

Annual Report **2015**

**YOUR RISK IS
SECURE WITH US**



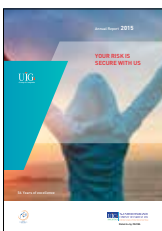
56 Years of excellence



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

Rated A+ by PACRA

EVERY DAY WE WORK
CLOSELY WITH OUR
CLIENTS TO CREATE
SOLUTIONS THAT ARE
BOTH INNOVATIVE AND
PRACTICAL.
SOLUTIONS THAT MEET
THE CHALLENGES
FACING THEIR
BUSINESSES.



Improving our customer experience

Our aspiration is to be the leading personal and small business general insurer in the Pakistan. That is why our customers are at the heart of everything we do.

Our performance has enabled us to invest in improving experiences for them. To be the best, we will continue expanding our capabilities, enhancing our projects, and improving our services.



Key information

Our 2015 performance was strong, with continued progress towards achieving our 2011–2015 financial targets.

- We continued our focus on customer centricity and sustainability.
- UIC and Al Tamim Takaful posted 2015 underlying gross premiums and contributions written in a challenging environment:
 - Conventional Rs. 3,062.16 million
 - Takaful Rs. 503.60 million
- Capital and liquidity positions improved.
- UIC continued to de-risk, streamline its portfolio and strengthen its business lines.

A+

Rated by: PACRA

Gross Premiums written

(Rs. in Million)

2015 **3,062.16**

2014 **2,474.74**

Percentage **24** ↑

Net Premium

(Rs. in Million)

2015 **2,151.78**

2014 **1,536.70**

Percentage **40** ↑

Net Claims

(Rs. in Million)

2015 **742.33**

2014 **419.43**

Percentage **77** ↑

Net Commission

(Rs. in Million)

2015 **201.02**

2014 **110.60**

Percentage **82** ↑

Underwriting Profit

(Rs. in Million)

2015 **798.28**

2014 **629.07**

Percentage **27** ↑

Investments

(Rs. in Million)

2015 **1,036.46**

2014 **642.63**

Percentage **61** ↑

Profit After Tax

(Rs. in Million)

2015 **620.03**

2014 **460.89**

Percentage **35** ↑

Contents



COMPANY INFORMATION

- 7 United International Group
- 10 Corporate calendar
- 11 Our network
- 12 Core beliefs
- 15 Vision / Mission statement



INVESTOR INFORMATION

- 18 Social activities
- 20 Board of directors
- 22 Corporate information
- 23 Committees composition
- 24 Key management personnel
- 25 Bankers & leasing companies
- 26 The United insurance at a glance
- 27 Six years at a glance
- 28 Vertical analysis
- 30 Horizontal analysis
- 33 Segment wise outline
- 42 Group chairman's message
- 44 Chief executive's message



CORPORATE GOVERNANCE

- 48 Directors' report to the members
- 56 Report on corporate and financial reporting framework
- 60 Code of conduct
- 61 Review report to the members on statement of compliance with the code of corporate governance
- 62 Statement of compliance with the code of corporate governance
- 65 Pattern of shareholding
- 66 Categories of shareholding
- 75 Directors' report to the members (Urdu)



FINANCIAL STATEMENTS

- 77 Financial statements
- 78 Auditors' report to the members
- 80 Balance sheet
- 82 Profit and loss account
- 83 Statement of comprehensive income
- 84 Statement of changes in equity
- 85 Statement of cash flows
- 87 Statement of premiums
- 88 Statement of claims
- 89 Statement of expenses
- 90 Statement of investment Income
- 91 Notes to the financial statements
- 149 Our branches



WINDOW TAKAFUL OPERATIONS FINANCIAL STATEMENTS

- 158 Financial data at a glance
- 160 Directors' report to the members
- 167 Directors' report to the members (Urdu)
- 168 Shariah advisor report to the board of directors
- 171 Financial statements
- 172 Shariah auditors' report on compliance
- 174 Auditors' report to the members
- 176 Balance sheet
- 178 Profit and loss account
- 179 Statement of comprehensive income
- 180 Statement of changes in funds
- 181 Statement of cash flows
- 183 Statement of contributions
- 184 Statement of claims
- 185 Statement of expenses
- 186 Statement of investment income
- 187 Notes to the financial statements
- 225 Our branches



ANNUAL GENERAL MEETING

- 227 Notice of annual general meeting
- 233 Form of proxy
- 235 Form of proxy in (Urdu)





Committed

to finding smarter solutions together

Company Information

In achieving our environmental goals, we rely on the engagement of our employees and the growing awareness of society at large

🔍 Pages 7

Investor Information

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

🔍 Pages 17

Corporate Governance

Throughout the years, UIC has earned its distinction through reliability, transparency, sound business judgement, value creation, innovation and superior results.

🔍 Pages 47

Financial Statements

🔍 Pages 77

United Window Takaful Operations

🔍 Pages 157

Window Takaful Operations Financial Statements

🔍 Pages 171

Annual General Meeting

Our focused business model, global footprint and culture of teamwork oriented professionals put us in a strong position to meet our clients' needs and generate superior returns for our shareholders.

🔍 Pages 227





Company Information

In achieving our environmental goals, we rely on the engagement of our employees and the growing awareness of society at large

We are confident about the future development of the Group. Our strong corporate governance structure, underpinned by experienced top managers with a solid track record of working together as a team, has enabled us to successfully implement our strategy to build the largest full-service private financial group in Pakistan.



United

International Group

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

1. The United Insurance Company of Pakistan Limited.
2. APNA Micro Finance Bank Limited.
3. United Track System (Pvt.) Limited.
4. United Software & Technologies International (Pvt.) Limited.
5. United International Farms.
6. Tawasul Insurance Services LLC, Abu Dhabi.
7. Tawasul Risk Management Services (Pvt.) Limited.
8. UIG Global Services Limited, UK.

Corporate Calendar 2015

March 19, 2015

Audit Committee and Board of Directors meeting to consider annual accounts of the Company for the year ended December 31, 2014.

April 13, 2015

Annual General Meeting of Shareholders to consider annual accounts of the Company for the year ended December 31, 2014 and dividend announcement.

April 29, 2015

Audit Committee and Board of Directors meeting to consider quarterly accounts of the Company for the quarter ended March 31, 2015.

August 27, 2015

Audit Committee and Board of Directors meeting to consider quarterly accounts of the Company for the quarter ended June 30, 2015.

October 29, 2015

Audit Committee and Board of Directors meeting to consider quarterly accounts of the company for the quarter ended September 30, 2015.

Our Network

North Region

Islamabad
Rawalpindi
Peshawar
Azad Kashmir

South Region

Karachi
Hyderabad
Multan
Rahim Yar Khan

East Region

Lahore
Sahiwal
Faisalabad
Gujranwala
Sialkot

West Region

Quetta
Ziarat

Core Beliefs

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

- Surpassing the values throughout the entire organization. These principles will guide us to succeed in our business, and will serve us well ahead into the future from day-to-day business operation to product development and customer services.
- Building the team that takes responsibility for the delivery of our services. By developing our technical & marketing staff, who may deliver services competently. Also give them a sense of pride in the Company.
- Believing that by being pro-active and meeting the changing needs of our clients through value – added products and services, meeting the aspirations of all our stakeholders.
- Also believing that quality of work is the key factor in an organization. So, continuous quality improvements shall be the key drivers in our management processes.
- Our commitment to integrity, customer centricity, sustainable value creation, excellence and teamwork fosters trust with our shareholders and our customers. It nurtures talent and mitigates internal risks through openness and transparency. It helps us secure the support of regulators and the investment community. It nurtures talent and mitigates internal risks through candor and transparency. It helps us secure the support of regulators and the investment community.

» Integrity

To treat everyone fairly and honestly. To comply with all applicable laws, regulations and internal policies.

» Customer centricity

To put our customers at the heart of all we do. We utilize of our global scale experience to convert insights and observations into useful ideas that we put to work for our customers.

» Sustainable value creation

To create and sustain value for our customers, our shareholders, our people and society. To maintain a culture of

Core Beliefs

precision, stability and reliability that instills confidence and trust in our commitment to deliver when it matters – now and in the future. A key component of sustainable value creation, and indeed of all our values, is our commitment to a high standard of corporate responsibility.

» Excellence

To aim for the highest quality and strive for continuous improvement in all that we do. Find new ways of solving problems. To test what we do and how we do it for fairness, diversity, trust, and mutual respect.

» Teamwork

To work together as one team...one Zurich. Collaborating and applying our global insights to deliver the best for our stakeholders. Value our diverse, talented workforce; and support them so that they can contribute to their full potential.





Vision

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

Mission

For our customers

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

For our Members

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

For our Employees

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

For the Society

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

For the Government

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

 Read more online: www.theunitedinsurance.com





Investor Information

We are not just another Insurance Company.

We are a success partner and a trusted friend, and we are building a better tomorrow .

Investor's Awareness

With reference to SRO 924(1) / 2015 dated September 9th, 2015 issued by the Securities and Exchange Commission of Pakistan (SECP), the following informational message has been added for investor's awareness:

www.jamapunji.pk

Jama Punji
سرمایہ کاری سمجھداری کمپنی

Be aware, Be alert, Be safe
Learn about investing at www.jamapunji.pk

Key features:

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

Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

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

Social Activities

T-20 Asia Deaf Cricket Cup 2015 April 28, 2015

T-20 Asia Deaf Cricket Cup 2015 was held in Lahore from 18 – 27 April, 2015. The United Insurance Co of Pakistan Ltd was the leader sponsor of the Pakistan Deaf Cricket Team 2015. The United Insurance Board always emphasis to promote talents of the Pakistan. In Pakistan Handicap and Special children also have talent and time to time they proved themselves on international level that they are good performer and can do better if the chance provided to them. United always extended big hand to accelerate the activities for such valuable people of the Country and Inshallah continue its support for the cause.

The 1st T-20 Deaf Asia Cup 2015 will stroll into action with three foreign teams India, Sri Lanka and Afghanistan along with hosts Pakistan take part in this tournament.

The event is being organised by the Pakistan Deaf Cricket Association (PDCA). The colorful ceremony of the mega event was held at the Sabzazar



Social Activities

cricket ground where opening match will played between hosts Pakistan and one of the emerging cricket nations Afghanistan.

Association President Abdul Salam said it was his promise to revive international sports in Pakistan and the 1st T20 Deaf Asia Cup was the first step towards it. "We are committed to bring more teams to Pakistan to provide opportunities to the sports loving nation to witness international activity at their home soil."

Pakistan deaf team manager Zaheeruddin Babar termed the hosting of Asia Cup as a first drop towards revival of international sports in the country and said: "Our deaf team has prepared well for this prestigious event and all the players are in good shape and eager to win title for the country and earn good name for it across the globe," the manager added.

Pakistan deaf team head coach Nadeem Zafar Gondal and coach Umar Fayyaz said that they had selected the 15-member national deaf cricket team after a thorough process as first they held trials nationwide and then picked best 15 among them. "I hope our team will live up to the nation's expectations and give them good news by winning the Asia Cup trophy."

1st International Conference on Environment, Health, Safety & Security held on 11 June 2015 in Karachi.

The company also actively participates in events held for betterment of the society particularly Environment and Climate . In this context the First International Environment, Health, Safety & Security Conference was held on 11th June, 2015 at Karachi Marriott Hotel with the collaboration of Pakistan Red Crescent Society and sponsored by the UIC for creating awareness about Health Safety & Security and share insights and best practices for challenges facing by the different industries.

Board of Directors



Mian M.A. Shahid
ADVISOR TO BOARD / CHAIRMAN UIG

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

The habit of doing ordinary things extraordinary well.



Mohammed Rahat Sadiq
CHIEF EXECUTIVE OFFICER



Khawas Khan Niazi
DIRECTOR/PRESIDENT



Huma Waheed
DIRECTOR

Board of Directors



Ch. Najeeb-Ur-Rehman
CHAIRMAN

I am convinced that the opportunity of sharing the High-quality know-how of our leaders will be a speeding-up factor in our change processes and in our business results



Javid Sadiq
DIRECTOR



Ch. Aziz-Ur-Rehman
DIRECTOR



Ch. Maqsood Ahmed
DIRECTOR

Corporate Information

BOARD OF DIRECTORS

Chairman	Chaudhary Najeeb-ur-Rehman
Chief Executive Officer	Mohammed Rahat Sadiq
Director /President	Khawas Khan Niazi
Directors	Huma Waheed Chaudhary Aziz-ur-Rehman Chaudhary Maqsood Ahmed Javaid Sadiq
Advisor to Board	Mian M.A.Shahid (Chairman UIG)
Advisor	Sardar Khan (Former Managing Director Universal Insurance Company Limited) Major General (R) Asif Duraiz Akhtar (Former Member CBR, Former Additional Secretary Military Finance, Former Additional Secretary Finance) Mr. Jamal-Ud-Din (Ex-President/Chief Executive Officer Askari General Insurance Company Limited)
Company Secretary	Ausaf Ali
Chief Financial Officer	Maqbool Ahmed
Chief Internal Auditor	Abdul Mannan Munir (ACCA)
Auditors	M/S. RSM Avas Hyder Liaquat Nauman Chartered Accountants
Legal Advisors	Mohammed Farooq Sheikh (Advocate) Mian Asghar Ali (Advocate)
Tax Advisor	M/S. Sarwars Chartered Accountants
Credit Rating Agency (Pacra)	INSURER FINANCIAL STRENGTH A+(Single A plus) The Rating Denotes a capacity of the company to meet policy holder and contractual obligations
Company's Share Registrar	M/S. F.D.Registrar Services(SMC- Pvt) Ltd. 1705,17th Floor, Saima Trade Center,I.I.Chundrigar Road-Karachi.
Web Presence	www.theunitedinsurance.com
Registered Office	204, 2nd Floor, Madina City Mall, Abdullah Haroon Road, Saddar Karachi. TEL: 021-35621460-2,021-35221803-4 FAX: 021-35621459 Email: info@theunitedinsurance.com
Head Office	UIG House, 6-D, Upper Mall, Lahore TEL: 042-35776475, 35776486 UAN: 92-42-111-000-014 FAX: 92-42-35776486, 35776487 Email: uicp@theunitedinsurance.com

Committees Composition

Audit Committee

Chairman	Javid Sadiq
Member	Aziz-Ur-Rehman
Member	Khawas Khan Niazi
Member	Abdul Mannan Munir (Secretary)

Human Resource & Remuneration Committee

Chairman	Najeeb-ur-Rehman
Member	Mohammed Rahat Sadiq
Member	Maqsood Ahmed
Member	Wakeel Ahmad Mirza (Secretary)

Investment Committee

Chairman	Aziz-Ur-Rehman
Member	Mohammed Rahat Sadiq
Member	Huma Waheed
Member	Maqbool Ahmad (Secretary)

Re-Insurance Committee & Co-Insurance

Chairman	Maqsood Ahmed
Member	Mohammed Rahat Sadiq
Member	Abrar Ahmad
Member	Tayyab Bashir (Secretary)

Under Writing Committee

Chairman	Khawas Khan Niazi
Member	Mohammed Rahat Sadiq
Member	Syed Qaisar Imam (Secretary)

Claims Settlement Committee

Chairperson	Huma Waheed
Member	Mohammed Rahat Sadiq
Member	Kamran Zaman (Secretary)

Key Management Personnel

CONVENTIONAL BUSINESS

Head of Conventional Business
Sr. Executive Director Underwriting
Head of Corporate Compliance
Sr. General Manager Re-Insurance
General Manager (HR & R)
General Manager Administration
General Manager Operations
Deputy General Manager Claims
General Manager (I.T)
A.G.M Underwriting
A.G.M Reinsurance
A.G.M Health/Travel
Chief Manager (Web)
Chief Manager Agriculture
Sr. Manager Coordination

Tajammal Iqbal
S.M. Qaiser Imam
Rahat Ali Shah (ACA),(CISA)
Abrar Ahmed Minhas
Wakeel Ahmed Mirza
Jamil Ahmed
Tayyab Bashir
Kamran Zaman
Munir Ahmed
Manzoor Hussain Mirza
Naeem Ahmed Babar
Kashif Shafique
Mohammed Arshad
Zulfiqar Ahmed
Tahira Ashar

WINDOW TAKAFUL OPERATIONS

Head of Takaful Operations
Shariah Advisor
Joint Director Operations & Technical
Shariah Compliance Officer

Shakeel Ahmed
Mufti Farhan Farooq
Amir Hameed
Saad Munir Malik

EXECUTIVE DIRECTORS (MARKETING)

Qamar-uz-Zaman
Mian M.A Zahid
Zarar Ahmed Butt
Mian Kashif Rasheed
Ch. Aslam Feroz
Mohammed Siddique Sheikh
Rizwan-Ul-Haq
Shafaqat Ali Goraya
Hassan Nadeem

JOINT DIRECTORS (MARKETING)

Aslam Rajpoot
Mohammed Naseem Butt
Khurram Mansoor
Malik Zafar Yousaf
Mian Mohammed Rafi
Mohammed Mazhar Shah
Mohammed Riaz Hussain Shah
Kh. Adnan Hassan

Bankers & Leasing Companies

BANKS

State Bank of Pakistan
National Bank of Pakistan
Bank Al-Habib Limited
Soneri Bank Limited
Bank Al-Falah Limited
Meezan Bank Limited
NIB Bank Limited
SME Bank Limited
The Bank of Khyber
Summit Bank Limited
Silk Bank Limited
Samba Bank Limited
Zarai Taraqiyati Bank Limited
Sindh Bank Limited
The Bank of Punjab
First Women Bank Limited
The Punjab Provincial Cooperative Bank Limited
Allied Bank Limited
Habib Bank Limited
MCB Bank Limited
United Bank Limited
Al Baraka Bank (Pakistan) Limited
Askari Bank Limited
Burj Bank Limited
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Standard Chartered Bank (Pakistan) Limited
Barclays Bank PLC, Pakistan
Habib Metropolitan Bank Limited
Karakoram Co-Operative Bank Limited
Industrial Development Bank of Pakistan
JS Bank Limited
Bank Islamic Limited

LEASING COMPANIES

Orix Leasing Company Limited
Crescent Standard Modaraba

MICRO FINANCE BANKS

APNA Micro Finance Bank Limited
FINCA Micro Finance Bank Limited
Khushhali Bank Limited
Pak-Oman Micro Finance Bank Limited
The First Micro Finance Bank Limited
Waseela Micro Finance Bank Limited
U Micro Finance Bank Limited
Tameer Micro Finance Bank Limited
NRSP Micro Finance Bank Limited

The United Insurance At a Glance

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

Six Years At a Glance

SIX YEARS AT A GLANCE

(RUPEES IN MILLION)

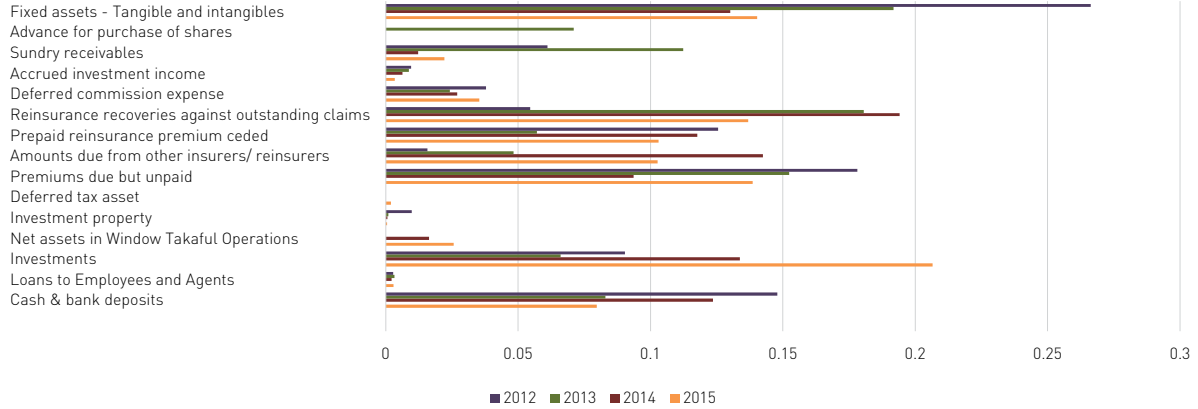
	2015	2014	2013	2012	2011	2010
FINANCIAL DATA - CONVENTIONAL						
Paid-up Capital	1,288.000	920.000	701.943	570.685	496.248	400.200
General & Capital Reserves	996.245	765.121	519.509	393.776	269.896	267.801
Equity	2,245.010	1,645.023	1,180.459	918.397	764.809	666.805
Underwriting Provisions	2,298.038	2,489.671	1,516.492	886.506	502.906	383.991
Investment at Cost	1,036.463	642.626	418.404	189.671	115.398	93.945
Total Assets book value	5,058.715	4,820.162	3,008.203	2,077.732	1,444.772	1,238.126
Fixed Assets net	706.754	628.212	580.294	573.757	444.335	394.930
Cash & Bank Deposits	400.066	593.771	249.656	307.399	271.519	251.676
Advance, Deposits & Prepayments	2,734.693	2,861.346	1,765.760	1,008.823	613.521	497.575
OPERATING DATA - CONVENTIONAL						
Gross Premium	3,062.158	2,474.744	1,723.743	1,422.915	1,030.438	845.547
Net Premium	2,151.784	1,536.703	1,108.541	783.340	643.736	550.559
Management Expenses	404.891	377.600	286.871	201.896	116.919	75.826
Net Claims expenses	742.329	419.432	323.083	245.413	262.777	175.550
Premium deficiency reserve	5.261	-	-	-	-	-
Underwriting Profit	798.285	629.074	436.881	302.862	231.626	277.226
Investment Income	60.729	63.404	34.689	41.167	18.085	21.023
Profit Before Tax	679.588	507.936	290.554	187.484	114.473	133.537
Income Tax	59.563	47.049	33.175	26.364	16.540	15.150
Profit After Tax	620.026	460.887	257.380	161.120	97.933	118.387
FINANCIAL RATIOS - CONVENTIONAL						
Profit Before Tax / Gross Premium (%)	22.193	20.525	16.856	13.176	11.109	15.793
Profit Before Tax / Net Premium (%)	31.583	33.054	26.210	23.934	17.783	24.255
Profit After Tax / Gross Premium (%)	20.248	18.624	14.931	11.323	9.504	14.001
Profit After Tax / Net Premium (%)	28.815	29.992	23.218	20.568	15.213	21.503
Management Exp. / Gross Premium (%)	13.222	15.258	16.642	14.189	11.346	8.968
Management Exp. / Net Premium (%)	18.817	24.572	25.878	25.774	18.162	13.773
Underwriting Profit / Net Premium (%)	37.099	40.937	39.410	38.663	35.982	50.354
Net Claims / Net Premium (%)	34.498	27.294	29.145	31.329	40.821	31.886
Return on Assets (%)	12.359	9.593	8.556	7.755	6.778	9.562
RETURN TO MEMBERS - CONVENTIONAL						
Return on Equity - PBT (%)	30.271	30.877	24.614	20.414	14.968	20.026
Return on Equity - PAT (%)	27.618	28.017	21.803	17.544	12.805	17.754
Earning Per Share (Rs.)	4.814	3.578	1.998	1.251	0.760	0.919
Price Earning Ratio (times)	4.497	7.811	7.106	10.392	6.247	7.398
Market Value at end of Year (Rs.)	21.650	27.950	14.200	13.000	4.750	6.800
Highest Value during the Year (Rs.)	42.550	30.450	17.830	16.200	8.490	11.890
Lowest Value during the year (Rs.)	19.340	12.710	8.070	4.600	3.600	4.020
Stock Dividend Per Share (Rs.)	4.000	4.000	3.100	2.300	1.500	2.400
Net Assets Per Share (times)	38.951	52.222	42.858	36.413	29.114	30.938
LIQUIDITY / LEVERAGE RATIO - CONVENTIONAL						
Current Ratio (times)	1.225	1.157	1.182	1.294	1.515	1.622
Total Assets Turnover (times)	1.638	1.941	1.745	1.460	1.402	1.464
Fixed Assets Turnover (times)	0.231	0.254	0.337	0.403	0.431	0.467
Total Liability / Equity (times)	1.217	1.896	1.514	1.212	0.887	0.855
Return on Capital Employed (%)	30.271	30.877	24.614	20.414	14.968	20.026
Paid up Capital / Total Assets (%)	25.673	19.149	23.334	27.467	34.348	32.323
Equity / Total Assets (%)	44.749	34.240	39.241	44.202	52.936	53.856
DISTRIBUTION - CONVENTIONAL						
Bonus Share (Rs.)	4.000	4.000	3.100	2.300	1.500	2.400
Bonus Share (%)	40%	40%	31%	23%	15%	24%
Total Distributions (%)	40%	40%	31%	23%	15%	24%

Vertical Analysis

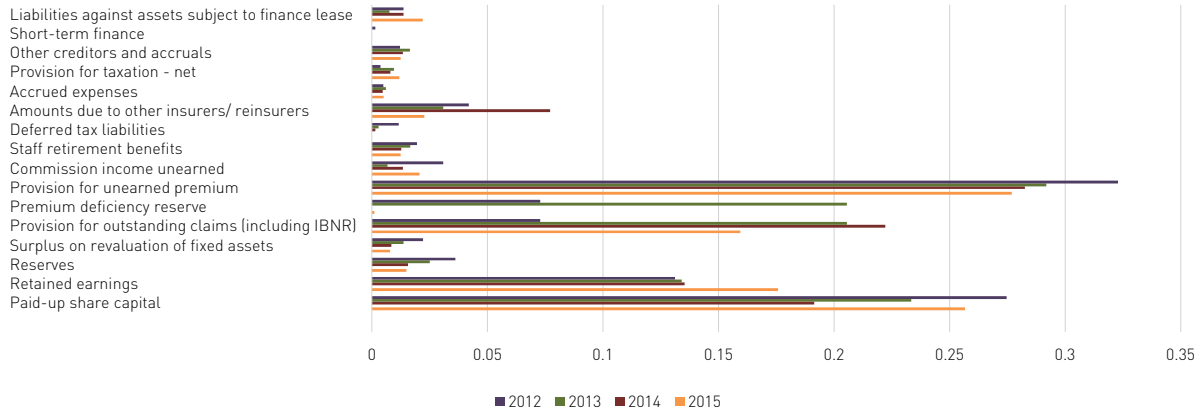
	YEARS			
	2015	2014	2013	2012
BALANCE SHEET ITEMS				
Cash & bank deposits	8.0%	12.4%	8.3%	14.8%
Loans to Employees and Agents	0.3%	0.2%	0.3%	0.3%
Investments	20.7%	13.4%	6.6%	9.0%
Net assets in Window Takaful Operations	2.6%	1.6%	0.0%	0.0%
Investment property	0.1%	0.1%	0.1%	1.0%
Deferred tax asset	0.2%	0.0%	0.0%	0.0%
Premiums due but unpaid	13.9%	9.4%	15.2%	17.8%
Amount due from other insurers/ reinsurers	10.3%	14.2%	4.8%	1.6%
Prepaid reinsurance premium ceded	10.3%	11.8%	5.7%	12.6%
Reinsurance recoveries against outstanding claims	13.7%	19.4%	18.1%	5.5%
Deferred commission expense	3.5%	2.7%	2.4%	3.8%
Accrued investment income	0.3%	0.6%	0.9%	1.0%
Sundry receivables	2.2%	1.2%	11.2%	6.1%
Advance for purchase of shares	0.0%	0.0%	7.1%	0.0%
Fixed assets - Tangible and intangibles	14.0%	13.0%	19.2%	26.6%
TOTAL ASSETS	100.0%	100.0%	100.0%	100.0%
Paid-up share capital	25.7%	19.1%	23.3%	27.5%
Retained earnings	17.6%	13.5%	13.4%	13.1%
Reserves	1.5%	1.6%	2.5%	3.6%
Surplus on revaluation of fixed assets	0.8%	0.8%	1.4%	2.2%
Provision for outstanding claims (including IBNR)	15.9%	22.2%	20.6%	7.3%
Premium deficiency reserve	0.1%	0.0%	20.6%	7.3%
Provision for unearned premium	27.7%	28.3%	29.2%	32.3%
Commission income unearned	2.1%	1.3%	0.7%	3.1%
Staff retirement benefits	1.2%	1.3%	1.7%	1.9%
Deferred tax liabilities	0.0%	0.1%	0.3%	1.2%
Amount due to other insurers/ reinsurers	2.3%	7.7%	3.1%	4.2%
Accrued expenses	0.5%	0.5%	0.6%	0.5%
Provision for taxation - net	1.2%	0.8%	1.0%	0.4%
Other creditors and accruals	1.2%	1.3%	1.6%	1.2%
Short-term finance	0.0%	0.0%	0.0%	0.2%
Liabilities against assets subject to finance lease	2.2%	1.4%	0.8%	1.4%
TOTAL EQUITY AND LIABILITIES	100.0%	100.0%	120.6%	107.3%
PROFIT AND LOSS ACCOUNT				
Net premium	100%	100%	100%	100%
Net claims	-34.5%	-27.3%	-29.1%	-31.3%
Change in premium deficiency reserve	-0.2%	0.0%	0.0%	0.0%
Management expenses	-18.8%	-24.6%	-25.9%	-25.8%
Net commission	-9.3%	-7.2%	-5.6%	-4.2%
Investment income	2.8%	4.1%	3.1%	5.3%
Rental income	0.1%	0.1%	0.1%	0.1%
Other income	0.99%	2.05%	1.83%	0.85%
Share of loss from associate	-0.51%	-0.02%	0.00%	0.00%
Income from Window Takaful Operations	3.24%	1.85%	0.00%	0.00%
General & admin expenses	-11.6%	-15.5%	-18.0%	-20.4%
Finance charge on lease rentals	-0.6%	-0.5%	-0.3%	-0.6%
Provision for taxation	-2.8%	-3.1%	-3.0%	-3.4%
(Profit)/ loss after Tax	-28.8%	-30.0%	-23.2%	-20.6%
	100.0%	100.0%	100.0%	100.0%

Vertical Analysis

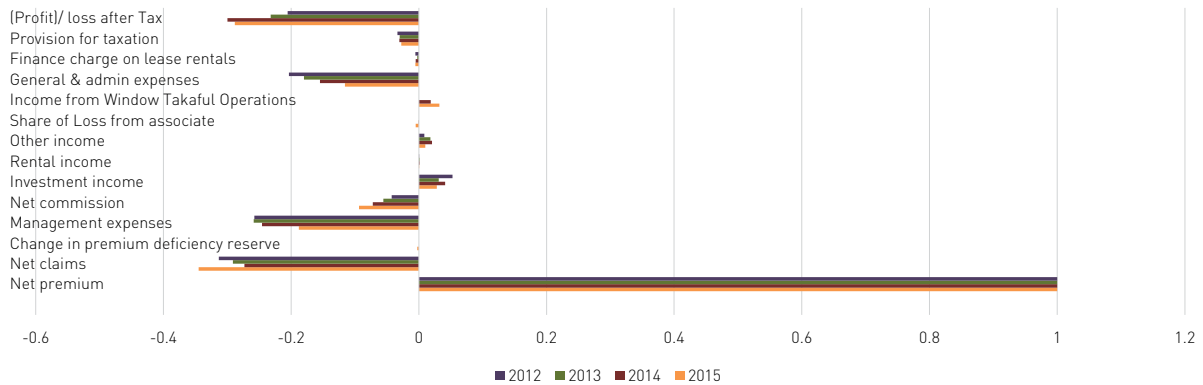
Vertical Analysis - Assets



Vertical Analysis - Equity and Liabilities



Vertical Analysis - Profit and Loss



Horizontal Analysis

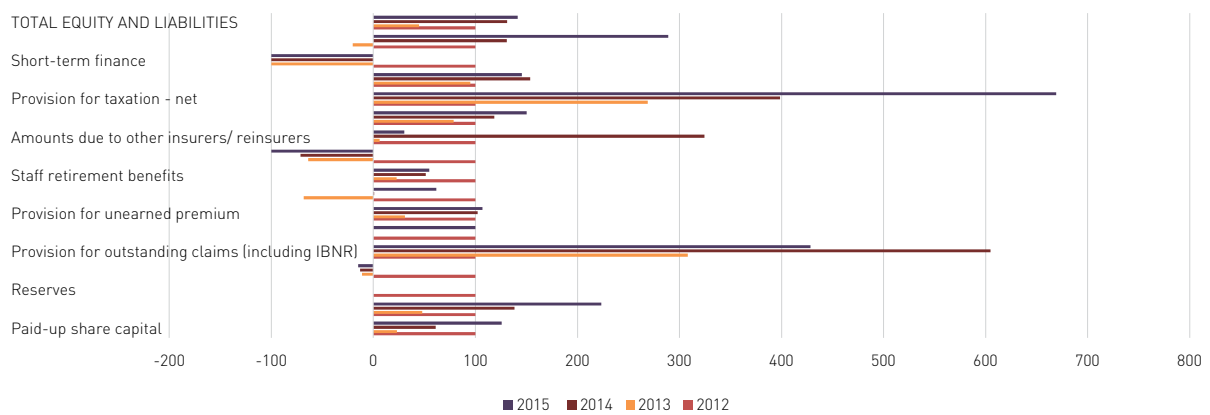
	YEARS			
	2012	2013	2014	2015
Balance Sheet Items				
Cash & bank deposits	100	(18.78)	93.16	30.15
Loans	100	68.68	76.18	146.25
Investments	100	119.70	242.27	452.04
Net assets in Window Takaful Operations	100	-	100.00	100.00
Investment property	100	(84.50)	(85.27)	(86.01)
Deferred tax asset	100	-	-	100.00
Premiums due but unpaid	100	23.82	21.44	87.90
Amounts due from other insurers/ reinsurers	100	443.20	2,089.85	1,573.55
Prepaid reinsurance premium ceded	100	(34.08)	116.75	98.28
Reinsurance recoveries against outstanding claims	100	379.02	722.07	505.49
Deferred commission expense	100	(7.28)	65.05	125.35
Accrued investment income	100	30.63	52.76	(15.15)
Advance for purchase of shares	100	-	100.00	(100.00)
Sundry receivables	100	128.35	9.64	106.90
Fixed assets - Tangible and intangibles	100	5.02	12.99	27.21
TOTAL ASSETS	100	44.75	131.18	141.43
Paid-up share capital	100	23.00	61.21	125.69
Retained earnings	100	47.98	138.41	223.52
Reserves	100	-	-	-
Surplus on revaluation of fixed assets	100	(11.01)	(12.95)	(14.82)
Provision for outstanding claims (including IBNR)	100	308.20	604.72	428.30
Premium deficiency reserve	100	-	-	100.00
Provision for unearned premium	100	30.83	102.35	107.02
Commission income unearned	100	(68.17)	0.86	61.67
Staff retirement benefits	100	22.88	51.46	54.74
Deferred tax liabilities	100	(63.85)	(71.33)	(100.00)
Amounts due to other insurers/ reinsurers	100	6.26	324.44	30.32
Accrued expenses	100	78.81	118.68	150.13
Provision for taxation - net	100	269.01	398.60	669.05
Other creditors and accruals	100	94.88	153.68	145.53
Short-term finance	100	(100.00)	(100.00)	(100.00)
Liabilities against assets subject to finance lease	100	(20.15)	130.85	289.15
TOTAL EQUITY AND LIABILITIES	100	44.75	131.18	141.43
PROFIT AND LOSS ACCOUNT				
Net premium	100	41.51	96.17	174.69
Net claims	100	31.65	70.91	202.48
Premium deficiency reserve	100	-	-	100.00
Management expenses	100	42.09	87.03	100.54
Net commission	100	86.04	233.43	506.04
Investment income	100	(15.73)	54.02	47.52
Rental income	100	90.03	127.45	127.45
Other income	100	202.45	369.23	219.10
Share of loss from associate	100	-	100.00	100.00
General & admin expenses	100	25.23	49.20	56.14
Finance charges on lease rentals	100	(36.94)	73.70	172.82
Income from Window Takaful Operations	100	-	100.00	100.00
Provision for taxation	100	25.83	78.46	125.92

Horizontal Analysis

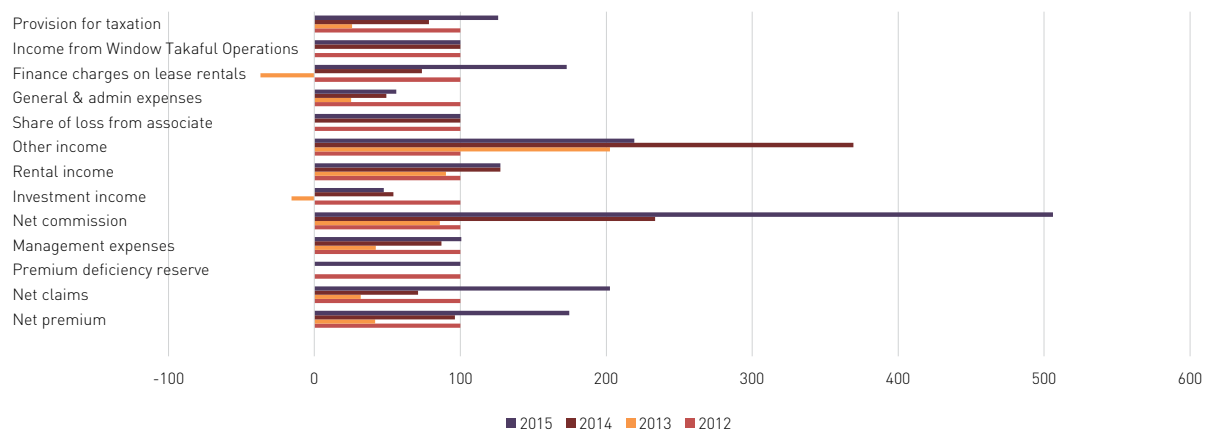
Horizontal Analysis - Assets



Horizontal Analysis - Equity and Liabilities



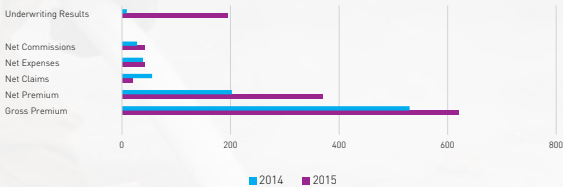
Horizontal Analysis - Profit and Loss



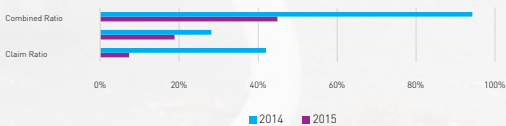


	2015	2014	Change %
	Rupees		
Gross Premium	629,923,664	490,848,268	28.33
Net Premium	352,637,733	203,972,078	72.89
Net Claims	30,259,648	86,443,739	(64.99)
Net Expenses	65,556,721	60,387,432	8.56
Net Commissions	65,466,388	43,428,938	50.74
Underwriting Results	191,354,976	13,711,969	1,295.53
Claim Ratio	9%	42%	
Expense Ratio	19%	30%	
Combined Ratio	46%	93%	

FIRE



FIRE - RATIOS





Segmentwise Outline

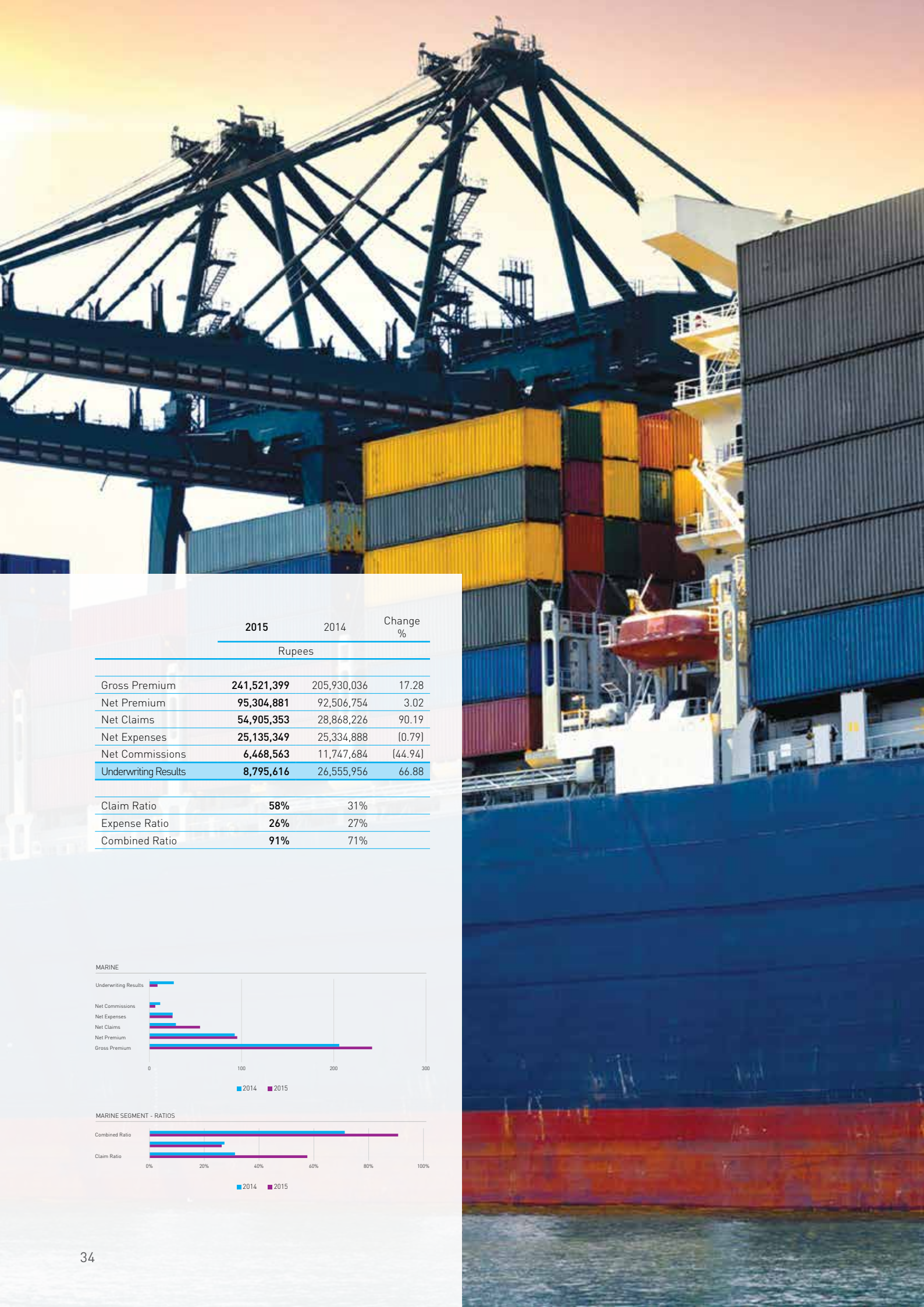
Fire

Riot and Strike Damage

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

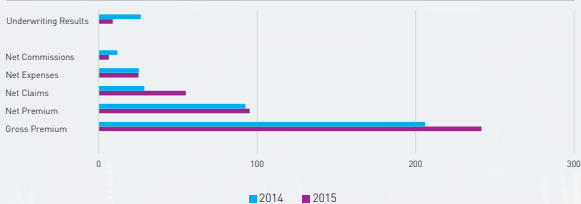
Allied Perils

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

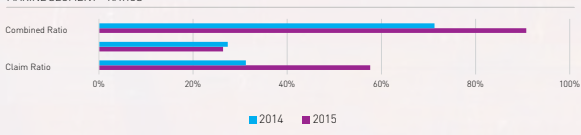


	2015	2014	Change %
	Rupees		
Gross Premium	241,521,399	205,930,036	17.28
Net Premium	95,304,881	92,506,754	3.02
Net Claims	54,905,353	28,868,226	90.19
Net Expenses	25,135,349	25,334,888	(0.79)
Net Commissions	6,468,563	11,747,684	(44.94)
Underwriting Results	8,795,616	26,555,956	66.88
Claim Ratio	58%	31%	
Expense Ratio	26%	27%	
Combined Ratio	91%	71%	

MARINE



MARINE SEGMENT - RATIOS





Segmentwise Outline Marine

Marine Cargo

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

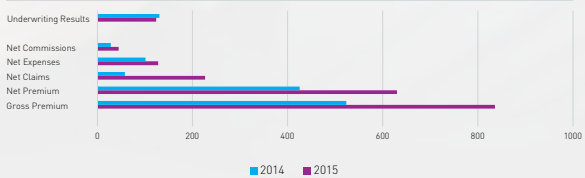
Marine Hull Insurance

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

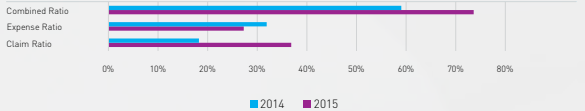


	2015	2014	Change %
Rupees			
Gross Premium	849,065,993	531,990,890	59.60
Net Premium	640,610,784	434,695,795	47.37
Net Claims	235,857,268	79,246,990	197.62
Net Expenses	174,572,873	138,589,451	25.96
Net Commissions	61,041,944	38,637,293	57.99
Underwriting Results	169,138,699	178,222,061	(5.10)
Claim Ratio	37%	18%	
Expense Ratio	27%	32%	
Combined Ratio	74%	59%	

MOTOR



MOTOR - RATIOS





Segmentwise Outline Motor

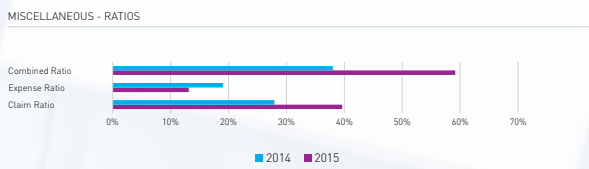
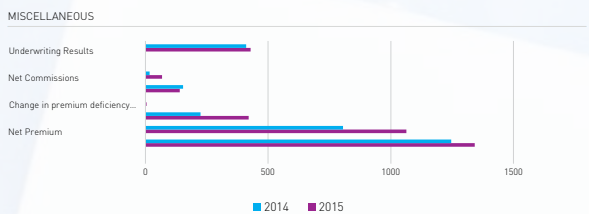
Auto Sure Plan - Auto Insurance with free Tracker Risks Covered

- Accidental External means.
 - Riots, Strikes & Malicious Damages
 - Theft.
 - Fire, External explosion, self-ignition or lightning or frost.
 - Third Party Liability.
- Value Added Features:
- Free towing to the nearest workshop.
 - Get your car repaired from the workshop of your own choice.
 - UIC claims experts will help in getting the Final Police Investigation Report.
 - Free death repatriation of the driver within Pakistan.
 - Funeral expenses & arrangements for the said person will be borne by UIC.
 - No hidden taxes & charges.
 - We commit to settle all theft and total loss claims within 30 days after reporting/submission of requisite documents.

 Read more online: www.theunitedinsurance.com



	2015	2014	Change %
	Rupees		
Gross Premium	1,341,646,511	1,245,974,591	7.68
Net Premium	1,063,230,490	805,528,503	31.99
Net Claims	421,306,367	224,873,420	87.35
Change in premium deficiency reserve	5,261,422	-	100.00
Net Expenses	139,626,356	153,288,117	(8.91)
Net Commissions	68,040,947	16,783,310	305.41
Underwriting Results	428,995,398	410,583,656	4.48
Claim Ratio	40%	15%	
Expense Ratio	13%	24%	
Combined Ratio	59%	38%	





Segmentwise Outline Miscellaneous

Workmen's Compensation

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

Accident Coverage

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

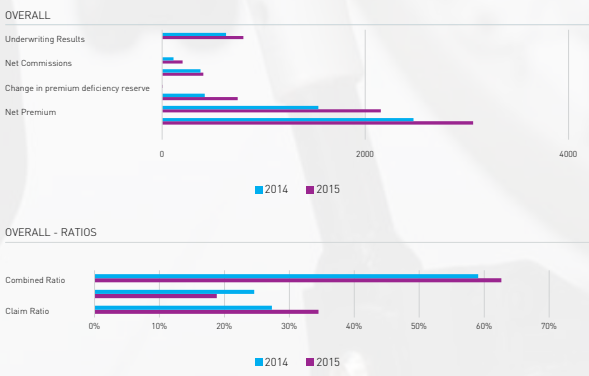
Cash in Transit Insurance

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

 Read more online: www.theunitedinsurance.com



	2015	2014	Change %
Rupees			
Gross Premium	3,062,157,567	2,474,743,785	23.74
Net Premium	2,151,783,888	1,536,703,130	40.03
Net Claims	742,328,636	419,432,375	76.98
Change in premium deficiency reserve	5,261,422	-	100.00
Net Expenses	404,891,299	377,599,888	7.23
Net Commissions	201,017,842	110,597,225	81.76
Underwriting Results	798,284,689	629,073,642	26.90
Claim Ratio	34%	27%	
Expense Ratio	19%	25%	
Combined Ratio	63%	59%	





Segmentwise Outline Overall

Fire Insurance

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

Marine Insurance

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

Motor Insurance

- Commercial vehicle comprehensive
- Private vehicle comprehensive
- Motor cycle comprehensive

- Motor third party liability

Miscellaneous Insurance

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

Group Chairman's Message



Fresh Perspectives

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

**Our drive for
transformation
continues**
(Insha Allah)

The experience, knowledge and positive performance of UIG Group is characterized by high quality efficiency with flexibility, allowing the organization to overcome the challenges emerging from continuous regional and international changes. The future of UIG is bright, and well positioned for continued future growth and success stemming from a history of stellar achievements. Through high professional standards, commitment and a forward looking vision we will continue on the path of excellence and prosperity. The current operating environment severely tested our ability to effectively manage the different facets of our business. I am proud to say the UIG Group passed that test with undeniable success.

Regards,



Mian M. A. Shahid
Group Chairman/Advisor to Board

Chief Executive's Message



Fresh Perspectives

Now in even stronger position
to reach our 2011–2015
financial targets.

Our strengths in growing and managing high quality, multi channel distribution, along with our expertise providing innovative solutions to the customers in protecting their vital needs and delivering service with excellence at all times.

UIC has progressed steadfast during the recent period in the prevailing competitive market with initiatives focused on high quality products that meet the need of time of our customers which has laid the foundation for future growth.

We have built a business model based on a competitive product proposition, quality customer service and a strong distribution network. With extensive use of technology and committed team of employees, we strive to be the preferred choice of customers seeking strong security protection for their valuable assets.

We accord high importance in honoring the trust reposed by our customers in us, for themselves and their families. We are committed to ensuring trust reposed in us. UIC has a Competitive excellence in number of market products. I am very confident in stating that our recently commenced Window Takaful Operations will follow our footsteps.

Enquires are very often made about the reasons of our success story, to which I say we try to understand needs of our customers to which we respond with tailored made insurances backed by top class reinsurance securaties at a reasonable competitive price backed by prompt claims settlement.

Regards,



Mohammed Rahat Sadiq
Chief Executive Officer





Corporate Governance

Throughout the years, UIC has earned its distinction through reliability, transparency, sound business judgement, value creation, innovation and superior results.

Directors' Report to the Members

The Directors of "The United Insurance Company of Pakistan Limited" take pleasure in presenting the 56th annual report of your Company, together with the combined audited financial statements of UIC and its Window Takaful Operations for the year ended December 31, 2015.

The Economy Review – General

Global economic growth during the outgoing year has witnessed some continuing signs of improvement with a pick-up in high-income economies along with some improvement in developing countries.

China and Pakistan have made agreements to establish China Pakistan Economic Corridor between the two countries. The corridor will serve as a driver for connectivity, trade in the world is expected to increase and Pakistan will take benefits through multiple dimensions.

Pakistan is improving quantitatively and qualitatively as growth achieved 4.24 percent is broad based and is the highest achievement since 2008-09.

The GDP growth accelerated to 4.24 percent in 2014-15 against the growth of 4.03 percent recorded in the same period last year. The growth momentum was broad based, as all sectors namely agriculture, industry and services have supported economic growth.

Per capita income in dollar terms recorded a significant growth of 9.25 percent in 2014-15 as compared to 3.83 percent last year. The per capita income in dollar terms has reached to \$1,512 in 2014-15.

Total investment was recorded at 15.12 percent of GDP, Fix investment was registered at 13.52 percent of GDP. Private investment witnessed at 9.66 percent of GDP. Investment has been hard hit by internal and external factors during the last few years but now situation is improving.

Total investment witnessed a growth of 10.21 percent as compared to 8.4 percent last year. Public investment recorded an impressive growth rate of 25.56 percent as compared to 6.82 percent last year.

Core inflation on average basis during July-April, 2014-15, stood at 6.9 percent against 8.3 percent last year.

Performance Review of the United Insurance Company's Conventional Business Year End 2015

Company's Gross Written Premium increased by 23.74 %, from Rs 2474.744 million in 2014 to Rs 3062.158 million in 2015. Premium growth was recorded mainly in Fire & Motor businesses. The Company's net premium income stands at 70.27% of GWP. Overall the underwriting result,

Directors' Report to the Members

Gross Premiums Written

3,062.16

Rs. in Million

improved by 26.90 % during the year from Rs.629.074 million in 2014 to Rs. 798.285 million in 2015. General & administrative expenses increased by 4.65 %, from Rs.237.883 million decreased in 2014 to Rs. 248.952 million in 2015. The Company, investment income from Rs.63.404 million in 2014 to Rs. 60.729 million in 2015. Accordingly the Company earned profit before tax Rs.507.936 in 2014 as against Rs. 679.588 in 2015 and profit after tax of Rs.460.887 million in 2014 as against Rs.620.026 million in 2015.

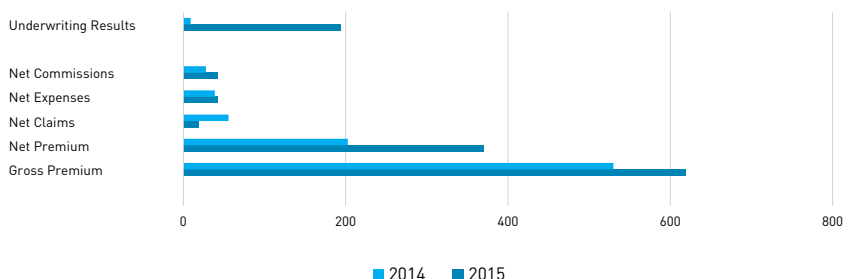
Earnings per share was Rs. 3.58 in 2014 as against Rs. 4.81 in 2015.

SEGMENTS AT A GLANCE CONVENTIONAL

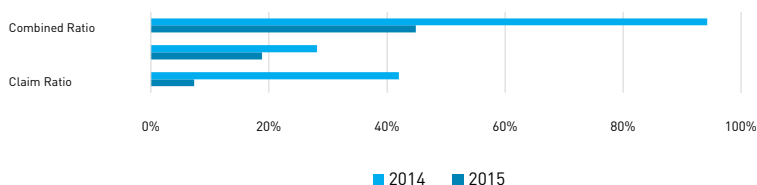
Fire and Property Damage

The gross written premium increased to Rs. 629.924 million in 2015 as compared to Rs. 490.848 million in 2014 and constituted 20.57 % of the total gross written premium of the Company. Net claims as percentage of net premium revenue were improved 8.58 % in 2015 as against 42.38 % in 2014. The underwriting profit for the year increased to Rs. 191.355 million as compared to Rs. 13.712 million in 2014.

FIRE



FIRE - RATIOS



Marine, Aviation and Transport

The gross written premium increased to Rs. 241.521 million in 2015 as compared to Rs. 205.930 million in 2014 and constituted 7.89 % of the total

Directors' Report to the Members

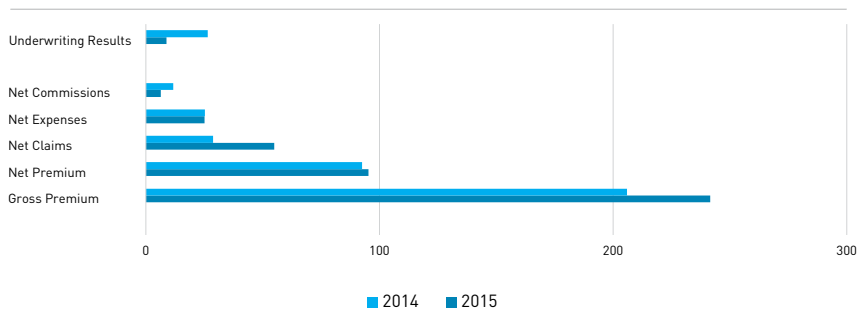
Net Premium

2,151.78

Rs. in Million

gross written premium of the Company. Net claims as a percentage of net premium revenue were 57.61 % in 2015 as against 31.21 % in 2014. The underwriting profit for the year was Rs. 8.796 million in 2015 as compared to Rs. 26.556 million in 2014.

MARINE

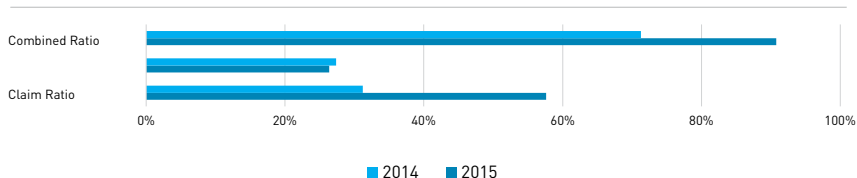


Net Claims

742.33

Rs. in Million

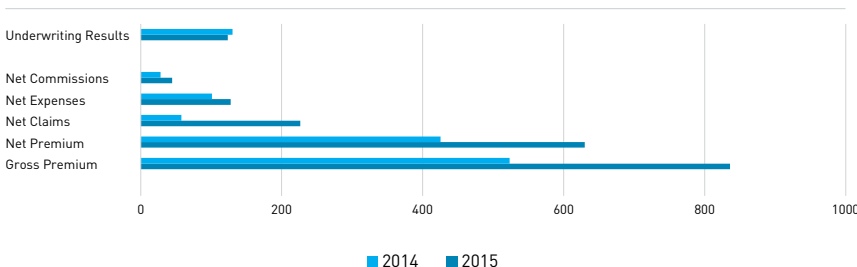
MARINE SEGMENT - RATIOS



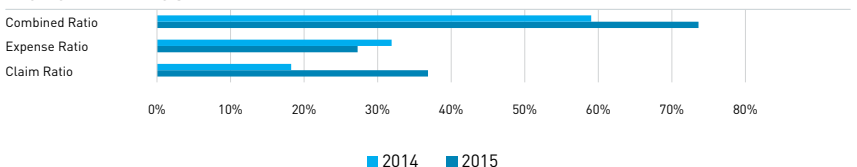
Motor

The gross written premium increased to Rs. 849.066 million in 2015 as compared to Rs. 531.991 million in 2014. The gross written premium of this segment constitutes 27.73 % of the total gross written premium of the Company. Net claims as percentage of net premium revenue was 36.82 % in 2015 as against 18.23 % in 2014. The underwriting profit was Rs.

MOTOR



MOTOR - RATIOS



Directors' Report to the Members

Management Expenses

404.89

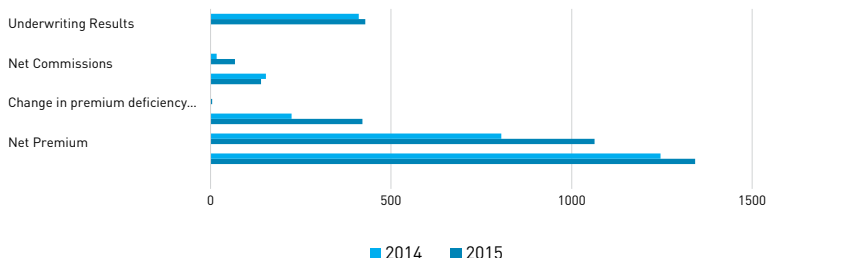
Rs. in Million

169.139 million in 2015 as compared to Rs. 178.222 million in 2014.

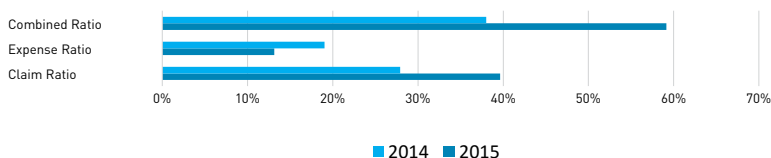
Miscellaneous

The gross written premium increased to Rs. 1341.647 million in 2015 as compared to Rs. 1245.975 million in 2014. The gross written premium of this segment constitutes 43.81 % of the total gross written premium of the Company. Net claims as percentage of net premium revenue was to 39.63 % in 2015 as compared to 27.92% in 2014. The underwriting profit for

MISCELLANEOUS



MISCELLANEOUS - RATIOS



the year increased to Rs. 428.995 million in 2015 compared to Rs. 410.584 million in 2014.

PERFORMANCE REVIEW (WINDOW TAKAFUL OPERATIONS - WTO) YEAR END 2015

Income from net assets in WTO increased by 145.27 % from Rs. 28.456 million in 2014 to Rs. 69.794 million in 2015. Accordingly Net assets in WTO increased by 64.52 % from Rs. 78.456 million in 2014 to Rs. 129.077 million in 2015.

CLAIMS

Prompt settlement of claims is a vital function at the UIC. Natural Catastrophic claims are unavoidable and are complex in nature; these are

Directors' Report to the Members

Net Commission

201.02

Rs. in Million

either total or partial loss. Motor "own damage", crop and Health claims accounted for majority of the claims which were promptly settled.

RE-INSURANCE

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

UIC's reinsurance arrangements predominantly comprise of excess of loss treaties ,our panel consists of Swiss Re (Rated 'AA-' by S&P), Korean Re (Rated A- by AM Best), Trust Re (Rated 'A-' by AM BEST), Labuan Re (Rated 'A-' by AM BEST), Malaysian Re (Rated 'A-' by AM BEST),PRCL(AA JCR-VIS) Hannover Re (AA-S&P), Mapfre Assistance,(A1 by Moody's) and Kuwait Re (A- AM Best) ,our enhanced capacity allows us to underwrite large risks.

RISK MANAGEMENT

Insurance being a business of transfer of risks from client to insurer, is viable only if underwriter has the ability to precisely assess the risk exposure, our Company's Risk Management approach is made for qualitative evaluation of risk and minimizing its hazards, we are continuously striving in developing tools for risk identification, risk quantification, risk control and risk retention analysis.

Underwriting Profit

798.28

Rs. in Million

INVESTMENT IN Apna Microfinance Bank Limited.

Investment in APNA Microfinance Bank Ltd increased by 120.15 % from Rs. 193.58 million in 2014 to Rs. 426.14 million in 2015 and percentage of holding in associate is 37.624% in 2015 as compare to 30.93% in 2014.

General Investments

Our investment objective is to attain maximum return on our investment portfolio for the company/shareholders, the investment committee implements and monitors our investment strategies, guidelines and policies for the Board and the group's investment guidelines. The Company will continue to place special emphasis on generating revenues by safe and sound investments generating good returns.

Directors' Report to the Members

Investment Income
60.73
Rs. in Million

INFORMATION TECHNOLOGY

Your Directors recognize the importance of Technology in today's business environment by ensuring that we are up to date with the new technology in time with increasing numbers of policies and claims. The communication infrastructure has been strengthened by upgrading the Reinsurance Management System which will be fully integrated with our existing MIS.

HUMAN RESOURCE

At UIC, a greater emphasis is being placed on enhancing the quality of our HR, which will further enhance our marketing & administrative capabilities of our employees, resulting in improved efficiency and qualitative services.

At UIC we provide continuous & challenging opportunities for growth of our employees. The Company has created a culture that promotes teamwork, collaboration, openness and transparency of processes which builds overall trust resulting in improvement and rewards recognition for its employees.

CORPORATE SOCIAL RESPONSIBILITY

The Company's goal is to safeguard the interest of its employees, preventing accidents affecting people, property and the environment. At UIC risk prevention is our collective responsibility, whereby we are continuously devising way & means for improvement.

1ST INTERNATIONAL CONFERENCE ON ENVIRONMENT, HEALTH, SAFETY & SECURITY HELD ON 11 JUNE 2015 IN KARACHI.

The company also actively participates in events held for betterment of the society particularly Environment and Climate. In this context the First International Environment, Health, Safety & Security Conference was held on 11th June, 2015 at Karachi Marriott Hotel with the collaboration of Pakistan Red Crescent Society and sponsored by the UIC for creating awareness about Health Safety & Security and share insights and best practices for challenges facing by the different industries.

RELATED PARTY TRANSACTIONS

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

Directors' Report to the Members

Profit After Tax

620.03

Rs. in Million

MAJOR INITIATIVES DURING THE YEAR

Your Company wishes to be continually recognized as a pioneering insurer and with this objective the following initiatives were undertaken during the year under review:

- In order to demonstrate effectively commitment in satisfying customer needs for managing the risk assessment in General Insurance, the certification of registration was gained in management system of the entity which has been approved by Alcumus ISOQAR and is compliant with the requirements of ISO 9001:2008
- The entity has entered into the agreement with the Third Party Administrator [TPA] for Health Insurance. Because the TPAs are considered a cost-effective solution for the insurance companies enabling them to offer innovative health insurance products with significantly improved service.
- Implementing new improved Management Information System [IMS]
- Encouraging the employees' participation in social activities.
- On and off the job training seminars / programs were attended / conducted for specific training on client servicing.

INSURER'S FINANCIAL STRENGTH RATING

The Pakistan Credit Rating Agency (PACRA) has maintained the Insurer's Financial Strength (IFS) rating of your Company to "A+" (Single A+). The rating denotes our strong capacity to meet our policyholder and contractual obligations.

CODE OF CONDUCT

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

APPROPRIATIONS

Your Directors' are pleased to present the following figures with recommendations for the year ended December 31, 2015.

Directors' Report to the Members

Particulars	Rupees
Net Profit After Tax	620,025,776
Add: Incremental Depreciation	862,422
Less: Actuarial loss on defined benefit plan	(1,054,707)
Less: Share of other comprehensive loss from associate	(673,875)
Less: Share of other comprehensive loss from Window Takaful Operations	(172,836)
Total Comprehensive Income	618,986,780
Add Last Year Unappropriated profit	281,907,057
Profit Available for appropriation	900,893,837
Appropriated/appropriations:	
40% Final Stock dividend	515,200,000
Qarz-e-hasna to participants' takaful fund (PTF)	19,000,000
Unappropriated Profit	366,693,837
Total	900,893,837

FUTURE OUTLOOK

Major trading partners of Pakistan are growing with better outlook, which will certainly have positive impact on the economy of Pakistan and will provide an opportunity to uplift socio-economic condition of common man in the country.

ACKNOWLEDGEMENT

Your Directors place on record their gratitude for the continuing support of Shareholders, SECP, bankers and Business associates at all levels. Your Directors would also like to take this opportunity to express their appreciation for the dedicated efforts of the employees of the Company.

With deep sorrow, it is to inform you that our Chairman Chaudhary Habib-ur-Rahman and Deputy Managing Director/Company Secretary Zia Hassan Zuberi passed away during the FY-2015 (Inna Lillahe Wainna Ilaihe Rajioon). May Allah gives their families the courage to bear this heavy loss.

For and behalf of the Board



Mohammed Rahat Sadiq
Chief Executive Officer

Date: **April 04, 2016**

Report on Corporate

and financial reporting framework

1. The financial statements together with the notes forming an integral part of these statements have been prepared by the management of your Company in conformity with the Companies Ordinance, 1984 and the Insurance Ordinance, 2000 and present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of account of the Company have been maintained;
3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures therefrom (if any) has been adequately disclosed and explained;
5. The system of internal control is sound in design and has been effectively implemented & monitored by the internal audit. This is a continuing process and any weaknesses is removed and its effective implementation shall be ensured.
6. There is no doubt about/as to the Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
8. Key operating and financial data for the last six years is enclosed with the annual report.
9. Outstanding taxes and duties amounting to Rs.45,434,819 which will be paid partially in the month of January 2015 and partially in with income tax return of 2015.
10. The related party transactions are approved or ratified by the audit committee and the Board of Directors.
11. Interest of directors and their relatives in company's shareholding as at December 31, 2015

Report on Corporate

and financial reporting framework

S.#	Name	Holdings
1	Najeeb-Ur-Rehman	23,697
2	Muhammad Rahat Sadiq	5,115
3	Khawas Khan Niazi	12,738
4	Miss Huma Waheed	9,886
5	Javaid Sadiq	861
6	Aziz-Ur-Rehman	24,525
7	M. Maqsood Ahmed Ch.	118,059

During the year 2015 the trade carried out by the Directors, CEO, CFO, Company Secretary, Executives and their spouses and minor children, if any, in the shares of the Company is mentioned below:

Directors & Their Spouses	No. of Shares Purchased/ Acquired	No. of Shares Sold
NAJEEB-UR-REHMAN	6,525	-
MUHAMMAD RAHAT SADIQ	1,482	-
KHAWAS KHAN NIAZI	3,639	-
MISS HUMA WAHEED	2,722	-
JAVAID SADIQ	861	-
AZIZ-UR-REHMAN	6,753	-
M. MAQSOOD AHMED CH.	32,509	-
CH. HABIB-UR-REHMAN	5,319	-

12. Board Meetings and Attendance

During the year, eight (08) meetings of the Board of Directors were held and attendance by each Director is given below:

Name of Directors	Number of Meetings Attended
NAJEEB-UR-REHMAN	8
MUHAMMAD RAHAT SADIQ	8
KHAWAS KHAN NIAZI	8
MISS. HUMA WAHEED	8
JAVAID SADIQ	3
AZIZ-UR-REHMAN	7
M. MAQSOOD AHMED	7
HABIB-UR-REHMAN	3

The board granted leaves of absence to the members of the board whom could not attend their board meetings.

Report on Corporate

and financial reporting framework

13. All the major decisions relating to change in the policy of underwriting, if any, appointment, remuneration and terms & conditions of CEO are taken to the Board.
14. The Company intends to make Long Term equity investment in APNA Microfinance Bank Limited.
15. The value of investments in assets of gratuity fund are amounting to Rs.28,967,080 as at December 31, 2015.

Audit Committee

As required under the Code of Corporate Governance, the audit committee continued to perform as per its terms of reference duly approved by the Board. The Audit Committee review and recommend appointment of auditors and on related party matters. The committee composition is also attached with this report.

HR Committee

As required under the Code of Corporate Governance, the HR Committee continued to perform as per its terms of reference duly approved by the Board. The HR Committee recommends to the Board selection, evaluation and compensation of key management positions.

Other Committees

Investment, Claim, Underwriting, Management, Re-insurance committees continued to perform as per their terms of reference.

Material Changes

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

Auditors

The Company's Auditors M/s RSM Avais Hyder Liaquat Nauman Chartered Accountants Lahore & retire and offer themselves for reappointment.

Report on Corporate

and financial reporting framework

Pattern of Shareholding

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

Insurance Ordinance, 2000

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

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

For and behalf of the Board



Mohammed Rahat Sadiq
Chief Executive Officer

Date: **April 04, 2016**

Code of Conduct

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

RELATIONSHIP WITH EMPLOYEES

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

RELATIONSHIP WITH THE COMPANY

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

RELATIONSHIP WITH THE CLIENTS

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

RELATIONSHIP WITH SOCIO-ECONOMIC ENVIRONMENT

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

RELATIONSHIP WITH MEMBERS

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

COMPLIANCE OF APPLICABLE LAWS AND REGULATIONS

The UIC complies with all laws and regulations. All employees are expected to familiarize themselves with laws and regulations governing their individual areas of responsibility, and not to transgress them. If in doubt, employees are expected to seek advice. The UIC believes in and fully adheres to the principles of reliability and credibility in its financial reporting and in transparency of business transactions. The rules and regulations formulated and practiced shall not super cede any Government or legislative body laws and regulations applicable to the company.

The Board ensures that the above principles of Code of conduct are complied with, for which the Board has constituted the audit committee, to be supportive of compliance.

Review Report to the Members

on Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors ("the Board") of The United Insurance Company of Pakistan Limited ("the Company") for the year ended December 31, 2015 to comply with requirements of the Listing Regulations of the Pakistan Stock Exchange where the company is listed.

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

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

The Code requires the Company to

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

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



RSM/AVAIS HYDER LIAQUAT NAUMAN
Chartered Accountants

Date: April 04, 2016

Place: Lahore

Statement of Compliance

with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in the rule book of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

Category	Names
Independent Director	Mohammed Javed Sadiq
Executive Directors	Mohammed Rahat Sadiq Miss Huma Waheed
Non-Executive Directors	Khawas Khan Niazi Chaudhary Maqsood Ahmed Chaudhary Najeeb-ur-Rehman Chaudhary Aziz-ur Rehman

The independent director meets the criteria of independence under clause i (b) of the CCG.

The independent director meets the criteria of independence under clause i (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

3. All the resident directors of the company are registered taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Casual vacancy occurred on the board during 2015 and was filled within 90 days from the day of vacancy.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.
8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and

Statement of Compliance

with the Code of Corporate Governance

- the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. As per the Code, Directors of the company having 15 years of experience on the Board of listed company and 14 years of education are exempted from Director's training program. Five out of seven Board members of the company qualify for exemption under the provision (xi) of the Code. One Director has already obtained training certificate as required and remaining Director will complete his course by June 30, 2016. Further the company will arrange training program for all directors as provided under the Code.
10. There were no new appointment of Chief Financial Officer (CFO) & Head of Internal Audit during the year. However there was new appointment of Company Secretary which was vacated due to demise of Mr. Z.H. Zuberi and filled with in 15-days. The Board had however, approved the increase in remuneration of Chief Financial Officer & Company Secretary and the Head of Internal Audit Department.
11. The Director's report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The board has formed an Audit Committee. It comprises 3 (three) non-executive directors including chairman.
16. The meetings of the Underwriting, claim settlement, reinsurance and coinsurance and investment committees were held at least once every quarter.
17. The meetings of the audit committee were held at least once in every quarter prior to approval of interim and final results of the company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
18. The board has formed an HR and Remuneration Committee. It comprises 3 (three) members, of whom 2 (two) are non-executive

Statement of Compliance

with the Code of Corporate Governance

directors and the chairman of the committee is a non executive director.

19. The board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
20. All related party transactions entered during year were on arm's length basis and these have been placed before the Audit Committee and Board of Directors. These transactions are duly reviewed and approved by the Audit committee and Board of Directors along with pricing method.
21. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
22. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
23. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
24. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
25. We confirm that all other material principles enshrined in the Code have been complied with.

For and behalf of the Board



Mohammed Rahat Sadiq
Chief Executive Officer

Date: **April 04, 2016**

Pattern of Shareholding

As At December 31, 2015

No. of Shareholders	Shareholding from	To	Total Shares Held
89	1	100	3,069
71	101	500	17,741
26	501	1000	20,232
72	1001	5000	179,653
19	5001	10000	147,516
4	10001	15000	47,868
4	15001	20000	74,897
5	20001	25000	110,393
2	25001	35000	66,011
1	35001	40000	37,050
1	40001	45000	42,970
4	45001	55000	212,723
2	55001	60000	115,276
1	60001	75000	74,456
2	75001	85000	164,589
2	85001	120000	233,540
1	120001	225000	222,436
1	225001	295000	292,928
1	295001	535000	533,487
1	535001	765000	762,141
1	765001	1800000	1,798,084
1	1800001	2060000	2,057,196
1	2060001	3430000	3,425,166
1	3430001	3700000	3,697,504
1	3700001	3745000	3,741,817
1	3745001	3790000	3,787,183
1	3790001	4285000	4,283,892
1	4285001	5450000	5,449,328
1	5450001	9380000	9,375,764
1	9380001	10825000	10,824,944
1	10825001	10850000	10,841,129
1	10850001	19000000	18,981,797
1	19000001	47177220	47,177,220
322			128,800,000

Categories of Shareholding

As per Code of Corporate Governance as at December 31, 2015

Sr. No.	Categories of Shareholding	Number of Shareholders	Share held	Percentage %
1	Associated Undertaking and Related Parties (List "A" Attached)	5	346,872	0.27
2	NIT, ICP & Govt. Entities (List "B" Attached)	3	34,803	0.03
3	Directors , CEO & Their Spouse and minor children (List "C" Attached)	7	194,881	0.15
4	Executives	NIL	NIL	NIL
5	Public Sector companies & Corporations (List "D" Attached)	1	556,714	0.43
6	Banks & Insurance Companies (List "E" Attached)	3	6,048	0.00
7	Five percent or more voting right in Listed Companies (List "F" Attached)	6	89,897,237	69.80
8	Individuals	297	37,763,445	29.32
	Total	322	128,800,000	100.00

Categories of Shareholding

As per Code of Corporate Governance as at December 31, 2015

List A Associated Companies, Undertaking & Related Parties

Sr. No.	Name	No. of Shares
1	Aziz Mines (Pvt.) Limited	20,464
2	Indus Coal Mines (Pvt) Ltd.,	292,928
3	Shahab Coal Mines (Pvt.) Limited	16,092
4	Zahid Steel (Pvt.) Limited	8,694
5	Zahid Chemicals Ltd.	8,694
		<u>346,872</u>

List B Mutual Funds

Sr. No.	Name	No. of Shares
1	National Bank Of Pakistan Investar Account	8,562
2	First Capital Mutual Fund	26,200
3	IDBL (ICP Unit)	41
		<u>34,803</u>

List C Directors , CEO & Their Spouse and minor children

Sr. No.	Name	No. of Shares
1	Najeeb-Ur-Rehman	23,697
2	Muhammad Rahat Sadiq	5,115
3	Khawas Khan Niazi	12,738
4	Miss. Huma Waheed	9,886
5	Javaid Sadiq	861
6	Aziz-Ur-Rehman	24,525
7	M. Maqsood Ahmed Ch.	118,059
		<u>194,881</u>

List D Public Sector companies & Corporations

Sr. No.	Name	No. of Shares
1	Pakistan Re-Insurance Company Limited	<u>556,714</u>

List E "banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds"

Sr. No.	Name	No. of Shares
1	Habib Bank Limited	176
2	Eastern Federal Unions Ins.Co.Ltd	5,206
3	Al-Zamin Management (Pvt) Limited	666
		<u>6,048</u>

List F "shareholders holding five percent or more voting rights in the listed company"

Sr. No.	Name	No. of Shares
1	Margalla News International	18,981,797
2	UIG Global Services Ltd	10,841,129
3	United Track System (Pvt.) Ltd.	26,749,190
4	United International Farms (Pvt.) Ltd.	10,824,944
5	United Software And Technologies Int. (Pvt.) Ltd.	13,124,413
6	Tawasul Risk Management Services (Pvt) Ltd.	9,375,764
		<u>89,897,237</u>

ڈائریکٹر کی رپورٹ

مستقبل کے نقطہ نظر:

پاکستان کے اہم تجارتی شراکت دار بہتر مستقبل کے لئے نشوونما کر رہے ہیں، جس کا پاکستان کی معیشت پر مثبت اثرات مرتب ہوتے ہیں اور ملک میں عام آدمی کی سماجی اور اقتصادی حالت کو بہتر بنانے کے لئے موقع فراہم کئے جاتے ہیں۔

اعتراف:

آپ کے ڈائریکٹر زینبیر ہولڈرز، SECP، بنکاروں اور کاروباری معاونین کی ہر درجہ میں کی گئی مسلسل حمایت کے بے حد مشکور ہیں۔ آپ کے ڈائریکٹر اپنے ملازمین کی تمام تر کوششوں کو سراہتے ہیں۔

نہایت افسوس کے ساتھ آپ کو یہ اطلاع دی جاتی ہے کہ رواں سال 2015 میں ہمارے چیئرمین چوہدری حبیب الرحمن صاحب اور ڈپٹی مینجنگ ڈائریکٹر / کمپنی سیکریٹری ضیاء حسن زبیری صاحب قضاے الہی سے انتقال فرما گئے (انا للہ وانا الیہ راجعون)۔ اللہ تعالیٰ ان کے اہل خانہ کو اس بھاری نقصان کو برداشت کرنے کی ہمت عطا فرمائے۔ آمین

بورڈ کی جانب سے



محررت صادق

کمپنی کا سربراہ

مورخہ: 04 اپریل 2016

ڈائریکٹر کی رپورٹ

Profit After Tax

620.03

Rs. in Million

☆ ملازمت کے اوقات میں اور اس کے بعد بھی ایسے تربیتی سیمینار، پروگرام رکھے جاتے ہیں جن سے کلائنٹ سروسز کی خاص تربیت ہوتی ہے۔

انشورنس کمپنی کی مالی طاقت کی درجہ بندی:

پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے آپ کی کمپنی کی انشورر مالی طاقت (IFS) کو برقرار کرتے ہوئے "A+" ریٹنگ دی ہے۔ اس ریٹنگ کا مطلب ہماری مضبوط مالی حیثیت کا اظہار ہے جس کے ذریعے ہم پولیسی ہولڈر کی تمام قانونی ذمہ داریاں پوری کرنے صلاحیت رکھتے ہیں۔

ضابطہ اخلاق :

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

اپروپیشن:

آپ کے ڈائریکٹرز 31 دسمبر 2015 کے لئے مندرجہ ذیل اعداد و شمار کی سفارشات کو پیش کرتے ہوئے مسرت محسوس کرتے ہیں:

Particulars	Rupees
Net Profit After Tax	620,025,776
Add: Incremental Depreciation	862,422
Less: Actuarial loss on defined benefit plan	(1,054,707)
Less: Share of other comprehensive loss from associate	(673,875)
Less: Share of other comprehensive loss from Window Takaful Operations	(172,836)
Total Comprehensive Income	618,986,780
Add Last Year Unappropriated profit	281,907,057
Profit Available for appropriation	900,893,837
Appropriated/appropriations:	
40% Final Stock dividend	515,200,000
Qarz-e-hasna to participants' takaful fund (PTF)	19,000,000
Unappropriated Profit	366,693,837
Total	900,893,837

ڈائریکٹر کی رپورٹ

Net Commission

201.02

Rs. in Million

انفارمیشن ٹیکنالوجی

آپ کے ڈائریکٹرز آج کے کاروباری ماحول میں ٹیکنالوجی کی اہمیت سے بخوبی واقف ہیں اس بات کو یقینی بنانے کے لئے بڑھتی ہوئی پالیسیوں اور ٹیکنالوجی کے ساتھ ساتھ ہم نے اپنے سسٹم کو نئی ٹیکنالوجی سے ہم آہنگ کیا ہے۔ ری انشورنس مینجمنٹ سسٹم جو مکمل طور پر موجودہ M.I.S میں ضم ہے، کی اپ گریڈنگ کے ذریعے مواصلات کے بنیادی ڈھانچے کو استیقام حاصل ہے۔

انسانی وسائل:

یو آئی سی میں، اس بات پر پورا زور دیا جاتا ہے کہ ہمارے ایجنٹ آر کے میعار کو مزید بہتر بنایا جائے، جس سے ہمارے ملازمین کی مارکیٹنگ اور ایڈمنسٹریٹو صلاحیتوں میں نکھار آئے، جس کے نتیجے میں ہماری خدمات کا معیار اور کارکردگی مزید بہتر ہوتی ہے۔ یو آئی سی میں، ہم اپنے ملازمین کی نشوونما کے لئے مسلسل چیلنجنگ مواقع فراہم کرتے رہتے ہیں۔ کمپنی ایسا ماحول قائم کرتی ہے جہاں ٹیم ورک، تعاون، کشادگی اور کام کی شفافیت ہو جس سے ایک مجموعی بھروسہ جنم لیتا ہے اس کے نتیجے میں ملازمین کو ترقی اور انعامات سے نوازہ جاتا ہے۔

کارپوریٹ سماجی ذمہ داری:

کمپنی کا مقصد ہے کہ وہ اپنے ملازمین کے مفادات کی حفاظت کرے، حادثات سے متاثرہ افراد کی دیکھ بھال کرے، جائیداد اور ماحول کی حفاظت کرے، یو آئی سی میں، خطرے کی روک تھام ہماری اجتماعی ذمہ داری ہے، اس لئے ہم بہتری کے مسلسل نئے راستے اور طریقے وضع کرتے رہتے ہیں۔

متعلقہ پارٹی لین دین:

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

Underwriting Profit

798.28

Rs. in Million

سال کے دوران اہم اقدامات:

آپ کی کمپنی یہ خواہش رکھتی ہے کہ اسے مسلسل اہم انشورر کے طور پر تسلیم کیا جائے اور اسی مقصد کے پیش نظر رواں سال مندرجہ ذیل اقدامات اٹھائے گئے:

- ☆ اس کے لئے جنرل انشورنس میں خطرے تشخیص کے لئے موثر طریقے سے گاہک کی ضروریات کو تسلی بخش انداز میں منظم کرنا، اس کے پیش نظر ISO کی سرٹیفیکیشن حاصل کی گئی ہے جس کو ISO 9001:2008 کی تمام ضروریات کو پورا کرنے کے بعد حاصل کیا گیا ہے۔
- ☆ کمپنی نے ہیلتھ انشورنس میں تھرڈ انشورنس ایڈمنسٹریٹر (TPA) کا معاہدہ کیا ہے۔ کیونکہ TPAs سروسز کو بہتر اور اخراجات کو کم از کم کرنے کے لئے ایک اچھا حل مانا جاتا ہے۔
- ☆ نئے بہتر مینجمنٹ انفارمیشن سسٹم کو لاگو کرنا۔
- ☆ ملازمین کی سماجی سرگرمیوں میں شرکت کی حوصلہ افزائی کی گئی۔

ڈائریکٹر کی رپورٹ

ری انشورنس

آپ کی کمپنی محتاط انداز میں وضع کردہ ری انشورنس کے پروگرام کے ذریعے خطرات کو کم سے کم کرنے کی پالیسی پر گامزن ہے۔ ہم نے اپناری انشورنس پروگرام اس طرح ترتیب دیا ہے کہ پالیسی کی مدت کے دوران شے کو ہر وقت خطرے سے محفوظ رکھا جاسکے۔ ہماری ری انشورنس کو ریج اور حکمت عملی پر مبنی آفات سے نمٹنے کی منصوبہ بندی کمپنی کے ایکسپوزر، جمع شدہ معلومات اور اس مقام پر خطرے کے ارتکاز پر مبنی ہے۔

یونائیٹڈ انشورنس کے انتظامات بنیادی طور پر نقصان کے معاہدوں سے زائد پر مشتمل ہیں۔ ہمارا بینٹل سوس ری (S&P) کی جانب سے 'AA-' قرار شدہ)، کورین ری (AM Best) کی جانب سے A- قرار شدہ)، ٹرسٹ ری (AM Best) کی جانب سے A- قرار شدہ)، لائبون ری (AM Best) کی جانب سے A- قرار شدہ)، ملایشین ری (AM Best) کی جانب سے A- قرار شدہ) (AA JCR-VIS) PRCL پین اور ری (AA-S&P)، ہمپفرے اسٹنس، (موڈی کی جانب سے A-1) اور کویت ری (A-AM Best)، پر مشتمل ہے، ہماری بہتر مالی استعداد ہمیں بڑے خطرات کے بیمہ کی اہلیت فراہم کرتی ہے۔ بیمہ خطرات کو کلائنٹ (گا ہک) سے بیمہ کنندہ کو منتقل کرنے کا نام ہے، ایسا اسی صورت میں ہو سکتا ہے جبکہ بیمہ کنندہ مختصر طور پر خطرات کا جائزہ لینے کی صلاحیت کا حامل ہو۔ ہماری کمپنی کی خطرات کی مناسبت عملی اور خطرات کی کیفیات کا جائزہ لینے اور اس کے نقصانات کو کم سے کم کرنے کے لئے بنائی گئی ہے، ہم خطرات کی نشاندہی، خطرات کی مقدار، خطرات پر قابو پانے اور خطرات کی کیفیات کا جائزہ لینے کا طریقہ کار وضع کرنے کے لئے جہد مسلسل کر رہے ہیں۔

رسک مینجمنٹ:

انشورنس بطور ایک کاروبار کے رسک کو گاہک سے انشورر میں منتقل کر دیتا ہے، صرف انڈر رائٹر ہی رسک کے خطرات تک رسائی کی صلاحیت رکھتا ہے، ہماری کمپنی کی رسک مینجمنٹ اپروچ رسک کے معیار اور نقصان کو کم سے کم کرنے پر منحصر ہے، ہم مسلسل اس جدوجہد میں ہیں کہ ان طریقہ کاروں کو مزید بہتر بنائے جن سے رسک کی تشخیص، رسک کی مقدار، رسک پر قابو اور رسک کو برقرار رکھنے کا تجزیہ کیا جاتا ہے۔

اپنا مائیکرو فنانس بیک لیڈنڈ میں سرمایہ کاری:

اپنا مائیکرو فنانس بیک لیڈنڈ میں سرمایہ کاری میں 980.00 فی صد اضافہ ہوا جو کہ 2014 میں 38.79 ملین روپے تھا اور اب 2015 میں 418.94 ملین روپے ہے اور ایسوسی ایٹ ہولڈنگز کی شرح 2015 میں 30.93 فی صد ہے جو کہ 2014 میں 4 فی صد تھی۔

اس کی وجہ سے نقصان کا حصہ بھی 6580.26 فی صد اضافہ کے ساتھ 2014 میں 0.282 ملین روپے سے بڑھ کر 2015 میں 18.87 ملین روپے ہو گیا ہے۔ نقصان کے اضافے کی وجہ بنک کا اپنے آپریشنز کو پورے ملک میں پھیلانا ہے۔

عمومی سرمایہ کاری

ہماری سرمایہ کاری کا مقصد کمپنی/شیر ہولڈرز کے لئے اپنے سرمایہ کاری کے خرید پر زیادہ سے زیادہ نفع کا حصول ہے۔ ہماری انویسٹمنٹ کمیٹی بورڈ اور گروپ کی سرمایہ کاری کے رہنما اصولوں کے لئے ہماری سرمایہ کاری کی حکمت عملی، رہنما اصولوں اور پالیسیوں کا نفاذ کرتی ہے اور ان کی نگرانی کرتی ہے۔ کمپنی محفوظ اور صحت مند سرمایہ کاری کے نتیجے میں اچھا منافع کے حصول کے ذریعے ریونیوز پیدا کرنے پر خصوصی توجہ مرکوز رکھے گی۔

Investment Income
60.73
Rs. in Million

ڈائریکٹر کی رپورٹ

Net Premium

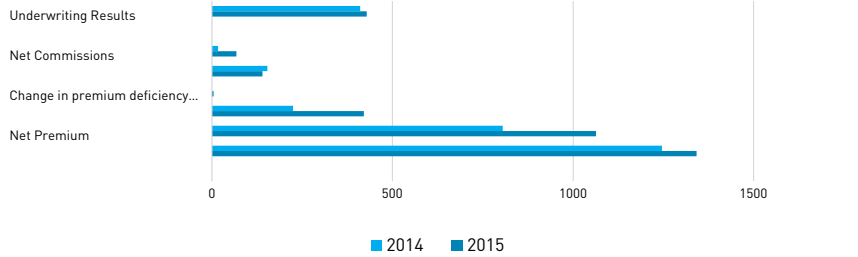
2,151.78

Rs. in Million

متفرق:

خام بیمہ اس سال 2015 میں 1341.65 ملین روپے بڑھا جو کہ پچھلے سال 2014 میں 1245.98 ملین روپے تھا جو کہ کمپنی کے کل خام بیمہ کا 43.81 فی صد ہے۔ نیٹ کالیمز کی ریشو 2015 میں 39.63 فی صد ہے جو کہ 2014 میں 27.92 فی صد تھی۔ اس سال انڈر رائٹنگ پروفٹ 428.99 ملین روپے رہا ہے جو کہ 2014 میں 410.59 ملین روپے تھا۔

MISCELLANEOUS

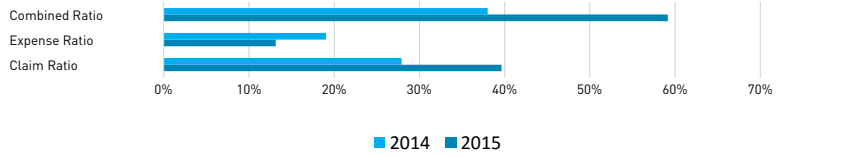


Net Claims

742.33

Rs. Million

MISCELLANEOUS - RATIOS



سال 2015 کے اختتام پر ونڈ و نکافل آپریشنز کی کارکردگی کا جائزہ

سال 2015 میں مجموعی شراکت بڑھ کر 407.03 فیصد جبکہ خالص شراکت میں اضافے کی شرح 3,406.00 فیصد ہوئی۔ سال 2014 میں 28.46 ملین روپے کے مقابلے میں 2015 میں 69.94 ملین روپے کے ساتھ WTO میں خالص اثاثہ جات سے حاصل ہونے والی آمدنی میں 145.80 فیصد کا اضافہ ہوا۔ اسی طرح 2014 میں 78.46 ملین روپے کے مقابلے میں 2015 میں 129.23 ملین روپے کے ساتھ WTO میں خالص اثاثہ جات میں 64.71 فیصد اضافہ ہوا۔

کلیمز

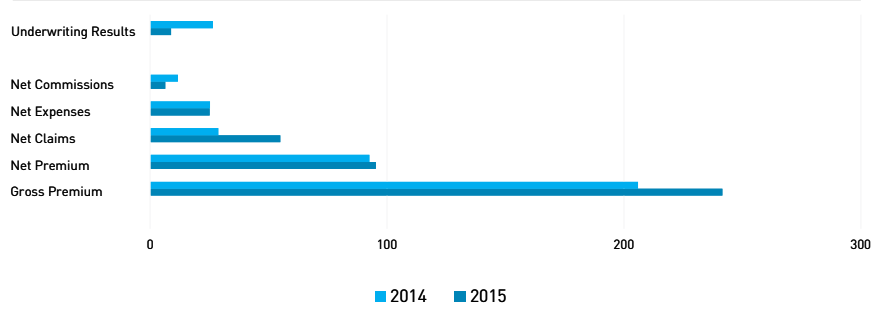
کلیمز کا فوری تصفیہ یونائیٹڈ انشورنس کمپنی کا امتیازی وصف ہے۔ قدرتی آفات سے متعلق کلیمز ناگزیر ہیں اور قدرتی طور پر پیچیدہ ہوتے ہیں، جو جزوی یا گلی نقصان پر مشتمل ہو سکتے ہیں۔ گاڑی، ذاتی نقصان، فصل اور صحت سے متعلق کثیر تعداد میں کلیمز ہوتے ہیں جن کا فوری طور پر تصفیہ کر دیا جاتا ہے۔

Management Expenses

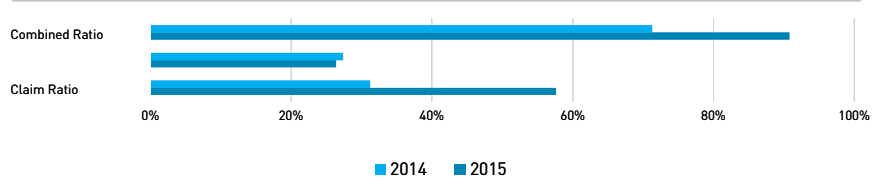
404.89

Rs. in Million

MARINE



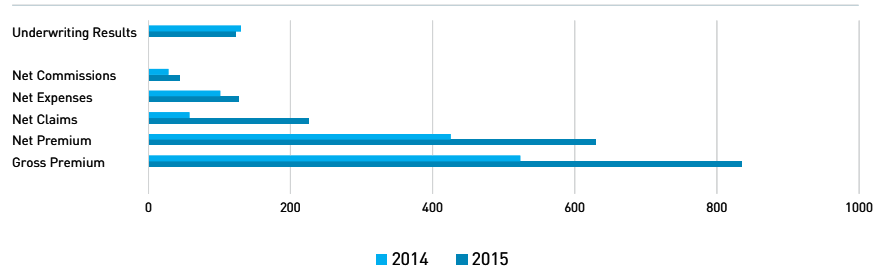
MARINE SEGMENT - RATIOS



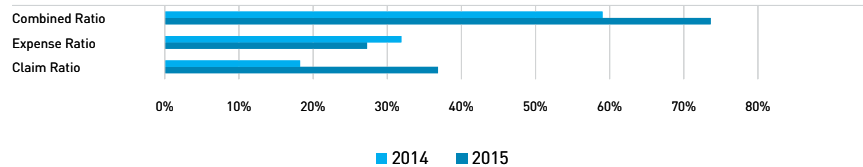
موٹر

سال 2014 میں 531.99 ملین روپے کے مقابلے میں 2015 میں 849.07 ملین روپے کے ساتھ مجموعی تحریری پریمیم کا اضافہ ہوا جو کمپنی کے کل مجموعی تحریری پریمیم کا 27.73 فیصد بنتا ہے۔ 2014 میں 18.23 فیصد کے مقابلے میں 2015 میں حتیٰ پریمیم ریونیو کی شرح کے مقابلے میں حتیٰ نقصانات کی شرح 36.82 فیصد تھی۔ سال 2014 میں 178.22 ملین روپے کے مقابلے میں سال 2015 میں زمنہ نویسی منافع 169.14 ملین روپے تھا۔

MOTOR



MOTOR - RATIOS



ڈائریکٹر کی رپورٹ

کے مقابلے میں سال 2015 میں 679.59 ملین روپے کے ساتھ قبل از ٹیکس کمپنی کے منافع میں اضافہ ہوا اور 2014 میں 460.89 ملین روپے کے مقابلے میں 2015 میں 620.03 ملین روپے کے ساتھ بعد از ٹیکس منافع ہوا۔ فی حصص آمدنی جو کہ 2014 میں 3.58 روپے تھی 2015 میں 4.81 روپے ہو گئی۔

Gross Premiums written

3,062.16

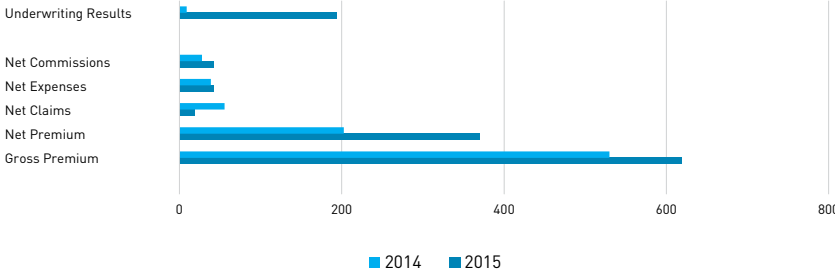
Rs. in Million

مختلف شعبوں میں کارگزاری حسب ذیل رہی (روایتی انشورنس):

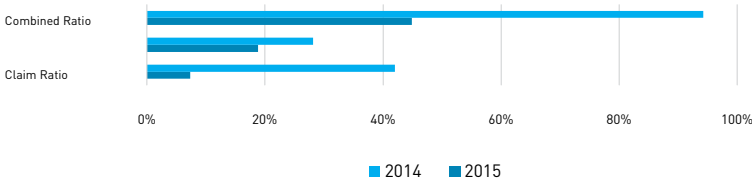
فائر پراپرٹی ڈیجیٹل

سال 2014 میں 490.85 ملین روپے کے مقابلے میں 2015 میں 629.92 ملین روپے کے ساتھ مجموعی تحریری پرییم کا اضافہ ہوا جو کمپنی کے کل مجموعی تحریری پرییم کا 20.57 فیصد بنتا ہے۔ 2014 میں 42.38 فیصد کے مقابلے میں 2015 میں 8.58 فیصد کے ساتھ حتمی پرییم ریونیو کی شرح کے مقابلے میں حتمی نقصانات میں بہتری آئی۔ سال 2014 میں 13.71 ملین روپے کے مقابلے میں اس سال زمن نویسی منافع بڑھ کر 191.36 ملین روپے ہو گیا۔

FIRE



FIRE - RATIOS



میرین، ایوی ایشن و ٹرانسپورٹ

سال 2014 میں 205.93 ملین روپے کے مقابلے میں 2015 میں 241.52 ملین روپے کے ساتھ مجموعی تحریری پرییم کا اضافہ ہوا جو کمپنی کے کل مجموعی تحریری پرییم کا 7.89 فیصد بنتا ہے۔ 2014 میں 31.21 فیصد کے مقابلے میں 2015 میں حتمی پرییم ریونیو کی شرح کے مقابلے میں حتمی نقصانات کی شرح 57.61 فیصد تھی۔ سال 2014 میں 26.56 ملین روپے کے مقابلے میں سال 2015 میں زمن نویسی منافع 8.8 ملین روپے تھا۔

ڈائریکٹر کی رپورٹ

یونائیٹڈ انشورنس کمپنی آف پاکستان لمیٹڈ کے ڈائریکٹرز ونڈو کنفل آپریٹرز کی دوسری سالانہ آڈیٹڈ فنانشل اسٹیٹمنٹ رپورٹ 2015 کو پیش کرتے ہوئے نہایت مسرت محسوس کر رہے ہیں۔

معیشت کا عمومی جائزہ۔

گزشتہ سال کے دوران ترقی پذیر ممالک میں کچھ بہتری کے ساتھ ساتھ زیادہ آمدنی والی معیشتوں میں تیزی کے ساتھ بہتری کی مسلسل علامات مشاہدے میں آئی ہیں۔

چین اور پاکستان کے درمیان پاک چین اقتصادی راہداری کے معاہدے ہوئے۔ یہ کوریڈور رابطے کے لئے بطور ڈرائیو کام کرے گا اور توقع کی جارہی ہے کہ اس کے نتیجے میں بین الاقوامی تجارت میں اضافہ ہوگا اور پاکستان کو کثیرالجہت فوائد حاصل ہوں گے۔ مجموعی قومی پیداوار میں 4.24 فیصد کے اضافے کے حصول کے بعد پاکستان مقدار اور معیار کے لحاظ سے مسلسل بہتری کی جانب گامزن ہے اور یہ 2008-09 سے لیکر اب تک ایک بڑی کامیابی ہے۔

2014-15 کے دوران جی ڈی پی میں 4.24 فیصد نمو دیکھنے میں آئی جبکہ گزشتہ سال اسی عرصے کے دوران 4.03 فیصد نمو ریکارڈ کی گئی تھی۔ ترقی کی یہ رفتار وسیع بنیاد پر ہے، کیونکہ اس کی جھلک تمام شعبوں جیسا کہ زراعت، صنعت اور خدمات میں نظر آتی ہے۔ ڈالر کے لحاظ سے گزشتہ سال 3.83 فیصد کے مقابلے میں سال 2014-15 میں 9.25 فیصد کے ساتھ فی کس آمدنی میں نمایاں اضافہ ریکارڈ کیا گیا۔ ڈالر کے لحاظ سے سال 2014-15 میں فی کس آمدنی 1,512 ڈالر تک پہنچ گئی ہے۔ گل سرمایہ کاری جی ڈی پی 15.12 فیصد ریکارڈ کی گئی ہے، فکسڈ سرمایہ کاری جی ڈی پی 13.52 فیصد رجسٹرڈ کی گئی۔ نجی سرمایہ کاری جی ڈی پی 9.66 فیصد دیکھنے میں آئی۔ گزشتہ چند سالوں کے دوران داخلی اور خارجی عوامل کے باعث سرمایہ کاری مشکلات کا شکار رہی تاہم اس وقت صورتحال بہتری کی جانب گامزن ہے۔

گزشتہ سال 6.82 فیصد کے مقابلے میں گل سرمایہ کاری میں 10.21 فیصد کا اضافہ دیکھنے میں آیا۔ گزشتہ سال 6.82 فیصد کے مقابلے میں عوامی سرمایہ کاری کی شرح نمو میں 25.56 فیصد متاثر گن اضافہ ریکارڈ کیا گیا۔ گزشتہ سال 8.3 کے مقابلے میں اوسط کی بنیاد پر جولائی۔ اپریل 2014-15 کے دوران افراط زر 6.9 فیصد رہا۔

سال 2015 کے اختتام پر دی یونائیٹڈ انشورنس کمپنی کے روایتی کاروبار کی کارکردگی کا جائزہ

سال 2014 میں 2474.74 ملین روپے کے مقابلے میں سال 2015 میں 3062.16 ملین روپے کے ساتھ کمپنی کے مجموعی تحریری پرییم میں 23.74 فیصد اضافہ ہوا۔ پرییم میں نمایاں اضافہ فائر و موٹر بزنس میں ریکارڈ کیا گیا۔ کمپنی کی مجموعی پرییم آمدنی GWP کا

70.27 فیصد رہی۔ 2014 میں 629.07 ملین روپے کے مقابلے میں سال 2015 میں 798.29 ملین روپے کے ساتھ اس سال مجموعی ذمہ دہی نتائج میں 26.90 فیصد بہتری آئی۔ سال 2014 میں 237.88 ملین روپے کے مقابلے میں سال 2015 میں 248.95 ملین روپے کے ساتھ عمومی اور انتظامی اخراجات میں 4.65 فیصد اضافہ ہوا۔ سال 2015 میں کمپنی کی مجموعی سرمایہ کاری آمدنی 60.73 ملین روپے رہی۔ اسی طرح سال 2014 میں 507.94 ملین روپے





Financial Statements

for the year ended December 31, 2015

Auditors' Report to the Members

We have audited the annexed financial statements comprising of:

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

of The United Insurance Company of Pakistan Limited ("the Company") as at December 31, 2015 together with the notes forming part thereof, for the year then ended.

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

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

In our opinion:

- a) proper books of accounts have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied except for the changes as stated in note 4.1 to the financial statements with which we concur;

Auditors' Report to the Members

- c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at December 31, 2015 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended in accordance with International Accounting Standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and
- d) no Zakat was deductible at source under the Zakat and Usher Ordinance, 1980.



RSM/AVAIS HYDER LIAQUAT NAUMAN

Chartered Accountants

Engagement Partner: Syed Ali Adnan Tirmizey

Date: April 04, 2016

Place: Lahore

Balance Sheet

as at December 31, 2015

	Note	2015 Rupees	2014 Rupees
Share capital and reserves			
Authorized share capital 200,000,000/- (2014 : 200,000,000/-) ordinary shares of Rs. 10/- each	5	2,000,000,000	2,000,000,000
Paid-up share capital	5	1,288,000,000	920,000,000
Retained earnings		881,893,837	649,907,057
Reserves	6	75,115,917	75,115,917
		2,245,009,754	1,645,022,974
Surplus on revaluation of fixed assets			
	7	39,235,655	40,098,077
Total liabilities in window takaful operations			
		41,838,276	15,751,814
Underwriting provisions			
Provision for outstanding claims (including IBNR)		800,096,330	1,067,276,746
Premium deficiency reserve		5,261,422	-
Provision for unearned premium		1,389,096,411	1,357,771,193
Commission income unearned		103,583,933	64,622,689
Total underwriting provisions		2,298,038,096	2,489,670,628
Deferred liabilities			
Staff retirement benefits	8	62,669,003	61,339,710
Deferred tax liabilities	9	-	6,878,414
		62,669,003	68,218,124
Creditors and accruals			
Amounts due to other insurers/ reinsurers	10	113,697,917	370,295,656
Accrued expenses	11	25,739,485	22,503,412
Provision for taxation - net		59,566,991	38,619,506
Other creditors and accruals	12	62,275,279	64,344,061
		261,279,672	495,762,635
Other liabilities			
Liabilities against assets subject to finance lease	13	110,644,177	65,637,310
TOTAL LIABILITIES		2,774,469,224	3,135,040,511
TOTAL EQUITY AND LIABILITIES		5,058,714,633	4,820,161,562
CONTINGENCIES & COMMITMENTS			
	14	-	-

The annexed notes from 1 to 43 form an integral part of these financial statements.



Mohammad Rahat Sadiq
Chief Executive Officer




Huma Waheed
Director

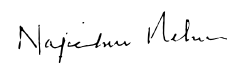
Balance Sheet

as at December 31, 2015

	Note	2015 Rupees	2014 Rupees
Cash and bank deposits			
Cash and other equivalents	15	269,982	241,739
Current and other accounts	16	324,552,304	334,135,946
Deposits maturing within 12 months	17	53,240,994	247,634,507
Deposits maturing after 12 months	18	22,002,350	11,758,400
		400,065,630	593,770,592
Loans			
To employees and agents	19	14,545,804	10,406,526
Investments			
	20	1,036,463,220	642,625,501
Total assets in window takaful operations	21	170,915,240	94,207,592
Investment property	22	2,854,879	3,005,136
Deferred tax asset	9	9,823,424	-
Current assets - others			
Premiums due but unpaid	23	695,561,774	449,545,585
Amounts due from other insurers / reinsurers	24	515,170,699	684,203,233
Prepaid reinsurance premium ceded		517,279,181	565,466,498
Reinsurance recoveries against outstanding claims		686,761,318	932,418,605
Deferred commission expense		177,257,172	129,823,217
Accrued investment income		16,994,951	30,595,180
Sundry receivables	25	111,122,339	58,886,671
		2,720,147,434	2,850,938,989
Fixed assets - Tangible and intangibles			
Owned			
Land freehold		164,729,600	140,735,600
Buildings		129,206,777	117,430,664
Furniture, fixtures, office and computer equipments		114,496,801	106,926,813
Motor vehicles		118,404,380	129,412,361
Motor tracking devices		43,861,622	38,867,426
Capital work in progress		-	19,134,958
Intangible asset- computer software		8,333,888	-
		579,033,068	552,507,822
Leased			
Motor vehicles		124,865,934	72,699,404
TOTAL ASSETS		5,058,714,633	4,820,161,562

The annexed notes from 1 to 43 form an integral part of these financial statements.


Khawas Khan Niazi
 Director / President


Ch. Najeeb-Ur-Rehman
 Chairman

Profit and Loss Account

for the year ended December 31, 2015

Note	Fire and property damage	Marine aviation and transport	Motor	Miscellaneous	2015	2014
					Aggregate	Aggregate
----- Rupees -----						
REVENUE ACCOUNT						
Net premium revenue	352,637,733	95,304,881	640,610,784	1,063,230,490	2,151,783,888	1,536,703,130
Net claims	(30,259,648)	(54,905,353)	(235,857,268)	(421,306,367)	(742,328,636)	(419,432,375)
Change in premium deficiency reserve	-	-	-	(5,261,422)	(5,261,422)	-
Management expenses	28 (65,556,721)	(25,135,349)	(174,572,873)	(139,626,356)	(404,891,299)	(377,599,888)
Net commission	(65,466,388)	(6,468,563)	(61,041,944)	(68,040,947)	(201,017,842)	(110,597,225)
UNDERWRITING RESULT	191,354,976	8,795,616	169,138,699	428,995,398	798,284,689	629,073,642
Investment income					60,728,726	63,404,022
Rental income					1,392,000	1,392,000
Other income	29				21,388,587	31,451,605
Share of loss from associate	20.1.2				(10,992,111)	(282,459)
Profit from window takaful operations	21.1				69,794,020	28,455,780
General and administration expenses	30				(248,951,918)	(237,883,043)
Finance charge on lease rentals					(12,055,625)	(7,675,541)
					(118,696,321)	(121,137,636)
Profit before tax					679,588,368	507,936,006
Provision for taxation	31				(59,562,592)	(47,048,863)
Profit after tax					620,025,776	460,887,143
PROFIT AND LOSS APPROPRIATION ACCOUNT						
Balance at commencement of year					649,907,057	403,400,095
Total comprehensive income for the year					618,986,780	464,564,166
Profit available for appropriation					1,268,893,837	867,964,261
Issuance of bonus shares (2015: Rs. 4.0 (40%) per share for the year 2014)					(368,000,000)	(218,057,204)
Qarz-e-hasna to participants' takaful fund (PTF)					(19,000,000)	-
Balance of unappropriated profit at end of the year					881,893,837	649,907,057
Earning per share of Rs. 10/- each						
- basic and diluted (Restated)	32				4.81	3.58

The annexed notes from 1 to 43 form an integral part of these financial statements.



Mohammad Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director



Khawas Khan Niazi
Director / President



Ch. Najeeb-Ur-Rehman
Chairman

Statement of Comprehensive Income

for the year ended December 31, 2015

	2015	2014
	Rupees	Rupees
Profit for the year	620,025,776	460,887,143
Other comprehensive income for the year		
Actuarial (loss) / gain on defined benefit plan	(1,054,707)	2,782,560
Incremental depreciation net of deferred tax	862,422	894,463
Share of other comprehensive loss from associate	(673,875)	-
Share of other comprehensive loss from window takaful operations	(172,836)	-
Total comprehensive income for the year	618,986,780	464,564,166

The annexed notes from 1 to 43 form an integral part of these financial statements.



Mohammad Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director



Khawas Khan Niazi
Director / President



Ch. Najeeb-Ur-Rehman
Chairman

Statement of Changes In Equity


for the year ended December 31, 2015

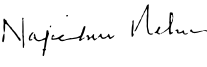
Description	Share capital	Reserve for issue of bonus shares	General reserve	Retained earnings	Total
	----- Rupees -----				
Balance as at January 01, 2014	701,942,796	-	75,115,917	403,400,095	1,180,458,808
Transfer to reserve for issue of bonus shares	-	218,057,204	-	(218,057,204)	-
Bonus shares reserve capitalized	218,057,204	(218,057,204)	-	-	-
Net profit for the year	-	-	-	460,887,143	460,887,143
Other comprehensive income	-	-	-	3,677,023	3,677,023
Total comprehensive income	-	-	-	464,564,166	464,564,166
Balance as at December 31, 2014	920,000,000	-	75,115,917	649,907,057	1,645,022,974
Balance as at January 01, 2015	920,000,000	-	75,115,917	649,907,057	1,645,022,974
Transfer to reserve for issue of bonus shares	-	368,000,000	-	(368,000,000)	-
Bonus share reserve capitalized	368,000,000	(368,000,000)	-	-	-
Net profit for the year	-	-	-	620,025,776	620,025,776
Other comprehensive income	-	-	-	(1,038,996)	(1,038,996)
Qarz-e-hasna to participants' takaful fund (PTF)	-	-	-	(19,000,000)	(19,000,000)
Total comprehensive income	-	-	-	599,986,780	599,986,780
Balance as at December 31, 2015	1,288,000,000	-	75,115,917	881,893,837	2,245,009,754

The annexed notes from 1 to 43 form an integral part of these financial statements.


Mohammad Rahat Sadiq
Chief Executive Officer


Huma Waheed
Director


Khawas Khan Niazi
Director / President


Ch. Najeeb-Ur-Rehman
Chairman

Statement of Cash Flows

for the year ended December 31, 2015

	Note	2015 Rupees	2014 Rupees
OPERATING CASH FLOWS			
a) Underwriting activities			
Premiums received		2,814,760,215	2,466,170,275
Reinsurance premiums paid		(1,087,458,883)	(574,049,902)
Claims paid		(1,376,246,227)	(1,284,888,512)
Reinsurance and other recoveries received		781,426,997	386,316,162
Commission paid		(375,540,226)	(221,105,474)
Commission received		166,049,673	97,843,300
Net cash flows from underwriting activities		922,991,549	870,285,849
b) Other operating activities			
Income tax paid		(55,316,944)	(38,806,595)
General management expenses paid		(486,721,165)	(445,786,056)
Other operating receipts / (payments)		(52,235,668)	63,752,634
Loan to employees and agents		(4,139,278)	(442,926)
Net cash flows from other operating activities		(598,413,055)	(421,282,943)
Total cash flows from all operating activities		324,578,494	449,002,906
INVESTMENT ACTIVITIES			
Investment income received		74,328,955	53,907,963
Rental income received		1,392,000	1,392,000
Net assets in window takaful operations		(50,621,184)	(78,455,780)
Sale / (purchase) of investment & fixed deposits		(208,841,445)	(386,816,020)
Advance for purchase of shares		-	215,302,941
Fixed capital expenditure		(95,545,815)	(79,679,883)
Accounting software		(8,339,600)	-
Proceeds from disposal of fixed assets		3,953,954	41,418,930
Net cash flow from investing activities		(283,673,135)	(232,929,849)
FINANCING ACTIVITIES			
Lease liability paid		(50,460,758)	(28,056,061)
Net cash flow from financing activities		(50,460,758)	(28,056,061)
Net cash (outflow)/inflow from all activities		(9,555,399)	188,016,994
Cash at the beginning of the year		334,377,685	146,360,691
Cash and cash equivalents at the end of the year		324,822,286	334,377,685

Statement of Cash Flows

for the year ended December 31, 2015

	Note	2015 Rupees	2014 Rupees
Reconciliation to profit and loss account			
Net cash flows from operating activities		324,578,493	449,002,906
Depreciation		(87,943,948)	(74,703,448)
Lease finance charges		(12,055,625)	(7,675,541)
Gain on disposal of fixed assets		2,282,679	4,798,249
Increase / (decrease) in assets other than cash		(108,701,209)	1,327,261,036
(Increase) / decrease in liabilities		386,657,749	(1,332,537,358)
Reversal / (provision) for impairment in value of investments		(4,322,998)	2,532,117
Others			
Dividend income		10,354,202	2,205,312
Gain & other investment income		50,374,524	61,830,549
Share of loss from associate		(10,992,111)	(282,459)
Income from window takaful operations		69,794,020	28,455,780
Profit after taxation		620,025,776	460,887,143

Definition of cash

Cash for the purpose of the statement of cash flows comprises of cash in hand, bank balances and other assets which are readily convertible to cash and used for cash management for day to day business operations.

Cash for the purpose of cash flows Compriss of:

Cash and other equivalents			
- cash in hand	15	269,982	241,739
Current and other accounts			
- bank balances	16	324,552,304	334,135,946
		324,822,286	334,377,685

The annexed notes from 1 to 43 form an integral part of these financial statements.



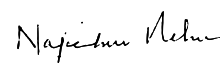
Mohammad Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director



Khawas Khan Niazi
Director / President



Ch. Najeeb-Ur-Rehman
Chairman

Statement of Premiums

for the year ended December 31, 2015

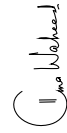
Business Underwritten Inside Pakistan

Class	Premiums written	Unearned premium reserve		Premium earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	Net premium revenue
		Opening	Closing			Opening	Closing		
----- Rupees -----									
Direct and facultative									
Fire and property damage	629,923,664	288,987,733	316,544,098	602,367,299	349,707,391	125,426,969	225,404,794	249,729,566	352,637,733
Marine, aviation and transport	241,521,399	111,136,458	121,575,633	231,082,224	150,378,048	68,856,054	83,456,759	135,777,343	95,304,881
Motor	849,065,993	267,585,560	415,437,149	701,214,404	128,495,782	5,946,456	73,838,618	60,603,620	640,610,784
Miscellaneous	1,341,646,511	690,061,442	535,539,531	1,496,168,422	202,279,923	365,237,019	134,579,010	432,937,932	1,063,230,490
GRAND TOTAL	3,062,157,567	1,357,771,193	1,389,096,411	3,030,832,349	830,861,144	565,466,498	517,279,181	879,048,461	2,151,783,888

The annexed notes from 1 to 43 form an integral part of these financial statements




Mohammad Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director



Khawas Khan Niazi
Director / President



Ch. Najeeb-Ur-Rehman
Chairman

Statement of Claims

for the year ended December 31, 2015

Business Underwritten Inside Pakistan

Class	Claims paid		Outstanding claims		Claims expense	Reinsurance and other recoveries received		Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue	Net claims expenses	
	Opening	Closing	Opening	Closing		Opening	Closing	Opening	Closing		2015	2014
----- Rupees -----												
Direct and facultative												
Fire and property damage	321,783,469	584,875,878	414,731,010	151,638,601	242,323,616	513,935,870	392,991,207	121,378,953	30,259,648	86,443,739		
Marine, aviation and transport	106,623,793	166,290,855	288,769,478	229,102,416	59,831,407	146,013,000	260,378,656	174,197,063	54,905,353	28,868,226		
Motor	219,894,681	17,973,860	35,871,702	237,792,523	563,940	4,008,860	5,380,175	1,935,255	235,857,268	79,246,990		
Miscellaneous	727,944,284	298,136,153	60,724,140	490,532,271	309,675,499	268,460,875	28,011,280	69,225,904	421,306,367	224,873,420		
GRAND TOTAL	1,376,246,227	1,067,276,746	800,096,330	1,109,065,811	612,394,462	932,418,605	686,761,318	366,737,175	742,328,636	419,432,375		

The annexed notes from 1 to 43 form an integral part of these financial statements



Mohammad Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director



Khawas Khan Niazi
Director / President



Ch. Najeeb-Ur-Rehman
Chairman

Statement of Expenses

for the year ended 31, December 2015

BUSINESS UNDERWRITTEN INSIDE PAKISTAN

Class	Commission paid or payable		Deferred commission		Net commission expense	Other management expenses Note 28	Underwriting expenses		Commission on reinsurance	Unearned commission		Net commission income	Net underwriting expenses 2015	Net underwriting expenses 2014
	Opening	Closing	Opening	Closing			Opening	Closing						
----- Rupees -----														
Direct & facultative														
Fire and property damage	123,126,141	47,344,888	69,350,348	101,120,661	65,556,721	166,677,382	74,817,787	9,060,483	48,223,997	35,654,273	131,023,109	103,816,370		
Marine, aviation and transport	30,032,230	11,049,545	16,319,059	24,762,716	25,135,349	49,898,065	28,246,185	5,724,027	15,676,059	18,294,153	31,603,912	37,082,572		
Motor	97,372,547	25,682,040	51,592,608	71,461,979	174,572,873	246,034,852	24,496,901	-	14,076,866	10,420,035	235,614,817	177,226,744		
Miscellaneous	125,009,308	45,746,764	39,995,157	130,760,915	139,626,356	270,387,271	38,488,800	49,838,179	25,607,011	62,719,968	207,667,303	170,071,427		
GRAND TOTAL	375,540,226	129,823,217	177,257,172	328,106,271	404,891,299	732,997,570	166,049,673	64,622,689	103,583,933	127,088,429	605,909,141	488,197,113		

The annexed notes from 1 to 43 form an integral part of these financial statements.



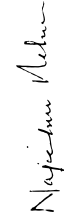
Muhammad Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director



Khawas Khan Niazi
Director / President



Ch. Najeeb-Ur-Rehman
Chairman

Statement of Investment Income

for the year ended December 31, 2015

	2015	2014
	Rupees	Rupees
Income from non-trading investments:		
Available for sale		
Dividend income	10,354,202	2,205,312
Gain / (loss) on sale of 'available for sale' investments	4,849,724	6,341,054
	15,203,926	8,546,366
Held to maturity		
Return on government securities	44,239,112	42,850,504
Return on F.D.R	4,787,351	9,783,702
Amortization on discount of preference shares	1,584,000	1,273,311
	65,814,389	62,453,883
(Provision) / reversal for impairment in value of investment	(4,322,998)	2,532,117
Investment related expenses	(762,665)	(1,581,978)
Net investment income	60,728,726	63,404,022

The annexed notes from 1 to 43 form an integral part of these financial statements.



Mohammad Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director



Khawas Khan Niazi
Director / President



Ch. Najeeb-Ur-Rehman
Chairman

Notes to the Financial Statements

for the year ended December 31, 2015

1 LEGAL STATUS AND NATURE OF BUSINESS

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

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

2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with the format of financial statements prescribed under Securities and Exchange Commission (Insurance) Rules, 2002, SEC (Insurance) Rules, 2002, vide S.R.O. 938, dated December 12, 2002 and Circular No. 25 of 2015, dated July 09, 2015 on " Financial Reporting of Window Takaful Operations by Non-Life Insurers".

Prior to the issuance of Circular No. 25 of 2015, dated July 09, 2015, the financial reporting requirements of window takaful operations were not notified. Therefore, assets and liabilities of "window takaful operations" were included in the assets and liabilities of the company as at December 31, 2014. However, SECP with the aforesaid circular has made it mandatory on non-life insurers authorised to carry on window takaful operations to produce the separate set of financial statements for window takaful operations and disclose total assets and total liabilities of operators' fund as a single line item in the statement of financial position of the insurer. Accordingly, the financial statements for the year ended on December 31, 2015 have been presented in the manner as required. Further the figures for the year ended on December 31, 2014 have been re-arranged in the light of the provisions of above referred circular to make these figures comparable with the current year financial reporting requirements.

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board, provisions of and directives issued under the Companies Ordinance, 1984, Insurance Ordinance, 2000, SEC (Insurance) Rules, 2002 and Takaful Rules, 2012 read with Circular No. 25 of 2015 dated July, 09 2015. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984, Insurance Ordinance, 2000, SEC (Insurance) Rules, 2002 and Takaful Rules, 2012 shall prevail.

Notes to the Financial Statements

for the year ended December 31, 2015

The SECP has allowed the insurance companies to defer the application of International Accounting Standard-39 (IAS-39) "Financial Instruments: Recognition and Measurement" in respect of valuation of 'available-for-sale investments'. Accordingly, the requirements of IAS-39, to the extent required by SECP as aforesaid, have not been considered in the preparation of these financial statements.

2.2 Basis of measurement

- The financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below e.g. certain obligations under employee retirement benefits which are measured at present value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.
- Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the company uses market observable data to the extent possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the company using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account.
- Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:
 - Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
 - Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
 - Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).
- Transfers between levels of the fair value hierarchy are recognised by the company at the end of the reporting period during which the change occurred.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

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

Notes to the Financial Statements

for the year ended December 31, 2015

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

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

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

-	Provision for unearned premiums and bad debts	4.3
-	Provision for outstanding claims (including IBNR)	4.5
-	Deferred commission /unearned commission	4.7
-	Premium deficiency reserve	4.8
-	Taxation and deferred tax	4.10
-	Useful lives of fixed assets	4.15
-	Staff retirement benefits	4.18
-	Segment reporting	4.20
-	Impairment in value of investments	4.21
-	Allocation of management expenses	4.23

3 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE EFFECTIVE IN THE CURRENT YEAR:

There are new and amended standards and interpretations that are mandatory for accounting periods beginning 01 January 2015 but are considered not to be relevant or do not have any significant effect on the company's financial statements except for IFRS 13 (which requires additional disclosures). Therefore, new and amended standards and interpretations are not detailed in these financial statements.

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

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2016:

Notes to the Financial Statements

for the year ended December 31, 2015

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate and can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on company's financial statements.
- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10- Consolidated Financial Statements and IAS 28-Investments in Associates and Joint Ventures) [effective for annual periods beginning on or after 1 January 2016] clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity; and (c) how an entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity. The amendments are not likely to have an impact on company's financial statements

Accounting for Acquisitions of Interests in Joint Operations - Amendments to IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendments are not likely to have an impact on company's financial statements.

- Amendment to IAS 27 'Separate Financial Statement' (effective for annual periods beginning on or after 1 January 2016) allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment is not likely to have an impact on company's financial statements.
- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The amendments are not likely to have an impact on company's financial statements.

Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

Notes to the Financial Statements

for the year ended December 31, 2015

- IFRS 7 'Financial Instruments-Disclosures'. IFRS 7 is amended to clarify when servicing arrangements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety are in the scope of its disclosure requirements. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.
- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies, as set below, have been applied consistently to all periods presented in these financial statements.

4.1 Change in accounting policy

During the year the company has adopted IFRS 13 'Fair Value Measurement' which became effective for the financial periods beginning on or after 01 January 2015. IFRS 13 Fair Value Measurement establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 Financial Instruments Disclosures. As a result, the Company has included the additional disclosure in this regard in note 36 to the financial statements.

In accordance with the transitional provisions of IFRS 13, the company has applied the new fairvalue measurement guidance prospectively and has not provided any comparative information for new disclosures. The application of IFRS 13 does not have any significant impact on the financial statements of the company except for certain additional disclosures.

4.2 Insurance contracts

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

Notes to the Financial Statements

for the year ended December 31, 2015

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

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

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

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

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

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

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

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

4.3 Premium

Premium written under a policy is recognized as income over the period of insurance from the date of issuance of the policy to which it relates to its expiry. Where the pattern of incidence of risk varies over the period of the policy, premium is recognized as revenue in accordance with the pattern of the incidence of risk. The portion of premium written relating to the unexpired period of coverage is recognized as unearned premium by the company. This liability is calculated by applying 1/24 method as specified in the SEC (Insurance) Rules, 2002.

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

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

Notes to the Financial Statements

for the year ended December 31, 2015

4.4 Reinsurance ceded

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

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

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

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

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

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

4.5 Claims expense

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

The company 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 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.

Notes to the Financial Statements

for the year ended December 31, 2015

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

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

4.6 Reinsurance recoveries against outstanding claims

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

4.7 Commission income, expense and other acquisition costs

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

4.8 Premium deficiency reserves

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

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

The loss ratios estimated on these basis for the unexpired portion are as follows:

- Fire and property damage	28%
- Marine, aviation and transport	54%
- Motor	29%
- Miscellaneous	30%

Notes to the Financial Statements

for the year ended December 31, 2015

Based on analysis of combined operating ratio for the expired period of each reportable segment, the management considers that the unearned premium reserves for all the classes of business as at the year end is adequate to meet the expected future liability, after reinsurance, from claims and other expenses expected to be incurred after the 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 except for the segment of health & personal accident where actuary provides for the figure to be recognised as premium deficiency reserve.

4.9 Creditors, accruals and provisions

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

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

4.10 Taxation

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

4.10.1 Current

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

4.10.2 Deferred

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

Notes to the Financial Statements

for the year ended December 31, 2015

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

4.11 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of cash flow statement, cash and cash equivalents comprise cash, cheques, pay orders, demand drafts and balances with banks.

4.12 Investments

4.12.1 Recognition

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

- Held to maturity
- Available for sale
- Investment in associate

4.12.2 Measurement

Held to maturity

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

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

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

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

Notes to the Financial Statements

for the year ended December 31, 2015

Available for sale

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

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

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

Gain / (loss) on sale of available for sale investments is recognized in profit and loss account.

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

Had these investments been measured at fair value as required by IAS - 39 - Financial Instruments: Recognition and Measurement, the company's net equity would have been higher by Rs. 0.150 million as at December 31, 2015 (Rs. 1.369 million at December 31, 2014)

Investment in associates

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

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

Notes to the Financial Statements

for the year ended December 31, 2015

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

4.13 Investment in Window Takaful Operations

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

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

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

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

4.14 Rental and other income

Rental and other incomes are recognized as and when accrued.

4.15 Fixed assets

4.15.1 Owned

Tangibles

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

Depreciation on all fixed assets is charged to profit and loss account on the reducing balance method so as to write off depreciable amount of an asset over its useful life at the rates stated in note 26. Depreciation on additions to fixed assets is charged on "number of days basis".

Notes to the Financial Statements

for the year ended December 31, 2015

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

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 period in which they are incurred.

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

Intangibles

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

Amortization on intangibles is charged to profit and loss account on the reducing balance method so as to write off amortization amount of an intangible asset over its useful life at the rates stated in note 26.3. Amortization on additions to intangibles, if any is charged on "number of days basis".

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

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

4.15.2 Leased

- Finance lease

Assets held under finance lease are stated at lower of present value of minimum lease payments under the lease agreements and their fair value. Aggregate amount of obligations relating to assets subject to finance lease are accounted for at net present value of liabilities.

Assets acquired are depreciated over their expected useful life on reducing balance method on the basis of number of days, at the rates mentioned in the relevant note.

Notes to the Financial Statements

for the year ended December 31, 2015

- Operating lease

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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

4.15.3 Capital work-in-progress

Capital work-in-progress is carried at cost. It consists of advances made to suppliers in respect of tangible and intangible fixed assets, contractor fee and labour for property construction.

4.16 Surplus on revaluation of fixed assets

In accordance with the provisions of section 235 of the Companies Ordinance, 1984 and SRO 45(1) 2003, the company has the policy to charge surplus account for incremental depreciation of related revalued assets by transferring the amounts to retained earnings.

4.17 Investment property

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

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

4.18 Staff retirement benefits

Defined benefit plan

The company's retirement benefits plan comprises of gratuity scheme for all the eligible employees, who have completed the minimum qualifying period of service.

The actuarial valuation of gratuity scheme is carried out by an independent valuer as at December 31, 2015 using the projected unit credit method. The basic assumptions used for actuarial valuation are disclosed in note 8.

Notes to the Financial Statements

for the year ended December 31, 2015

The company has adopted IAS 19 (revised) which require actuarial gains or losses to be recognised in other comprehensive income when they occur. Amounts recorded in profit and loss are limited to current and past service costs, gains or losses on settlements and net interest income (expense).

4.19 Financial instruments

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

Financial instruments carried on the balance sheet date include cash and bank deposits, investments, premium due but unpaid, amount due from other insurers / reinsurers, premium and claim reserves detained by cedants, accrued investment income, reinsurance recoveries against outstanding claims, sundry receivables, provision for outstanding claims, amounts due to other insurers / reinsurers, other creditors and accruals and liabilities against assets subject to finance lease.

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

4.19.1 Offsetting of financial assets and financial liabilities

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

4.20 Segment reporting

A business segment is a distinguishable component of the company that is engaged in providing services that are subject to risks and returns that are different from those of other business segments. The company accounts for segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002 as the primary reporting format.

Based on its classification of insurance contracts issued, the company has four primary business segments for reporting purposes namely fire, marine, motor and miscellaneous. The nature and business activities of these segments are disclosed in respective notes to the Financial Statements.

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

Notes to the Financial Statements

for the year ended December 31, 2015

4.21 Impairment

The carrying amount of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account. In addition, impairment on available for sale investments and reinsurance assets are recognized as follows:

4.21.1 Available for sale

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

4.21.2 Reinsurance assets

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

4.22 Foreign currency transactions and translations

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

4.23 Management and administrative expenses

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

4.24 Zakat

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

Notes to the Financial Statements

for the year ended December 31, 2015

4.25 Earnings per share

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

4.26 Bonus shares

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

4.27 Related party transactions

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

5 Share capital

5.1 Authorized share capital

2015	2014		2015	2014
Number of shares			Rupees	Rupees
200,000,000	200,000,000	Ordinary shares of Rs. 10/- each	2,000,000,000	2,000,000,000

5.2 Paid-up share capital

Issued subscribed and paid up share capital

10,963,475	10,963,475	Ordinary shares of Rs. 10/- each fully paid in cash	109,634,750	109,634,750
117,836,525	81,036,525	Ordinary shares of Rs. 10/- each issued as fully paid bonus shares	1,178,365,250	810,365,250
128,800,000	92,000,000		1,288,000,000	920,000,000
Reconciliation of issued subscribed and paid up share capital				
92,000,000	70,194,279	At the beginning of the year	920,000,000	701,942,796
36,800,000	21,805,721	Bonus shares issued during the year	368,000,000	218,057,204
128,800,000	92,000,000	At the end of the year	1,288,000,000	920,000,000

Notes to the Financial Statements

for the year ended December 31, 2015

	2015	2014
	Rupees	Rupees
6 Reserves		
Reserve for bonus shares	-	-
General reserve	75,115,917	75,115,917
	75,115,917	75,115,917

6.1 Reserve for bonus shares

Balance at the beginning of the year	-	-
Transfer from unappropriated profit	368,000,000	218,057,204
Bonus share issued	(368,000,000)	(218,057,204)
Balance at the end of the year	-	-

6.2 General reserve

General reserve	75,115,917	75,115,917
	75,115,917	75,115,917

7 Surplus on revaluation of fixed assets

7.1 The land and buildings of the company have been revalued by independent Valuer by using market value basis method on September 30, 2012, resulting in a further surplus of Rs.23,637,290/- on land and Rs.32,995,264/- on buildings. Fair values are determined by using observable prices in an active market on arm's length terms. All the revaluation surplus is charged to Surplus on Revaluation of Fixed Assets Account as per requirements of Section 235 of the Companies Ordinance, 1984. Revaluation surplus is carried at the amount after adjustment of deferred taxation and incremental depreciation. The buildings of the company were previously revalued by the independent valuer as on December 31, 2006, resulting in surplus of Rs. 2,654,211/-.

Notes to the Financial Statements

for the year ended December 31, 2015

	Note	2015 Rupees	2014 Rupees
7.2	Movement in revaluation surplus		
Surplus on land			
Revaluation surplus on land		23,637,290	23,637,290
Surplus on building			
Balance at beginning of the year		25,365,365	29,170,974
Less:			
Incremental depreciation charged in previous year		3,805,609	2,470,590
Add: Incremental depreciation charged to building in previous year			-
Incremental depreciation charged in current year	7.3	(1,268,268)	(1,335,019)
		2,537,341	3,805,609
Revaluation surplus on buildings net off incremental depreciation		22,828,024	25,365,365
Related deferred tax liability		(8,904,578)	(9,345,134)
Less: Related deferred tax liability on incremental depreciation transferred to retained earnings	7.3	405,846	440,556
		(8,498,732)	(8,904,578)
Net revaluation surplus on buildings at the end of year		15,598,365	16,460,787
Total revaluation surplus at the end of year		39,235,655	40,098,077

7.3 Incremental depreciation is the difference between the actual depreciation expense and depreciation at the historical cost values.

8 Staff retirement benefits

The actuarial valuation is carried out annually and contributions are made accordingly. Following were significant assumptions used for valuation of the scheme.

- Discount rate used for year end obligation	9% p.a.	10.5% p.a.
- Discount rate used for profit and loss charge	10.5% p.a.	12.5% p.a.
- Expected rate of increase in the salaries of the employees	8.25% p.a.	9.5% p.a.
- Expected rate of return on plan assets	7.92% p.a.	11.25% p.a.
- Expected service length of employees	5 years	6 years

Notes to the Financial Statements

for the year ended December 31, 2015

	Note	2015 Rupees	2014 Rupees
8.1 Balance sheet liability			
Present value of defined benefits obligations as at the end of the year		91,636,083	69,407,254
Less: Fair value of plan assets		(28,967,080)	(8,067,544)
Total liability at the end of the year		62,669,003	61,339,710
8.2 Movement in liability/ (asset) during the year			
Opening balance		61,339,710	49,764,879
Charge to profit and loss account	30	22,491,686	18,116,463
Liability transferred to short-term liability		-	-
Charge in other comprehensive income		1,054,707	(2,782,560)
Contributions during the year		(22,217,100)	(3,759,072)
Closing balance		62,669,003	61,339,710
8.3 Reconciliation of present value of defined benefits obligations			
Present value of defined benefits obligations as at January 01		69,407,254	56,282,584
Current service cost		17,217,414	12,130,836
Interest cost on deferred benefit obligation		7,017,014	6,862,840
Benefits paid		(5,157,100)	(2,759,072)
Experience adjustments		3,151,501	(3,109,934)
Present value of defined benefits obligations as at 31, December		91,636,083	69,407,254
8.4 Changes in fair value of plan assets			
Fair value of plan assets as at January 01		8,067,544	6,517,705
Interest income on plan assets		1,742,742	877,213
Contributions during the year		22,217,100	3,759,072
Benefits paid during the year		(5,157,100)	(2,759,072)
Return on plan assets excluding interest income		2,096,794	(327,374)
Fair value of plan assets as at 31, December		28,967,080	8,067,544

Notes to the Financial Statements

for the year ended December 31, 2015

	2015	2014
	Rupees	Rupees
8.5 Charge to profit and loss account		
Current service cost	17,217,414	12,130,836
Interest cost on deferred benefit obligation	7,017,014	6,862,840
Interest income on plan assets	(1,742,742)	(877,213)
Total amount charged to profit and loss account	22,491,686	18,116,463

8.6 Charge in other comprehensive income		
Experience adjustments	3,151,501	(3,109,934)
Return on plan assets excluding interest income	(2,096,794)	327,374
Total remeasurements recognized in other comprehensive income	1,054,707	(2,782,560)

	2015		2014	
	Fair value	Percentage	Fair value	Percentage
8.7 Composition of fair value of plan assets				
Cash and deposits	33,600	0.12%	27,687	0.34%
Mutual fund (NAFA income opportunity fund)	28,933,480	99.88%	-	-
Term deposit receipts	-	-	8,039,857	99.66%
	28,967,080	100.00%	8,067,544	100.00%

Notes to the Financial Statements

for the year ended December 31, 2015

	2015	2014	2013	2012	2011
	----- Rupees -----				
8.8 Historical data					
Present value of defined benefits obligations	91,636,083	70,173,470	56,282,584	45,121,946	48,152,180
Fair value of plan assets	(28,967,080)	(8,067,544)	(6,517,705)	(4,621,822)	(2,296,143)
	62,669,003	62,105,926	9,764,879	40,500,124	45,856,037
Experience adjustments					
- Actuarial (gain) / loss on obligation	3,151,501	(3,109,934)	2,362,604	1,117,189	1,981,455
- Actuarial (loss) / gain on assets	2,096,794	(327,374)	(153,517)	(39)	96,143

8.9 The estimated charge to profit and loss account for the defined benefit plan for the year ending December 31, 2016 is Rs. 19,299,891/-

	2015	2014
	Rupees	Rupees
8.10 Sensitivity analysis on defined benefit obligation		
Discount rate + 100 bps	87,317,172	65,904,301
Discount rate - 100 bps	96,574,860	75,060,302
Salary increase + 100 bps	96,752,091	75,233,581
Salary increase - 100 bps	87,077,883	65,397,784
	2015	2014
	Rupees	Rupees

9 Deferred taxation		
Deferred tax liabilities/ (assets) arising in respect of:		
Accelerated depreciation on property, plant and equipment	(1,457,371)	11,528,131
Liability against assets subject to finance lease	4,550,962	2,330,491
Premium due but unpaid	(6,007,152)	(5,739,092)
Provision for gratuity	(20,846,977)	(20,242,104)
Liability relating to revaluation surplus on building	8,498,732	8,904,579
Accrued investment income	5,438,382	10,096,409
Deferred tax (asset)/ liability	(9,823,424)	6,878,414

Notes to the Financial Statements

for the year ended December 31, 2015

	2015	2014
	Rupees	Rupees
10	Amount due to other insurers / reinsurers	
Foreign reinsurers	76,256,147	350,194,427
Local reinsurers	-	-
Co-insurers	37,441,770	20,101,229
	113,697,917	370,295,656

11	Accrued expenses	
Salaries/ wages	20,895,983	18,034,754
Utilities	54,190	214,070
Auditors' remuneration	2,000,000	1,500,000
General expenses	2,789,312	2,754,588
	25,739,485	22,503,412

12	Other creditors and accruals	
Provision for government levies	45,434,819	30,088,769
Miscellaneous	16,840,460	34,255,292
	62,275,279	64,344,061

13 Liabilities against assets subject to finance lease-secured

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

	2015		2014	
	Minimum lease payments (MLP)	Present value of MLP	Minimum lease payments (MLP)	Present value of MLP
	----- Rupees -----			
Due within one year	56,136,615	47,168,651	32,501,568	24,724,644
Due after one year but not later than five years	66,271,054	63,475,526	44,872,743	40,912,666
Total minimum lease payments	122,407,669	110,644,177	77,374,311	65,637,310

Notes to the Financial Statements

for the year ended December 31, 2015

	2015		2014	
	Minimum lease payments (MLP)	Present value of MLP	Minimum lease payments (MLP)	Present value of MLP
----- Rupees -----				
Less: Lease finance charges allocable to future periods	(11,763,492)	-	(11,737,001)	-
Present value of MLP	110,644,177	110,644,177	65,637,310	65,637,310
Less : Current maturity under finance lease	(47,168,651)	(47,168,651)	(24,724,644)	(24,724,644)
Long term liability	63,475,526	63,475,526	40,912,666	40,912,666

The company intends to exercise its option to acquire leased vehicles upon completion of lease period. The average rate of interest implicit in the lease ranges from 10.50% to 20% per annum (2014: 14.54% to 20%). These are secured against personal guarantees of directors and chief executive of the company, demand promissory note for full lease rental plus residual value, security deposit and title of ownership of leased vehicles. These rentals are payable in equal monthly installments and there is no financial restriction in the lease agreements.

14 Contingencies & commitments

14.1 Contingencies

There are no known contingencies on balance sheet date. (2014: Nil)

14.2 Commitments

There are following commitments on balance sheet date.

	2015	2014
	Rupees	Rupees
Purchase of property at Upper Mall, Lahore	40,500,000	-
Purchase of office at Century tower, Rawalpindi	4,266,668	-
	44,766,668	-

Notes to the Financial Statements

for the year ended December 31, 2015

	Note	2015 Rupees	2014 Rupees
15	Cash and other equivalents		
	Cash in hand	269,982	241,739
		269,982	241,739
16	Current and other accounts		
	Current accounts	201,305,435	188,156,101
	PLS saving accounts	16.1 123,246,869	145,979,845
		324,552,304	334,135,946
16.1	The rate of return on PLS saving accounts maintained at various banks range from 4.0% to 5.5% (2014: 6% to 7.5%) per annum.		
17	Deposits maturing within 12 months		
	Fixed and term deposits	17.1 40,893,911	238,839,000
	Lease security deposits	3,038,450	3,162,475
	Miscellaneous security deposits	9,308,633	5,633,032
		53,240,994	247,634,507
17.1	The rate of return on Term Deposit Certificates issued by various banking companies range from 5.50% to 10.00% (2014: 7.25% to 16.70%) per annum. These term deposit certificates have maturity up to September 2016.		
18	Deposits maturing after 12 months		
	Lease security deposits	22,002,350	11,758,400
		22,002,350	11,758,400

Notes to the Financial Statements

for the year ended December 31, 2015

	Note	2015 Rupees	2014 Rupees
19	Loans to employees and agents		
	Secured		
	Executives	6,773,335	5,174,927
	Non-executives	7,772,469	5,231,599
		14,545,804	10,406,526

19.1 These represent interest free loans to employees and agents. These loans are considered good.

20	Investments			
	Investment in associate	20.1	426,142,564	193,567,410
	Available for sale	20.2	67,738,359	54,089,259
	Held to maturity	20.3	542,582,297	394,968,832
			1,036,463,220	642,625,501

20.1 Investment in associate

20.1.1 Particulars of investment in associate

2015	2014	Face value per share (Rupees)	Name of associate	2015	2014
Number of shares				Rupees	Rupees
82,772,909	34,021,338	10	Apna Micro Finance Bank Limited	426,142,564	193,567,410
82,772,909	34,021,338			426,142,564	193,567,410

Market value of investment and percentage of holding in associate are Rs. 1,117,434,272/- and 37.624% respectively (2014: Rs. 213,654,003/- and 30.93%). 82,078,909 number of shares in associate are frozen with CDC under the provision of section 10(2) of Micro finance Institutions Ordinance, 2001.

Notes to the Financial Statements

for the year ended December 31, 2015

	Note	2015 Rupees	2014 Rupees
20.1.2 Movement in Investment in Associate			
Beginning of the year		193,567,410	38,790,544
Purchased during the year		244,241,140	155,059,325
		437,808,550	193,849,869
Share in (loss) / profit of associate		(10,992,111)	(282,459)
Share in other comprehensive (loss) / income of associate		(673,875)	-
Closing balance		426,142,564	193,567,410
20.1.3 Auditors of the associate has expressed qualified opinion on financial statements for the year ended December 31, 2015. Summarised financial information extracted from the financial statements of the associate as at December 31, 2015 and 2014 is given below:			
Total assets		5,670,478,820	1,758,954,506
Total liabilities		(4,615,455,880)	(1,216,345,656)
Net assets		1,055,022,940	542,608,850
Company's share of net asset of associate		396,941,831	167,818,065
Total revenue		447,154,900	239,418,864
Profit / (loss) after taxation		(29,215,689)	6,147,859
20.2 Available for sale			
Ordinary shares of listed companies	20.2.1	44,375,294	47,468,012
Mutual fund certificates	20.2.2	31,064,816	10,000,000
		75,440,110	57,468,012
Less: Provision for impairment in value of investment	20.2.3	(7,701,751)	(3,378,753)
		67,738,359	54,089,259

Notes to the Financial Statements

for the year ended December 31, 2015

20.2.1 Ordinary shares of listed companies

2015	2014	Face		2015	2014
Number of shares		value per	Name of entity	Rupees	Rupees
		share			
		(Rupees)			
Commercial banks					
3,400,000	1,600,000	10	Bank of Punjab	35,943,000	16,799,080
-	12,000	10	National Bank Of Pakistan	-	805,060
Services					
-	15,000	10	CYAN Limited	-	1,676,455
Engineering					
4,340	-	10	Exide Pak Limited	5,313,107	-
Chemicals					
5	5	10	ICI Pakistan	1,377	1,377
-	145,800	10	Engro Foods Limited	-	15,212,625
3,000	15,000	10	Archroma Pakistan Limited	1,412,810	9,972,836
-	10,000	10	Dawood Hercules Corporation	-	877,650
-	300	10	Pak Gum & Chemical Limited	-	106,479
-	1,000	10	Sitara Chemical Industries Limited	-	311,450
Leasing					
155,000	155,000	10	SME Leasing Limited	1,705,000	1,705,000
3,562,345	1,954,105			44,375,294	47,468,012

Market value of available for sale investments on December 31, 2015 is Rs.36,674,588/- (December 31, 2014: 45,458,087/-)

20.2.2 Mutual Fund Certificates

2015	2014	Unit		2015	2014
Number of Units		Price	Name of entity	Rupees	Rupees
		(Rupees)			
-	955,922	10.46	ABL cash fund	-	10,000,000
591,808	-	50.74	Meezan capital preservation plan	30,029,568	-
9,833	-	105.28	HBL income fund	1,035,248	-
601,641	955,922			31,064,816	10,000,000

Notes to the Financial Statements

for the year ended December 31, 2015

Market value of mutual fund certificate on December 31, 2015 is Rs.31,213,544/- (December 31, 2014: Rs.10,000,000/-)

	Note	2015 Rupees	2014 Rupees
20.2.3 Provision for impairment in value of investment			
Balance at the beginning of the year		3,378,753	5,910,870
Provision/ (reversal) for the year		4,322,998	(2,532,117)
		7,701,751	3,378,753

20.3 Held to maturity

		2015 Rupees	2014 Rupees
Government securities	20.3.1	529,658,297	383,628,832
Preference shares - Silk Bank Limited	20.3.2	12,924,000	11,340,000
		542,582,297	394,968,832

20.3.1 Government securities

"Face value (Rupees)"	Effective yield %	Profit payment	Types of security	Maturity date	2015 Rupees	2014 Rupees
40,000,000	12.6	Half yearly	Pakistan investment bonds - 10 years	19-Jul-2022	38,917,636	269,017,086
10,900,000	13.5	Half yearly	Pakistan investment bonds - 10 years	18-Aug-2021	10,198,782	10,085,194
9,100,000	13.2 - 14.08	Half yearly	Pakistan investment bonds - 10 years	22-Jul-2020	8,540,672	8,322,696
12,700,000	12.5	Half yearly	Pakistan investment bonds - 10 years	3-Sep-2019	12,495,873	12,433,650
61,300,000	12.57 - 14.86	Half yearly	Pakistan investment bonds - 10 years	30-Aug-2018	58,333,716	56,301,442
1,040,000	13.52 - 13.67	Half yearly	Pakistan investment bonds - 10 years	22-Aug-2017	920,246	835,126
-	13.35	Half yearly	Pakistan investment bonds - 10 years	19-Jul-2024	-	9,331,879
387,000,000	9.0-9.9	Half yearly	Pakistan investment bonds - 10 years	26-Mar-2025	400,251,372	-
-	10.78	Half yearly	Pakistan investment bonds - 5 years	18-Jul-2018	-	2,585,960
-	11.12 - 11.55	Half yearly	Pakistan investment bonds - 5 years	19-Jul-2017	-	14,715,799
522,040,000					529,658,297	383,628,832

Notes to the Financial Statements

for the year ended December 31, 2015

Market value of Pakistan Investment Bonds as at December 31, 2015 is Rs. 551,054,849/- (2014: Rs. 439,109,619/-)

The Pakistan Investment Bonds amounting to Rs. 144,040,000/- (2014: Rs. 127,652,672/-) are placed as statutory deposit with the State Bank of Pakistan in accordance with the requirements of clause (a) of the sub-section 2 of section 29 of the Insurance Ordinance, 2000.

20.3.2 The company has acquired 3.6 million convertible preference shares (CPS) of Silk Bank Limited amounting to Rs. 10.06 million (Rs. 2.8 per CPS) under the agreement dated January 28, 2014. The CPS are subordinate to all other liabilities including deposits of the Bank. These CPS have three year tenure ending on March 2016 and are convertible into ordinary shares of the Bank at the conversion ratio of 1:1. There is no voting right and dividend on these CPS. The company has an option to exercise put option at the end of the tenure through which it can sell the CPS to Arif Habib Corporation Limited ("the Guarantor") at the strike price of Rs. 3.7 per CPS. The Silk Bank Limited is entitled to exercise Call option, which is exercisable in full or in parts at any time after the one year from the issue date i.e. March, 2013.

	2015 Rupees	2014 Rupees
21 Investment in window takaful operations (WTO)		
Total assets in operators' fund	170,915,240	94,207,592
Total liabilities in operators' fund	(41,838,275)	(15,751,814)
Net assets in window takaful operations (WTO)	129,076,965	78,455,778
21.1 Movement of investment in window takaful operations (WTO)		
Balance at beginning of the year	78,455,780	-
Invested in statutory reserves during the year	-	50,000,000
	78,455,780	50,000,000
Share in profit/(loss) of WTO	69,794,020	28,455,780
Share in other comprehensive (loss) income of WTO	(172,836)	-
Qarz-e-hasna to participants' takaful fund (PTF)	(19,000,000)	-
Balance at year end	129,076,965	78,455,780

Notes to the Financial Statements

for the year ended December 31, 2015

22 Investment property

		2015				2014			
		Cost		Rate %	Depreciation		Written down value		
As at January 01	Addition	Disposal/ (adjustments)	As at 31 December 2015		For the year	Disposal/ (adjustments)	As at December 31 2015	As at January 2014	As at December 2014
2015		(adjustments)	2015		year	(adjustments)	2015	2014	2014
		Rupees			Rupees			Rupees	
Buildings	4,517,535	-	4,517,535	5	150,257	-	2,854,879	1,354,234	3,005,136
	4,517,535	-	4,517,535		150,257	-	2,854,879	1,354,234	3,005,136
		Rupees			Rupees			Rupees	
		-----			-----			-----	

22.1 Market value of building as at December 31, 2015 is Rs. 11,500,000/- (2014: Rs. 3,400,000/-).

22.2 No property was transferred in 2015.

Notes to the Financial Statements

for the year ended December 31, 2015

	Note	2015 Rupees	2014 Rupees
23 Premium due but unpaid			
Unsecured			
- Considered good		695,561,774	449,545,585
- Considered doubtful		18,772,350	17,391,187
		714,334,124	466,936,772
Less : Provision for doubtful receivables	23.1	(18,772,350)	(17,391,187)
		695,561,774	449,545,585
23.1 Provision for doubtful receivables			
Balance at the beginning of the year		(17,391,187)	(26,262,634)
Provision made during the year		(10,870,528)	(10,662,255)
Bad debts recovered during the year		9,489,365	19,533,702
		(18,772,350)	(17,391,187)
24 Amount due from other insurers/ reinsurers			
Unsecured			
- Considered good		515,170,699	684,203,233
		515,170,699	684,203,233
25 Sundry receivables			
Branch balances		36,303,890	36,051,164
Deposit against rent		13,383,180	11,268,300
Advance for purchase of property		29,533,332	-
Others		31,901,937	11,567,207
		111,122,339	58,886,671
26 Fixed assets- tangible and intangible			
Owned assets - tangible	26.1	570,699,180	533,372,864
Leased assets	26.1	124,865,934	72,699,404
Capital work in progress	26.2	-	19,134,958
Intangibles	26.3	8,333,888	-
		703,899,002	625,207,226

Notes to the Financial Statements

for the year ended December 31, 2015

26.1 The following is a statement of operating fixed assets:

Particulars	Owned assets						Leased assets				Grand Total	
	Freehold land	Buildings	Furniture and fixtures	Office equipment	Computer equipment	Vehicles	Cycles	Motor tracking devices	Total	Vehicles		Total
-----Rupees-----												
COST												
Balance as at January 01, 2014	140,735,600	140,087,330	120,590,932	34,960,551	13,411,426	371,016,997	86,275	38,211,000	859,100,111	35,039,000	35,039,000	894,139,111
Additions during the year	32,271,050	3,600,000	4,042,823	3,036,228	3,580,281	8,871,504	7,000	24,251,000	79,679,886	63,314,500	63,314,500	142,994,386
Disposals	(32,271,050)	(3,600,000)	(217,023)	(222,926)	(133,087)	(2,419,942)	-	-	(38,864,028)	-	-	(38,864,028)
Transfers/adjustments	-	-	-	-	-	9,568,000	-	-	9,568,000	(9,568,000)	(9,568,000)	-
Balance as at December 31, 2014	140,735,600	140,087,330	124,436,732	37,773,853	16,858,620	387,036,559	93,275	62,462,000	909,483,969	88,785,500	88,785,500	998,269,469
Balance as at January 01, 2015	140,735,600	140,087,330	124,436,732	37,773,853	16,858,620	387,036,559	93,275	62,462,000	909,483,969	88,785,500	88,785,500	998,269,469
Additions during the year	23,994,000	17,950,899	9,500,851	7,884,426	3,950,889	10,645,750	-	21,599,000	95,545,815	83,412,000	83,412,000	178,957,815
Disposals	-	-	(274,518)	(100,625)	(609,336)	(5,735,774)	(7,075)	-	(6,727,328)	-	-	(6,727,328)
Transfers/adjustments	-	-	-	-	-	13,593,000	-	-	13,593,000	(13,593,000)	(13,593,000)	-
Balance as at December 31, 2015	164,729,600	58,038,229	133,663,065	45,557,654	20,200,173	405,559,535	86,200	84,061,000	1,011,895,456	158,604,500	158,604,500	1,170,499,956
DEPRECIATION												
Balance as at January 01, 2014	-	16,476,104	40,866,717	9,542,366	9,112,046	224,102,431	55,713	10,215,828	310,371,206	9,524,059	9,524,059	319,895,265
Charge for the year	-	6,270,315	8,111,994	2,695,094	2,101,479	30,436,589	7,325	13,378,746	63,001,542	11,543,741	11,543,741	74,545,283
Disposals	-	(89,753)	(122,583)	(81,445)	(83,276)	(1,866,289)	-	-	(2,243,346)	-	-	(2,243,346)
Transfers/adjustments	-	-	-	-	-	4,981,704	-	-	4,981,704	(4,981,704)	(4,981,704)	-
Balance as at December 31, 2014	-	22,656,666	48,856,128	12,156,015	11,130,249	257,654,435	63,038	23,594,574	376,111,106	16,086,096	16,086,096	392,197,201
Balance as at January 01, 2015	-	22,656,666	48,856,128	12,156,015	11,130,249	257,654,435	63,038	23,594,574	376,111,105	16,086,096	16,086,096	392,197,201
Charge for the year	-	6,174,786	8,008,813	2,929,044	2,532,457	27,442,326	5,857	16,604,804	63,698,087	24,095,604	24,095,604	87,793,691
Disposals	-	-	(110,971)	(46,170)	(531,474)	(4,361,516)	(5,920)	-	(5,056,051)	-	-	(5,056,051)
Transfers/adjustments	-	-	-	-	-	6,443,134	-	-	6,443,134	(6,443,134)	(6,443,134)	-
Balance as at December 31, 2015	-	28,831,452	56,753,970	15,038,889	13,131,232	287,178,380	62,975	40,199,378	441,196,276	33,738,566	33,738,566	474,934,842
Written down values as at December 31, 2014	140,735,600	117,430,664	75,580,604	25,617,838	5,728,371	129,382,124	30,237	38,867,426	533,372,864	72,699,404	72,699,404	606,072,268
Written down values as at December 31, 2015	164,729,600	129,206,777	76,909,095	30,518,765	7,068,941	118,381,155	23,225	43,861,622	570,699,180	124,865,934	124,865,934	695,565,114
Rate of depreciation (%)	0	5	10	10	33.33	20	20	33.33	-	20	20	-

Notes to the Financial Statements

for the year ended December 31, 2015

26.1.1 The revaluation of fixed assets was carried out by an independent valuer on September 30, 2012 resulting in surplus of Rs. 56,632,554/- which was credited to surplus on revaluation of fixed assets in order to comply with the requirements of section 235 of the Companies Ordinance, 1984.

26.1.2 Had there been no revaluation, the cost, accumulated depreciation and book value of revalued assets as at December 31, 2015 would have been as follows:

Description	Cost		Rate %	Depreciation		Written down value
	January 1st	December 31st		January 1st	December 31st	
Land	117,098,310	141,092,310	-	-	-	141,092,310
Building	110,868,363	128,819,262	5%	19,303,280	5,846,670	103,667,312
2015	227,966,673	269,911,572		19,303,280	5,846,670	244,761,622
Land	117,098,310	117,098,310	-	-	-	117,098,310
Building	110,868,363	110,868,363	5%	13,759,862	5,633,171	91,565,083
2014	227,966,673	227,966,673		13,759,862	5,633,171	208,663,393

26.1.3 Disposal of fixed assets

Particulars	Cost	Accumulated depreciation	Written down value	Sales proceeds	Gain/(loss)	Mode of disposal	Sold To
Vehicles							
LED-08-4160	925,000	(716,438)	208,562	760,000	551,438	Negotiation	Mr. Arshad Mehmood
LWK-6598	1,039,000	(877,888)	161,112	550,000	388,888	Negotiation	Mr. Fayaz ud din Mirza
LZM-3678	1,039,000	(919,791)	119,209	670,000	550,791	Negotiation	Mr. Muhammad Akmal Shehzad
LEA-07-2352	495,000	(128,288)	366,712	515,000	148,288	Negotiation	Mr. Tariq Khan
LEB-11-7545	1,399,000	(939,722)	459,278	985,000	525,722	Negotiation	Mr. M. Arshad
Sub-Total	4,897,000	(3,582,127)	1,314,873	3,480,000	2,165,127		

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

Vehicles	845,849	(785,311)	60,538	350,168	289,630	Negotiation	Various
Computer Equipment	609,336	(531,475)	77,861	43,954	(33,907)	Negotiation	Various
Furniture & Fixture	274,518	(110,970)	163,548	57,832	(105,716)	Negotiation	Various
Office Equipment	100,625	(46,170)	54,455	22,000	(32,455)	Negotiation	Various
Sub-Total	1,830,328	(1,473,926)	356,402	473,954	117,552		
Total	6,727,328	(5,056,053)	1,671,275	3,953,954	2,282,679		

Notes to the Financial Statements

for the year ended December 31, 2015

	Note	2015 Rupees	2014 Rupees
26.2 Capital work in progress			
Computer software	26.2.1	-	5,086,600
Building	26.2.2	-	14,048,358
		-	19,134,958
26.2.1 Movement in capital work in progress (computer software)			
Balance at beginning of the year		5,086,600	2,886,600
Additions during the year		3,253,000	2,200,000
		8,339,600	5,086,600
Transferred to fixed assets		(8,339,600)	-
Balance at year end		-	5,086,600
26.2.2 Movement in capital work in progress (building)			
Balance at beginning of the year		14,048,358	-
Additions during the year		3,902,541	14,048,358
		17,950,899	14,048,358
Transferred to fixed assets		(17,950,899)	-
Balance at year end		-	14,048,358
26.3 Intangibles (computer software)			
Cost			
Balance at beginning of the year		-	-
Additions during the year		8,339,600	-
Balance at year end		8,339,600	-
Accumulated amortisation			
Balance at beginning of the year		-	-
Charged for the year at 25%		(5,712)	-
Balance at year end		(5,712)	-
Written down value		8,333,888	-

Notes to the Financial Statements

for the year ended December 31, 2015

	Note	2015 Rupees	2014 Rupees
27	Administrative surcharge		
Premium written and net premium revenue include administrative surcharge, class wise detail of which is given below:			
Fire and property damage		18,944,537	11,978,761
Marine, aviation and transport		9,396,761	6,524,627
Motor		33,528,261	19,192,274
Miscellaneous		12,282,351	8,253,424
		74,151,910	45,949,086
28	Management expenses		
Salaries, allowances and benefits		207,075,922	166,857,578
Branches rent		35,169,731	28,024,456
Depreciation	30.3.1	46,610,292	39,592,827
Amortization		5,712	-
Vehicle running and maintenance charges		3,081,239	5,431,113
Petrol expense		1,210,634	46,429,482
Advertisement, selling and other expenses		18,370,337	15,180,483
Motor tracking device charges		63,113,813	55,697,079
Tracker monitoring charges		23,096,000	17,443,299
Fire service charges		301,277	436,757
Marine service charges		401,492	172,169
Accident service charges		185,022	119,602
Insurance broker fees		175,000	-
Miscellaneous service charges		4,892,917	325,365
Miscellaneous expenses		1,201,911	1,889,678
		404,891,299	377,599,888

Notes to the Financial Statements

for the year ended December 31, 2015

	Note	2015 Rupees	2014 Rupees
29	Other income		
Income from financial assets			
Bad debts recovered		9,489,365	19,533,702
Profit on PLS accounts		5,996,780	7,039,565
Other income		37,500	46,050
		15,523,645	26,619,317
Income from non financial assets			
Gain on sale of fixed assets		2,282,679	4,798,249
Exchange gain		3,582,263	-
Discount income		-	34,039
		5,864,942	4,832,288
		21,388,587	31,451,605
30	General and administration expenses		
Salaries, allowances and benefits		74,009,635	65,724,575
Consultancy and advisory fee		29,200,000	19,686,000
Travelling, conveyance and vehicle charges		4,747,358	13,081,600
Printing and stationery		8,099,790	6,854,449
Repair and renewal		6,292,500	6,012,303
Electricity charges		8,706,918	8,482,150
Telephone charges		10,034,421	11,222,900
Office rent		2,776,108	2,734,334
Charity and donation	30.1	600,000	902,000
Bank charges		3,207,355	3,227,450
Levy charges		1,500,000	1,520,000
General expenses		699,262	2,290,258
Legal & professional fee		9,801,646	14,331,055
Auditors' remuneration	30.2	2,300,000	1,830,000
Depreciation	30.3.1	41,333,656	35,110,621

Notes to the Financial Statements

for the year ended December 31, 2015

	Note	2015 Rupees	2014 Rupees
Zakat		472,545	172,949
Provision for gratuity	8.2	22,491,686	18,116,463
Provision for doubtful receivables	23.1	10,870,528	10,662,255
Exchange loss		-	5,966,527
Workers' welfare fund		11,808,510	9,955,154
		248,951,918	237,883,043

30.1 Directors have no interest in the donee institutes.

30.2 Auditor's remuneration include:

Annual audit fee		1,200,000	1,000,000
Half yearly review		350,000	330,000
Other certifications		565,000	350,000
Out of pocket expenses		185,000	150,000
		2,300,000	1,830,000

30.3 Depreciation

Investment property	22	150,257	158,165
Fixed assets	26.1	87,793,691	74,545,283
		87,943,948	74,703,448

30.3.1 Depreciation charged to:

Management expenses	28	46,610,292	39,592,827
General and administration expenses	30	41,333,656	35,110,621
		87,943,948	74,703,448

Notes to the Financial Statements

for the year ended December 31, 2015

	2015	2014
	Rupees	Rupees
31 Provision for taxation		
For the year		
Current	84,324,537	60,344,001
Prior	(8,060,107)	(11,499,734)
Deferred	(16,701,838)	(1,795,404)
	59,562,592	47,048,863

	2015	2014
	%	%

31.1 Reconciliation between effective and applicable tax rate

Applicable tax rate	32.00	33.00
- Effect of income charged at different rates	(0.42)	(4.21)
- Effect of tax on amounts deductible for tax purposes	(20.68)	(18.61)
- Effect of opening deferred tax	0.32	(0.56)
Effective tax rate	11.22	9.62

32 Earning per share - basic and diluted

32.1 Basic earnings per share

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

	2015	2014
	-----Rupees-----	
Profit after tax for the year	620,025,776	460,887,143
	Number of shares	
Weighted average number of shares of Rs. 10/- each	128,800,000	128,800,000
	-----Rupees-----	
Earnings per share of Rs. 10/- each - basic and diluted (Restated)	4.81	3.58

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

Notes to the Financial Statements

for the year ended December 31, 2015

33 Remuneration of Chief Executive, Directors and Executives

	2015			2014				
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
	-----Rupees-----				-----Rupees-----			
Managerial remuneration	2,593,548	7,716,864	67,750,367	78,060,779	2,593,548	6,445,548	44,511,271	53,550,367
Housing	1,167,096	764,652	30,483,465	32,415,213	1,167,096	627,132	20,027,665	21,821,893
Medical allowance	259,356	170,484	6,772,936	7,202,776	259,356	139,320	4,449,928	4,848,604
	4,020,000	8,652,000	105,006,768	117,678,768	4,020,000	7,212,000	68,988,864	80,220,864
Number of persons	1	2	91	94	1	2	59	62

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

Notes to the Financial Statements

for the year ended December 31, 2015

34 Related party transactions

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

		2015	2014
		Rupees	Rupees
Relation with undertaking	Nature and transaction		
United Track System (Private) Limited (associated company)	Motor tracking devices	21,599,000	24,251,000
	Device charges	63,113,813	55,697,079
	Device monitoring charges	23,096,000	17,443,299
	Receivable/ (payable) at year end	6,488,765	(19,904,041)
	Rental income received during the year	600,000	600,000
Apna Microfinance Bank Limited (associated company)	Investment through equity shares at year end	426,142,564	193,849,869
	Investment through fixed deposits at year end	-	70,000,000
	Bank deposits at year end	5,780,402	1,852,125
	Insurance premium received during the year	445,166	1,822,688
	Claims lodged during the year	41,852,778	4,630,542
Key management personnel	Remuneration of key management personnel	117,678,768	80,220,864
	Loan to key management personnel	6,773,335	5,174,927
Staff retirement benefits plan	(Payable) / receivable from defined benefit plan	(62,669,003)	(61,339,710)
	Provision for gratuity during the year	22,491,686	18,116,463
	Gratuity payments	5,157,100	2,759,072

Notes to the Financial Statements

for the year ended December 31, 2015

35 Segment reporting

The company has four primary business segments for reporting purposes namely fire, marine, motor, and miscellaneous. Assets and liabilities, wherever possible have been assigned to the following segments based on specific identification or allocated on the basis of premium written by each segment.

	FIRE		MARINE		MOTOR		MISCELLANEOUS		TOTAL	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	----- Rupees -----									
Segment assets-conventional	936,808,985	911,578,923	455,648,515	320,260,864	466,519,720	279,357,149	733,052,924	1,250,260,202	2,592,030,144	2,761,457,138
Segment assets-takaful (OPF)	6,704,880	1,859,441	2,968,604	1,484,206	14,890,030	750,417	6,241,448	5,554,365	30,804,962	9,648,429
Unallocated assets-conventional									2,295,769,249	2,042,266,534
Unallocated assets-takaful (OPF)									140,110,278	24,789,461
CONSOLIDATED TOTAL ASSETS									5,058,714,633	4,820,161,562
Segment liabilities	802,888,172	956,369,669	434,988,860	313,964,630	496,911,539	365,161,162	676,947,442	1,224,470,823	2,411,736,013	2,859,966,284
Segment liabilities-takaful (OPF)	-	-	-	-	-	-	-	-	-	-
Unallocated liabilities-conventional									320,894,935	259,322,413
Unallocated liabilities-takaful (OPF)									41,838,276	15,751,814
CONSOLIDATED TOTAL LIABILITIES									2,774,469,224	3,135,040,511
Capital expenditure during the year (tangibles)	36,813,835	28,361,945	14,114,931	11,898,944	49,620,894	30,739,227	78,408,155	71,994,269	178,957,815	142,994,385
Depreciation	18,091,157	14,816,911	6,936,399	6,216,273	24,384,838	16,058,856	38,531,554	37,611,408	87,943,948	74,703,448
Capital expenditure during the year (intangibles)	1,715,559	-	657,769	-	2,312,380	-	3,653,892	-	8,339,600	-
Amortisation	1,175	-	450	-	1,584	-	2,503	-	5,712	-

Notes to the Financial Statements

for the year ended December 31, 2015

	2015	2014
	Rupees	Rupees
36 Financial instruments by category		
Financial assets and financial liabilities		
Financial assets		
Cash and bank deposits		
Cash and other equivalents	269,982	241,739
Current and other accounts	324,552,304	334,135,946
Deposits maturing within 12 months	53,240,994	247,634,507
Deposits maturing after 12 months	22,002,350	11,758,400
	400,065,630	593,770,592
Investments	1,036,463,220	642,625,501
Total assets in window takaful operations	170,915,240	94,207,592
Loan to employees and agents	14,545,804	10,406,526
Current assets - others		
Premiums due but unpaid	695,561,774	449,545,585
Amounts due from other insurers/ reinsurers	515,170,699	684,203,233
Reinsurance recoveries against outstanding claims	686,761,318	932,418,605
Accrued investment income	16,994,951	30,595,180
Sundry receivables	111,122,339	58,886,671
	2,025,611,081	2,155,649,273
	3,647,600,975	3,496,659,484
Financial liabilities		
Provision for outstanding claims (including IBNR)	800,096,330	1,067,276,746
Amount due to other insurers/ reinsurers	113,697,917	370,295,656
Other creditors and accruals	62,275,279	64,344,061
Liabilities against assets subject to finance lease	110,644,177	65,637,310
Total liabilities in window takaful operations	41,838,276	15,751,814
	1,128,551,979	1,583,305,587

37 Risk management

37.1 Risk management framework

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

Notes to the Financial Statements

for the year ended December 31, 2015

37.2 Insurance risks

37.2.1 Insurance risk

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

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

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

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

Geographical concentration of insurance risk

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

Notes to the Financial Statements

for the year ended December 31, 2015

37.2.2 Reinsurance arrangements

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

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

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

	Maximum sum insured		Reinsurance cover		Highest net liability	
	2015	2014	2015	2014	2015	2014
----- Rupees -----						
Fire and property damage	2,275,000,000	14,104,000,000	2,235,000,000	14,069,000,000	40,000,000	35,000,000
Marine, aviation and transport	426,130,000	27,874,000,000	401,130,000	27,854,000,000	25,000,000	20,000,000
Motor	9,000,000	9,000,000	7,500,000	7,500,000	1,500,000	1,500,000
Miscellaneous	3,099,840,000	41,615,800,000	3,037,090,000	41,500,950,000	62,750,000	114,850,000
	5,809,970,000	83,602,800,000	5,680,720,000	83,431,450,000	129,250,000	171,350,000

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

	Gross liabilities		Gross assets		Net liabilities / (assets)	
	2015	2014	2015	2014	2015	2014
----- Rupees -----						
Fire and property damage	802,888,172	956,369,670	936,808,985	911,578,923	(133,920,813)	44,790,746
Marine, aviation and transport	434,988,860	313,964,630	455,648,515	320,260,864	(20,659,655)	(6,296,234)
Motor	496,911,539	365,161,162	466,519,720	279,357,149	30,391,819	85,804,013
Miscellaneous	676,947,442	1,224,470,823	733,052,924	1,250,260,202	(56,105,482)	(25,789,379)
	2,411,736,013	2,859,966,285	2,592,030,144	2,761,457,138	(180,294,131)	98,509,146

37.2.3 Uncertainty in the estimation of future claims payment

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

Notes to the Financial Statements

for the year ended December 31, 2015

An estimated amount of the claim is recorded immediately on intimation to the company. The estimation of the amount is based on the amount notified by the policy holder, management or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims. For the estimation of provision of claims Incurred But Not Reported (IBNR), Provision for IBNR is based on the management's best estimate which takes into account the past trends, expected future patterns of reporting of claims and the claims actually reported subsequent to the balance sheet date.

There are several variable factors which affect the amount and timing of recognized claim liabilities. However, the management considers that uncertainty about the amount and timing of claim payments is generally resolved within a year.

37.2.4 Key assumptions

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

37.2.5 Sensitivity analysis

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

Notes to the Financial Statements

for the year ended December 31, 2015

	Profit before tax		Share holders' equity	
	2015	2014	2015	2014
----- Rupees -----				
10% increase in loss				
Net				
Fire and property damage	(3,025,965)	(8,644,374)	(2,057,656)	(5,791,731)
Marine, aviation and transport	(5,490,535)	(2,886,823)	(3,733,564)	(1,934,171)
Motor	(23,585,727)	(7,924,699)	(16,038,294)	(5,309,548)
Miscellaneous	(42,130,637)	(22,487,342)	(28,648,833)	(15,066,519)
	(74,232,864)	(41,943,238)	(50,478,347)	(28,101,969)

10% decrease in loss				
Net				
Fire and property damage	3,025,965	8,644,374	2,057,656	5,791,731
Marine, aviation and transport	5,490,535	2,886,823	3,733,564	1,934,171
Motor	23,585,727	7,924,699	16,038,294	5,309,548
Miscellaneous	42,130,637	22,487,342	28,648,833	15,066,519
	74,232,864	41,943,238	50,478,347	28,101,969

Analysis on gross basis

Accident year	2012	2013	2014	2015	Total
----- Rupees -----					
Estimate of ultimate claims cost					
At the end of accident year	154,397,043	85,411,186	475,410,157	134,484,359	849,702,745
One year later	289,547,017	35,542,396	583,326,155	-	908,415,568
Two year later	220,913,507	5,523,963	-	-	226,437,470
Three year later	13,180,002	-	-	-	13,180,002
Estimate of cumulative claims	678,037,569	126,477,545	1,058,736,312	134,484,359	1,997,735,785
Cumulative payments to date	(664,868,667)	(121,150,062)	(697,727,806)	(129,612,760)	(1,613,359,295)
Liability recognized in the balance sheet date	13,168,902	5,327,483	361,008,506	4,871,599	384,376,490

Notes to the Financial Statements

for the year ended December 31, 2015

37.3 Financial risk

Market risk

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

a) Interest / mark up rate risk

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

At the balance sheet date, the interest rate profile of the company's significant interest bearing financial instruments was as follows:

Sensitivity analysis

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

Notes to the Financial Statements

for the year ended December 31, 2015

FINANCIAL ASSETS AND LIABILITIES Conventional Business

2015

FINANCIAL ASSETS AND LIABILITIES	Effective Yield/ Mark-up rate per annum	Interest/mark-up bearing		Sub Total	Non interest/mark-up bearing financial instruments	Total
		Maturity upto one year	Maturity over one year to five years			
	%	----- Rupees -----				
FINANCIAL ASSETS						
Cash and bank deposits	7.50 - 10.00	132,555,502	-	132,555,502	267,510,128	400,065,630
Loan to employees and agents		-	-	-	14,545,804	14,545,804
Investments	9.00 - 14.86	-	93,214,507	875,510,354	67,738,359	1,036,463,220
Premium due but unpaid		-	-	-	695,561,774	695,561,774
Amount due from other insurers/ reinsurers		-	-	-	515,170,699	515,170,699
Reinsurance recoveries against outstanding claims		-	-	-	686,761,318	686,761,318
Accrued investment income		16,994,951	-	16,994,951	-	16,994,951
Sundry receivables		-	-	-	111,122,339	111,122,339
		149,550,453	93,214,507	875,510,354	2,358,410,421	3,476,685,735
FINANCIAL LIABILITIES						
Provision for outstanding claims (including IBNR)		-	-	-	800,096,330	800,096,330
Amount due to other insurer/reinsurer		-	-	-	113,697,917	113,697,917
Other creditors and accruals		-	-	-	62,275,279	62,275,279
Liabilities against asset subject to finance lease	10.50-20.00	47,168,651	63,475,526	110,644,177	-	110,644,177
		47,168,651	63,475,526	110,644,177	976,069,526	1,086,713,703

Notes to the Financial Statements

for the year ended December 31, 2015

		2014			
FINANCIAL ASSETS AND LIABILITIES	Effective Yield/ Mark-up rate per annum	Interest/mark-up bearing		Non interest/ mark-up bearing financial instruments	Total
		Maturity upto one year	Maturity over one year to five years		
----- Rupees -----					
%					
FINANCIAL ASSETS					
Cash and bank deposits	7.25 - 16.70	384,818,845	-	208,710,008	593,528,853
Loan to employees and agents		-	-	10,406,526	10,406,526
Investments	10.78 - 14.86	-	28,641,759	54,089,259	449,058,091
Premium due but unpaid		-	-	449,545,585	449,545,585
Amount due from other insurers/reinsurers		-	-	684,203,233	684,203,233
Reinsurance recoveries against outstanding claims		-	-	932,418,605	932,418,605
Accrued investment income		30,595,180	-	30,595,180	30,595,180
Sundry receivables		-	-	58,886,671	58,886,671
		415,414,025	28,641,759	2,398,259,887	3,208,642,744
FINANCIAL LIABILITIES					
Other creditors and accruals		-	-	1,067,276,746	1,067,276,746
Liabilities against asset subject to finance lease	14.54 - 20	24,724,644	40,912,666	-	65,637,310
		24,724,644	40,912,666	-	65,637,310
				1,501,916,463	1,567,553,773

Notes to the Financial Statements

for the year ended December 31, 2015

	Increase / (decrease) in basis points	Effect on profit before tax	Effect on equity
As at December 31, 2015			
Cash flow sensitivity - variable rate financial liabilities	100	(1,106,442)	(741,316)
	(100)	1,106,442	741,316
Cash flow sensitivity - variable rate financial assets	100	11,182,753	7,492,445
	(100)	(11,182,753)	(7,492,445)
As at December 31, 2014			
Cash flow sensitivity - variable rate financial liabilities	100	(656,373)	(439,770)
	(100)	656,373	439,770
Cash flow sensitivity - variable rate financial assets	100	8,103,829	5,429,565
	(100)	(8,103,829)	(5,429,565)

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

b) Foreign currency risk

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

c) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest / mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. The company is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs. 36.67 million (2014: Rs. 45.45 million) at the balance sheet date.

Notes to the Financial Statements

for the year ended December 31, 2015

The company manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies. The company has strategic equity investment in its associate amounting to Rs. 426.14 million (2014: Rs. 193.57 million) which is held for long term.

Available for sale equity instruments are stated at lower of cost or market value (market value being taken as lower if fall is other than temporary) in accordance with the requirements of the S.R.O. 938 issued by the Securities and Exchange Commission of Pakistan (SECP), in December 2002.

Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Furthermore, amount realized in the sale of a particular security may be affected by relative quantity of the security being sold. The Company has no significant concentration of price risk.

Sensitivity analysis

The table below summarizes the company's equity price risk as of 31 December 2015 and 2014 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios, indeed results could be worse in Company's equity investment portfolio because of the nature of equity markets.

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

	Fair Value	Hypothetical price change	Estimated fair value after hypothetical change in price	Hypothetical increase / (decrease) in shareholder's equity	Hypothetical increase / (decrease) in profit/(loss) before tax
December 31, 2015	36,673,543	10 % increase	40,340,898	3,667,354	-
		10 % decrease	40,912,278	(3,667,354)	-
December 31, 2014	45,458,087	10 % increase	50,003,876	4,545,809	-
		10 % decrease	(39,680,333)	(4,545,809)	-

37.3.2 Liquidity risk

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

Liquidity risk is the risk that the company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

On the balance sheet date the company has cash and bank balance of Rs. 324.82 million (2014: Rs. 395.43 million).

Notes to the Financial Statements

for the year ended December 31, 2015

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

	2015			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	-----Rupees-----			
Financial liabilities				
Provision for outstanding claims (including IBNR)	800,096,330	800,096,330	800,096,330	-
Amounts due to other insurers/ reinsurers	113,697,917	113,697,917	113,697,917	-
Other creditors and accruals	62,275,279	62,275,279	62,275,279	-
Liabilities against assets subject to finance lease	110,644,177	122,407,669	56,136,615	66,271,054
	1,086,713,703	1,098,477,195	1,032,206,141	66,271,054

	2014			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	-----Rupees-----			
Financial liabilities				
Provision for outstanding claims (including IBNR)	1,067,276,746	1,067,276,746	1,067,276,746	-
Amount due to other insurers/ reinsurers	370,295,656	370,295,656	370,295,656	-
Other creditors and accruals	64,344,061	64,344,061	64,344,061	-
Liabilities against assets subject to finance lease	65,637,310	77,374,311	32,501,568	44,872,743
	1,567,553,773	1,579,290,774	1,534,418,031	44,872,743

37.3.3 Credit risk and concentration of credit risk

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

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

Notes to the Financial Statements

for the year ended December 31, 2015

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

	2015	2014
	Rupees	Rupees
Cash and bank deposits	400,065,630	593,528,853
Premium due but unpaid	695,561,774	449,545,585
Amount due from other insurers / reinsurers	515,170,699	684,203,233
Accrued investment income	16,994,951	30,595,180
Reinsurance recoveries against outstanding claims	686,761,318	932,418,605
Sundry receivables	111,122,339	58,886,671
	2,425,676,711	2,749,178,127

The company did not hold any collateral against the above during the year. General provision is made for receivables according to the company's policy. The impairment provision is written off when the company expects that it cannot recover the balance due. During the year receivables of Rs. 10.87 million (2014: Rs. 10.66 million) were further provided for and the provision of Rs. 9.49 million (2014: 19.53) were reversed due to recoveries. The movement in the provision for doubtful debt account is shown in note-23.1. The remaining past due balances were not impaired as they relate to a number of policy holders and other insurers/reinsurers for whom there is no recent history of default.

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

	Ratings		Ratings Agency	2015	2014
	Short term	Long term		Rupees	Rupees
Bank Alfalah Limited	A1+	AA	PACRA	10,704,925	11,386,979
Allied Bank Limited	A1+	AA+	PACRA	22,570,643	24,011,854
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	1,208,373	1,019,466
Habib Bank Limited	A-1+	AAA	JCR-VIS	50,646,989	82,900,365
Bank Al-Habib Limited	A1+	AA+	PACRA	38,816,515	36,309,892
BankIslami Pakistan Limited	A1	A+	PACRA	4,686,114	4,903,284
Soneri Bank Limited	A1+	AA-	PACRA	12,906,077	20,646,896
Albaraka Bank Pakistan Limited	A1	A	PACRA	507,164	279,510
Askari Bank Limited	A-1+	AA	JCR-VIS	2,143,411	3,014,305
Zarai Tarqiati Bank Limited	A-1+	AAA	JCR-VIS	34,907,137	34,693,782

Notes to the Financial Statements

for the year ended December 31, 2015

	Ratings		Ratings Agency	2015	2014
	Short term	Long term			
The Bank of Khyber	A1	A	PACRA	9,317,101	1,607,118
The Bank of Punjab	A1+	AA-	PACRA	9,871,232	5,986,528
Faysal Bank Limited	A1+	AA	PACRA	6,520,230	4,128,298
First Women Bank Limited	A2	BBB+	PACRA	1,512,643	1,408,114
MCB Bank Limited	A1+	AAA	PACRA	4,197,211	2,773,283
National Bank of Pakistan Limited	A1+	AAA	PACRA	7,103,036	3,885,296
NIB Bank Limited	A1+	AA-	PACRA	9,028,429	11,304,090
Punjab Provincial Co-operative Bank Limited *	-	-	-	14,874,491	4,927,890
Samba bank Limited	A-1	AA	JCR-VIS	10,000,000	-
Silk Bank Limited	A-2	A-	JCR-VIS	1,571,322	2,790,016
SME Bank Limited	B	BB	PACRA	19,428	19,428
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	-	340,444
United Bank Limited	A-1+	AA+	JCR-VIS	13,251,515	16,916,180
U Microfinance bank Limited	A-2	A-	JCR-VIS	2,055,772	-
Summit Bank Limited	A-1	A	JCR-VIS	37,880,866	57,343,213
Burj Bank Limited	A-2	A-	JCR-VIS	2,200,832	3,705,985
Dubai Islamic Bank Pakistan Limited	A-1	A+	JCR-VIS	3,370,680	1,418,108
APNA Microfinance Bank Limited	A3	BBB+	PACRA	5,780,402	1,852,125
Sindh Bank Limited	A-1+	AA	JCR-VIS	3,816,824	1,379,880
Karakoram Co-Operative Bank Limited*	-	-	-	864,875	908,388
JS Bank Limited	A1+	A+	PACRA	977,678	267,009
Khushali Bank Limited	A-1	A+	JCR-VIS	1,240,389	24,750
Agriculture development Bank*				-	66,923
Meezan Bank	A-1+	AA	JCR-VIS	-	52,389,827
Bank Islami	A1	A+	PACRA	-	563,116
				324,552,304	395,172,343

* Credit ratings are not available

Notes to the Financial Statements

for the year ended December 31, 2015

The age analysis of premium due but unpaid and amount due from other insurers/ reinsurers is as follows:

	2015 Rupees	2014 Rupees
Upto 1 year	997,465,161	1,096,219,120
1-2 years	109,392,357	48,584,104
2-3 years	121,587,579	5,730,459
Over 3 years	-	606,322
	1,228,445,097	1,151,140,005

Reinsurance risk

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

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

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

	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Other reinsurance assets	2015	2014
	-----Rupees-----				
A or above (including PRCL)	515,170,698	686,761,318	517,279,181	1,719,211,197	2,182,088,336
Total	515,170,699	686,761,318	517,279,181	1,719,211,197	2,182,088,336

Notes to the Financial Statements

for the year ended December 31, 2015

38 Fair value measurement of financial instruments

	Carrying amount				Fair value				
	Investments	Loans and receivables	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
----- Rupees -----									
31 December 2015									
Financial assets - not measured at fair value									
Cash and other equivalents*	-	-	269,982	-	269,982	-	-	-	-
Current and other accounts*	-	-	325,612,030	-	325,612,030	-	-	-	-
Deposits maturing within 12 months*	-	-	53,240,994	-	53,240,994	-	-	-	-
Deposits maturing after 12 months*	-	-	22,002,350	-	22,002,350	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-
- Listed securities	36,673,543	-	-	-	36,673,543	36,674,588	-	-	36,674,588
- Mutual Fund Certificates	31,064,816	-	-	-	31,064,816	31,213,544	-	-	31,213,544
- Pakistan Investment Bonds	529,658,297	-	-	-	529,658,297	-	551,054,849	-	551,054,849
- Preference shares	12,924,000	-	-	-	12,924,000	-	12,924,000	-	12,924,000
- Investment in associate	426,142,564	-	-	-	426,142,564	1,117,434,272	-	-	1,117,434,272
Loans to employees*	-	14,545,804	-	-	14,545,804	-	-	-	-
Premium due but unpaid*	-	694,502,048	-	-	694,502,048	-	-	-	-
Amounts due from other insurers / reinsurers*	-	515,170,698	-	-	515,170,698	-	-	-	-
Accrued investment income*	-	16,994,951	-	-	16,994,951	-	-	-	-
Reinsurance recoveries against outstanding claims*	-	686,761,318	-	-	686,761,318	-	-	-	-
Sundry receivables*	-	111,122,339	-	-	111,122,339	-	-	-	-
	1,036,463,220	2,039,097,158	401,125,356	-	3,476,685,734	1,185,322,404	563,978,849	-	1,749,301,253
Financial liabilities - not measured at fair value									
Provision for outstanding claims (including IBNR)*	-	-	-	800,096,330	800,096,330	-	-	-	-
Amounts due to other insurers / reinsurers*	-	-	-	113,697,917	113,697,917	-	-	-	-
Other creditors and accruals*	-	-	-	62,275,279	62,275,279	-	-	-	-
Liabilities against assets subject to finance lease*	-	-	-	110,644,177	110,644,177	-	-	-	-
	-	-	-	1,086,713,703	1,086,713,703	-	-	-	-

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

Notes to the Financial Statements

for the year ended December 31, 2015

39 Capital management

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

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

	2015	2014
	---Numbers---	
40 Number of employees		
As at December 31	975	842
Average number of employees during the year	876	722

41 Events after balance sheet date

The board of directors have proposed bonus shares for the year ended December 31, 2015 of Rs.4.0 per share (2014: 4.0 per share), amounting to Rs.515,200,000/- (2014: Rs.368,000,000/-) at their meeting held on April 04, 2016 for the approval of the members at the annual general meeting to be held on April 26, 2016.

42 Date of authorization for issue

These financial statements have been authorized for issue on **April 04, 2016** by the Board of Directors of the company.

43 General

Corresponding figures have been reclassified / re-arranged, wherever necessary, for better presentation. There have been no significant reclassifications/ restatements in the financial statements.



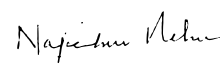
Mohammad Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director



Khawas Khan Niazi
Director / President



Ch. Najeeb-Ur-Rehman
Chairman

Our Branches

PUNJAB

LAHORE

MR. KASHIF RASHEED

Executive Director

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

MR. SHAFQAT ALI GORAYA

Executive Director

2nd Floor, Shehpar Plaza,
19-Temple Road.

MR. ZAFAR MEHMOOD

General Manager/Head of
Corporate Accounts

Office No. 10, 1st Floor, Centre
Point Plaza, Main Boulevard,
Gulberg-III.

MR. KHURRAM MANSOOR

Joint Director

1st Floor, 31-Commercial
Cavalry Ground, Cantt.

MR. NOUMAN UL HAQ

General Manager

2nd Floor, 51-T Block CCA,
Phase -2 , D.H.A

RAJA AKHTAR KHAN

General Manager

Room No. 14, 3rd Floor, Bilal
Centre, Nicholson Road.

MR. FAISAL JAVED

Joint Director

1st Floor, 93-B shadman Colony.

MR. M. ASLAM RAJPUT

Joint Director

3rd Floor, Room No. 303,
Al-Hafeez Shopping Mall, Main
Boulevard, Gulberg.

SHEIKH MUHAMMAD SIDDIQUE

Executive Director

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

MR. MUBASHAR HASSAN

Regional Manager

18-Taj Mansion, 46-Shahrah-e-
Quaid-e-Azam.

MR. AHSAN KHURSHID HAQ

SVP/Zonal Manager

Room No. 303, 3rd Floor, Khalij
Tower, Jail Road.

MR. MUHAMMAD AZEEM

Zonal Manager

51-F, Auto Centre, 108-Lytton
Road.

RANA FAISAL IQBAL

Senior Vice President/ Regional
Head

2nd Floor, 15-shadman colony
No.1, Opp; Apwa College,
Shisham Plaza, Jail Road

MR. KHALID MASOOD BHATTI

Assistant General Manager

Pak Chambers, 2nd Floor,
5-Temple Road.

AGHA SAUD MEHMOOD

Branch Manager

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

MR. WAQAR AHMED NOSHABI

Assistant General Manager

Room No. 12, 2nd Floor, Jalal
Centre, Mozang Road.

MR. M. MAZHAR SHAH

Joint Director (Engineering
Project)

Room No. 303, 3rd Floor,
Al-Qadeer Heights, New Garden
Town.

MR. M. AMAAN AKHTAR

SVP/ Zonal Manager

Office No. 5, Khurshid Building,
2" Floor, 10-Abbot Road.

Our Branches

MR. M. NASEEM BUTT

Joint Director

18-Taj Mansion, 46-Shahrah-e-
Quaid-e-Azam.

MR. FAISAL AFZAAL

Branch Manager

Room # 305, Eden Center, Jail
Road.

MR. AWAIS BUTT

Assistant General Manager

Bilal Centre, Nicholson Road,

MR. AKMAL ASLAM

Deputy General Manager

Office No. 1, 2nd Floor, Carpet
Chambers, 10- Abbot Road.

SHEIKH MUSA SALEEM

Joint Director

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

MR. ASAD ALI QURESHI

SVP/Branch Head

Office No. 101 1st Floor, Khalij
Tower, Jail Road

MR. EDWIN JAMIL

Corporate Business Head

Office No. 224, 2nd Floor, Land
Mark Plaza, Gulberg V, Jail Road.

MR. NADEEM SAFDAR CHAUDHRY

D.G.M

FF-II, Central Plaza, Barket
Market, Garden Town

SYED NASEEM HUSSAIN JAFREE

Branch Manager

7-Iqbal Market, 5-KM, Main
Raiwind Road,

MR. MUHAMMAD RAFI

Joint Director

40-Bank Square, The Mall.

GUJRANWALA

KHAWAJA ADNAN HASSAN

Joint Director

Khawaja Mudassar Arcade,
Opposite Din Plaza.

MR. GHULAM BARI MUGHAL

Zonal Manager

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

FAISALABAD

MR. AKRAM ALI SHAH

Zonal Manager

11-Cheema Chambers, Railway
Road

MR. ABDUL HAMEED

Chief Manager

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

MR. EDWIN JAMIL

Corporate Business Head

P-357/A, 1st Floor, Al-Hameeda
Plaza, Small D-Ground, Peoples
Colony # 1.

MR. MUHAMMAD RAUF

Branch Manager

5th Floor, State Life Building,
2-Liaquat Road,

MR. M. SHOUKAT RANA

General Manager

Room No. 6, 1st Floor, Chaudhry
Arcade, New Civil Lines, Regency
Road.

Our Branches

RAWALPINDI

MR. MUHAMMAD YOUNAS

Branch Manager

Office No.17, 1st Floor, Royal Plaza Satelite Town.

SYED MANSAB ALI ZAIDI

Branch Manager

Office No. 5, 1st Floor, Mid City Mall, 29-B Satellite Town, Sadiqabad, Murree Road.

MR. ZARAR AHMED BUTT

Executive Director

Chandni Chowk, Bilal Plaza, Murree Road.

MR. MUSHTAQ AHMED

Chief Manager, Camp Office

Century Tower-2, 2nd Floor, Opposite Statelife Building 6, The Mall.

MR. MUJEEB-UR-REHMAN KHOKHAR

General Manager

Office No. 13, 2nd Floor, Resham Plaza, Chandni Chowk.

MALIK MEHARBAN KHAN.

General Manager

77-Mobi Plaza, Haider Road.

MR. SHAFAT HUSSAIN MALIK

General Manager

Office No. 03, 1st Floor, National Building, Rawalpindi General Hospital, Murree Road.

SIALKOT

SHEIKH MUSA SALEEM

Joint Director

Office No. 8, C-2, 3rd Floor, Jawad Centre, Defence Road.

KHAWAJA SOHAIL ANWAAR

Branch Manager

AL-Sheikh Welfare centre, Urdu Bazar.

MR. TAHIR MUSTAFA

Zonal Manager

Opposite Nishat Cinema, Kutchery Road.

MR. MUHAMMAD ILYAS BUTT

Branch Manager,

Rehman Centre, Near Shahab Pura.

MR. FARHAT ABBAS

Manager Development

1st Floor, Karim Plaza, Defence Road, Iqbal Town.

MULTAN

MR. ANWAR ZAHID

Executive Director

M.D.A Chowk, Opposite Excise Office.

MR. AYAZ AHMAD

Branch Manager

2nd Floor, Alvaiz Arcade, Opposite PTCL Office, Mumtazabad.

Our Branches

SARGODHA

RAJA MUHAMMAD ABDULLAH

Regional Manager,

1st Floor, Shahzad Plaza, Nishtar
Market, Near Purana Taxi Stand.

SAHIWAL

**MR. MUHAMMAD YASIN
CHAUDHRY**

Branch Manager

147-Railway Road.

SYED ATHAR RAZA ZAIDI

Zonal Manager

405-V2-Green View Complex,
Stadium Road

BAHAWALPUR

MR. TAHIR MANNAN

Branch Manager

Aziz Plaza, Circular Road.

BAHAWALNAGAR

RAI AFTAB AALAM

Branch Manager

Khan Baba Road, Near WF
Continental Hotel.

GUJRAT

MIAN MUHAMMAD AHSAN

Zonal Manager,

Kunjah Road, Near N.B.P.

MR. M. MUNEEF

Branch Manager

Ali Akbar Plaza, Shah Hussain
Chowk, Circular Road.

SHEIKHUPURA

MR. TANVEER IJAZ

SVP/Zonal Manager

2nd Floor, Office No. 3, Sharif
Plaza, Sargodha Road.

Our Branches

OTHERS

VEHARI

MR. MUHAMMAD YASIN

Branch Manager

House No. 183-V, Peoples Colony.

MUZAFFAR GARH

MR. M. TARIQ KHAN,

Development Manager

House No. 439, B-VII, Upper Story, Wapda-2nd Sub Division, D.G. Khan Road.

JEHLUM

MR. TAHIR MEHMOOD KHAN

Branch Manager

3rd Floor, Sikandar Plaza, G.T. Road, Jada Chowk.

SINDH

KARACHI

MR. SHAKEEL AHMED

Executive Director

Office No. 201, 2nd Floor, Aamir Trade Centre, PECHS Block-2, Allah Wali Chowrangi, Main Shahrah-e-Quaideen.

MR. TANVEER AHMAD BHATTI

Joint Director

3rd Floor, 303 Europa Centre, Hasrat Mohani Road.

MR. ALTAMASH MALIK

General Manager

Office No. 202, 2nd Floor, Clifton Centre, Block No. 5, Clifton.

MIAN MUHAMMAD ASIF

General Manager

Office No. 201 & 202, 2nd floor, Rehmani Chamber, Altaf Hussain Road, Near MCB Bank New Challi Branch.

MIAN ANWAR ZAHID

Executive Director,

302-A, Panorama Centre No. 2, Raja Ghazanfar Ali Khan Road, Saddar.

MR. NAZIR AHMAD MEMON

Branch Manager,

Camp Office, 404-Madina City Mall, Abdullah Haroon Road, Saddar.

MR. MOHSIN ULLAH

Joint Director

Plot No. 77-Q, Block -2 PECHS.

MR. YASEEN MEMON

Manager

2nd Floor, State Life Building No. 2-A, Wallace Road.

MR. SALEM ANWAR

Assistant General Manager

Karachi Export Processing Zone (KEPZ), Plot No. 08, Sector B-2.

MR. PARVEZ AHMAD

General Manager

Office No. 226, 2nd Floor, ST Chamber, S.I.T.E.

Our Branches

HYDERABAD

MR. JUNAID SAMOO

Regional Manager

2nd Floor, Goal Building, Circular Building, Risala Road.

MR. BABAR BASHIR MEMON

Office Assistant

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

OTHERS

SUKKAR**MR. ZULFIQAR ALI**

Branch Manager

Office No. 7, Mezzanine Floor, Shalimar Complex, Minara Road, Sukkar.

SUKKAR**MR. EJAZ AHMAD**

Senior General Manager

House No. 1408/475, New Latif Park.

SHIKARPUR**MR. ASHFAQ ALI MORIANI**

Regional Manager

House No. 34/38, Old Saddar.

MIRPUR KHAS**MR. MUHAMMAD AFSAAR AHMAD**

Zonal Manager

House No. 1844/1, Nishter Road, Hameed Pur Colony No.3.

FEDERAL

ISLAMABAD

DR. MURTAZA MUGHAL

Executive Director

402-4th Floor, Gulistan House, Fazal-e-Haq Road, Blue Area.

CH. IQBAL TAHIR

General Manager

Kashmir Commercial Complex, Building No. 1032-E, 2nd Floor, Fazal-e-Haq Road, Blue Area.

MR. RIZWAN UI HAQ

Executive Director

Office No. 304, 305, 3rd Floor, Capital Business Centre, F-10, Markaz.

CH. ASLAM FEROZE

Executive Director

21-E Huma Plaza, Mezzanine Floor, Blue Area.

HAFIZ SOHAIL AHMED

General Manager

Office No. 5, 1st Floor, Ahmad Centre, I- 8 Market Markaz.

MALIK ZAFAR YOUSAF

Joint Director

Flat No. 108, 1st Floor, Dosal Plaza, 47-Blue Area.

Our Branches

MR. ZESHAN ASLAM

Vice President/ Branch Manager

Office No. 2 & 3, 2nd Floor MB
Citi Mall, 1-8 Markaz.

MR. INTISAR AHMED INTISAR

Zonal Manager

M-6, Gulistan House, 82-East
Fazal-e-Haq Road, Blue Area.

MR. M. ISHAQ AWAN

Assistant General Manager

Office No.15, Rose Arcade, 2nd
Floor, G-11 Markaz.

KHYBER PAKHTUNKHWA

PESHAWAR

MR. JAHANZEB KHAN

Assistant General Manager

Office No.6, 5th Floor, Falak Shir
Plaza Sadar Road.

MR. SHOAB KHAN

Assistant General Manager

Ground Floor, State Life Building,
The Mall.

SYED HAMID ALI ZAIDI

Zonal Manager

Office No.17-18, 4th Floor, Bilour
Shopping Plaza, Saddar Road.

MR. MUHAMMAD SOHAIL KHAN

Assistant General Manager

Office No. 265-266, 3rd Floor,
Dean's Centre.

OTHERS

ABBOTABAD

MR. ASAD RAFIQUE

Branch Manager

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

KOHAT

MR. M. AYYAZ KHATTAK

Development Manager

House No. 166, Street-I,
Sector-1, K.D.A, Kohat.

MARDAN

MR. JAHANZEB ALI

Branch Manager

2nd Floor, Shayan Plaza, Nihar
Kinnara, Bahadur Khan Road.

DERA ISMAIL KHAN

HAJI WARIS KHAN

Branch Manager

Shop No, 10, City Centre Market,
North Circular Road, Near
Toyota Motors.

Our Branches

BALUCHISTAN

MR. ATIF IDREES KHAN

Regional Manager

1st Floor, Perfection House, M.A.
Jinnah Road, Quetta.

GILGIT BALTISTAN

MIR M. JALAL-UD-DIN

Deputy General Manager

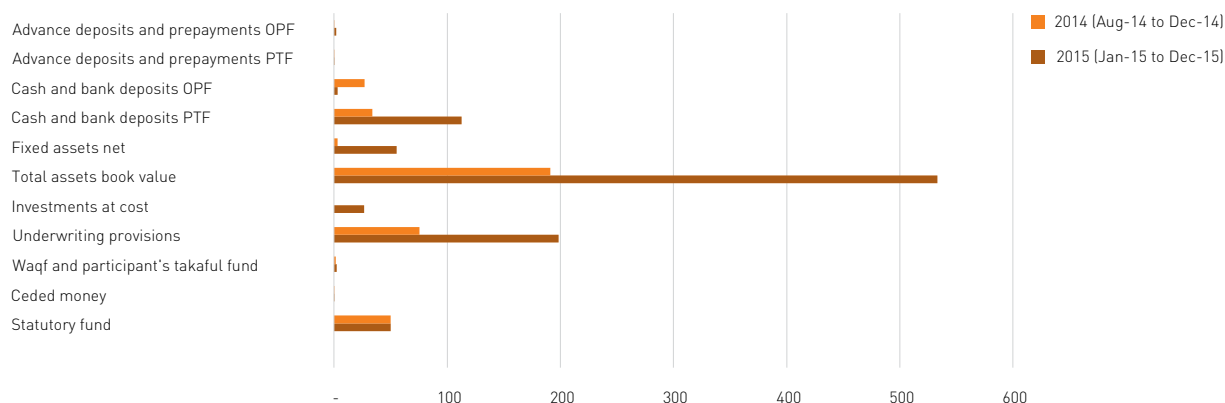
3rd Floor, KCBL Complex, Jutial,
Gilgit Baltistan.

A grayscale photograph of a hand holding a pen, writing on a document. The document contains a table with several rows of data. An orange rectangular box is overlaid on the center of the image, containing the text 'United Window Takaful Operations' in white. The background is blurred, showing a desk and a laptop keyboard.

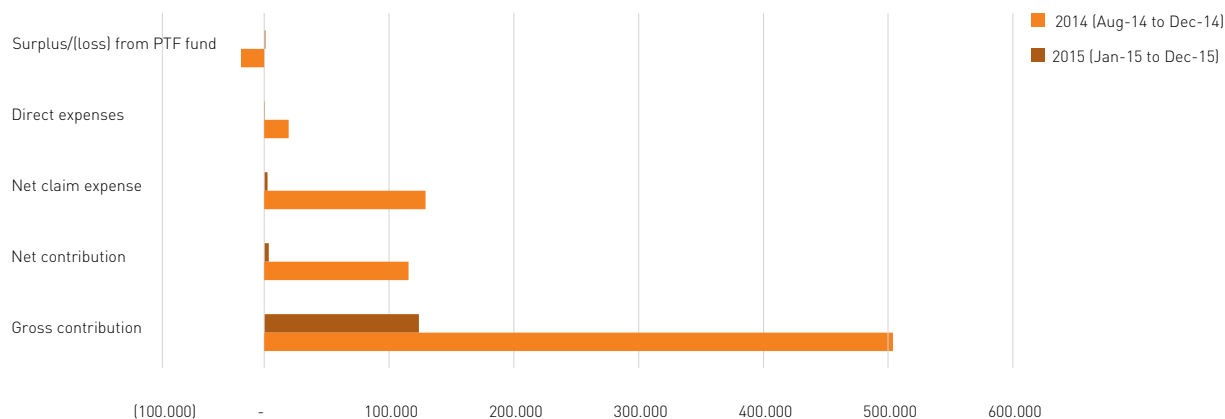
United Window Takaful Operations

Financial Data at a Glance

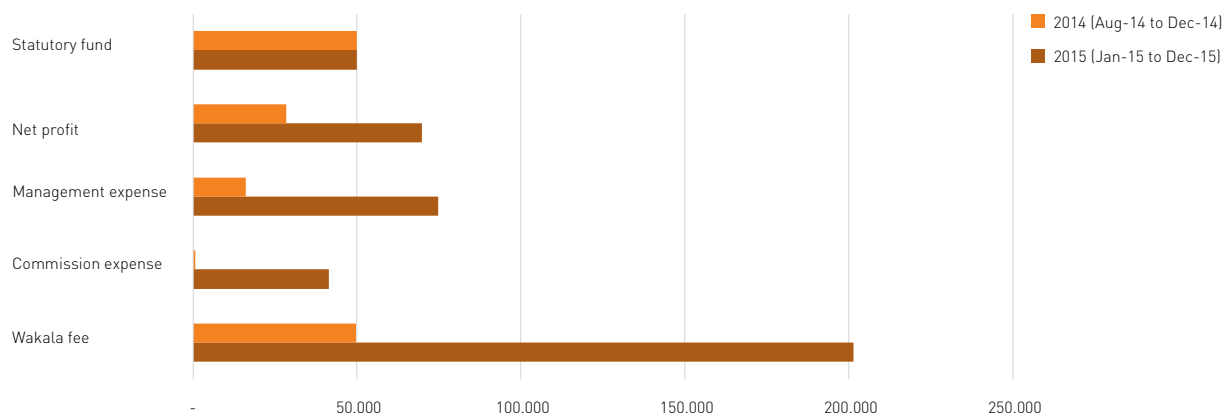
FINANCIAL DATA - WINDOW TAKAFUL OPERATIONS



OPERATING DATA - PARTICIPANTS TAKAFUL FUND

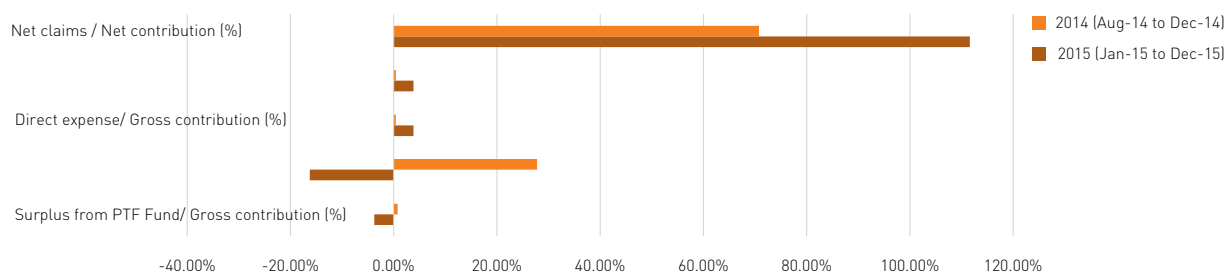


OPERATING DATA - OPERATORS' FUND

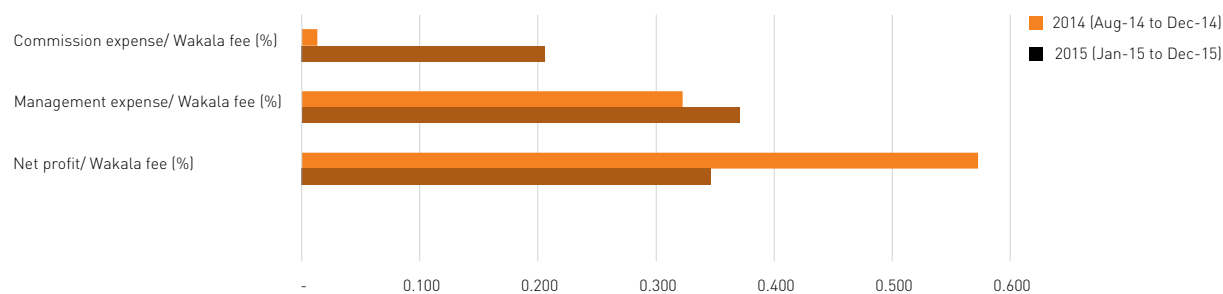


Financial Data at a Glance

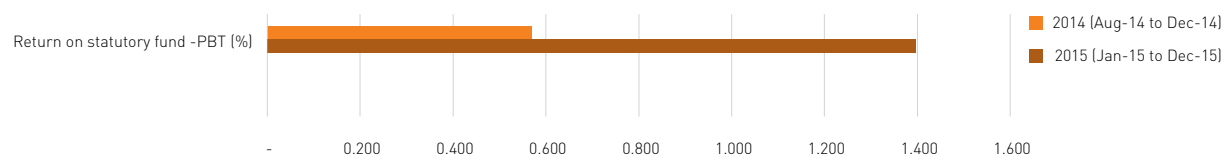
FINANCIAL RATIOS - PARTICIPANTS TAKAFUL FUND



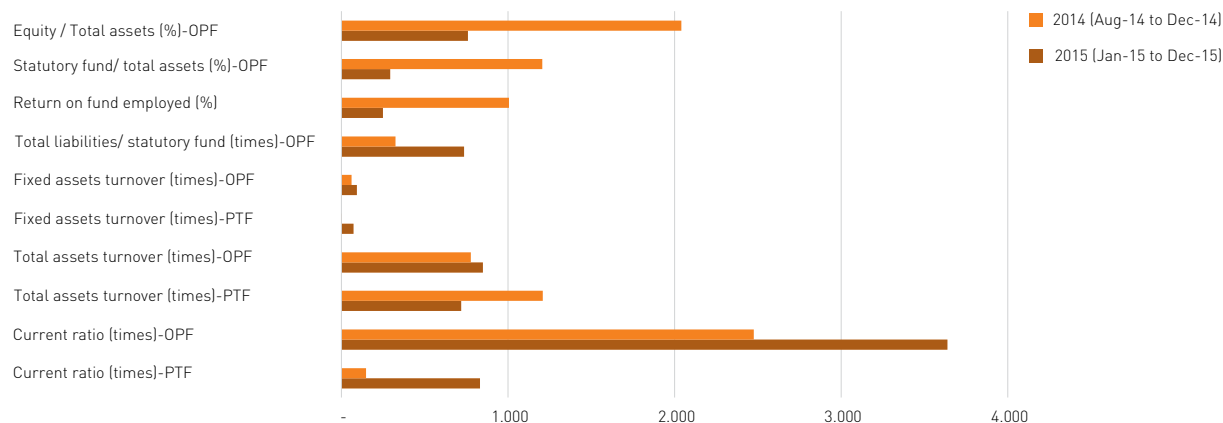
FINANCIAL RATIOS - OPERATORS' FUND



RETURN TO OPERATOR



LIQUIDITY RATIOS



Directors' Report to the Members

The Directors of "The United Insurance Company of Pakistan Limited" take pleasure in presenting the 2nd annual report of Window Takaful Operations of the company, together with the combined audited financial statements of Window Takaful Operations for the year ended December 31, 2015.

TAKAFUL BUSINESS

With conventional insurers entering into Takaful business, the share of Takaful operators in Pakistan would go up by 15 to 20 percent during the next three to four years. Their existing share is around 5 percent.

Sector growth for Window Takaful operations is expected to thrive in times to come. While analyzing other factors, it will be more beneficial for companies having large capacities, with established brands & market awareness.

Entry of conventional insurers into Takaful business will be very helpful for Islamic insurance awareness in general. Stiff competition faced by takaful operators in the backdrop of window Takaful will give rise to positive competition and would result in low rates, improved service & attraction for foreign Takaful Reinsurers entry into Pakistan market.

PERFORMANCE REVIEW OF UNITED INSURANCE COMPANY'S WINDOW TAKAFUL OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2015

Company's Gross Written Contribution (GWC) of PTF increased by 307.03%, from Rs.123.73 million in 2014 to Rs.503.60 million in 2015. Contribution growth was recorded mainly in Fire, Marine, Motor businesses. The Company's net Contribution income stood at 22.91% of GWC. General & administrative expenses of OPF increased from Rs.4.79 million in 2014 to Rs. 16.40 million in 2015. Direct expenses of Participants takaful fund increased from Rs.0.475 million in 2014 to Rs.19.387 million in 2015. The Company's investment income of operators fund stood at Rs.0.58 million in 2015. Accordingly the operators' earned profit for the year is at Rs.69.794 in 2015 as against Rs.28.455 million in 2014.

SEGMENTS AT A GLANCE WINDOW TAKAFUL OPERATIONS

Fire and Property Damage

The gross written Contribution increased to Rs.60.24 million in 2015 as compared to Rs. 9.65 million in 2014 (five months operations) which constituted 11.96 % of the total gross written contribution of Window Takaful Operations during the year.

Marine, Aviation and Transport

The gross written Contribution increased to Rs.60.36 million in 2015 as compared to Rs.7.97 million in 2014 which constituted 11.99 % of the total gross written Contribution of Window Takaful Operations during the year.

60.24

Rs. in Million

60.36

Rs. in Million

Directors' Report to the Members

234.79

Rs. in Million

Motor

The gross written Contribution increased to Rs.234.79 million in 2015 as compared to Rs. 9.95 million in 2014. The gross written Contribution of this segment constitutes 46.62 % of the total gross written Contribution of window takaful operations during the year.

Miscellaneous

The gross written Contribution increased to Rs. 148.21 million in 2015 as compared to Rs.96.142 million in 2014. The gross written Contribution of this segment constitutes 29.43 % of the total gross written Contribution of Window Takaful Operations during the year.

148.21

Rs. in Million

CLAIMS

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

RE-TAKAFUL

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

Window takaful's re-takaful arrangements predominantly comprise of Quota Share and surplus treaties. Our panel consists of Swiss Re (Rated 'AA-' by S&P), GIC Re (Rated A- by AMBEST), Labuan Re (Rated 'A-' by AMBEST),our enhanced capacity allows us to underwrite large risks.

General Investments

Our investment objective is to attain maximum return on our investment portfolio for the company/shareholders and participant takaful fund members. The investment committee implements and monitors our investment strategies, shariah guidelines and policies for the Board and the group's investment guidelines. While attaining maximum return gain objective from investments, Operators always comply with Shariah guidelines to avoid any kind of haram income. The Company will continue to place special emphasis on generating revenues by safe and sound investments generating good returns.

Directors' Report to the Members

HUMAN RESOURCE

At UIC-window takaful, a greater emphasis is being placed on enhancing the quality of our HR, which will further enhance our marketing & administrative capabilities of our employees, resulting in improved efficiency and qualitative services. Management is arranging training sessions under the guidance of SECP for better Islamic takaful training of executives and marketing staff.

SHARIAH COMPLIANCE DEPARTMENT

At UIC-window takaful proper Shariah compliance department is working under the supervision of Shariah advisor Mufti Farhan Farooq. Shariah compliance department is continuously monitoring on the working of the operator and participant takaful fund to ensure that Shariah guidelines provided by Shariah advisor are properly followed.

RELATED PARTY TRANSACTIONS

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

APPROPRIATIONS

Your Directors' are pleased to present the following figures with recommendations for the year ended December 31, 2015.

Particulars	Rupees
Participants takaful fund	
Deficit for the year	(18,075,177)
Add last year unappropriated surplus	941,108
Add: Qarz-e-Hasna from OPF	19,000,000
Balance unappropriated deficit at the end of the year	1,865,931
Operators Fund	
Net Profit	69,794,021
Less: Actuarial loss on defined benefit plan	(172,836)
Less: Qarz-e-Hasna to PTF	(19,000,000)
Total Comprehensive Income	50,621,185
Add Last Year Unappropriated profit	28,455,780
Balance un appropriated profit at the end of the year	79,076,965

Directors' Report to the Members

FUTURE OUTLOOK

Major trading partners of Pakistan are growing with better outlook, which will certainly have positive impact on the economy of Pakistan and provides an opportunity to uplift socio-economic condition of common man in the country.

ACKNOWLEDGEMENT

Your Directors place on record their gratitude for the continuing support of Shareholders, SECP, bankers and Business associates at all levels. Your Directors would also like to take this opportunity to express their appreciation for the dedicated efforts of the employees of the Company.

For and behalf of the Board



Mohammed Rahat Sadiq

Chief Executive Officer

Date: **April 04, 2016**

ڈائریکٹر کی رپورٹ

مستقبل کے نقطہ نظر:

پاکستان کی اہم تجارتی کمپنیاں بہتر مستقبل کے لئے نشوونما کر رہے ہیں، جس کا پاکستان کی معیشت پر مثبت اثرات مرتب ہوں گے اور ملک میں عام آدمی کی سماجی اور اقتصادی حالت کو بہتر بنانے کے لئے موقع فراہم کئے جائیں گے۔

اعتراف:

آپ کے ڈائریکٹرز، شیئر ہولڈرز، SECP، بنکاروں اور کاروباری معاونین کی ہر درجہ میں کی گئی مسلسل تعاون کے بے حد مشکور ہیں۔ آپ کے ڈائریکٹرز اپنے ملازمین کی تمام تر کوششوں کو سراہتے ہیں۔

بورڈ کی جانب سے



محمد راحت صادق

کمپنی کا سربراہ

مورخہ: 04 اپریل 2016

ڈائریکٹر کی رپورٹ

انسانی وسائل:

یو آئی سی ونڈو تکفل آپریٹر میں، اس بات پر پورا زور دیا جاتا ہے کہ ہمارے ایچ آر کے معیار کو مزید بہتر بنایا جائے، جس سے ہمارے ملازمین کی مارکیٹنگ اور ایڈمن صلاحیتوں میں نکھار آئے، جس کے نتیجے میں ہماری خدمات کا معیار اور کارکردگی مزید بہتر ہو۔ انتظامیہ اعلیٰ اور مارکیٹنگ اسٹاف کی تربیت کے لئے SECP کی ہدایات کے مطابق اسلامی تکفل کی تربیتی نشستوں کا بندوبست کرتی رہتی ہے۔

شرعی نگرانی کا شعبہ:

یو آئی سی ونڈو تکفل آپریٹر کے معاملات کی نگہبانی کیلئے ایک شعبہ قائم ہے جو کہ شریعہ ایڈوائزر مفتی فرحان فاروق صاحب کے زیر نگرانی کام کرتا ہے۔ یہ شعبہ مسلسل اس بات کی جانچ پڑتال کرتا رہتا ہے کہ تمام آپریشنز شریعت کی روشنی میں فراہم کردہ ہدایات کے مطابق چل رہے ہیں۔

فریقین سے متعلق معاملات:

ہر ایک بورڈ میننگ میں ڈائریکٹرز منسلک کمپنیوں اور متعلقہ اداروں کے ساتھ معاملات سے متعلق امور کی منظوری دیتے ہیں۔ متعلقہ پارٹیز سے تمام لین دین ایک خاص حد تک ہی کیا جاتا ہے۔

برائے منظوری:

آپ کے ڈائریکٹرز 31 دسمبر 2015 کے لئے مندرجہ ذیل اعداد و شمار کی سفارشات کو پیش کرتے ہوئے مسرت محسوس کرتے

Particulars	Rupees
Participants takaful fund	
Deficit for the year	(18,075,177)
Add last year unappropriated surplus	941,108
Add: Qarz-e-Hasna from OPF	19,000,000
Balance unappropriated deficit at the end of the year	1,865,931
Operators Fund	
Net Profit	69,794,021
Less: Actuarial loss on defined benefit plan	(172,836)
Less: Qarz-e-Hasna to PTF	(19,000,000)
Total Comprehensive Income	50,621,185
Add Last Year Unappropriated profit	28,455,780
Balance un appropriated profit at the end of the year	79,076,965

ڈائریکٹر کی رپورٹ

موٹر تکافل:

موٹر تکافل کی مد میں اس سال 2015 میں مجموعی طور پر 234.79 ملین روپے وصول ہوئے جبکہ پچھلے سال 2014 میں یہ رقم 9.95 ملین روپے تھی جو کہ تکافل کے کل مجموعی عطیات کا 46.62 فی صد ہے۔ 2014 میں فنڈ نے صرف پانچ ماہ کام کیا تھا۔

234.79
Rs. in Million

متفرق تکافل:

دیگر متفرق تکافل کی مد میں مجموعی طور پر اس سال 2015 میں 148.21 ملین روپے وصول ہوئے جبکہ پچھلے سال 2014 میں 96.142 ملین روپے وصول ہوئے تھے جو کہ فنڈ کے کل مجموعی عطیات کا 29.43 فی صد ہے۔ 2014 میں آپریشن کا آغاز ہونے پانچ ماہ ہوئے تھے۔

148.21
Rs. in Million

کلیئر:

کلیئر کی بروقت ادائیگی UIC ونڈو تکافل آپریٹر کی اولین ترجیح ہے۔ قدرتی آفات کے کلیئر کو نظر انداز نہیں کیا جاسکتا اور یہ پیچیدہ بھی ہے۔ یہ کل نقصان یا جزوی نقصان پر مشتمل ہوتے ہیں۔ جس میں موٹر، فصل اور ہیلتھ کلیئر کی تعداد نسبتاً زیادہ ہوتی ہے جن کی فوری ادائیگی عمل میں لائی جاتی ہے۔

ری تکافل:

کمپنی کی طرف سے بہت احتیاط کے ساتھ ری تکافل کے انتظامات بھی کئے گئے ہیں تاکہ خطرات کو ان کی مطلوبہ سطح پر برقرار رکھا جاسکے۔ اس کیلئے ہم نے اپناری تکافل پروگرام اس طرح ترتیب دیا ہے کہ وہ پالیسی کے دورانیہ میں ہمارے رسک کی حفاظت کرتا ہے۔ ہمارے ری تکافل کے انتظامات اور حکمت عملی سے تیار کردہ خطرات سے نمٹنے کی منصوبہ بندی کمپنی کا اصل مفاد ہے۔

تکافل کے ری تکافل انتظامات ”کوٹا شیئر“ اور ”سرپلس“ معاہدوں پر مشتمل ہیں، ہمارا پینل Swiss Re (Rated A- by AMBEST), GIC Re (Rated A- by 'AA-' by S&P), Labuan Re (Rated 'A-' by AM BEST), ہماری بہتر صلاحیت ہمیں اس قابل بناتی ہے کہ ہمارا تکافل فنڈ بڑے بڑے خطرات میں اپنے شرکاء کے ساتھ تعاون کر سکے۔

جزل سرمایہ کاری:

ہماری سرمایہ کاری کا مقصد حصہ داروں اور شرکت داروں کو زیادہ سے زیادہ منافع دینا ہے۔ انویسٹمنٹ کمپنی سرمایہ کاری کی حکمت عملیوں کی ہدایات، شریعہ کی ہدایات اور بورڈ کی پولیسوں اور گروپ کی سرمایہ کاری کی ہدایات کو نافذ کرتی ہے اور اس کی جانچ پڑتال کرتی ہے۔ کمپنی اچھا منافع کمانے کے لئے سرمایہ کاری کو شریعہ ہدایات کے مطابق چلایا جاتا ہے تاکہ ہر قسم کی حرام آمدنی سے بچا جاسکے۔ کمپنی اچھا منافع کمانے کے لئے سرمایہ کاری محفوظ خطوط پر استوار کرنے کی قائل ہے۔

ڈائریکٹر کی رپورٹ

یونائیٹڈ انشورنس کمپنی آف پاکستان لمیٹڈ کے ڈائریکٹرز ونڈونکافل آپریٹرز کی دوسری سالانہ آڈیٹڈ فنانشل اسٹیٹمنٹ رپورٹ 2015 کو پیش کرتے ہوئے نہایت مسرت محسوس کر رہے ہیں۔

اسلامک نکافل:

اس وقت بہت سی کنوشنل انشورنس کمپنیاں انشورنس ونڈونکافل آپریشن کا شعبہ شروع کر چکی ہیں، پاکستان میں موجودہ نکافل آپریٹرز کا شیئر 5 فی صد ہے جو کہ اگلے تین سے چار سالوں کے دوران 15 سے 20 فی صد تک پہنچ جائے گا۔ آنے والے وقت میں ونڈونکافل آپریشن کا شعبہ ترقی کی منازل طے کرتا ہوا نظر آتا ہے۔ دیگر عناصر کے ساتھ ساتھ بڑی انشورنس کمپنیوں کے لئے نکافل کا شعبہ زیادہ اس لیے بھی منافع بخش ہے کہ انہوں پہلے سے ہی مارکیٹ میں اپنا نام بنایا ہوا ہے۔

کنوشنل انشورنس کمپنیوں کا نکافل کی طرف آنا عام الناس میں نکافل کی آگاہی اور تعارف کیلئے بہت ہی کارگر ثابت ہوگا۔ ونڈونکافل کی مارکیٹ میں اپنا قدم جمائے کیلئے آپس میں نکافل آپریٹرز کی ایک دوسرے کے ساتھ مسابقت کی وجہ سے یقیناً پاکستان میں کم ریٹس میں بہتر سروس اور بیرونی ری نکافل کی پاکستان میں فراہمی ممکن ہوئی ہے۔

یونائیٹڈ انشورنس کمپنی ونڈونکافل آپریٹرز کے سال 2015 کے حسابات کا ایک جائزہ:

اس سال مجموعی طور پر نکافل کی فنڈ کی مد میں پچھلے سال کے مقابلہ میں 307.03 فی صد اضافہ کے ساتھ نکافل عطیات وصول ہوئے جو کہ پچھلے سال 2014 میں 123.73 ملین روپے تھا اس سال 2015 میں بڑھ کر 503.60 ملین روپے ہو گیا ہے، بالخصوص میرین اور موٹر کے نکافل میں ریکارڈ اضافہ پایا گیا۔ جبکہ خالص عطیات کی مد میں 22.91 فی صد کا اضافہ ہوا۔ اگر اخراجات کی بات کریں تو ایک طرف آپریٹرز فنڈ کے اخراجات پچھلے سال 2014 میں 4.79 ملین روپے کے مقابلہ میں اس سال 2015 میں بڑھ کر 16.40 ملین روپے ہو گئے۔ جبکہ نکافل فنڈ سے متعلق براہ راست اخراجات جو کہ پچھلے سال 2014 میں 0.475 ملین تھے، وہ اس سال 2015 میں بڑھ کر 19.387 ملین روپے ہو گئے۔ آپریٹرز فنڈ میں کی گئی سرمایہ کاری سے حاصل شدہ آمدنی اس سال 0.58 ملین روپے رہی۔ اسی وجہ سے 2015 کا خالص منافع 69.794 ملین روپے رہا جو پچھلے سال 2014 میں 28.455 ملین روپے تھا۔

نکافل آپریٹرز کے شعبہ واری جائز:

آگ اور جائیداد کے نقصان کا نکافل:

فائر نکافل کی مد میں اس سال 2015 میں 60.24 ملین روپے بطور عطیہ نکافل وصول ہوئے جبکہ پچھلے سال 2014 میں یہ رقم 9.65 ملین روپے تھی جو کہ کل نکافل عطیات کا 11.96 فی صد ہے۔ سال 2014 میں نکافل آپریٹرز کو شروع ہوئے صرف پانچ ماہ ہوئے تھے۔

60.24
Rs. in Million

آبی، فضائی اور دیگر ذرائع نقل و حمل کا نکافل:

میرین نکافل کی مد میں اس سال 2015 میں 60.36 ملین روپے کے نکافل عطیات وصول ہوئے جبکہ پچھلے سال 2014 میں 7.97 ملین روپے وصول ہوئے تھے جو کہ نکافل کے تخمیناً وصولیائی کا 11.99 فی صد ہے۔ واضح رہے کہ 2014 میں آپریٹرز کے آغاز کو صرف پانچ ماہ ہوئے تھے۔

60.36
Rs. in Million

Shariah Advisor's Report to the Board of Directors

for the year ended December 31, 2015

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

All praise and thanks are due to Allah almighty, by Who's blessing The United Insurance Company of Pakistan Limited Window Takaful Operations (UIC WTO), the first window takaful operator in Pakistan, has successfully completed fifteen (15) months of its takaful operations, and I congratulate the Board of directors, management, shareholders and field staff of the operator on this achievement.

Being a Shariah Advisor of The United Window Takaful Operations it is my responsibility to ensure that the participant membership documents, underwriting procedures, re-takaful arrangements, and financial activities related to the participants and stakeholders should be compliant as per shariah rulings.

On the other hand it is the responsibility of takaful operator's management to follow the takaful rules and principles and also guidelines set by the shariah advisor and to take prior approval of shariah advisor for all policies and services being offered by the operator.

As a shariah advisor of the operator i hereby certify that UIC WTO has adopted wakala (waqf) model for its window takaful operations which is accepted and accredited by majority of shariah scholars of pakistan and in accordance with the takaful rules and guidelines, issued by SECP.

Further, I have reviewed all the products, documents of UIC WTO including waqf deed, PTF policies, takaful policies, brochures, and re-takaful agreements. Alhamdulillah, I have found them in accordance with shariah principles.

I further confirm that the investments and financial activities undertaken by the operator are reviewed and they are shariah complaint.

Moreover, appropriate accounting policies and basis of measurement have been consistently applied in preparation of the financial statements of "participant takaful fund (waqf fund)" and "operator fund".

In order to further strengthen the level of shariah compliance I have framed following shariah guidelines for united window takaful operations:-

- Takaful operations guidelines regarding the dealing with companies of impermissible business in order to streamline the takaful membership issuance process. It describes to the takaful operator allowed and disallowed businesses, assets and persons to provide coverage.
- Investment guidelines to achieve the task of investing funds in shariah compliant and financially viable businesses by a team of investment specialists.
- Guidelines for how to create and maintain charity fund and its utilization.
- Surplus distribution guidelines to provide the operator a shariah compliant framework regarding surplus distribution.

Shariah Advisor's Report to the Board of Directors

for the year ended December 31, 2015

In order to have an independent assessment of the shariah governance and compliance environment of the operator, and the conformity of takaful operations with shariah rules and principles, an external audit has also been conducted.

I conclude my report with the words that Allah almighty grant united window takaful operations remarkable success and help the entire team at every step and keep away from every hindrance and difficulty.

وصل اللهم وسلم وبارك على سيدنا محمد وعلى آله واصحابه اجمعين



Mufti Muhammad Farhan Farooq

Shariah Advisor

Window Takaful Operations

The United Insurance Company of Pakistan Limited

Date: **April 04, 2016**



Window Takaful Operations

Financial Statements

for the year ended December 31, 2015



Shariah Auditors' Report on Compliance

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

We have performed an independent assurance engagement (Shariah Compliance Audit) of The United Insurance Company of Pakistan Limited- Window Takaful Operations (WTO) to ensure that the WTO has complied with the shariah rules and principles as prescribed by the shariah advisor of the WTO and the Takaful Rules, 2012, for the year ended December 31, 2015.

MANAGEMENT'S RESPONSIBILITY FOR SHARIAH COMPLIANCE

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

OUR RESPONSIBILITY

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

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

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

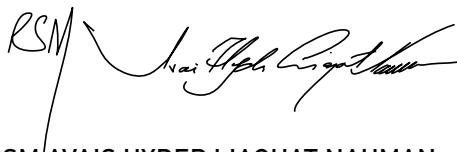
FRAMEWORK FOR THE ENGAGEMENT

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

Shariah Auditors' Report on Compliance

OUR OPINION

In our opinion, based on the sample selected, the financial arrangements, contracts, products and transactions entered into by the WTO and the PTF, as the case may be, for the year ended December 31, 2015, are in compliance with the requirements of the shariah rules and principles as prescribed by the shariah advisor and the Takaful Rules, 2012 in all material respects.

A handwritten signature in black ink, starting with the initials 'RSM' and followed by a cursive signature that appears to read 'Syed Ali Adnan Tirmizey'.

RSM/AVAIS HYDER LIAQUAT NAUMAN

Chartered Accountants

Engagement Partner: Syed Ali Adnan Tirmizey

Date: **April 04, 2016**

Place: Lahore

Auditors' Report to the Members

We have audited the annexed financial statements comprising of:

- i. balance sheet;
- ii. profit and loss account;
- iii. statement of comprehensive income;
- iv. statement of changes in funds;
- v. statement of cash flows;
- vi. statement of contributions;
- vii. statement of claims;
- viii. statement of expenses; and
- ix. statement of investment income

of Window Takaful Operations ("WTO") of The United Insurance Company of Pakistan Limited ("the Operator") as at December 31, 2015 together with the notes forming part thereof, for the year then ended.

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

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

In our opinion:

- a) proper books of accounts have been kept by WTO as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of WTO and are further in accordance with accounting policies consistently applied except for the changes as stated in note 4.1 to the financial statements with which we concur;

Auditors' Report to the Members

- c) the financial statements together with the notes thereon present fairly, in all material respects, the state of WTO's affairs as at December 31, 2015 and of the profit/loss, its comprehensive income, its cash flows and changes in funds for the year then ended in accordance with International Accounting Standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and
- d) no Zakat was deductible at source under the Zakat and Usher Ordinance, 1980.



RSM/AVAIS HYDER LIAQUAT NAUMAN

Chartered Accountants

Engagement Partner: Syed Ali Adnan Tirmizey

Date: **April 04, 2016**

Place: Lahore

Balance Sheet

as at December 31, 2015

	Note	PTF	OPF	Consolidated 2015	Consolidated August 2014 to December 2014
-----Rupees-----					
OPERATORS' FUND (OPF)					
Statutory fund	5	-	50,000,000	50,000,000	50,000,000
Accumulated Profit		-	79,076,965	79,076,965	28,455,780
		-	129,076,965	129,076,965	78,455,780
WAQF/PARTICIPANTS' TAKAFUL FUND (PTF)					
Ceded money	6	500,000	-	500,000	500,000
Qarz e hasna		19,000,000	-	19,000,000	-
Accumulated (deficit)/ surplus		(17,134,069)	-	(17,134,069)	941,108
		2,365,931	-	2,365,931	1,441,108
Underwriting provisions					
Provision for outstanding claims (including IBNR)		27,963,453	-	27,963,453	2,445,153
Contribution deficiency reserve		5,724,464	-	5,724,464	-
Reserve for unearned contribution		155,932,108	-	155,932,108	68,912,430
Reserve for unearned retakaful rebate		8,926,325	-	8,926,325	4,292,214
Total underwriting provisions		198,546,350	-	198,546,350	75,649,797
Deferred liabilities					
Staff retirement benefits	7	-	2,477,799	2,477,799	766,216
Creditors and accruals					
Amount due to other takaful/ retakaful	8	37,911,744	-	37,911,744	17,028,273
Accrued expenses	9	-	5,797,018	5,797,018	5,251,343
Other creditors and accruals	10	123,254,882	33,563,458	156,818,340	12,573,468
		161,166,626	39,360,476	200,527,102	34,853,084
TOTAL LIABILITIES		359,712,976	41,838,275	401,551,251	111,269,097
TOTAL FUND AND LIABILITIES		362,078,907	170,915,240	532,994,147	191,165,986
CONTINGENCIES & COMMITMENTS	11	-	-	-	-

The annexed notes from 1 to 34 form an integral part of these financial statements.



Mohammad Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director

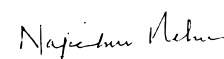
Balance Sheet

as at December 31, 2015

	Note	PTF	OPF	Consolidated 2015	Consolidated August 2014 to December 2014
-----Rupees-----					
Cash and bank deposits					
Cash and other equivalent		-	14,545	14,545	12,448
Current and other accounts	12	34,018,463	3,069,868	37,088,331	61,036,396
Deposits maturing within 12 months	13	78,889,979	-	78,889,979	20,000
Deposits maturing after 12 months	14	400,000	1,896,500	2,296,500	444,000
		113,308,442	4,980,913	118,289,355	61,512,844
Investments	15	26,418,548	-	26,418,548	-
Other Assets					
Contribution due but unpaid	16	26,509,409	-	26,509,409	69,096,514
Amount due from other takaful / retakaful	17	99,477,429	-	99,477,429	21,931,855
Prepaid retakaful contribution ceded		45,178,099	-	45,178,099	23,101,634
Retakaful recoveries against outstanding claims		9,484,012	-	9,484,012	1,457,255
Deferred commission expense		-	30,804,962	30,804,962	9,648,429
Accrued investment income		170,412	-	170,412	-
Sundry receivables	18	4,713,419	116,501,647	121,215,066	1,197,856
		185,532,780	147,306,609	332,839,389	126,433,543
Fixed assets-Tangibles	19				
Furniture, fixture, office & computer equipment		-	18,627,718	18,627,718	3,031,393
Motor tracking devices		36,819,137	-	36,819,137	188,206
		36,819,137	18,627,718	55,446,855	3,219,599
TOTAL ASSETS		362,078,907	170,915,240	532,994,147	191,165,986



Khawas Khan Niazi
Director / President



Ch. Najeeb-Ur-Rehman
Chairman


Profit and Loss Account for the year ended December 31, 2015

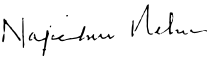
Note	Fire and property damage	Marine aviation and transport	Motor	Health and miscellaneous	January 2015	August 2014
					to December 2015	to December 2014
					Aggregate	Aggregate
-----Rupees-----						
Participants' Takaful Fund Revenue Account						
Net Contribution revenue	2,990,182	4,795,161	43,280,904	64,298,892	115,365,139	3,387,113
Net claims	(6,700,988)	(17,267,913)	(16,786,000)	(88,292,858)	(129,047,759)	(2,396,051)
Change in contribution deficiency reserve	-	-	-	(5,724,464)	(5,724,464)	-
Direct expenses	20	(2,319,344)	(2,323,916)	(9,038,664)	(5,705,611)	(475,042)
Net rebate on re-takaful		3,667,398	6,642,926	2,132,248	7,926,661	368,978
Underwriting results		(2,362,752)	(8,153,742)	19,588,488	(27,497,380)	884,998
Other income					1,096,253	56,111
Investment loss					(746,044)	-
(Deficit)/ Surplus for the year					(18,075,177)	941,108
Accumulated surplus						
Balance at the beginning of the year					941,108	-
(Deficit)/ surplus for the year					(18,075,177)	941,108
Balance at the end of the year					(17,134,069)	941,108
Operator's Revenue Account						
Wakala fee	21				201,359,145	49,681,129
Commission Expense					(41,462,590)	(647,799)
Management expenses	23				(74,725,806)	(16,033,407)
					85,170,749	32,999,923
Other income					445,262	246,720
Investment income					577,590	-
General & administration expenses	24				(16,399,580)	(4,790,863)
Profit for the period					69,794,021	28,455,780
Profit & loss appropriation account						
Balance at commencement of year					28,455,780	-
Total comprehensive income for the year					69,621,185	28,455,780
Qarz-e-hasna to Participants' takaful fund					(19,000,000)	-
Balance of unappropriated profit at end of the year					79,076,965	28,455,780

The annexed notes from 1 to 34 form an integral part of these financial statements.


Mohammad Rahat Sadiq
Chief Executive Officer


Huma Waheed
Director


Khawas Khan Niazi
Director / President


Ch. Najeeb-Ur-Rehman
Chairman

Statement of Comprehensive Income


for the year ended December 31, 2015

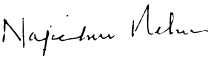
	January 2015 to December 2015	August 2014 to December 2014
	Rupees	Rupees
OPERATORS' FUND		
Profit for the period	69,794,021	28,455,780
Other comprehensive income for the year		
Actuarial loss on defined benefit plan	(172,836)	-
Total comprehensive income for the period	69,621,185	28,455,780

The annexed notes from 1 to 34 form an integral part of these financial statements.


Mohammad Rahat Sadiq
Chief Executive Officer


Huma Waheed
Director


Khawas Khan Niazi
Director / President


Ch. Najeeb-Ur-Rehman
Chairman

Statement of Changes In Funds

for the year ended December 31, 2015


	Operators' fund		
	Statutory fund	Accumulated profit	Total
-----Rupees-----			
Balance as at January 01, 2014	-	-	-
Statutory reserves	50,000,000	-	50,000,000
Profit for the year	-	28,455,780	28,455,780
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	28,455,780	28,455,780
Balance as at December 31, 2014	50,000,000	28,455,780	78,455,780
Balance as at January 01, 2015	50,000,000	28,455,780	78,455,780
Profit for the year	-	69,794,021	69,794,021
Other comprehensive income for the year	-	(172,836)	(172,836)
Qarz-e-hasna to Participants' Takaful Fund	-	(19,000,000)	(19,000,000)
Total comprehensive income for the year	-	50,621,185	50,621,185
Balance as at December 31, 2015	50,000,000	79,076,965	129,076,965

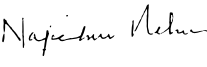
	Participants' Takaful Fund		
	Ceded money	Accumulated surplus	Total
-----Rupees-----			
Balance as at January 01, 2014	-	-	-
Waqf money	500,000	-	500,000
Surplus for the year	-	941,108	941,108
Balance as at December 31, 2014	500,000	941,108	1,441,108
Balance as at January 01, 2015	500,000	941,108	1,441,108
Loss for the year	-	(18,075,177)	(18,075,177)
Qarz-e-hasna from operators' fund	-	19,000,000	19,000,000
Balance as at December 31, 2015	500,000	1,865,931	2,365,931

The annexed notes from 1 to 34 form an integral part of these financial statements.


Mohammad Rahat Sadiq
 Chief Executive Officer


Huma Waheed
 Director


Khawas Khan Niazi
 Director / President


Ch. Najeeb-Ur-Rehman
 Chairman

Statement of Cash Flows

for the year ended December 31, 2015

Note	January 2015 to December 2015		January 2015 to December 2015	August 2014 to December 2014
	Rupees PTF	Rupees OPF	Rupees Consolidated	Rupees Consolidated
Operating cash flows:				
a) Operating activities:				
Contribution received	546,191,933	-	546,191,933	54,630,961
Retakaful contribution paid	(101,053,860)	-	(101,053,860)	(7,820,164)
Claims paid	(196,958,032)	-	(196,958,032)	(3,764,863)
Retakaful and other recoveries received/ (paid)	7,856,239	-	7,856,239	(19,575,145)
Commission paid	-	(62,619,123)	(62,619,123)	(10,296,228)
Wakala fee received / (paid)	(129,645,585)	129,645,585	-	-
Retakaful rebate received	25,003,344	-	25,003,344	4,661,192
Net cash flows from underwriting activities	151,394,039	67,026,462	218,420,501	17,835,753
b) Other operating activities:				
General management expenses paid	(14,560,954)	(88,539,831)	(103,100,785)	(2,310,515)
Other operating receipts/(payments)	(34,468,129)	37,409,877	2,941,748	(1,197,856)
Net cash flows from other operating activities	(49,029,083)	(51,129,954)	(100,159,037)	(3,508,371)
Total cash flows from all operating activities	102,364,956	15,896,508	118,261,464	14,327,382
Investment activities:				
Investment income / (loss) received / (paid)	(746,044)	577,590	(168,454)	-
Sale/(purchase) of investment & fixed deposits	(79,390,794)	(3,804,264)	(83,195,058)	(464,000)
Fixed capital expenditure	(41,107,302)	(17,736,618)	(58,843,920)	(3,314,538)
Net cash flows from investing activities	(121,244,140)	(20,963,292)	(142,207,432)	(3,778,538)
Financing activities:				
Statutory reserve	-	-	-	50,000,000
Ceded money	-	-	-	500,000
Qarz e hasna	19,000,000	(19,000,000)	-	-
Net cash flows from financing activities	19,000,000	(19,000,000)	-	50,500,000
Net cash flows from all activities	120,816	(24,066,784)	(23,945,968)	61,048,844
Cash and cash equivalents at the beginning of the year	33,897,647	27,151,197	61,048,844	-
Cash and cash equivalents at the end of the year	34,018,463	3,084,413	37,102,876	61,048,844

Statement of Cash Flows

for the year ended December 31, 2015

Note	January 2015 to December 2015		January 2015 to December 2015	August 2014 to December 2014
	Rupees PTF	Rupees OPF	Rupees Consolidated	Rupees Consolidated
	Reconciliation of profit and loss account			
Net cash flows from operating activities	102,364,956	15,896,508	118,261,464	14,327,382
Depreciation	(4,476,371)	(2,140,293)	(6,616,664)	(94,939)
Increase / (decrease) in assets other than cash	147,161,536	83,021,826	230,183,362	126,433,543
(Increase) / decrease in liabilities	(263,125,298)	(27,156,856)	(290,282,154)	(111,269,097)
(Deficit)/profit for the year	(18,075,177)	69,621,185	51,546,008	29,396,888

Attributed to:

Window takaful operator	-	69,621,185	69,621,185	941,108
Participant's takaful fund	(18,075,177)	-	(18,075,177)	28,455,780
	(18,075,177)	69,621,185	51,546,008	29,396,888

Definition of cash

Cash for the purpose of the statement of cash flows comprises of cash in hand, bank balances and other assets which are readily convertible to cash and used for cash management for day to day business operations.


Cash for the purpose of cash flows comprises of:

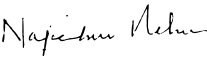
Cash and other equivalents				
- cash in hand	-	14,545	14,545	12,448
Current and other accounts				
- bank balances	12	34,018,463	3,069,868	37,088,331
		34,018,463	3,084,413	37,102,876
				61,048,844

The annexed notes from 1 to 34 form an integral part of these financial statements.


Mohammad Rahat Sadiq
Chief Executive Officer


Huma Waheed
Director


Khawas Khan Niazi
Director / President


Ch. Najeeb-Ur-Rehman
Chairman

Statement of Contributions

for the year ended December 31, 2015

BUSINESS UNDERWRITTEN INSIDE PAKISTAN

Class	Contribution written	Wakala fee	Net contribution	Unearned contribution reserve		Contribution earned	Re-takaful ceded	Prepaid re-takaful contribution	Re-takaful expense	Net contribution revenue January, 2015 to December, 2015	Net contribution revenue August, 2014 to December, 2014	
				Opening	Closing							Opening
----- Rupees -----												
Direct & facultative												
Fire and property damage	60,246,596	24,087,628	36,158,968	5,424,852	18,834,491	22,749,329	37,417,561	1,967,519	19,625,933	19,759,147	2,990,182	235,454
Marine, aviation and transport	60,365,341	24,143,746	36,221,595	4,572,657	8,126,801	32,667,451	33,556,301	451,613	6,135,624	27,872,290	4,795,161	199,349
Motor	234,785,635	93,873,828	140,911,807	5,550,970	90,272,244	56,190,533	18,610,153	1,539,808	7,240,332	12,909,629	43,280,904	312,432
Health and miscellaneous	148,207,256	59,253,943	88,953,313	53,363,951	38,698,572	103,618,692	32,353,316	19,142,694	12,176,210	39,319,800	64,298,892	2,639,879
Total	503,604,828	201,359,145	302,245,683	68,912,430	155,932,108	215,226,005	121,937,331	23,101,634	45,178,099	99,860,866	115,365,139	3,387,113

The annexed notes from 1 to 34 form an integral part of these financial statements.



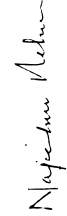
Muhammad Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director



Khawas Khan Niazi
Director / President



Ch. Najeeb-Ur-Rehman
Chairman

Statement of Claims for the year ended December 31, 2015

BUSINESS UNDERWRITTEN INSIDE PAKISTAN

Class	Claims paid		Provision for outstanding claims (including IBNR)		Claims expense	Re-takaful and other recoveries received	Re-takaful and other Recoveries in respect of outstanding claims		Re-takaful and other recoveries revenue	Net claims expenses January, 2015 to December, 2015	Net claims expenses August, 2014 to December, 2014
	Opening	Closing	Opening	Closing			Opening	Closing			
----- Rupees -----											
Direct & facultative											
Fire and property damage	24,890,333	-	500,000	500,000	25,390,333	18,239,345	-	450,000	18,689,345	6,700,988	-
Marine, aviation and transport	38,037,374	1,000,000	400,000	400,000	37,437,374	20,742,872	773,411	200,000	20,169,461	17,267,913	226,586
Motor	14,409,807	65,000	6,941,230	6,941,230	21,286,037	2,485,273	12,500	2,027,264	4,500,037	16,786,000	80,610
Health and miscellaneous	119,620,518	1,380,153	20,122,223	20,122,223	138,362,588	43,934,323	671,341	6,806,748	50,069,730	88,292,858	2,088,855
Total	196,958,032	2,445,153	27,963,453	27,963,453	222,476,332	85,401,813	1,457,252	9,484,012	93,428,573	129,047,759	2,396,051

The annexed notes from 1 to 34 form an integral part of these financial statements.



Mohammad Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director



Khawas Khan Niazi
Director / President



Ch. Najeeb-Ur-Rehman
Chairman

Statement of Expenses

for the year ended December 31, 2015

BUSINESS UNDERWRITTEN INSIDE PAKISTAN

Class	Commission paid or payable	Deferred commission		Net commission expenses	Direct expenses (Note 20)	Underwriting Expenses	Rebate on re-takaful	Unearned retakaful rebate		Net rebate on re-takaful expense	Net takaful expense January, 2015 to December, 2015	Net takaful expense August, 2014 to December, 2014
		Opening	Closing					Opening	Closing			
----- Rupees -----												
Direct & facultative												
Fire and property damage	12,772,014	1,859,441	6,704,880	7,926,575	2,319,344	10,245,919	6,885,874	393,242	3,611,718	3,667,398	6,578,521	135,267
Marine, aviation and transport	12,333,631	1,484,206	2,968,604	10,849,233	2,323,916	13,173,149	8,001,082	104,807	1,462,963	6,642,926	6,530,223	96,955
Motor	23,494,439	750,417	14,890,030	9,354,826	9,038,664	18,393,490	3,490,069	-	1,357,821	2,132,248	16,261,242	98,830
Health and miscellaneous	14,019,039	5,554,365	6,241,448	13,331,956	5,705,611	19,037,567	6,626,319	3,794,165	2,493,823	7,926,661	11,110,906	422,810
Total	62,619,123	9,648,429	30,804,962	41,462,590	19,387,535	60,850,125	25,003,344	4,292,214	8,926,325	20,369,233	40,480,892	753,862

The annexed notes from 1 to 34 form an integral part of these financial statements.



Mohammad Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director



Khawas Khan Niazi
Director / President



Ch. Najeeb-Ur-Rehman
Chairman

Statement of Investment Income

for the year ended December 31, 2015

	January, 2015 to December, 2015	August, 2014 to December, 2014
	Rupees	Rupees
PARTICIPANTS' TAKAFUL FUND		
Income from non-trading investments:		
Available for sale		
Dividend income	173,318	-
Loss on sale of units of mutual funds	(1,118,392)	-
	(945,074)	-
Held to maturity		
Return on government securities	36,426	-
Return on fixed income securities and deposits	162,604	-
	199,030	-
Net loss on investment	(746,044)	-
OPERATORS' FUND		
Income from non-trading investments:		
Available for sale		
Dividend income	165,950	-
Gain on sale of units of mutual funds	394,045	-
	559,995	-
Held to maturity		
Return on fixed income securities and deposits	17,595	-
	17,595	-
Net income on investment	577,590	-

The annexed notes from 1 to 34 form an integral part of these financial statements.



Mohammad Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director



Khawas Khan Niazi
Director / President



Ch. Najeeb-Ur-Rehman
Chairman

Notes to the Financial Statements

for the year ended December 31, 2015

1 Legal status and nature of business

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

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

2 Basis of preparation

These financial statements have been prepared in accordance with the format of financial statements prescribed under Securities and Exchange Commission (Insurance) Rules, 2002, SEC (Insurance) Rules, 2002 issued vide S.R.O. 938 dated December 12, 2002 and Takaful Rules, 2012 read with Circular No. 25 of 2015 issued dated July 9, 2015.

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

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board, provisions of and directives issued under the Companies Ordinance, 1984, Insurance Ordinance, 2000, SEC (Insurance) Rules, 2002 and Takaful Rules, 2012 read with Circular No. 25 of 2015 dated July, 09 2015. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984, Insurance Ordinance, 2000, SEC (Insurance) Rules, 2002 and Takaful Rules, 2012 shall prevail.

The SECP has allowed the insurance companies to defer the application of International Accounting Standard-39 (IAS-39) "Financial Instruments: Recognition and Measurement" in respect of valuation of 'available-for-sale investments'. Accordingly, the requirements of IAS-39, to the extent required by SECP as aforesaid, have not been considered in the preparation of these financial statements.

Notes to the Financial Statements

for the year ended December 31, 2015

2.2 Basis of measurement

The financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below e.g. certain obligations under employee retirement benefits which are measured at present value. Historical cost is generally based on the fair value of the consideration given in exchange for assets

- Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the operator uses market observable data to the extent possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the operator using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account
- Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:
 - Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
 - Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
 - Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).
- Transfers between levels of the fair value hierarchy are recognised by the operator at the end of the reporting period during which the change occurred.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

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

Notes to the Financial Statements

for the year ended December 31, 2015

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

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

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

- Provision for unearned contributions and bad debts	4.3
- Provision for outstanding claims (including IBNR)	4.5
- Deferred commission /unearned rebate on retakaful	4.7
- Contribution deficiency reserve	4.8
- Useful lives of fixed assets	4.13
- Staff retirement benefits	4.14
- Segment reporting	4.16
- Impairment in value of investments	4.17
- Allocation of direct and management expenses	4.19

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

There are new and amended standards and interpretations that are mandatory for accounting periods beginning 01 January 2015 but are considered not to be relevant or do not have any significant effect on the operator's financial statements except for IFRS 13 (which requires additional disclosures) and are therefore not detailed in these financial statements.

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

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2016:

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate and can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on operator's financial statements.

Notes to the Financial Statements

for the year ended December 31, 2015

Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10- Consolidated Financial Statements and IAS 28-Investments in Associates and Joint Ventures) [effective for annual periods beginning on or after 1 January 2016] clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity; and (c) how an entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity. The amendments are not likely to have an impact on operator's financial statements.

Accounting for Acquisitions of Interests in Joint Operations - Amendments to IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an invest or to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendments are not likely to have an impact on operator's financial statements.

- Amendment to IAS 27 'Separate Financial Statement' (effective for annual periods beginning on or after 1 January 2016) allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment is not likely to have an impact on operator's financial statements.
- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, an entity can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The amendments are not likely to have an impact on operator's financial statements.

Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

IFRS 7 'Financial Instruments-Disclosures'. IFRS 7 is amended to clarify when servicing arrangements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety are in the scope of its disclosure requirements. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.

Notes to the Financial Statements

for the year ended December 31, 2015

- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.
- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

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

4 Summary of significant accounting policies

The significant accounting policies, as set below, have been applied consistently to all periods presented in these financial statements.

4.1 Change in accounting policy

During the year the operator has adopted IFRS 13 'Fair Value Measurement' which became effective for the financial periods beginning on or after 01 January 2015. IFRS 13 Fair Value Measurement establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS7 Financial Instruments Disclosures. As a result, the operator has included the additional disclosure in this regard in note 30 to the financial statements. In accordance with the transitional provisions of IFRS 13, the operator has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. The application of IFRS 13 does not have any significant impact on the financial statements of the operator except for certain additional disclosures.

4.2 Takaful contracts

The Takaful contracts are based on the principles of Wakala. The takaful contracts so agreed usually inspire concept of tabarru (to donate for benefit of others) and mutual sharing of losses with the overall objective of eliminating the element of uncertainty. Contracts under which the Participant Takaful Fund (PTF) accepts significant takaful risk from another party (the policy holder) by agreeing to compensate the policyholder if a specified uncertain future event (the takaful event) adversely affects the policyholder are classified as takaful contracts. Takaful risk is significant if a takaful event could cause the PTF to pay significant benefits due to the happening of the takaful event compared to its non happening. Once a contract has been classified as a takaful contract, it remains a takaful contract for the remainder of its lifetime, even if the takaful risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

The PTF underwrites non-life takaful contracts that can be categorized into fire and property, marine, aviation and transport, motor, health and miscellaneous contracts. Contracts may be concluded for a fixed term of one year, for less than one year and in some cases for more than one year. However, most of the contracts are for twelve months duration. Takaful contracts entered into by the PTF under which the contract holder is another takaful operator / insurer of a facultative nature are included within the individual category of takaful contracts, other than those which fall under the treaty.

Notes to the Financial Statements

for the year ended December 31, 2015

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

Marine, aviation and transport takaful provides coverage against cargo risk, terminals, damage occurred in between the points of origin and final destination and other related perils.

Motor takaful provides comprehensive car coverage, indemnity against third party loss and other related covers.

Health takaful provides basic hospital care including maternity care and outpatient care.

Miscellaneous takaful provides cover against burglary, loss of cash in safe and cash in transit, money, engineering losses, travel and other coverage.

4.3 Takaful contributions

Contributions including administrative surcharge received / receivable (if any) under a takaful policy are recognized as written at the time of issuance of policy and recorded as income of the PTF. Contributions are stated gross of commission payable to intermediaries and exclusive of taxes and duties levied on contributions. Takaful Contribution income under a policy is recognized as income of PTF over the period of takaful net of wakala fee. Administrative surcharge recovered from insurer is recognized as part of contribution in the case of co-takaful policies (Leader Follower Case) on proportionate basis. The unearned portion of contribution written net of wakala fee is set aside as a reserve and is recognized as a liability. This liability is calculated by applying 1/24 method as specified in the SEC (Insurance) Rules, 2002.

Contributions due but unpaid represents the amount due from participants on account of takaful contracts. These are recognized at cost, which is the fair value of the contribution to be received less provision for impairment, if any.

Wakala fee

The operator manages the general takaful operations for the participants and charges 40% on gross contribution for all classes as wakala fee against the services. It is recognised upfront on the issue of Takaful Policy.

4.4 Re-takaful ceded

Takaful contracts entered into by the operator with retakaful companies for compensation of losses suffered on takaful contracts issued are retakaful contracts. These retakaful contracts include both facultative and treaty arrangement contracts.

The operator enters into retakaful contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward retakaful contributions are accounted for in the same period as the related contributions for the direct or accepted retakaful business.

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

Notes to the Financial Statements

for the year ended December 31, 2015

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

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

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

4.5 Claims expense

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

The operator 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 incident giving rise to the claims except as otherwise expressly indicated in a takaful contract. The liability for claims include amounts relating to unpaid reported claims, Claims Incurred But Not Reported (IBNR) and expected claim settlement costs.

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

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

4.6 Retakaful recoveries against outstanding claims

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

4.7 Rebate on re-takaful

Commission expenses and other acquisition costs are charged to the profit and loss account at the time the policies are accepted. Rebate income from retakaful company is recognized at the time of issuance of the underlying takaful policy by the operator. This income is deferred and recognized as revenue in accordance with the pattern of recognition of the retakaful contribution to which it relates. Rebate from retakaful operator is arrived at after taking the impact of opening and closing unearned rebate. Profit/rebate, if any, which the company may be entitled to under the terms of retakaful is recognized on accrual basis. Further, Rebate on retakaful is recognised as income of PTF according to the requirements of Takaful Rules, 2012.

Notes to the Financial Statements

for the year ended December 31, 2015

4.8 Contribution deficiency reserves

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

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

- Fire and property damage	28%
- Marine, aviation and transport	54%
- Motor	29%
- Miscellaneous	30%

Based on analysis of combined operating ratio for the expired period of each reportable segment, the management considers that the unearned contribution reserves for all the classes of business 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 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 except for the segment of Health where actuary provides for the figure to be recognised as contribution deficiency reserve.

4.9 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 operator.

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

4.10 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of cash flow statement, cash and cash equivalents comprise cash, cheques, pay orders, demand drafts and balances with banks.

Notes to the Financial Statements

for the year ended December 31, 2015

4.11 Investments

4.11.1 Recognition

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

- Held to maturity
- Available for sale

4.11.2 Measurement

Held to maturity

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

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

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

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

Available for sale

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

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

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

Notes to the Financial Statements

for the year ended December 31, 2015

Gain / (loss) on sale of available for sale investments is recognized in profit and loss account.

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

Had these investments been measured at fair value as required by IAS - 39 - Financial Instruments: Recognition and Measurement, the Company's net equity would have been higher by Rs. 31,743/- as at December 31, 2015 (Rs. Nil at December 31, 2014).

4.12 Rental and other income

Rental and other incomes are recognized as and when accrued.

4.13 Fixed assets

4.13.1 Owned

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

Depreciation on all fixed assets is charged to profit and loss account on the reducing balance method so as to write off depreciable amount of an asset over its useful life at the rates stated in note 19. Depreciation on additions to fixed assets is charged on "number of days basis".

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

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

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.

4.14 Staff retirement benefits

Defined benefit plan

The operator's retirement benefits plan comprises of gratuity scheme for all the eligible employees, who have completed the minimum qualifying period of service.

Notes to the Financial Statements

for the year ended December 31, 2015

The actuarial valuation of gratuity scheme for both conventional and window takaful operations is carried out by an independent valuer as at December 31, 2015 using the projected unit credit method. The basic assumptions used for actuarial valuation are disclosed in note 7 to the financial statements.

The Company has adopted IAS 19 (revised) which require Actuarial gains or losses to be recognised in other comprehensive income when they occur. Amounts recorded in profit and loss are limited to current and past service costs, gains or losses on settlements and net interest income (expense).

4.15 Financial instruments

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

Financial instruments carried on the balance sheet date include cash and bank deposits, investments, contribution due but unpaid, amount due from other takaful/retakaful operators, contribution and claim reserves detained by cedants, accrued investment income, retakaful recoveries against outstanding claims, sundry receivables, provision for outstanding claims, amounts due to other takaful/retakaful, other creditors and accruals.

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

4.15.1 Offsetting of financial assets and financial liabilities

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

4.16 Segment reporting

A business segment is a distinguishable component of the operator that is engaged in providing services that are subject to risks and returns that are different from those of other business segments. The operator accounts for segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002 as the primary reporting format.

Based on its classification of takaful contracts issued, the operator has four primary business segments for reporting purposes namely fire, marine, motor and health and miscellaneous. The nature and business activities of these segments are disclosed in respective notes to the Financial Statements.

Notes to the Financial Statements

for the year ended December 31, 2015

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

4.17 Impairment

The carrying amount of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account. In addition, impairment on available for sale investments and retakaful assets are recognized as follows:

4.17.1 Available for sale

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

4.17.2 Re-takaful assets

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

4.18 Foreign currency transactions and translations

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

4.19 Direct, management and administrative expenses

Direct expenses related to the underwriting business represent directly attributable expenses and indirect expenses allocated to the various classes of business on the basis of gross contribution revenue. Expenses not allocable to the underwriting business are charged as management or administrative expenses. Administrative and management expenses of takaful business are allocated to revenue account of operator as per requirements of Takaful Rules, 2012.

Notes to the Financial Statements

for the year ended December 31, 2015

4.20 Takaful Surplus

Takaful surplus attributable to the participants is calculated after charging all direct costs and setting aside various reserves and charity. Allocation to participants, if applicable, is made after deducting the claims paid to them during the year. Further, surplus will be distributed to participants after payment of qarz-e-hasna to operator.

4.21 Qarz-e-hasna

Qarz-e-hasna is provided by Operators' Fund to Participants' Takaful Fund in case of deficit in Participants' Takaful Fund.

4.22 Zakat

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

4.23 Related party transactions

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

	Note	Jan, 2015 to Dec, 2015 Rupees	Aug, 2014 to Dec, 2014 Rupees
5 STATUTORY FUND			
Statutory reserves	5.1	50,000,000	50,000,000
5.1	Amount of Rs 50 million is deposited as statutory reserves to comply with provisions of para 4 of Circular No 8 of 2014 read with section 11(c) of Takaful Rules, 2012 issued by Securities and Exchange Commission of Pakistan which states that <i>"Every insurer who is interested to commence window takaful business shall transfer an amount of not less than 50 million Rupees to be deposited in a separate bank account for window takaful business duly maintained in a scheduled bank"</i> .		
6 CEDED MONEY			
Waqf money	6.1	500,000	500,000
6.1	The amount of Rs. 500,000/- has been set apart for Waqf Fund / Participants' Takaful Fund as Waqf money according to the Waqf deed prepared for the purpose of creation of Waqf Fund / Participant Takaful Fund.		

Notes to the Financial Statements

for the year ended December 31, 2015

	Note	Jan, 2015 to Dec, 2015	Aug, 2014 to Dec, 2014
		Rupees	Rupees
7 STAFF RETIREMENT BENEFITS			
The actuarial valuation is carried out annually and contributions are made accordingly. Following were significant assumptions used for valuation of the scheme.			
-Discount rate used for year end obligation		9% p.a.	10.5% p.a.
-Discount rate used for profit and loss charge		10.5% p.a.	10.5% p.a.
-Expected rate of increase in the salaries of the employees		8% p.a.	9.5% p.a.
-Expected rate of return on plan assets		7.92% p.a.	11.25% p.a.
-Expected service length of employees		7 years	9 years
7.1 Balance sheet liability			
Present value of defined benefits obligations as at the end of the year	7.3	4,265,789	766,216
Less: Fair value of plan assets	7.4	(1,787,990)	-
Total liability at the end of the year	7.2	2,477,799	766,216
7.2 Movement in liability/ (asset) during the year			
Opening balance		766,216	-
Charge to profit and loss account		3,304,963	766,216
Charge in other comprehensive income		172,836	-
Contribution made during the year		(1,766,216)	-
Closing balance		2,477,799	766,216
7.3 Reconciliation of present value of defined benefit obligations			
Present value of defined benefit obligations at beginning of the year		766,216	-
Current service cost		3,317,236	766,216
Interest cost		80,453	-
Remeasurements due to:			
Experience adjustments		101,884	-
Present value of defined benefits obligations as at December 31		4,265,789	766,216

Notes to the Financial Statements

for the year ended December 31, 2015

	Note	Jan, 2015 to	Aug, 2014 to
		Dec, 2015	Dec, 2014
		Rupees	Rupees
7.4	Changes in fair value of plan assets		
	Fair value of plan assets as at beginning of the year	-	-
	Contributions made	1,766,216	-
	Interest income on plan assets	92,726	-
	Return on plan assets, excluding interest income	(70,952)	-
	Fair value of plan assets as at year end	1,787,990	-

7.5	Charge to profit and loss account		
	Current service cost	3,317,236	766,216
	Interest cost on defined benefit obligation	80,453	-
	Interest income on plan assets	(92,726)	-
	Total amount charged to profit and loss account	3,304,963	766,216

7.6	Charge in other comprehensive income		
	Experience adjustments	101,884	-
	Return on plan assets excluding interest income	70,952	-
	Total re-measurements recognized in other comprehensive income	172,836	-

	Jan, 2015 to Dec, 2015		Aug, 2014 to Dec, 2014		
	Fair value	Percentage	Fair value	Percentage	
7.7	Composition of fair value of plan assets				
	Cash at bank	20,216	1.13%	-	-
	Meezan Islamic Income Fund	1,767,774	98.87%	-	-
		1,787,990	100%	-	-

		Jan, 2015 to	Aug, 2014 to
		Dec, 2015	Dec, 2014
		Rupees	Rupees
7.8	Historical data		
	Present value of defined benefit obligations	4,265,789	766,216
	Fair value of plan assets	(1,787,990)	-
		2,477,799	766,216

Notes to the Financial Statements

for the year ended December 31, 2015

- 7.9** The estimated charge to profit and loss account for the defined benefit plan for the year ending December 31, 2016 is Rs.4,550,036/-

	Jan, 2015 to Dec, 2015	Aug, 2014 to Dec, 2014
	Rupees	Rupees
7.10 Sensitivity analysis on defined benefit obligation		
Discount Rate + 100 bps	3,973,127	
Discount Rate - 100 bps	4,605,241	
Salary Increase + 100 bps	4,619,342	
Salary Increase - 100 bps	3,955,017	
8 AMOUNT DUE TO OTHER TAKAFUL/RETAKAFUL		
Foreign Retakaful	9,159,302	2,947,651
Local Retakaful	28,752,442	14,080,622
	37,911,744	17,028,273
9 ACCRUED EXPENSES -OPF		
Salaries	4,528,158	3,634,200
Miscellaneous expenses	1,268,860	1,617,144
	5,797,018	5,251,344
10 OTHER CREDITORS AND ACCRUALS		
10.1 Participants' takaful fund		
Wakala fee payable	110,749,594	-
Other creditors	2,365,435	438,637
Taxes payable	4,019,241	1,378,730
Other payables	6,120,612	1,125,049
	123,254,882	2,942,416

Notes to the Financial Statements

for the year ended December 31, 2015

	Note	Jan, 2015 to Dec, 2015 Rupees	Aug, 2014 to Dec, 2014 Rupees
10.2 Operators' fund			
Sundry creditors		1,158,332	483,332
Commission payable		25,312,607	8,663,860
Other payables		7,092,519	483,860
		33,563,458	9,631,052

11 CONTINGENCIES & COMMITMENTS

There are no contingencies and commitments as at 31 December 2015 (2014: Nil)

12 CURRENT AND OTHER ACCOUNTS

12.1 Participants' takaful fund

Saving accounts	12.3	34,018,463	33,897,647
		34,018,463	33,897,647

12.2 Operators' fund

Current accounts		6,587	209,300
Saving accounts	12.3	3,063,281	26,929,449
		3,069,868	27,138,749

12.3 The rate of return on PLS saving accounts maintained at various banks range from 4.0% to 5.5% (2014: 6% to 7.5%) per annum.

13 DEPOSITS MATURING WITHIN 12 MONTHS-PTF

Security deposits	13.1	889,979	20,000
Short term deposits	13.2	78,000,000	-
		78,889,979	20,000

13.1 Security deposit represents earnest money deposited against tenders offered by different operators. The management considers these deposits good.

13.2 The rate of return on Short Term Deposit Certificates issued by various Islamic banking companies range from 5.18% to 6.15% (2014: Nil) per annum. These Term Deposit Certificates have maturity up to March 2016.

Notes to the Financial Statements

for the year ended December 31, 2015

		Note	Jan, 2015 to Dec, 2015 Rupees	Aug, 2014 to Dec, 2014 Rupees		
14	DEPOSITS MATURING AFTER 12 MONTHS					
14.1	Participants' takaful fund					
	Security deposits		400,000	-		
			400,000	-		
14.2	Operators' fund					
	Security deposits	14.3	1,896,500	444,000		
			1,896,500	444,000		
14.3	Amount includes security deposit of Rs. 1,144,000 against rent and security deposit of Rs. 752,500 against Car Ijarah Facility.					
15	INVESTMENTS-PTF					
	Available for sale					
	Mutual Funds	15.1	6,098,548	-		
	Held-to maturity					
	Sukuk Bonds	15.2	20,320,000	-		
			26,418,548	-		
15.1	Mutual Funds					
	2015	2014	Unit Price	Name of entity	Jan, 2015 to Dec, 2015 Rupees	Aug, 2014 to Dec, 2014 Rupees
	Number of Units		(Rupees)			
	622,409	-	9.80	NAFA-NBP fullerton Asset Management Limited	6,098,548	-
	622,409	-			6,098,548	-
	Market value of mutual fund certificate on December 31, 2015 is Rs.6,130,291/- (December 31, 2014: Rs. Nil/-)					

Notes to the Financial Statements

for the year ended December 31, 2015

15.2 Sukuk Bonds

Face value (Rupees)	Profit payment	Types of security	Maturity date	Jan, 2015 to Dec, 2015 Rupees	Aug, 2014 to Dec, 2014 Rupees
20,000,000	Half yearly	Government of Punjab Ijara Sukuk	25-Jun-2017	20,320,000	-
20,000,000				20,320,000	-

Market value of ijara sukuk bond is considered to be approximately the same as its amortised cost.

	Note	Jan, 2015 to Dec, 2015 Rupees	Aug, 2014 to Dec, 2014 Rupees
16 CONTRIBUTION DUE BUT UNPAID-UNSECURED			
Considered good		26,509,409	69,096,514
		26,509,409	69,096,514
17 AMOUNT DUE FROM OTHER TAKAFUL/RETAKAFUL			
Considered good		99,477,429	21,931,855
		99,477,429	21,931,855
18 SUNDRY RECEIVABLES			
18.1 Participants' takaful fund			
Other advances and receivables		4,713,419	8,730
		4,713,419	8,730
18.2 Operators' fund			
Branch balances		1,229,551	934,898
Wakala fee receivable		110,749,594	-
Other advances and receivables		4,522,502	254,228
		116,501,647	1,189,126

Notes to the Financial Statements

for the year ended December 31, 2015

19 FIXED ASSETS- TANGIBLE

Particulars	OPERATOR'S FUND				PARTICIPANTS' TAKAFUL FUND			Grand Total
	Furniture and fixture	Office equip-ment	Computer equipment	Total	Motor Tracking devices	Total	Total	
	-----Rupees-----							
COST								
Balance as at January 01, 2014	-	-	-	-	-	-	-	-
Additions during the year	1,624,638	245,000	1,255,000	3,124,638	189,900	189,900	3,314,538	
Disposals	-	-	-	-	-	-	-	
Transfers/adjustments	-	-	-	-	-	-	-	
Balance as at December 31, 2014	1,624,638	245,000	1,255,000	3,124,638	189,900	189,900	3,314,538	
Balance as at January 01, 2015	1,624,638	245,000	1,255,000	3,124,638	189,900	189,900	3,314,538	
Additions during the year	13,899,372	2,961,091	876,155	17,736,618	41,107,302	41,107,302	58,843,920	
Disposals	-	-	-	-	-	-	-	
Transfers/adjustments	-	-	-	-	-	-	-	
Balance as at December 31, 2015	15,524,010	3,206,091	2,131,155	20,861,256	41,297,202	41,297,202	62,158,458	
DEPRECIATION								
Balance as at January 01, 2014	-	-	-	-	-	-	-	
Charge for the year	29,964	2,148	61,133	93,245	1,694	1,694	94,939	
Disposals	-	-	-	-	-	-	-	
Transfers/adjustments	-	-	-	-	-	-	-	
Balance as at December 31, 2014	29,964	2,148	61,133	93,245	1,694	1,694	94,939	
Balance as at January 01, 2015	29,964	2,148	61,133	93,245	1,694	1,694	94,939	
Charge for the year	1,301,125	275,979	563,189	2,140,293	4,476,371	4,476,371	6,616,664	
Disposals	-	-	-	-	-	-	-	
Transfers/adjustments	-	-	-	-	-	-	-	
Balance as at December 31, 2015	1,331,089	278,127	624,322	2,233,538	4,478,065	4,478,065	6,711,603	
Written down values as at December 31, 2014	1,594,674	242,852	1,193,867	3,031,393	188,206	188,206	3,219,599	
Written down values as at December 31, 2015	14,192,921	2,927,964	1,506,833	18,627,718	36,819,137	36,819,137	55,446,855	
Rate of depreciation (%)	10	10	33.33		33.33			

Notes to the Financial Statements

for the year ended December 31, 2015

	Note	January, 2015 to December, 2015	August, 2014 to December, 2014
		Rupees	Rupees
20		DIRECT EXPENSES - (PTF)	
		14,271,030	265,060
		120,965	-
		-	142,450
		72,568	-
	19	4,476,371	1,694
		420,975	61,400
		25,626	4,438
		19,387,535	475,042

21 WAKALA FEE

Wakala fee for different segments is calculated at 40 percent of the contribution written.

22 ADMINISTRATIVE SURCHARGE

Contribution written and net contribution revenue include administrative surcharge, class wise detail of which is given below:

Fire and property damage	15,934	13,813
Marine, aviation and transport	6,033	6,668
Motor	33,181	11,075
Miscellaneous	72,426	32,000
	127,574	63,556

Notes to the Financial Statements

for the year ended December 31, 2015

25 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	January, 2015 to December, 2015			August, 2014 to December, 2014				
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
	-----Rupees-----				-----Rupees-----			
Managerial remuneration	-	-	23,919,063	23,919,063	-	-	3,220,642	3,220,642
Housing	-	-	10,763,579	10,763,579	-	-	1,449,290	1,449,290
Medical allowance	-	-	1,076,358	1,076,358	-	-	322,068	322,068
	-	-	35,759,000	35,759,000	-	-	4,992,000	4,992,000
Number of persons	0	0	28	28	0	0	5	5

Certain executives are also provided with free use of the Company's maintained car.

26 RELATED PARTY TRANSACTIONS

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

Relation with undertaking	Jan, 2015 to Dec, 2015		Aug, 2014 to Dec, 2014	
	Rupees		Rupees	
Nature and transaction				
United Track System (Pvt) Ltd. (Associated Company)				
Motor tracking devices	37,153,272		188,206	
Device monitoring charges	6,872,306		265,060	
Key management personnel				
Remuneration of key management personnel	35,759,000		4,992,000	
Staff retirement benefits plan				
(Payable) to defined benefit plan	(2,477,799)		(766,216)	
Provision for gratuity during the year	1,711,583		766,216	
Gratuity payments	1,766,216		-	

Notes to the Financial Statements

for the year ended December 31, 2015

27 SEGMENT REPORTING

The operator has four primary business segments for reporting purposes namely fire, marine, motor, and health & miscellaneous. Assets and liabilities, wherever possible have been assigned to the following segments based on specific identification or allocated on the basis of premium written by each segment.

	FIRE		MARINE		MOTOR		HEALTH & MISCELLANEOUS		TOTAL	
	Jan, 2015 to Dec, 2015	Aug, 2014 to Dec, 2014	Jan, 2015 to Dec, 2015	Aug, 2014 to Dec, 2014	Jan, 2015 to Dec, 2015	Aug, 2014 to Dec, 2014	Jan, 2015 to Dec, 2015	Aug, 2014 to Dec, 2014	Jan, 2015 to Dec, 2015	Aug, 2014 to Dec, 2014
	----- Rupees -----									
Segment assets - (PTF)	35,147,826	7,463,006	21,437,223	6,884,950	68,003,927	7,623,123	56,059,972	89,289,157	180,648,948	111,260,236
Unallocated assets- (PTF)									181,429,958	45,467,860
Total assets- (PTF)									362,078,907	156,728,096
Segment assets- (OPF)	6,704,880	1,859,441	2,968,604	1,484,206	14,890,030	750,417	6,241,448	5,554,365	30,804,962	9,648,429
Unallocated assets - (OPF)									140,110,278	24,789,461
Total assets - (OPF)									170,915,240	34,437,890
Segment liabilities - (PTF)	27,481,617	7,499,585	14,534,111	6,041,050	116,246,132	6,471,527	78,196,234	72,665,908	236,458,094	92,678,070
Unallocated liabilities- (PTF)									123,254,883	2,839,210
Total liabilities- (PTF)									359,712,976	95,517,280
Segment liabilities- (OPF)	-	-	-	-	-	-	-	-	-	-
Unallocated liabilities - (OPF)									41,838,275	15,751,817
Total liabilities - (OPF)									41,838,275	15,751,817
Capital Expenditure-OPF	2,121,844	243,884	2,126,026	201,384	8,268,990	251,359	5,219,758	2,428,012	17,736,618	3,124,638
Capital Expenditure-PTF	-	-	-	-	41,107,302	189,900	-	-	41,107,302	189,900
Depreciation-OPF	256,045	7,278	256,549	6,010	997,826	7,501	629,873	72,456	2,140,293	93,245
Depreciation-PTF	-	-	-	-	4,476,371	1,694	-	-	4,476,371	1,694

Notes to the Financial Statements

for the year ended December 31, 2015

	Jan, 2015 to Dec, 2015	Aug, 2014 to Dec, 2014
	Rupees	Rupees
28 FINANCIAL INSTRUMENTS BY CATEGORY		
Financial assets		
Cash and bank deposits		
Cash and other equivalents	14,545	12,448
Current and other accounts	37,088,331	61,036,396
Deposits maturing within 12 months	78,889,979	20,000
Deposits maturing after 12 months	2,296,500	444,000
	118,289,355	61,512,844
Investments	26,418,548	-
Other assets		
Contribution due but unpaid	26,509,409	69,096,514
Amount due from other takaful/retakaful	99,477,429	21,931,855
Retakaful recoveries against outstanding claims	9,484,012	1,457,255
Accrued investment income	170,412	-
Sundry receivables	121,215,066	1,197,856
	256,856,328	93,683,480
	401,564,231	155,196,324
Financial liabilities		
Provision for outstanding claims (including IBNR)	27,963,453	2,445,153
Amount due to other takaful/retakaful	37,911,744	17,028,273
Other creditors and accruals	156,818,340	12,573,468
	222,693,537	32,046,894

Notes to the Financial Statements

for the year ended December 31, 2015

29 RISK MANAGEMENT

29.1 Risk management framework

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

29.2 Takaful risks

29.2.1 Takaful risk

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

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

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

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

Geographical concentration of takaful risk

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

Notes to the Financial Statements

for the year ended December 31, 2015

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

Address look-up and geocoding is the essential field of the policy data interphase of IT systems. It provides instant location which is dependent on data collection provided under the policy schedule. All critical underwriting information is punched into the IT system/application through which a number of MIS reports can be generated to assess the concentration of risk.

29.2.2 Retakaful arrangements

Retakaful arrangements are key components in the global economy as a means of supporting acceptance of risk by takaful organizations. Arrangements are the most effective ways of getting risks of all types, underwritten of the operator. The operator has prestigious retakaful arrangements with the world wide acclaimed retakaful companies.

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

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

Address look-up and geocoding is the essential field of the policy data interphase of IT systems. It provides instant location which is dependent on data collection provided under the policy schedule. All critical underwriting information is punched into the IT system/application through which a number of MIS reports can be generated to assess the concentration of risk.

	Maximum sum insured		Retakaful cover		Highest net liability	
	Jan, 2015 to Dec, 2015	Aug, 2014 to Dec, 2014	Jan, 2015 to Dec, 2015	Aug, 2014 to Dec, 2014	Jan, 2015 to Dec, 2015	Aug, 2014 to Dec, 2014
	----- Rupees -----					
Fire and property damage	433,438,540	160,000,000	418,438,540	145,000,000	15,000,000	15,000,000
Marine, aviation and transport	346,500,000	400,000,000	334,000,000	387,500,000	12,500,000	12,500,000
Motor	4,526,100	5,029,000	3,276,100	3,779,000	1,250,000	1,250,000
Miscellaneous	884,640,680	3,700,000	869,640,680	1,850,000	15,000,000	1,850,000
	1,669,105,320	568,729,000	1,625,355,320	538,129,000	43,750,000	30,600,000

Notes to the Financial Statements

for the year ended December 31, 2015

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

	Gross liabilities		Gross assets		Net liabilities / (assets)	
	Jan, 2015 to Dec, 2015	Aug, 2014 to Dec, 2014	Jan, 2015 to Dec, 2015	Aug, 2014 to Dec, 2014	Jan, 2015 to Dec, 2015	Aug, 2014 to Dec, 2014
	----- Rupees -----					
Fire and property damage	27,481,617	7,499,585	6,704,880	1,859,441	20,776,738	5,640,144
Marine, aviation and transport	14,534,111	6,041,050	2,968,604	1,484,206	11,565,507	4,556,844
Motor	116,246,132	6,471,527	14,890,030	750,417	101,356,101	5,721,110
Miscellaneous	78,196,234	72,665,908	6,241,448	5,554,365	71,954,786	67,111,543
	236,458,094	92,678,070	30,804,962	9,648,429	205,653,131	83,029,641

29.2.3 Uncertainty in the estimation of future claims payment

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

An estimated amount of the claim is recorded immediately on intimation to the operator. The estimation of the amount is based on the amount notified by the policy holder, management or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims. For the estimation of provision of claims incurred but not reported (IBNR), the operator uses historical experience factor based on analysis of the past years claims reporting pattern.

There are several variable factors which affect the amount and timing of recognized claim liabilities. However, the management considers that uncertainty about the amount and timing of claim payments is generally resolved within a year. The operator takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be different from recognised amounts.

29.2.4 Key assumptions

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

29.2.5 Sensitivity analysis

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

Notes to the Financial Statements

for the year ended December 31, 2015

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

	Profit		Participants' takaful fund	
	Jan, 2015 to Dec, 2015	Aug, 2014 to Dec, 2014	Jan, 2015 to Dec, 2015	Aug, 2014 to Dec, 2014
----- Rupees -----				
10% increase in loss				
Net				
Fire and property damage	(670,099)	-	(670,099)	-
Marine, aviation and transport	(1,726,791)	(22,659)	(1,726,791)	(22,659)
Motor	(1,678,600)	(8,061)	(1,678,600)	(8,061)
Miscellaneous	(8,829,286)	(208,886)	(8,829,286)	(208,886)
	(12,904,776)	(239,606)	(12,904,776)	(239,606)

	Profit		Participants' takaful fund	
	Jan, 2015 to Dec, 2015	Aug, 2014 to Dec, 2014	Jan, 2015 to Dec, 2015	Aug, 2014 to Dec, 2014
----- Rupees -----				
10% decrease in loss				
Net				
Fire and property damage	670,099	-	670,099	-
Marine, aviation and transport	1,726,791	22,659	1,726,791	22,659
Motor	1,678,600	8,061	1,678,600	8,061
Miscellaneous	8,829,286	208,886	8,829,286	208,886
	12,904,776	239,606	12,904,776	239,606

Notes to the Financial Statements

for the year ended December 31, 2015

29.3 Financial risk

29.3.1 Market risk

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

a) Interest / mark up rate risk

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

At the balance sheet date, the interest rate profile of the operator's significant interest bearing financial instruments was as follows:

Sensitivity analysis

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

Notes to the Financial Statements

for the year ended December 31, 2015

	Increase / (decrease) in basis points	Effect on profit	Effect on fund
-----Rupees-----			
As at December 31, 2015			
Cash flow sensitivity - variable rate financial liabilities	100	-	-
	(100)	-	-
Cash flow sensitivity - variable rate financial assets	100	1,416,707	1,416,707
	(100)	(1,416,707)	(1,416,707)
As at December 31, 2014			
Cash flow sensitivity - variable rate financial liabilities	100	-	-
	(100)	-	-
Cash flow sensitivity - variable rate financial assets	100	608,271	608,271
	(100)	(608,271)	(608,271)

b) Foreign currency risk

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

29.3.2 Liquidity risk

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

Liquidity risk is the risk that the operator may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

Notes to the Financial Statements

for the year ended December 31, 2015

On the balance sheet date the operator has cash and bank balance of Rs. 37.10 million (2014: Rs. 61.05 million).

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

	Jan, 2015 to Dec, 2015			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
-----Rupees-----				
Financial liabilities				
Provision for outstanding claims (including IBNR)	27,963,453	27,963,453	27,963,453	-
Amounts due to other takaful/retakaful	37,911,744	37,911,744	37,911,744	-
Other creditors and accruals	156,818,340	156,818,340	156,818,340	-
	222,693,537	222,693,537	222,693,537	-

	Aug, 2014 to Dec, 2014			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
-----Rupees-----				
Financial liabilities				
Provision for outstanding claims (including IBNR)	2,445,153	2,445,153	2,445,153	-
Amounts due to other takaful/retakaful	17,028,273	17,028,273	17,028,273	-
Other creditors and accruals	12,573,468	12,573,468	12,573,468	-
	32,046,894	32,046,894	32,046,894	-

29.3.3 Credit risk and concentration of credit risk

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

Notes to the Financial Statements

for the year ended December 31, 2015

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

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

	Jan, 2015 to Dec, 2015	Aug, 2014 to Dec, 2014
	Rupees	Rupees
Cash, bank and deposits	118,289,355	61,512,844
Contribution due but unpaid	26,509,409	69,096,514
Amount due from other takaful/retakaful	99,477,429	21,931,855
Retakaful recoveries against outstanding claims	9,484,012	1,457,255
Accrued investment income	170,412	-
Sundry receivables	121,215,066	1,197,856
	375,145,683	155,196,324

The operator did not hold any collateral against the above during the year. General provision is made, whenever necessary for receivables according to the operator's policy. The impairment provision is written off when the operator expects that it cannot recover the balance due.

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

	Ratings		Ratings Agency	Jan, 2015 to Dec, 2015	Aug, 2014 to Dec, 2014
	Short term	Long term		Rupees	Rupees
Meezan bank limited	A-1+	AA	JCR-VIS	30,579,560	52,389,827
Summit bank limited	A-1	A	JCR-VIS	1,455,220	7,581,100
Askari bank limited	A-1+	AA	JCR-VIS	650,141	-
Habib bank limited	A-1+	AAA	JCR-VIS	526,280	-
Allied bank limited	A1+	AA+	PACRA	613,402	-
Bank Islami limited	A-1	A	PACRA	1,594,757	563,116
Burj bank limited	A-2	A-	JCR-VIS	1,668,972	502,353
				37,088,332	61,036,396

Notes to the Financial Statements

for the year ended December 31, 2015

The age analysis of contribution due but unpaid and amount due from other takaful/ retakaful is as follows:

	Jan, 2015 to Dec, 2015	Aug, 2014 to Dec, 2014
	Rupees	Rupees
Upto 1 year	125,986,838	91,028,369
1-2 years	-	-
	125,986,838	91,028,369

Re-takaful risk

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

To minimize its exposure to significant losses from retakaful companies' insolvencies, the operator obtains retakaful companies' ratings who are dispersed over several geographical regions

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

	Amount due from other takaful / re-takaful	Re-takaful recoveries against outstanding claims	Other re-takaful assets	Jan, 2015 to Dec, 2015	Aug, 2014 to Dec, 2014
-----Rupees-----					
A or above (including PRCL)	99,477,429	9,484,012	45,178,099	154,139,540	46,490,744
Total	99,477,429	9,484,012	45,178,099	154,139,540	46,490,744

Notes to the Financial Statements

for the year ended December 31, 2015

30 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

	Carrying amount			Fair value					
	Investments	Loans and receivables	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	----- Rupees -----								
31 December 2015									
Financial assets - not measured at fair value									
Cash and other equivalents*	-	-	14,545	-	14,545	-	-	-	-
Current and other accounts*	-	-	37,088,332	-	37,088,332	-	-	-	-
Deposits maturing within 12 months*	-	-	78,889,979	-	78,889,979	-	-	-	-
Deposits maturing after 12 months*	-	-	2,296,500	-	2,296,500	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-
- Mutual Fund Certificates	6,098,548	-	-	-	6,098,548	6,130,291	-	-	6,130,291
- Sukuk Bonds*	20,320,000	-	-	-	20,320,000	-	-	-	-
Contribution due but unpaid*	-	26,509,409	-	-	26,509,409	-	-	-	-
Amounts due from other takaful / retakaful*	-	99,477,429	-	-	99,477,429	-	-	-	-
Accrued investment income*	-	170,412	-	-	170,412	-	-	-	-
Retakaful recoveries against outstanding claims*	-	9,484,012	-	-	9,484,012	-	-	-	-
Sundry receivables*	-	121,215,066	-	-	121,215,066	-	-	-	-
	26,418,548	256,856,328	118,289,356	-	401,564,232	6,130,291	-	-	6,130,291
Financial liabilities - not measured at fair value									
Provision for outstanding claims (including IBNR)*	-	-	-	-	27,963,453	27,963,453	-	-	-
Amounts due to other takaful / retakaful*	-	-	-	-	37,911,744	37,911,744	-	-	-
Other creditors and accruals*	-	-	-	-	156,818,340	156,818,340	-	-	-
	-	-	-	-	222,693,537	222,693,537	-	-	-

* The fair value of these items is not disclosed because their carrying amounts are a reasonable approximation of their fair values.

Notes to the Financial Statements

for the year ended December 31, 2015

FINANCIAL ASSETS AND LIABILITIES

	Jan, 2015 to Dec, 2015						
	Interest/mark-up bearing						
	Effective Yield/ Mark-up rate per annum	Maturity upto one year	Maturity over one year to five years	Maturity over five years	Sub Total	Non interest/ mark-up bearing finan- cial instru- ments	Total
%							
Financial assets							
Cash and bank deposits	4.0-6.15	115,081,745	-	-	115,081,745	3,207,610	118,289,355
Investments		-	26,418,548	-	26,418,548	-	26,418,548
Contribution due but unpaid		-	-	-	-	26,509,409	26,509,409
Amounts due from other takaful/ retakaful		-	-	-	-	99,477,429	99,477,429
Retakaful recoveries against outstanding claims		-	-	-	-	9,484,012	9,484,012
Accrued investment income		170,412	-	-	170,412	-	170,412
Sundry receivables		-	-	-	-	121,215,066	121,215,066
		115,252,157	26,418,548	-	141,670,705	259,893,526	401,564,231
Financial liabilities							
Provision for outstanding claims (including IBNR)					-	27,963,453	27,963,453
Amount due to other takaful/retakaful					-	37,911,744	37,911,744
Other creditors and accruals					-	156,818,340	156,818,340
					-	222,693,537	222,693,537

Notes to the Financial Statements

for the year ended December 31, 2015

FINANCIAL ASSETS AND LIABILITIES

Aug. 2014 to Dec. 2014

	Interest/mark-up bearing					Total
	Effective Yield/ Mark-up rate per annum	Maturity upto one year	Maturity over one year to five years	Maturity over five years	Non interest/ mark-up bearing financial instruments	
%	-----Rupees-----					
Financial assets						
Cash and bank balances	4% - 8%	60,827,096	-	-	60,827,096	61,512,844
Contribution due but unpaid		-	-	-	69,096,514	69,096,514
Amount due from other takaful/retakaful		-	-	-	21,931,855	21,931,855
Retakaful recoveries against outstanding claims		-	-	-	1,457,255	1,457,255
Sundry receivables		-	-	-	1,197,856	1,197,856
		60,827,096	-	-	60,827,096	155,196,324
Financial liabilities						
Provision for outstanding claims (including IBNR)		-	-	-	2,445,153	2,445,153
Amount due to other takaful/retakaful		-	-	-	17,028,273	17,028,273
Other creditors and accruals		-	-	-	12,573,468	12,573,468
		-	-	-	32,046,894	32,046,894

Notes to the Financial Statements

for the year ended December 31, 2015

31 FUND MANAGEMENT

The operator's objectives when managing fund or to safeguard operator's ability to continue as going concern in order to provide returns for operator or participants and to offer benefits for other stakeholders and to maintain an optimal fund structure to reduce the cost of fund. In order to maintain or adjust the fund structure, the amount of return paid to operators or to participants may be adjusted.

Jan, 2015 to
Dec, 2015

Aug, 2014 to
Dec, 2014

---Numbers---

32 NUMBER OF EMPLOYEES

	Jan, 2015 to Dec, 2015	Aug, 2014 to Dec, 2014
As at year end	103	65
Average number of employees during the year	84	50

33 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on **April 04, 2016** by the Board of Directors of the company.

34 GENERAL

- Corresponding figures have been restated/ rearranged and reclassified wherever necessary, for the purpose of comparison. There have been no significant reclassifications/ restatements in the financial statements.
- The corresponding figures reported the period from August, 2014 to December, 2014, therefore not comparable with current year figure.



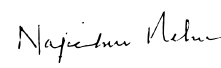
Mohammad Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director



Khawas Khan Niazi
Director / President



Ch. Najeeb-Ur-Rehman
Chairman

Our Branches

Lahore

Mumtaz Kahloon

Branch Manager
Tahawar Plaza Branch

Irfan Tirmazi

Branch Head
Taj Arcade Branch

Faisal Afzal

Branch Head
Eden Centre Branch

Sialkot

Muhammad Zubair

Branch Manager
Paris Road Branch

Karachi

Muhammad Shakeel

Head of Window takaful operations
Shahrah-e-Qaideen Branch

Taufeeq Mannan

Ibrahim Trade Tower Branch

Islamabad

Hassan Nadeem

Executive Director
F-7, Markaz Branch

Our focused business model, global footprint and culture of teamwork oriented professionals put us in a strong position to meet our clients' needs and generate superior returns for our shareholders.

Notice of the 56th Annual General Meeting

**RATED A+
BY PACRA**

Notice is hereby given that 56th Annual General Meeting of the Company will be held in Royal Palm Golf & Country Club, 52, Canal Bank Road, Lahore on Tuesday the April 26, 2016 at 11.00 am to transact the following business:

ORDINARY BUSINESS:

- 1) To confirm the minutes of 55th Annual General Meeting held on April 13, 2015.
- 2) To receive, consider and adopt Company's Audited Accounts together with Directors' and Auditors Reports thereon for the year ended December 31, 2015.
- 3) To consider and approve as recommended by the Board of Directors to issue bonus shares @ 40% in proportion of 40 shares for every 100 shares held by the Company's members.
- 4) To appoint External Auditors for Financial Year 2016 and to fix their remuneration. Audit committee has recommended appointment of M/s. Avais Hyder Liaquat Nauman, Chartered Accountants, Lahore. Retiring Auditors M/s. Avais Hyder Liaquat Nauman, Chartered Accountants, being eligible, have offered themselves for re-appointment as Company's External Auditors for the year 2016.
- 5) To transact any other ordinary business as may be placed before the meeting with the permission of the Chair.

SPECIAL BUSINESS:

- 6) To approve capitalization for the issue of Bonus Shares (B-21) and to pass with or without modification the following resolutions as Ordinary Resolutions:-
 - a) Resolved that the sum of Rs.515,200,000/= out of the profits available for appropriation as at December 31, 2015 be capitalized and adopted to the issue of ordinary shares of Rs.10 each allotted as fully paid Bonus Shares (B-21) @ 40 % in the proportion of 40 share for every 100 shares held by Company's members whose names appear on the register of members as at close of business on April 15, 2016.
 - b) Further resolved that the Bonus shares shall rank pari passu in all respects with the existing shares.
 - c) Further resolved that in the event of any member becoming entitled to a fraction of bonus share the Directors be and are hereby authorized to consolidate all such fractions and sell the shares so constituted on the stock market and to pay the proceeds of the sale when realized to a recognized charitable institution as may be selected by the Directors of the Company.
 - d) Further resolved that the Company Secretary be and is hereby authorized

Notice of the 56th Annual General Meeting

and empowered to give effect to these resolutions and to do or cause to be done all acts, deeds and things that may be necessary or required for issue, allotment and distribution of Bonus Shares.

- 7) To consider and approve the remuneration as recommended by the Board payable to the working Directors and fee to the non-executive/independent Directors of the Company during the year 2016 and to pass the following resolution as a special resolution:-

Resolved that the remuneration payable to working Directors and fee for non-working/independent Directors of the Company for the year 2016 as recommended by the Board be and is hereby approved.

- 8) To consider, and if thought fit, to pass the following resolution with or without modification (s) as special resolutions to alter the Articles of Association of the Company by inserting new Articles 74A, 75A and 79A to enable e-voting as prescribed by the Securities and Exchange Commission of Pakistan :

Resolved that the alteration in Articles of the Association of the United Insurance Company of Pakistan Limited be and is hereby approved by inserting new Articles Nos. 74A, 75A and 79A and inserted articles will appear in Articles of Association of the Company as under:

- 74A Members may exercise voting rights at General meeting through electronic means if the Company receives the requisite demand for poll in accordance with the applicable Laws. The company shall facilitate e-voting in the manner and as per requirements prescribed by the Securities and Exchange Commission of Pakistan.
- 75A Notwithstanding the above, a non-member may be appointed as a proxy by any member desiring e-vote through an intermediary appointed by company, as define in "Companies (E-Voting) Regulations, 2016", as may be amended time to time, for the purpose member shall inform Company Secretary at least 10 days before the holding of Annual General Meeting & Extra Ordinary General Meeting of the shareholders intimating about his/her decision of e-vote through intermediary to vote at a poll.
- 79A For the purpose of e-voting, the instrument appointing the proxy shall be in such form and provided in the manner stipulated under the Companies (E-Voting) Regulations, 2016.

Notice of the 56th Annual General Meeting

Further resolved that the Company Secretary be and is hereby authorized and empowered fulfill all legal, corporate and procedural formalities to give effect to these resolutions and to do or cause to be done all acts, deeds and things that may be necessary or required for alteration of the Company's Articles of Association.

By order of the Board

Date : **April 05, 2016**

(Ausaf Ali)

Karachi

Company Secretary

Notes:

The Share Transfer Books of the Company will remain closed from April 18, 2016 to April 26, 2016 (both days inclusive). Transfers received at Company's Registered Office at Karachi by the close of business on April 15, 2016 will be treated as being in time for the purpose to determine entitlement to Bonus Shares and to attend the meeting.

- 2) A member entitled to attend and vote at the Annual General Meeting is entitled to appoint another member as a Proxy to attend and vote instead of him/her. A Corporation or a Company being a member of the Company may appoint any of its officers, though not a member of the Company.
- 3) Proxies, in order to be effective, must be received by the Company at its Registered Office 204, Madina City Mall, Abdullah Haroon Road, Karachi not less than 48 hours before the Meeting.
- 4) Members are requested to immediately notify any change in their addresses.
- 5) CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A) FOR ATTENDING THE MEETING:

- i) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his / her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.

Notice of the 56th Annual General 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 APPOINTING PROXIES:

- i) In case of individual, the account holder or sub account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per 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.

6) NOTICE TO SHAREHOLDERS WHO HAVE NOT PROVIDED CNIC

In pursuance with Securities & Exchange Commission of Pakistan SRO No.779(1)/2011 dated August 18, 2011 and SRO. 831 (1)/2012 dated July 05, 2012, the shareholders possessing physical shares are requested to send a copy of their Computerized National Identity Card (CNIC) to our Registrar's Office, F.D. Registrar Services (SMC-Pvt) Limited, 1705, 17th Floor, Saima Trade Tower-A, I.I.Chundrigar Road, Karachi-74000 without any delay. In case of non-receipt of the copy of valid CNIC and non-compliance of the above requirement, the Company will be constrained to withhold dispatch of Bonus Shares to such shareholders. Corporate entities are also requested to submit their NTN at the address of our Registrar as given above.

7) PLACEMENT OF FINANCIAL STATEMENTS

The Company placed the annual Audited Financial Statements for the year ended December 31, 2015, along with the Auditors and Directors Reports on the website: www.theunitedinsurance.com

Notice of the 56th Annual General Meeting

8) WITHHOLDING TAX ON BONUS ISSUE @ 5%

Pursuant to the provisions of the Finance Act, 2014 listed companies issuing bonus shares have been made responsible for collecting tax on the said deemed income, which is 5 percent of the value of bonus shares Under Sections 236M of Income Tax Ordinance 2001. Tax collected by the company shall be a final tax on the income of the shareholder of the company arising from issuance of bonus shares. The Company quoted on stock exchange, issuing bonus shares to the shareholders of the company, shall withhold 5% of the bonus shares to be issued. These bonus shares withheld shall only be issued to the shareholder if the company collects, within fifteen days, from the shareholder tax equal to five per cent of the value of the total bonus shares issued to the shareholder determined on the basis of the day-end price on the first day of closure of books. In case of default, either on the part of the company or the shareholder, the company shall deposit the bonus shares withheld in Central Depository Company of Pakistan Limited or any other entity as may be prescribed.

Members seeking exemption from deduction of income tax are requested to submit a valid tax exemption certificate or necessary documentary evidence as the case may be.

9) CONSENT FOR VIDEO CONFERENCE FACILITY

Members can also avail video conferencing facility. In this regard please fill the following and submit to registered address of the company 10 days before holding of general meeting.

If the company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of meeting, the company will arrange video conference facility in that city.

The company will intimate members regarding venue of video conference facility at least 5 days before the date of general meeting along with complete information necessary to enable them to access such facility.

I/We, _____ of _____, being a member of the United Insurance Company of Pakistan Limited, holder of _____ Ordinary Share(s) as per Register Folio no. _____ hereby opt for video conference facility at _____.

Notice of the 56th Annual General Meeting

STATEMENT U/S 160(1) (B) & (C) OF THE COMPANIES ORDINANCE 1984 PERTAINING TO THE SPECIAL BUSINESS

1. Item no. 6 regarding bonus issue:

Bonus issue will be governed by rules and regulations.

The Directors being satisfied with the reserves and profits of the Company as at December 31, 2015 have recommended issue of Bonus Shares. The Directors have no interest directly or indirectly except that they are members of the Company.

2. Item no. 7 regarding remuneration of directors:

Remuneration is payable to the working Directors of the Company and Fees to the non-executive/independent directors. The Directors have no interest directly or indirectly except to the extent stated above in the special business.

3. Item no. 8 regarding e-voting:

Shareholders have the right to be part of the decision-making process of their company to the extent provided by the law. Electronic voting facility will help shareholders in different locations to take part in the decision-making process of the company.

The SECP defines the process of e-voting as per Companies (E-Voting) Regulations, 2016 that the Board of Directors of the company shall appoint eligible intermediary for e-voting and the intermediary will provide the details of execution officer to the company before issuance of notice of general meeting. Members will be informed through a notice of general meeting and can exercise their right to vote through e-voting by giving their consent in writing.

Shareholder's approval is being sought by the way of passing Special Resolution (s) to alter the Articles of Association of the Company to enable E-Voting.

None of the Directors of the Company have any direct or indirect interest in above said Special Business.

Proxy Form

The United Insurance Company of Pakistan Limited.

204, 2nd Floor, Madina City Mall, Abdullah Haroon Road, Saddar Karachi.

I / We _____ of _____

being a member of The United Insurance Company Of Pakistan Limited and a holder of _____

ordinary shares, as per Share Register Folio No. _____ and / or CDC

Participant I.D. No. _____ and sub Account No. _____

hereby appoint _____ of _____

(Name)

failing him _____ of _____

(Name)

who are also members of **The United Insurance Company of Pakistan Limited** as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on April 26, 2016 at 11:00 a.m and at any adjourment thereof.

Signed this _____ day of _____ 2016.



WITNESS:

1. Signature: _____

Name: _____

Address: _____

CNIC No: _____

Signature

2. Signature: _____

Name: _____

Address: _____

CNIC No: _____

Note:

1. Signature should agree with the specimen signature registered with the company.
2. The Proxy Form must be deposited at the Registered Office of the Company not later than 48 hours before the time of holding the Meeting.
3. No person shall act as proxy unless he/she is a member of the company.
4. CDC Shareholders and their proxies are each requested to attach an attested Photocopy of their Computerized National Identity Card or Passport with this proxy form before submission to the Company.

نمائندگی نامہ

دی یونائیٹڈ انشورنس کمپنی آف پاکستان لمیٹڈ
۲۰۴، دوسری منزل، مدینہ سٹی مال، عبداللہ ہارون روڈ، صدر کراچی

میں/ہم _____ کا/کے _____

بحیثیت رکن دی یونائیٹڈ انشورنس کمپنی آف پاکستان لمیٹڈ اور حامل عام حصص، برطانیق شیئرز رجسٹر فوئیو نمبر _____ اور/یا سی ڈی سی

پارٹیسپنٹ (شرکت) آئی ڈی نمبر _____ اور سب اکاؤنٹ (ذیلی کھاتہ) نمبر _____

محترم/محترمہ _____ کو اپنے/ہمارے ایماء پر مورخہ: 26 اپریل، 2016 کو دن 11:00 بجے رائل پام گولف اینڈ

کنفری کلب 52، کینال بینک روڈ میں منعقد ہونے والے کمپنی کے ۵۶ ویں سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے یا کسی بھی التواء کی صورت اپنا/ہمارا بطور مختار
(پراسی) مقرر کرتا ہوں/کرتے ہیں۔

آج بروز _____ بتاریخ _____، 2016 کو دستخط کئے گئے۔

پانچ روپے مالیت کا رسیدی ٹکٹ پر دستخط

گواہان:

دستخط کھیتی کے نمونہ دستخط سے مماثل ہونے چاہئیں

1- دستخط: _____

نام: _____

پتہ: _____

کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر:

2- دستخط: _____

نام: _____

پتہ: _____

کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر:

نوٹ:

- 1- ایک ممبر (رکن) جو اجلاس میں شرکت اور ووٹ دینے کا مجاز ہو، اپنی جگہ کسی اور شخص کو بطور نائب شرکت کرنے اور ووٹ دینے کا حق تفویض کر سکتا ہے۔
- 2- ایک ممبر (رکن) جو اجلاس میں شرکت نہیں کر سکتا، وہ اس فارم کو مکمل کرے اور دستخط کرنے کے بعد اجلاس شروع ہونے سے کم از کم 48 گھنٹے قبل کمپنی سیکریٹری، یونائیٹڈ انٹرنیشنل کمپنی آف پاکستان لمیٹڈ اور رجسٹر آفس 204 مدینہ سٹی مال عبداللہ ہارون روڈ، صدر بازار کراچی کے پتے پر ارسال کر دے۔
- 3- سی ڈی سی شیئر ہولڈر ہونے کی صورت میں درج بالا کے علاوہ ذیل میں درج ہدایات پر بھی عمل کرنا ہوگا:
 - (الف) فرد ہونے کی صورت میں، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور/یا وہ فرد جس کی سیکورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن کی تفصیلات قواعد و ضوابط کے مطابق اپ لوڈ ہوں، انہیں کمپنی کی جانب سے دی گئی ہدایات کی روشنی میں پراکسی فارم جمع کرانا ہوگا۔
 - (ب) مختار نامے پر بطور گواہان دو افراد کے دستخط ہونے چاہئیں اور ان کے نام، پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر فارم پر درج ہوں۔
 - (ج) بینیفیشیل اونرز (مستفید ہونے والے فرد) کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول بھی منسلک کرنی ہوں گی جسے نائب مختار نامے کے ہمراہ پیش کرے گا۔
 - (د) اجلاس کے وقت نائب کو اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔
 - (ه) کارپوریٹ ادارہ ہونے کی صورت میں بحیثیت ممبر (رکن)، بورڈ آف ڈائریکٹرز کی قرارداد/مع نامزد کردہ شخص / اٹارنی کے نمونہ دستخط پاؤر آف اٹارنی (اگر پہلے فراہم نہ کئے گئے ہوں) پراکسی فارم (مختار نامے) کے ہمراہ کمپنی میں جمع کرانا ہوگا۔

UIG HOUSE

2nd Floor, 6-D, Upper Mall, Lahore

UAN: (92-42) 111-000-014

T: (92-42) 35776475-85

F: (92-42) 35776486-87

E: uicp@theunitedinsurance.com



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