/information, the investors may contact the company and/or the Share Registrar at the following:

Company Representative
Mr. Faizan Zafar
Company Secretary
051-9028119, 051-9270080
faizan.zafar@agico.com.pk

Shares Registrar
THK Associates (Private) Limited
1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi 75400, Pakistan.
+92 (021) 111-000-322

ہمارے معزز ممبران جو مستقبل میں ای میل کے ذریعے سالانہ مالیاتی بیانات اور نوٹس حاصل کرنے کی خواہش رکھتے ہیں، ان سے درخواست کی جاتی ہے کہ وہ اپنی رضامندی درخواست کے ایک معیاری فارم پر جو کمپنی کی ویب سائٹ پر دستیاب ہے، لکھ کر faizan.zafar@agico.com.pk پر ای میل کے ذریعہ بھیجیں۔

براہ کرم اس بات کو یقینی بنائیں کہ آپ کے ای میل اکاؤنٹ میں اس طرح کے ای میل منسلکات وصول کرنے کے لئے مناسب حقوق اور کافی جگہ دستیاب ہے جو 1MB سے زیادہ سائز کی فائل موصول کر سکتی ہے۔ یہ ممبران کی ذمہ داری ہے کہ وہ اپنے رجسٹرڈ ای میل ایڈریس میں کسی قسم کی تبدیلی کے حوالے سے کمپنی کے شیئر رجسٹرار کو اس نوٹس کے اختتام پر ذکر کردہ پتہ پر بروقت مطلع کرے۔

رابطے کی معلومات:

کسی بھی سوال/دشواری/معلومات کے لئے، سرمایہ کار حضرات کمپنی اور/ یا حصص رجسٹرار سے مندرجہ ذیل پتہ پر رابطہ کر سکتے ہیں:

کمپنی کے نمائندے

جناب فیضان ظفر

کمپنی سیکرٹری

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شیئرز رجسٹرار

THKایسوسی ایٹس (پرائیویٹ) لمیٹڈ

فرسٹ فلور، 40-سی، بلاک-6، پی.ای.سی.ایچ.ایس. کراچی 75400، پاکستان.

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چوبیسویں (24) سالانہ جنرل میٹنگ کی اطلاع

ii. سی ڈی سی پر رجسٹرڈ حصص کنندگان سے یہ بھی درخواست کی جاتی ہے کہ وہ سی ڈی ایس (CDS) میں اپنی تفاصیل، شناختی نمبرز اور اکاؤنٹ نمبرز لائیں۔

iii. کارپوریٹ ادارے کی صورت میں، میٹنگ کے وقت، نامزد شخص مثالی دستخط کے ساتھ پاور آف اٹارنی/ ڈائریکٹرز کی قرارداد فراہم کرے گا (اگر یہ چیزیں پہلے فراہم نہیں کی گئیں)۔

بی) پروکسی (نائب حضرات) متعین کرنے کے لیے:

i. انفرادی معاملہ میں، اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر یا وہ اشخاص جن کے رجسٹریشن کی تفصیلات قواعد و ضوابط کے مطابق اپ لوڈ کی جاتی ہیں، کمپنی کی طرف سے مطلع کی جانے والی معلومات کے مطابق وہ اشخاص پراکسی فارم جمع کرائیں گے۔

ii. پراکسی فارم پر دو افراد کی گواہی لی جائے گی اور گواہوں کے نام، پتے اور قومی شناختی کارڈ نمبرز فارم پر درج کیے جائیں گے۔

iii. فائدہ اٹھانے والے مالکان اور پراکسی کے پاسپورٹ یا قومی شناختی کارڈ کی مصدقہ کاپیاں پراکسی فارم کے ساتھ لگائی جائیں گی۔

iv. پراکسی میٹنگ کے وقت اپنا اصلی قومی شناختی کارڈ یا اصلی پاسپورٹ دکھائے گا۔

v. کارپوریٹ ادارے کے ایک ممبر ہونے کی حیثیت سے، نمائندے/ اٹارنی کے دستخط کے ساتھ بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی کمپنی کو پراکسی فارم کے ساتھ جمع کرائی جائے گی (الّا یہ کہ یہ چیزیں پہلے ہی جمع کرادی گئی ہوں)۔

سی) نوٹس اور مالی بیانات کی مواصلاتی ترسیل

11) سی ڈی/ ڈی وی ڈی/یوایس بی کے ذریعہ سالانہ رپورٹوں کی سرکولیشن:

کمپنی نے سی ڈی/ڈی وی ڈی/یوایس بی کے ذریعے مستقبل کی سالانہ رپورٹوں کی سرکولیشن کے لئے، 26 اپریل 2017 کو منعقد ہونے والی 22ویں سالانہ جنرل میٹنگ میں حصص کنندگان کی منظوری حاصل کی تھی۔ لہذا، 31 دسمبر 2018 کو ختم ہونے والے سال کی سالانہ رپورٹیں سی ڈی کی شکل میں تمام حصص کنندگان کو تقسیم کی گئی ہیں۔ اگر کسی ممبر کو سالانہ رپورٹ 2018 کی پرنٹ شدہ کاپی کی ضرورت ہے تو وہ کمپنی کی ویب سائٹ پر رکھے گئے معیاری درخواست فارم کا استعمال کرتے ہوئے درخواست بھیج سکتا ہے۔

12) بک-انٹری فارم میں مادی حصص کی تبدیلی:

مادی حصص رکھنے والے شیئر ہولڈرز اپنے مادی حصص کو الیکٹرونک شکل میں رکھنے کے لیے "سنٹرل ڈپازیٹری کمپنی (سی ڈی سی) آف پاکستان لمیٹڈ" کے ساتھ براہ راست کسی بروکر یا انوسٹر اکاؤنٹ کے ساتھ اپنا سی ڈی سی ذیلی اکاؤنٹ کھول سکتے ہیں۔ یہ ان کو کئی طریقوں سے سہولت فراہم کرے گا جن میں محفوظ حراستی اور حصص کے بروقت فروخت شامل ہیں۔ اس کے علاوہ، کمپنیز ایکٹ، 2017 (ایکٹ) کے سیکشن 72 یہ مطالبہ کرتا ہے کہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کی جانب سے مطلع کردہ تاریخ سے ایکٹ کے آغاز کے بعد، ایک کمپنی جس کا شیئر کیپیٹل ہے، وہ صرف الیکٹرانک شکل میں حصص حاصل کرے گی۔ ہر موجودہ کمپنی کو اس کے مادی حصص کو بک-انٹری فارم کے ساتھ، ایکٹ کے آغاز سے چار سال کی مدت کے دوران، اس طریقے سے تبدیل کرنے کی ضرورت ہوگی جو طریقہ مخصوص ہے اور اس تاریخ سے جو (SECP) کی طرف سے مطلع ہے۔

حصص کنندگان کو خصوصی نوٹ:

اے) میٹنگ میں شرکت کرنے کے لیے:

i. انفرادی معاملہ میں، اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر جن کے رجسٹریشن کی تفصیلات قواعد وضوابط کے مطابق اپ لوڈ کی جاتی ہیں وہ میٹنگ میں حصہ لینے کے وقت اپنے اصلی درست کمپیوٹرائزڈ قومی شناختی کارڈ (سی این آئی سی) یا اصل پاسپورٹ کی تصدیق کرے گا۔

چوبیسویں (24) سالانہ جنرل میٹنگ کی اطلاع

حصص کنندہ کی تفصیل	
کمپنی کا نام	
حصص کنندہ کا نام	
فولیو نمبر / سی ڈی سی شراکت داروں کا شناختی اکاؤنٹ نمبر	
قومی شناختی کارڈ/این ٹی این نمبر	
پاسپورٹ نمبر (غیر ملکی حصص کنندہ ہونے کی صورت میں)	
موبائل نمبر اور لینڈ لائن نمبر	
ای میل ایڈریس (لازمی)	

حصص کنندہ کی بنک تفصیل	
بنک اکاؤنٹ ٹائٹل (لازمی)	
بین الاقوامی بنک اکاؤنٹ نمبر (آئی بی اے این) – لازمی (24 ہندسوں پر مشتمل)	
P K	
بنک کا نام	
برانچ کا نام اور ایڈریس	

براہ کرم نوٹ کریں کہ کمپنیز ایکٹ، 2017ء کے سیکشن 244 کے مطابق، مطلوبہ طریقہ کار مکمل ہونے کے بعد، ایسے تمام ڈیویڈنڈ جن کا مقررہ تاریخ سے تین سال تک کسی نے دعویٰ نہیں کیا اور وہ ابھی قابل ادا ہے تو اسے وفاقی حکومت کو جمع کرا دیا جائے گا۔

پرنسپل شیئر ہولڈر/ مشترکہ ہولڈرز کا نام	شیئر ہولڈنگ تناسب (%)	قومی شناختی کارڈ نمبر (کاپی منسلک کی جائے)	فولیو/ سی ڈی ایس اکاؤنٹ نمبر	مجموعی حصص	دستخط

نوٹ: 12اپریل، 2019ءتک معلومات موصول نہ ہونے کی صورت میں، ہر شیئر ہولڈر کے بارے میں یہ فرض کرلیا جائے گا کہ اس کے شیئرز کا تناسب برابر ہے اور اس کے مطابق ٹیکس کی کٹوتی کی جائے گی۔

10) الیکٹرانک ڈیویڈنڈ مینڈیٹ

کمپنیز ایکٹ، 2017 کے سیکشن 242 کے تحت، تمام فہرست کردہ کمپنیوں کے لئے لازمی ہے کہ اپنے حصص کنندگان کو نقد ڈیویڈنڈ صرف الیکٹرانک موڈ کے ذریعہ حصص کنندگان کی طرف سے نامزد بینک اکاؤنٹ میں ادا کریں۔ ڈیویڈنڈ کو براہ راست ان کے متعلقہ بینک اکاؤنٹ میں حاصل کرنے کے لئے، حصص کنندگان سے بھی یہ درخواست کی گئی ہے کہ ،مادی شیئرز ہونے کی صورت میں، نقد ڈیونڈینڈ کے الیکٹرانک کریڈٹ کے لئے درج ذیل یا کمپنی کی ویب سائٹ پر فراہم کردہ بینک مینڈیٹ فارم بھرنے کے بعد (اگر انہوں نے اسے پہلے سے جمع نہیں کروایا تو) کمپنی کے اس پتہ (شیئر رجسٹرار، THK ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، 40-سی، بلاک 6، پی.ای.سی.ایچ.ایس.، کراچی، پاکستان) پر اپنے قومی شناختی کارڈ کی ایک مصدقہ کاپی کے ساتھ بھیجیں۔ اگر سی ڈی سی (CDC) میں حصص منعقد ہوتے ہیں تو، الیکٹرانک ڈیونڈینڈ مینڈیٹ فارم کو براہ راست شیئر ہولڈر بروکرز/ شراکت دار/ سی ڈی سی اکاؤنٹ سروسز میں لازمی طور پر جمع کرایا جائے۔ معلومات نہ ہونے کی صورت میں، کمپنی کو اس طرح کے حصص یافتگان کے ڈیویڈنڈز قوم برقرار رکھنے کے لئے پابند رکھا جائے گا۔

چوبیسویں (24) سالانہ جنرل میٹنگ کی اطلاع

انکم ٹیکس ریٹرنز کے فائلر حضرات کے لئے	15 فیصد
انکم ٹیکس ریٹرنز کے بغیر فائلر حضرات کے لئے	20 فیصد

کمپنی کو ڈیوڈینڈ نقد رقوم پر 20 فیصد کی بجائے 15 فیصد کی نسبت سے ٹیکس کٹوتی کے قابل بنانے کے لیے، تمام حصص یافتگان جن کے نام ابھی تک ایف بی آر (FBR) کی ویب سائٹ پر فراہم کردہ فعال ٹیکس دہندگان کی فہرست (ATL) میں شامل نہیں ہیں، حالانکہ درحقیقت وہ، یا ان کے جوائنٹ ہولڈرز، فائلر بھی ہیں، ان کو اس بات کو یقینی بنانے کا مشورہ دیا جاتا ہے کہ ان کے نام 12 اپریل، 2019 کو دفتری وقت ختم ہونے سے پہلے پہلے (ATL) میں درج کر دیے جائیں، ورنہ ان کی نقد ڈیوڈینڈ پر 15 فیصد کی بجائے 20 فیصد کی نسبت سے ٹیکس کٹوتی ہو جائے گی۔

8) ٹیکس سے معافی اور زکوٰۃ کی کٹوتی:

ایسے حصص یافتگان جو ٹیکس اور/یا زکوٰۃ (جہاں اس کا اطلاق ہو) سے معافی کا دعویٰ کرنا چاہتے ہیں، ان کو اس بات کے یقینی بنانے کا مشورہ دیا جاتا ہے کہ انہوں نے 12 اپریل 2019ء سے پہلے اپنے متعلقہ بروکر/کمپنی کے حصص کے رجسٹرار کو ٹیکس معافی کا صحیح سرٹیفکیٹ اور زکوٰۃ کا بیانِ حلفی فراہم کر دیا ہے۔

9) مشترکہ حصص یافتگان کے لئے ٹیکس

اس بات کو یقینی بنانے کے لیے کہ مشترکہ نام یا مشترکہ اکاؤنٹس رکھنے والے حصص کے ہولڈرز کے ساتھ انفرادی طور پر فائلرز یا غیر فائلرز والا معاملہ کیا جا رہا ہے، اس طرح کے تمام حصص یافتگان سے درخواست کی جاتی ہے کہ اُن کے پاس جو شیئرز ہیں اس حوالے سے پرنسپل شیئر ہولڈر اور مشترکہ ہولڈرز کے شیئر ہولڈنگ تناسب تحریری شکل میں 12 اپریل 2019ء کے دفتری وقت ختم ہونے سے پہلے ہمارے شیئر رجسٹرار کو نوٹس کے آخر میں درج کیے گئے پتہ پر بھیجیں، بصورت دیگر یہ فرض کیا جائے گا کہ پرنسپل شیئر ہولڈر اور مشترکہ ہولڈرز کی طرف سے حصص کا انعقاد برابر ہوا ہے، جیسا کہ درج ذیل فارمیٹ میں بیان ہوا ہے۔

چیزیں میٹنگ شروع ہونے کے وقت سے کم از کم 48 گھنٹے پہلے اس پتہ (سیکرٹری، عسکری جنرل انشورنس کمپنی لمیٹڈ، تھرڈ فلور، AWT پلازہ، دی مال، راولپنڈی) میں جمع ہو جانی چاہیئے۔

6) ویڈیو کانفرنس کی سہولت کے لئے رضامندی

ممبران لاہور اور کراچی میں منعقد ہونے والی اس سالانہ جنرل میٹنگ کے لیے ویڈیو کانفرنس کی سہولت کا فائدہ اٹھاتے ہوئے شریک ہو سکتے ہیں، اس شرط کے ساتھ کہ کمپنی کو میٹنگ کی تاریخ سے سات (7) دن پہلے مذکورہ مقامات پر رہنے والے 10 فیصد یا زیادہ حصص کنندگان ممبران سے رضامندی مل جائے۔

مندرجہ بالا حالت کی تکمیل کے بعد، ممبران کو، سہولیات سے رسائی حاصل کرنے کے لئے تمام ضروری معلومات کے ساتھ، جنرل میٹنگ کی تاریخ سے پانچ (5) دن پہلے اس جگہ کے بارے میں مطلع کیا جائے گا۔

اس سلسلے میں، براہ کرم جنرل میٹنگ سے سات (7) دن قبل کمپنی کے رجسٹرڈ ایڈریس پر مندرجہ ذیل فارمیٹ کے مطابق واضح طور پر دستخط کردہ درخواست بھیجیں۔

میں / ہم، ..... شہر ..... عسکری جنرل انشورنس کمپنی لمیٹڈ کا ایک رکن، رجسٹرڈ فولیو نمبر ..... کے مطابق ..... عمومی حصہ (حصص) کا حامل ہونے کی حیثیت سے، ..... جگہ پر ویڈیو کانفرنس کی سہولیات حاصل کرنا چاہتا ہوں۔

7) ڈیوڈینڈ کی رقم پر آمدن ٹیکس کی کٹوتی

برائے مہربانی مزید نوٹ کریں کہ انکم ٹیکس آرڈیننس، 2001 کے سیکشن 150 اور فنانس ایکٹ، 2017 کے تحت، ڈیوڈینڈ آمدنی پر ٹیکس کی کٹوتی مندرجہ ذیل طریقے سے ہوگی:

چوبیسویں(24) سالانہ جنرل میٹنگ کی اطلاع

ڈائریکٹرز کی یہ رائے ہے کہ مجوزہ 15 فیصد بونس حصص کو فعال کرتے ہوئے کمپنی کے غیر مختص شدہ منافع/ذخائر 93,785,100 روپے کی سرمایہ کاری کے لیے کافی ہیں۔ ڈائریکٹرز کمپنی میں اپنی متعلقہ شیئر ہولڈنگز کی حد کے علاوہ اس کاروبار میں بالواسطہ یا بلاواسطہ کوئی دلچسپی نہیں رکھتے۔

2) کمپنی کی شیئر ٹرانسفر بکس 15 اپریل، 2019 سے 24 اپریل، 2019 (بشمول دونوں دنوں کے) تک بند رہیں گی۔ 12 اپریل، 2019 کو دفتری اوقات ختم ہونے سے پہلے تک ہمارے اس پتہ (رجسٹرارز، میسرس. THK ایسوسی ایٹ (پرائیویٹ) لمیٹڈ، فرسٹ فلور، 40-سی، بلاک-6، پی.ای.سی.ایچ.ایس. کراچی) پر موصول ہونے والی ٹرانسفرز کو بھی بروقت موصول تصور کیا جائے گا۔

3) کمپنی کے ممبران سے درخواست کی جاتی ہے کہ اگر ان کے ایڈریس میں کوئی تبدیلی ہوتی ہے تو اس کے بارے ہمارے "رجسٹرار، میسرس. THK ایسوسی ایٹ (پرائیویٹ) لمیٹڈ" کو فوری طور پر مطلع کریں، اور فولیو نمبر کے یکجا کرنے کے بارے میں مطالبہ کریں، اگر ممبر کے ایک سے زیادہ فولیو ہوں۔

4) کوئی ممبر جسے سالانہ جنرل میٹنگ میں شرکت اور ووٹ دینے کا حق ہے اسے حق ہے کہ وہ شرکت اور ووٹ دینے کے لیے اپنی طرف سے کسی پراکسی (وکیل) کو متعین کرے۔ جو شخص کمپنی کا ممبر نہیں ہے وہ پراکسی کے طور پر کام نہیں کرے گا، سوائے اس کے کہ حکومتِ پاکستان/کارپوریٹ ادارہ کمپنی کے ممبر کے علاوہ کسی اور شخص کو مقرر کر سکتے ہیں۔ اگر ممبر (حکومتِ پاکستان کے علاوہ کوئی اور) کارپوریٹ ادارہ ہے تو اس کی عام سیل (seal) چیزوں پر لگی ہونی چاہیے۔

5) کسی بھی ممبر کو کسی بھی ایک میٹنگ میں شرکت کرنے کے لئے ایک سے زیادہ پراکسی مقرر کرنے کا حق نہیں ہوگا۔ اگر کوئی بھی ممبر کسی ایک میٹنگ کے لئے ایک سے زیادہ پراکسی مقرر کرتا ہے اور پراکسی کی ایک سے زیادہ اشیاء کمپنی کو جمع کرائی جاتی ہیں تو، پراکسی کی اس طرح کی تمام اشیاء کو درست نہیں سمجھا جائے گا۔ کسی پراکسی کو متعین کرنے کے لیے کاغذات مکمل طور پر مناسب طریقے سے پورے ہونے چاہیے، جس کے ساتھ پاور آف اٹارنی یا بورڈ کی قرارداد بھی ہونی چاہیے، اگر کوئی ہے، جس کے نیچے متعلقہ آفیسر کے دستخط ہوں یا وہ نوٹری پبلک سے مصدقہ ہو، اور یہ

شرط یہ ہے کہ:

"93,785,100روپے کی رقم کی سرمایہ کاری کی جائے اور ہر 10 روپے کے 9,378,510عام حصص کے اجراء کا نفاذ کیا جائے اور مکمل طور پر ادا شدہ بونس حصص کے طور پر ان اراکین کو مختص کیا جائے جن کے نام ہر 100 حصص کے لیے 15 حصص میں 12 اپریل، 2019 کو دفتری اوقات ختم ہونے سے پہلے پہلے ممبرز کے رجسٹر میں شامل ہو جائیں۔

اے. "بونس حصص کمپنی کے موجودہ حصص کے ساتھ ہر لحاظ سے برابر درجہ بندی میں تقسیم کئے جائیں گے لیکن 31 دسمبر 2018ء کو ختم ہونے والے سال کے لئے اعلان کردہ نقد ڈیویڈنڈ کے اہل نہیں ہوں گے۔"

بی. "اراکین کے جزوی استحکام کو پورے حصص میں ملایا جائے گا اور پاکستان اسٹاک ایکسچینج پر فروخت کیا جائے گا تاکہ، جب احساس ہو تب، شیئر ہولڈرز کو ان کے حقائق کے مطابق فروخت کی آمدنی ادا کی جا سکے۔"

سی. "مذکورہ قرارداد کو اثر دینے کے مقصد کے لئے چیف ایگزیکٹو اور / یا کمپنی کے سیکریٹری کو یہ حق حاصل ہے کہ وہ ضروری ہدایات دینے کی اجازت دے، اور کسی بھی ایسے سوال یا مشکل کو حل کرے جو کہ بونس حصص کی تقسیم کے سلسلے میں یا جزوی حصوں کی فروخت آمدنی کی ادائیگی میں اُبھر سکتی ہے جیسا کہ ڈائریکٹرز اپنی تقرریوں میں مناسب سمجھیں۔"

دیگر معاملات

6) چیئرمین کی اجازت کے ساتھ کسی اور معاملہ کی طرف منتقل ہونا۔

بورڈ کے حکم سے

راولپنڈی
2اپریل2019ء

فیضان ظفر
کمپنی سیکرٹری

ملاحظات:

1) ایجنڈا نمبر 5 میں سپیشل بزنس کے حوالے سے کمپنیز ایکٹ، 2017 کے سیکشن (3)134 کے تحت بیان:

چوبیسویں(24) سالانہ جنرل میٹنگ کی اطلاع

"عسکری جنرل انشورنس کمپنی لمیٹڈ (کمپنی)" کی 24ویں سالانہ جنرل میٹنگ کے انعقاد کا ذیل میں اعلان ہمارے لیے خوشی کی بات ہے:

تاریخ اور وقت: بدھ، 24 اپریل، 2019ء دن 11:00 بجے

مقام: بلیو لیگون کمپلیکس (آف دی مال) مسعود اختر روڈ، راولپنڈی کینٹ۔

ایجنڈا

عام معاملات:

1) 26 اپریل، 2018ء کو منعقد ہونے والی 23ویں سالانہ جنرل میٹنگ کے منٹس کی تصدیق کرنا۔

2) 31 دسمبر، 2018ء کو ختم ہونے والے سال کے لیے، چیئرمین کی نظر ثانی، ڈائریکٹرز کی رپورٹ اور آڈیٹرز کی رپورٹ کے ساتھ ساتھ کمپنی کے مالی بیانات کو موصول کرنا، اس پر غور کرنا، اس کو منظور کرنا اور اسے اختیار کرنا۔

3) 31 دسمبر، 2018ء کو ختم ہونے والے سال کے لئے 15 فیصد (یعنی ہر 10 روپے کا 1.50 روپے فی حصہ) کی حتمی نقد ڈیوڈینڈ کی ادائیگی پر غور کرنا اور اسے منظور کرنا جیسا کہ کمپنی کے ڈائریکٹرز نے اس کی سفارش کی ہے۔

4) سال 2019ء کے لئے آڈیٹرز مقرر کرنا اور ان کا معاوضہ طے کرنا۔

خاص معاملات:

5) 15 فیصد کے تناسب سے بونس حصص کے اجراء کی منظوری دینا (یعنی ہر 100 حصص کے لیے 15 نئے حصص)، جیسا کہ کمپنی کے ڈائریکٹرز نے اس کی سفارش کی ہے۔

askari general insurance company limited

Proxy Form

I/We _____ of _____ being Member(s) of askari general insurance co. ltd, holding _____ ordinary shares, hereby appoint Mr./Mrs./Miss _____ of _____ or failing him/her _____ of _____ who is also a member of the Company, as my/our proxy to vote for me/us, and on my/our behalf at the 24th Annual General Meeting of the Company to be held on **Wednesday, 24th April 2019** at 11 am and at any adjournment thereof.

Folio No.	CDC Account No.	
	Participant ID	Account No.

Signature on Rs. 5.00 Revenue Stamp
(Signature should agree with the specimen signature registered with the Company)

As we witness my/our hand this _____ day of _____ 2019

_____

Witness:	1	2
Signature	_____	_____
Name	_____	_____
Address	_____	_____
CNIC No./ Passport No.	_____	_____

Notes:

1. A Member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote for him/her. No person shall act as proxy, who is not a member of the Company except Government of Pakistan/Corporate entity may appoint a person who is not a member of the Company. If the member is corporate entity (other than Government of Pakistan) its common seal should be affixed on the instrument.

2. The instrument appointing a proxy duly completed, together with Power of Attorney, if any, under which it is signed or a notarially certificate copy thereof, should be deposited with the Company Secretary , askarigeneral insurance company limited 3rd Floor AWT Plaza, The Mall Rawalpindi, not later than 48 hours before the time of holding the meeting.

3. CDC account holders will further have to comply with the guidelines as laid down by the Circular No.1 dated January 26, 2000, issued by Securities and Exchange Commission of Pakistan.

4. If a member appoints more than one proxy, and more than one instruments of proxy, are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

عسکری جنرل انشورنس کمپنی لمیٹڈ

پراکسی فارم

میں/ہم _____

ساکن _____

بحیثیت ممبر عسکری جنرل انشورنس لمیٹڈ بذریعہ ہذا مسمی _____

ساکن _____

کو یا ان کی عدم دستیابی کی صورت میں مسمی _____

ساکن _____

کو اپنی/ ہماری جانب سے پراکسی مقرر کر رہا/ رہی ہوں تا کہ وہ بدھ، 24 اپریل، 2019 بوقت 11:00 بجے صبح منعقد ہونے والے 24 ویں سالانہ اجلاسِ عام یا اس کے کسی بھی التواء میں میری/ ہماری جگہ شرکت کرے اور ووٹ ڈالے۔

دستخط بروز _____ بتاریخ _____ 2019

گواہان:

۱۔ دستخط: _____

نام: _____

پتہ: _____

_____

سی این آئی سی یا پاسپورٹ نمبر _____

ریونیو اسٹیمپ

ممبر (ممبران) کے دستخط

۲۔ دستخط: _____

نام: _____

پتہ: _____

_____

سی این آئی سی یا پاسپورٹ نمبر _____

شیئر ہولڈر کا فولیو نمبر اور/ یا سی ڈی سی _____

پارٹیسپنٹ کا آئی ڈی نمبر _____

اور ذیلی اکاؤنٹ نمبر _____

اہم نوٹ:

پراکسی کا یہ فارم جو ہر طرح سے مکمل ہو، لازماً کمپنی کے رجسٹرڈ آفس واقع پی او بکس نمبر 843، تھرڈ فلور، AWT پلازہ، دی مال، راولپنڈی میں اجلاس کے طے شدہ وقت سے کم از کم ۴۸ گھنٹے قبل جمع کرا دیا جائے۔

سی ڈی سی شیئر ہولڈرز اور ان کے پراکسیز سے درخواست ہے کہ ہر ایک اپنے کمپیوٹرائزڈ قومی شناختی کارڈ (سی این آئی سی) یا پاسپورٹ کی مصدقہ نقل کمپنی کو پراکسی فارم جمع کرانے سے قبل اس کے ساتھ منسلک کرے۔

سی ڈی سی شیئر ہولڈرز یا ان کے پراکسیز سے درخواست ہے کہ اپنے اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ بشمول پارٹیسپنٹ کا آئی ڈی نمبر اور ان کے اکاؤنٹ نمبر اپنی شناخت میں سہولت کی غرض سے سالانہ اجلاسِ عام میں شرکت کے وقت ہمراہ لائیں۔

Branch Network

1) **Head Office**
askari general insurance co. ltd.
3rd Floor, AWT Plaza,
The Mall,
Rawalpindi
Tel No. 051-9028101-2
Fax No. 051-9272424
agicoho@agico.com.pk

2) **Abbottabad**
askari general insurance co. ltd.
Room No. 10 & 11, 2nd Floor,
Silk Plaza, Mansehra Road,
Abbottabad
Tel No. 0992-342439
Fax No. 0992-342440
agicoabt@agico.com.pk

3) **Bahawalpur**
askari general insurance co. ltd.
2nd Floor, Shahab Plaza, Chowk One Unit,
Bahawalpur
Tel No. 062-2284201
Fax No. 062-2284203
agicobwp@agico.com.pk

4) **Faisalabad -I**
askari general insurance co. ltd.
2nd Floor, Platinum Centre, Kotwali Road,
Faisalabad
Tel No. 041-2412302-5
Fax No. 041-2412301
agicofsd@agico.com.pk

5) **Faisalabad-II**
askari general insurance co. ltd.
Office No. 13-16, 1st Floor,
Kohinoor One Plaza
Jaranwala Road,
Faisalabad
Tel No. 041-8501862-4
Fax No. 041-8501861
agicofsd2@agico.com.pk

6) **Faisalabad-III**
askari general insurance co. ltd.
Office No. 401, 3rd Floor, Business Center Civil Lines,
Faisalabad
Tel No. 041-2408561-2
Fax No. 041-2408563
agicofsd3@agico.com.pk

7) **Gujranwala**
askari general insurance co. ltd.
1st Floor, Al-Azhar Plaza, Opp. Iqbal High School
Ghallah Mandi, GT Road,
Gujranwala
Tel No. 055-3856324
Fax No. 055-3856325
agicogrw@agico.com.pk

8) **Hyderabad**
askari general insurance co. ltd.
1st Floor, Gul Centre,
Thandi Sarak,
Hyderabad
Tel No. 022-2729689
Fax No. 022-2783976
agicohyd@agico.com.pk

9) **Islamabad**
askari general insurance co. ltd.
11 - West Jinnah Avenue,
Blue Area,
Islamabad
Tel No. 051-2270471-3
Fax No. 051-2279566
agicoisb@agico.com.pk

10) **Karachi-I & Karachi Central**
askari general insurance co. ltd.
Office No. G-167, Mezzanine Floor,
Marium Center
Khalid Bin Waleed Road,
Karachi
Tel No. 021-34306701-6
Fax No. 021-34306709
agicokch@agico.com.pk

11) **Karachi Corporate**
askari general insurance co. ltd.
3rd Floor, AWT Plaza,
I.I. Chundrigar Road,
Karachi
Tel No. 021-32273513-5
Fax No. 021-32214332
agicokch2@agico.com.pk

12) **Karachi-III**
askari general insurance co. ltd.
401, 4th Floor,
Shaheen Centre,
Near Schone Circle, Clifton,
Karachi
Tel No. 021-35308112-4
Fax No. 021-35308114
agicokch3@agico.com.pk

13) **Lahore-I, Lahore-II, Lahore-IV & Lahore Corporate**
askari general insurance co. ltd.
2nd Floor, Usman Block, Awami Complex,
New Garden Town,
Lahore
Tel. No. 042-35860871-5
Fax No. 042-35940136
agicolhr@agico.com.pk

14) **Lahore-III**
askari general insurance co. ltd.
Office No. 106, 1st Floor, Lateef Centre,
Ichra, 100 - Ferozepur Road,
Lahore
Tel No. 042-37502327-9
Fax No. 042-37502330
agicolhr3@agico.com.pk

15) **Multan-I & Multan-II**
askari general insurance co. ltd.
Golden Heights,
Nusrat Road,
Multan
Tel No. 061-4547842
Fax No. 061-4547862
agicomtn@agico.com.pk

16) **Peshawar**
askari general insurance co. ltd.
6th Floor, State Life Building,
The Mall,
Peshawar Cantt
Tel No. 091-5272058
Fax No. 091-5284769
agicopsc@agico.com.pk

17) **Rawalpindi-II**
askari general insurance co. ltd.
2nd Floor,
National Business Centre,
Murree Road, Shamsabad,
Rawalpindi
Tel No. 051-9292082-5
Fax No. 051-9292086
agicorwp@agico.com.pk

18) **Rawalpindi-III**
askari general insurance co. ltd.
1st Floor, Ferozsons Building,
Haider Road, Saddar,
Rawalpindi
Tel No. 051-9273661-3
Fax No. 051-9273660
agicorwp3@agico.com.pk

19) **Sialkot**
askari general insurance co. ltd.
1st Floor, Oberoi Co-operative Building, Paris Road,
Sialkot
Tel No. 052-4582381
Fax No. 052-4582382
agicoslt@agico.com.pk

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Notes

AGM – on Wednesday, 24th April, 2019, 11:00 a.m. at Blue Lagoon Complex, Rawalpindi

Notes

Notes

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