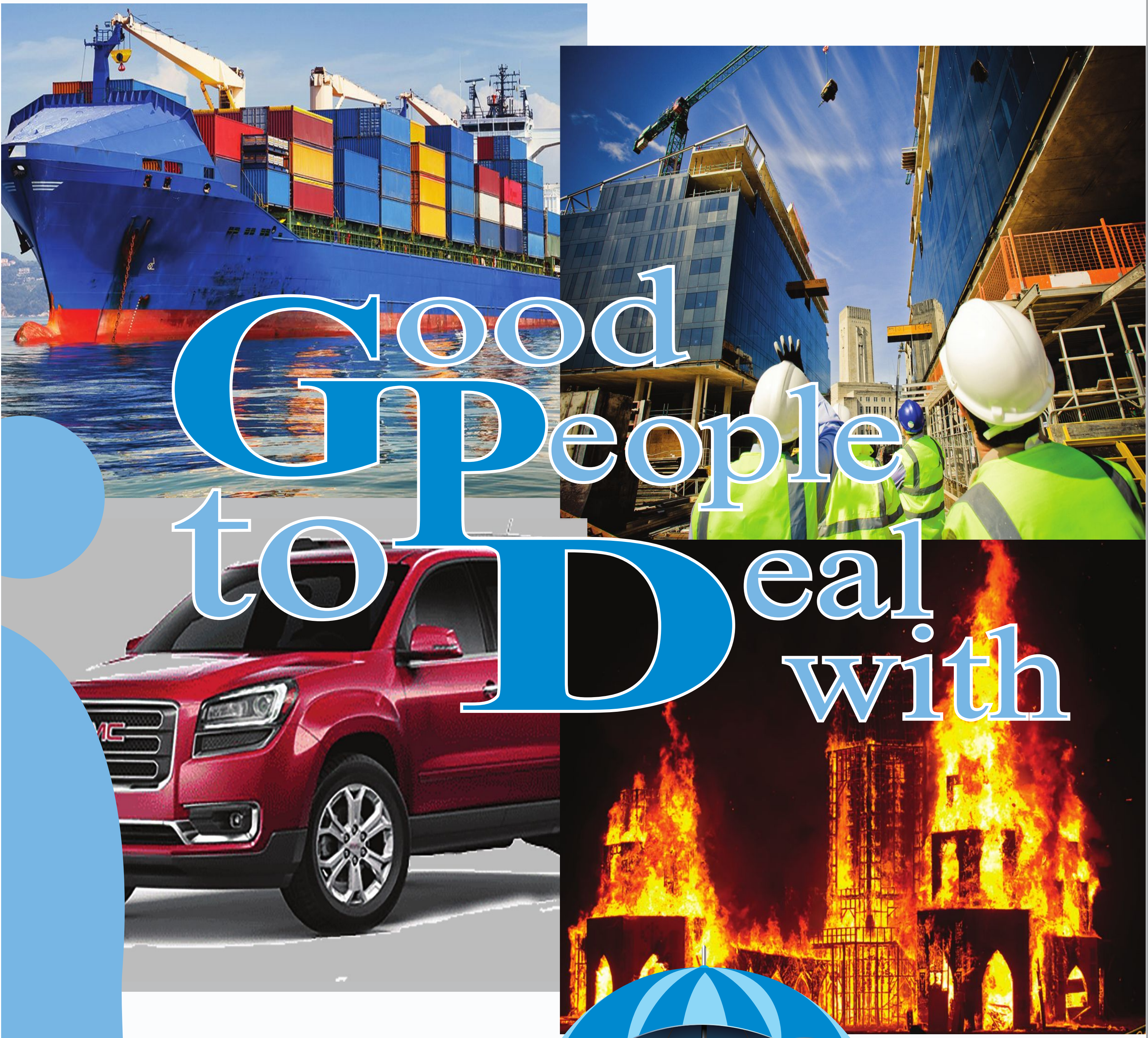
64th Annual Report - 2015



alpha
Insurance Company Limited.
A subsidiary of State Life Insurance Corporation of Pakistan

Contents

Company Information

Board of Directors

Ms. Nargis Ghaloo
Chairperson

Mr. Maudood Ahmad Lodhi
Director

Mr. Muhammad Javed Khan
Director

Mr. Jamil Anwar
Director

Mr. Muhammad Rashid
Director

Mr. Sultan A. Allana
Director

Capt. M. Jamil Akhtar Khan
Managing Director & CEO

Company Secretary

Mr. Latif Ahmad Choudhri

Board Committees

Audit Committee

Mr. Muhammad Javed Khan
Chairman

Mr. Maudood Ahmad Lodhi
Member

Mr. Muhammad Rashid
Member

Miss. Sidra Jafri
Secretary

Human Resource Committee

Mr. Maudood Ahmad Lodhi
Chairman

Mr. Muhammad Javed Khan
Member

Mr. Jamil Anwar
Member

Mr. Muhammad Rashid
Member

Mr. Sultan A. Allana
Member

Capt. M. Jamil Akhtar Khan
MD/CEO - Member

Mr. Latif Ahmad Choudhri
Secretary

Business Plan and Information Technology Committee

Mr. Maudood Ahmad Lodhi
Chairman

Mr. Muhammad Javed Khan
Member

Mr. Muhammad Rashid
Member

Capt. M. Jamil Akhtar Khan
MD/CEO - Member

Mr. Latif Ahmad Choudhri
Secretary

Underwriting and Re-Insurance Committee

Mr. Maudood Ahmad Lodhi
Chairman

Capt. M. Jamil Akhtar Khan
MD/CEO - Member

Mr. Asad Ali Shaikh
Member

Mr. Latif Ahmad Choudhri
Member/Secretary

Claims' Committee

Mr. Jamil Anwar
Chairman

Capt. M. Jamil Akhtar Khan
MD/CEO - Member

Mr. Latif Ahmad Choudhri
Member

Mr.Saleem Abdul Sattar
Member

Mr. Sabir Ali
Secretary

Company Information

Management

Capt. M. Jamil Akhtar Khan
ACII, MCIT, Master Mariner
Managing Director/CEO

Mr. Latif Ahmad Choudhri
LLB, ACII
General Manager (Operations) &
Company Secretary

Mr. Saleem Abdul Sattar
Deputy General Manager &
Chief Financial Officer

Mr. Asad Ali Shaikh, *ACII*
Deputy General Manager
(Underwriting & Re-Insurance)

Mr. Mohammad Farooq
Assistant General Manager (Underwriting)

Mr. Sabir Ali
Assistant General Manager (Claims)

Mr. Danish Khalid
Assistant General Manager
(Motor-Claims)

Mr. Shahzad Sher Ali
Assistant General Manager (I.T)

Miss. Sidra Jafri
Head of Internal Audit

Mr. Salman Khurshid
Manager (Administration)

Marketing

S. A. Raza
Sr. General Manager & Regional Chief
Northern Region
Islamabad

Mr. M. Aslam Sabir, *FCII*
General Manager & Regional Chief
Central Region
Lahore

Mr. Manzoor Ahmed
General Manager & Regional Chief
Corporate Region
Rawalpindi

Mr. Mohammad Reyaz Ahmed
General Manager / Branch Head
Main Branch
Karachi

Mr. Suleman Basaria
General Manager / Branch Head
Clifton Branch
Karachi

Mr. Malik Sultan Mehmood
General Manager / Branch Head
Tower Branch
Karachi

Mr. Iqbal Macha
Deputy General Manager / Branch Head
I.I. Chundrigar Road Branch
Karachi

Mr. Faheem Ahmad Awan
Asst. General Manager/ Branch Head
Karachi - 1 Branch
Karachi

Mr. Azmat Ullah Shaikh
Asst. General Manager/ Branch Head
Central Branch
Karachi

Mr. Riaz Ahmad Razzi
Chief Manager
Multan Branch
Multan

Mr. Wahid Khan
Chief Manager
Quetta Branch
Quetta

Mr. Mohammad Amin Riffat
Branch Manager
Bahawalpur Branch
Bahawalpur

Mr. Hamzullah Khan
Branch Manager
Peshawar Branch
Peshawar

Auditors

M/s. A.F. Ferguson & Co.
(A Member Firm of
PRICEWATERHOUSECOOPERS)

Legal Consultants

M/s. Mansoor Ahmed Khan & Co.
Mr. Mohammad Shafiq Mughal
Mian Mohammad Sharif
Mr. Mohammad Yousuf Khan
Mr. A.R. Shahid

Tax Consultants

M/s. Ernst & Young Ford Rhodes Sidat
Hyder, Chartered Accountants

Bankers

United Bank Limited
NIB Bank Limited
Allied Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Limited
National Bank of Pakistan
Soneri Bank Limited
Faysal Bank Limited

Reinsurers

Pakistan Re-Insurance Company Limited
Labuan Re
Saudi Re
Emirates Re

Registered Office

State Life Building # 1-B,
I.I. Chundrigar Road Karachi -Pakistan
Tel: 32416041-45
Fax:32419968, 32422478
E-Mail: info@alphainsurance.com.pk
Web: www.alphainsurance.com.pk

Financial Highlights Ten Years At A Glance

(Rupees in '000)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
				(Restated)		(Restated)	(Restated)				
Paid Up Capital	403,600	403,600	403,600	403,600	303,600	303,600	303,600	161,920	121,440	101,200	88,000
Reserves & Funds	387,049	438,046	435,720	377,600	296,639	261,810	221,554	262,999	342,941	280,562	234,920
Investments, Cash & Bank Balances	687,781	679,007	663,172	556,168	393,184	356,898	340,488	243,880	268,732	223,910	196,017
Gross Premium	179,989	219,652	265,239	203,849	155,043	139,767	109,245	118,809	147,918	168,739	139,689
Retained Premium	63,215	90,907	115,148	67,428	74,277	59,099	61,511	77,039	99,501	109,740	85,729
Claims Incurred	14,991	53,856	55,815	37,441	51,839	46,514	44,796	48,543	61,658	58,618	47,805
Investments and Miscellaneous Income	80,481	94,300	162,460	99,131	64,098	48,133	35,044	30,254	95,125	28,457	23,062
Profit / (Loss) Before Tax	41,128	23,056	103,200	31,883	4,876	(255)	(1,596)	2,870	86,487	36,784	28,007
Profit / (Loss) After Tax	31,664	19,509	97,677	35,208	17,848	(1,034)	(2,417)	(17,486)	84,023	27,666	18,044
Dividend - Cash	-	-	-	-	-	-	-	-	5%	5%	12.50%
Stock	-	-	-	-	-	-	25%	-	33%	20%	15%
Underwritting Profit / (Loss)	(12,280)	(42,981)	(30,534)	(43,419)	(38,580)	(30,544)	(20,128)	(9,723)	4,453	22,265	16,481

VISION STATEMENT

With help and involvement of all its Stakeholders to make Alpha one of the leading General Insurance companies of the country with a vibrant marketing force and efficient and responsive office staff, so as to provide best quality services to its policyholders.

MISSION STATEMENT

To work zealously towards attaining these objectives and be able to compete in the open market by developing a vibrant field force and efficient and responsive office staff.

RATING

JCR-VIS has assigned Insurers' Financial Strength rating 'A' with 'Stable' outlook to Alpha Insurance.

OUR QUALITY POLICY

We are committed to provide best quality service to our valued policyholders to their satisfaction by assessing their risk need, tailoring product to their requirements and by consistent efforts to reduce time for settlement of claims. We believe that proper assessment of risks of our clients and prompt settlement of claims are the key to our Company's growth.

To comply with and continuously improve the effectiveness of our Quality Management System.

Alpha Insurance Company Limited.
A subsidiary of State Life Insurance Corporation of Pakistan

Notice of Annual General Meeting

Notice is hereby given that 64th Annual General Meeting of Alpha Insurance Company Limited will be held on Thursday, April 28, 2016 at 11:00 a.m. at the Company's Head Office, 4th Floor, Building No. 1-B, State Life Square, off I. I. Chundrigar Road, Karachi to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the 63rd Annual General Meeting held on Wednesday, April 29, 2015.

2. To receive, consider and adopt Directors' report and Audited Financial Statements of the Company for the year ended December 31, 2015 together with the Auditors' report thereon.

3. To appoint the auditors for the year 2016 and fix their remuneration.

4. Any other matter with the permission of the Chair.

By Orders of the Board

Latif Ahmad Choudhri
Company Secretary

Karachi: April 07, 2016

Notes:

1. The share transfer Books of the Company will remain closed from April 19, 2016 to April 28, 2016 (both days inclusive)

2. A member entitled to attend and vote at the meeting may appoint another member as proxy to attend and vote in the meeting.

3. The instrument appointing a proxy must be received at the Head Office of the Company at 4th Floor, Building No. 1-B, State Life Square, I. I. Chundrigar Road, Karachi not later than 48 hours before the time appointed for the Meeting. A member shall not be entitled to appoint more than one proxy. If a member appoints more than one proxy and more than one instrument of proxy are deposited by a member with the Company, all such instruments of proxies shall be rendered invalid.

4. Change of address, if any, should be notified immediately to the Company at 4th Floor, Building No. 1-B, State Life Square, I .I. Chundrigar Road, Karachi.

Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (the Code) for insurance companies for the purpose of establishing a framework of good governance, whereby an Insurance company is managed in compliance with the best practices of Corporate Governance. The Board of Directors of the Company have adopted and applied the principles contained in the Code in the following manner:

1. The Directors have confirmed that none of them is serving as a Director in ten or more listed companies.

2. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution (DFI) or a Non-Banking Financial Institution (NBFI) or, being a member of a stock exchange, has been declared as a defaulter by a stock exchange.

3. Two casual vacancies occurring in the Board on February 9, 2015 and February 28, 2015 were filled up by the directors on March 12, 2015 and April 2, 2015 respectively. All other casual vacancies occurring in the Board we refilled up by the directors within 30 days thereof.

4. The Company has prepared a 'Statement of Ethics and Business Practices which has been signed by all the directors and employees of the Company.

5. The Board has developed vision and mission statements and an overall corporate strategy has been approved by the Board. Significant policies of the Company have been formulated, and have been approved by the Board.

6. 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 Chief Executive Officer (CEO) have been taken by the Board.

7. The meetings of the Board were presided over by the Chairman, where present, and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings or waiver for notice period was approved by the Board. The minutes of the meetings were appropriately recorded and circulated.

8. The Board has established a system of sound internal control, which is effectively implemented at all levels within the company. Such system is continuously reviewed for improvements. The Company has included all the necessary aspects of internal control given in the Code.

9. The Board comprises of senior executives, professionals and entrepreneurs who are fully aware of their duties and responsibilities. Hence, no need was felt by the Directors for any orientation course during the year.

10. The Board has approved the appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit and including their remuneration and terms and conditions of employment as determined by the Chief Executive Officer.

11. The Directors' 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 the Chief Executive Officer and Chief Financial Officer 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 Code.

15. The Board has formed Underwriting & Reinsurance and the Claims Settlement committees.

16. The Board has formed an Audit Committee. It comprises three members all of whom are non-executive directors including the Chairman of the committee.

17. The meetings of the audit committee were held in the last three quarters but not in the first one. These meetings were held prior to the approval of interim and final results of the Company and as required by the Code. The terms of reference of the audit committee have been formed and advised to the audit committee for compliance.

18. The Board has established an Internal Audit Department the head of which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company and is involved in the internal audit function on a full time basis.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and or its associates 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 Institute of Chartered Accountants of Pakistan.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The actuary engaged by the company has confirmed that he or his spouse and minor children do not hold shares of the company.

22. The Board ensures that the engaged actuary whose services were acquired complied with the requirements set out for him in the Code.

23. We confirm that all other material principles contained in the Code have been complied with.

Karachi: Dated: April 01 , 2016

Capt. M. Jamil Akhtar Khan
Managing Director & CEO

Report of the Directors to the Members

The Directors of your Company take pleasure in presenting 64th Annual Report together with Audited Financial Statements and Auditors' Report thereon for the year ended December 31, 2015.

Financial Results

	2015	2014
	--------- Rupees ---------	
Gross premium	179,988,770	219,652,213
Net Premium Revenue	63,215,017	90,907,074
Underwriting results (Loss)	(12,280,396)	(42,981,208)
Profit / (Loss) before tax	41,127,632	23,055,758
Profit / (Loss) after tax	31,664,249	19,508,781
Profit available for appropriation	221,534,492	189,529,024

Gross premium has decreased by 18.06% over the previous year. There are multiple reasons for the decline. Conservative underwriting practice was the main reason for downfall in business. Furthermore, poor cotton crop during the year adversely impacted our banks'-derived business, particularly from Punjab as well as interior Sind. Another significant set-back was de-listing of the Company by one major bank due to delayed settlement of a large claim. Underwriting result is negative due to unfavourable terms from Re-Insurers and relatively high business acquisition costs. Despite this, the Company has made pre-tax profit of Rs. 41.128 million and after tax profit of Rs. 31.664 million for the year out of its investments. The management has been cognizant of these issues and has been able to negotiate better terms along with enhanced re-insurance capacities for the ensuing year.

The Management is hopeful of profitable growth by opening new branches in the regions not optimally attended till now and focusing on large clients.

JCR-VIS has assigned "A" rating with ‘Stable’ outlook to the Company.

The Board is confident that ultimate outcome of contingencies mentioned in note 09 to the Financial Statements will be in Company's favour.

Appropriations

In view of nominal profit for the year Directors have decided not to pay dividend for the year. This will strengthen the financial position of the Company.

Earning Per Share

The profit per share after tax for the year is Rs. 0.78 as against profit per share of Rs.0.48 in 2014.

Auditors

M/s. A.F. Ferguson & Company, Chartered Accountants have completed their five years' auditing assignment with our Company and in accordance with the mandatory requirement, we have recommended M/s. KPMG Taseer Hadi & Co. Chartered Accountants as our external auditors for the current year. We take this opportunity to express our appreciation to the outgoing auditors for their meticulous working and the management feels benefitted from their professional competence and skills.

Statements of Directors

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- The internal control system has been augmented and has provided effective monitoring and controls to the senior management.
- There is no basis to doubt about the Company's ability to continue as a going concern.
- Statement of Compliance with the Code of Corporate Governance is attached to these Financial Statements.

Board of Directors' Meetings

During the year the Board held seven meetings. Attendance by each Director was as follows:

S. No.	Name of the Director	Eligible for No of meetings	Attendance
1	Ms. Nargis Ghaloo	7	6
2	Mr. Maudood Ahmad Lodhi	7	4
3	Mr. Muhammad Javed Khan	7	5
4	Mr. Jamil Anwar	7	6
5	Mr. Muhammad Rashid	7	7
6	M1r. Sultan A. Allana	4	3
7	Capt. Muhammad Jamil Akhtar Khan	2	2
8	Mr. Muhammad Raeesuddin Paracha	1	1
9	Mr. Umair Khan	3	3
10	Mr. Muhammad Faisal Mumtaz	1	1
11	Mr. Atif Saeed Rana	2	1

During the year, the Board welcomed M/s. Maudood Ahmad Lodhi, Muhammad Javed Khan, Jamil Anwar and Sultan A. Allana as newly appointed Directors and Capt. Muhammad Jamil Akhtar Khan as Managing Director & Chief Executive Officer. The Directors wish to place on record their appreciation of valuable contributions made by the outgoing Directors M/s. Muhammad Raeesuddin Paracha, Muhammad Izqar Khan, Muhammad Faisal Mumtaz, Atif Saeed Rana, Nadeem Bessey and Umair Khan Managing Director and Chief Executive Officer.

Employees Provident and Gratuity Funds

Values of investments based on the most recent audited accounts for the year 2014 of the respective funds are:

	(Rupees)
Provident Fund	32,888,400
Gratuity Fund	9,429,610

Pattern of Share Holdings

Pattern of share holding is enclosed in this annual report.

Ten Years Key Data

Ten years key data is also enclosed in this annual report.

Our thanks are due to our valued clients for placing confidence in the Company. Our thanks are also due to the Securities & Exchange Commission of Pakistan, The Insurance Association of Pakistan, State Bank of Pakistan and all our foreign correspondents and reinsurers as well as our major shareholder State Life Insurance Corporation of Pakistan, whose cooperation, guidance and advice have been a source of valued assistance to us.

Last but not the least; I take this opportunity to place on record our appreciation of the services rendered by our marketing and office staff throughout the country.

For and on behalf of the Board

Nargis Ghaloo
Chairperson

Karachi: April 01, 2016

A.F . FERGUSON & CO.

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **Alpha Insurance Company Limited** for the year ended December 31, 2015 to voluntarily comply with the Code of Corporate Governance relevant to unlisted insurance companies, issued by the Securities and Exchange Commission of Pakistan.

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

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

Further, we highlight below instances of non-compliances with the requirements of the Code as reflected in the paragraph references where these are stated in the Statement of Compliance:

Paragraph reference	Description
3	Two casual vacancies occurring in the Board during the year were not filled up by the directors within thirty days thereof.
17	No meeting of the audit committee was held in the first quarter of the financial year.

A.F.Ferguson & Co.

Chartered Accountants
Dated: April 05, 2016
Karachi

Auditors' Report to the Members of Alpha Insurance Company Limited

We have audited the annexed financial statements comprising of:

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

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

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

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

In our opinion:

(a) proper books of accounts have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;

(b) the 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;

(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 approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and

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

Chartered Accountants
Engagement Partner: **Rashid A. Jafer**
Dated: April 05, 2016
Karachi

alpha
Insurance Company Limited.
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Balance Sheet
As at December 31, 2015

	Note	2015	2014
		-------- Rupees --------	
SHARE CAPITAL AND RESERVES			
Authorised share capital			
[50,000,000 (2014: 50,000,000) ordinary shares of Rs.10 each]	6	500,000,000	500,000,000
Issued, subscribed and paid-up share capital [40,360,000 (2014: 40,360,000) ordinary shares of Rs.10 each]	6	403,600,000	403,600,000
Retained earnings		221,534,492	189,529,024
Other reserves		10,175,000	10,175,000
TOTAL EQUITY		635,309,492	603,304,024
LIABILITIES			
Underwriting provisions			
Provision for outstanding claims (including IBNR)		78,388,667	132,188,495
Provision for premium deficiency		1,176,868	2,385,827
Provision for unearned premium		67,283,918	89,740,292
Commission income unearned		8,489,852	14,027,615
		155,339,305	238,342,229
Creditors and accruals			
Amounts due to other insurers / reinsurers		97,231,396	90,813,430
Accrued expenses	7	33,550,439	36,609,442
Other creditors and accruals	8	50,034,119	57,631,721
		180,815,954	185,054,593
Other liabilities			
Unclaimed dividend		3,011,260	3,011,260
TOTAL LIABILITIES		339,166,519	426,408,082
TOTAL EQUITY AND LIABILITIES		974,476,011	1,029,712,106
CONTINGENCIES AND COMMITMENTS	9		

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

Chief Executive	Chairperson	Director	Director

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Balance Sheet
As at December 31, 2015

	Note	2015	2014
		-------- Rupees --------	
ASSETS			
Cash and bank deposits	10		
Cash and other equivalents		112,285	141,960
Current and other accounts		33,038,758	64,177,179
		33,151,043	64,319,139
Investments	11	654,630,163	614,688,169
Other assets			
Premium due but unpaid - unsecured	12	66,591,122	72,058,582
Amounts due from other insurers / reinsurers - unsecured	13	43,941,200	53,463,011
Accrued investment income	14	22,667,053	22,759,825
Reinsurance recoveries against outstanding claims	15	33,663,772	48,850,778
Taxation - payments less provision		32,220,522	37,001,433
Deferred commission expense		11,946,420	18,634,700
Prepayments	16	35,038,702	54,914,057
Sundry receivables	17	6,274,058	5,970,208
		252,342,849	313,652,594
Deferred taxation	18	23,944,952	23,207,350
Fixed assets	19		
Tangible			
Furniture and fixtures		5,871,805	6,931,433
Office equipment		233,920	438,421
Computer and related accessories		624,053	863,732
Motor vehicles		2,634,427	4,352,785
Electrical installation		1,042,799	1,258,483
		10,407,004	13,844,854
Intangible			
Computer software		-	-
		10,407,004	13,844,854
TOTAL ASSETS		974,476,011	1,029,712,106

Chief Executive　　Chairperson　　Director　　Director

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

	Note	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Credit and suretyship	Miscella-neous	Aggregate 2015	Aggregate 2014
		-------------------------------Rupees-------------------------------							
Revenue account									
Net premium revenue		16,748,339	6,850,912	26,270,623	5,022,775	1,244,784	7,077,584	63,215,017	90,907,074
Net claims		(9,408,528)	66,447	357,066	(5,529,567)	-	(476,286)	(14,990,868)	(53,855,523)
Premium deficiency expenses		-	-	1,998,879	(789,920)	-	-	1,208,959	1,850,257
Management expenses	20	(22,918,480)	(11,432,333)	(10,716,195)	(1,708,359)	(1,333,307)	(5,419,044)	(53,527,718)	(71,267,167)
Net commission		(4,473,218)	198,686	(3,890,442)	(251,058)	(13,064)	243,310	(8,185,786)	(10,615,849)
Underwriting results		(20,051,887)	(4,316,288)	14,019,931	(3,256,129)	(101,587)	1,425,564	(12,280,396)	(42,981,208)
Other income and expenses									
Net investment income								77,296,826	87,971,904
Other income	21							3,183,727	6,328,093
General and administration expenses	22							(27,072,525)	(28,263,031)
Profit for the year before taxation								41,127,632	23,055,758
Taxation	23								
- Current year								(10,954,179)	(7,377,089)
- Prior year								753,194	(402,658)
- Deferred								737,602	4,232,770
								(9,463,383)	(3,546,977)
Profit for the year after taxation								31,664,249	19,508,781
Profit and loss appropriation account									
Balance at commencement of the year								189,529,024	169,945,963
Profit for the year after taxation								31,664,249	19,508,781
Other comprehensive income								341,219	74,280
Balance of unappropriated profit at the end of the year								221,534,492	189,529,024
Earnings per share - basic and diluted	24							0.78	0.48

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

Chief Executive	Chairperson	Director	Director

alpha
Insurance Company Limited.
A subsidiary of State Life Insurance Corporation of Pakistan

Statement of Comprehensive Income
For the year ended December 31, 2015

	2015	2014
	-------- Rupees --------	
Profit for the year after taxation	31,664,249	19,508,781
Other comprehensive income		
Items that will not be reclassified to profit and loss		
Remeasurements of defined benefit plan	501,793	110,865
Tax on remeasurements of defined benefit plan	(160,574)	(36,585)
	341,219	74,280
Total comprehensive income for the year	32,005,468	19,583,061

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

Chief Executive | Chairperson | Director | Director

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

	Share Capital	Reserves			Total
		Capital reserves	Revenue reserves		
	Paid - up share capital	Reserve for exceptional losses *	General reserve	Retained earnings	
	-----------------------(Rupees)-----------------------				
Balance as at January 1, 2014	403,600,000	3,355,000	6,820,000	169,945,963	583,720,963
Total comprehensive income for the year					
Profit for the year after taxation	-	-	-	19,508,781	19,508,781
Remeasurement gain on defined benefit obligation - net of tax	-	-	-	74,280	74,280
	-	-	-	19,583,061	19,583,061
Balance as at December 31, 2014	403,600,000	3,355,000	6,820,000	189,529,024	603,304,024
Total comprehensive income for the year					
Profit for the year after taxation	-	-	-	31,664,249	31,664,249
Remeasurement gain on defined benefit obligation - net of tax	-	-	-	341,219	341,219
	-	-	-	32,005,468	32,005,468
Balance as at December 31, 2015	**403,600,000**	**3,355,000**	**6,820,000**	**221,534,492**	**635,309,492**

* The reserve for exceptional losses represents amounts set aside till December 31, 1978 to avail deduction thereof in computing taxable income, as allowed previously under the old Income Tax Act of 1922. After the introduction of the Repealed Income Tax Ordinance, 1979, which did not permit the said deduction, the Company discontinued the setting aside of amounts as reserve for exceptional losses.

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

Chief Executive | Chairperson | Director | Director

Statement of Cash Flows
For the year ended December 31, 2015

	Note	2015	2014
		-------- Rupees --------	
OPERATING CASH FLOWS			
(a) Underwriting activities			
Premiums received		185,456,230	222,816,072
Reinsurance premiums paid		(112,668,828)	(140,744,087)
Claims paid		(135,755,950)	(119,420,375)
Reinsurance and other recoveries received		82,152,260	61,958,708
Commission paid		(35,599,244)	(42,520,920)
Commission received		36,476,235	43,193,190
Other underwriting payments		(54,519,322)	(62,464,136)
Net cash used in underwriting activities		(34,458,619)	(37,181,548)
(b) Other operating activities			
Income tax paid		(5,420,074)	(7,069,545)
General management expenses paid		(25,656,151)	(29,394,887)
Other operating payments		(6,017,071)	(293,461)
Other operating receipts		3,212,747	8,337,754
Net cash used in other operating activities		(33,880,549)	(28,420,139)
Net cash used in operating activities		(68,339,168)	(65,601,687)
INVESTMENT ACTIVITIES			
Profit / return received		60,419,175	57,748,305
Dividend received		8,797,737	5,202,160
Payment for investments		(513,458,556)	(1,024,206,677)
Proceeds from disposal of investments		481,689,248	1,017,129,499
Fixed capital expenditure		(276,532)	(2,578,982)
Proceeds from disposal of fixed assets		-	852,100
Net cash generated from investment activities		37,171,072	54,146,405
FINANCING ACTIVITIES			
Dividends paid		-	(72,445)
Net cash used in financing activities		-	(72,445)
Net cash used in all activities		(31,168,096)	(11,527,727)
Cash and cash equivalents at the beginning of the year		64,319,139	75,846,866
Cash and cash equivalents at the end of the year	10	33,151,043	64,319,139

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

Statement of Cash Flows
For the year ended December 31, 2015

Reconciliation to Profit and Loss Account

	2015	2014
	-------- Rupees --------	
Operating cash flows	(68,339,168)	(65,601,687)
Depreciation expense	(3,714,382)	(4,098,819)
Gain on disposal of fixed assets	-	852,100
Increase in assets other than cash	(61,558,192)	(21,947,694)
Decrease in liabilities	87,241,563	18,100,207
Investment income	77,296,826	87,971,904
Deferred tax charge	737,602	4,232,770
Profit after taxation	31,664,249	19,508,781

Definition of cash:

Cash comprises of cash and stamps in hand and bank balances.

Cash for the purpose of the Statement of Cash Flows consists of:	2015	2014
	-------- Rupees --------	
Cash and other equivalents		
- cash in hand	-	-
- stamps in hand	112,285	141,960
	112,285	141,960
Current and other accounts		
- current accounts	8,690,943	21,646,513
- savings accounts	24,347,815	42,530,666
	33,038,758	64,177,179
	33,151,043	64,319,139

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

Chief Executive	Chairperson	Director	Director

Statement of Premiums
For the year ended December 31, 2015

Business underwritten inside Pakistan

Class	Premium written	Unearned premium reserve		Premium earned	Re -insurance ceded	Prepaid re-insurance premium ceded		Re-insurance expense	Net premium revenue 2015	Net premium revenue 2014
		Opening	Closing			Opening	Closing			
	(Rupees)									
Direct and facultative										
Fire and property damage	77,064,168	51,355,732	33,211,612	95,208,288	63,197,033	39,604,216	24,341,300	78,459,949	16,748,339	23,561,517
Marine, aviation and transport	38,441,607	5,196,864	3,884,575	39,753,896	32,376,284	3,533,705	3,007,005	32,902,984	6,850,912	12,438,180
Motor	36,033,570	19,212,137	16,814,340	38,431,367	12,031,189	1,609,545	1,479,990	12,160,744	26,270,623	41,221,644
Accident and health	5,744,414	2,198,628	2,920,267	5,022,775	-	-	-	-	5,022,775	4,610,013
Credit and suretyship	4,483,289	1,219,058	2,943,502	2,758,845	2,092,972	632,085	1,210,996	1,514,061	1,244,784	3,599,347
Miscellaneous	18,221,722	10,557,873	7,509,622	21,269,973	9,389,316	8,547,139	3,744,066	14,192,389	7,077,584	5,476,373
Total	179,988,770	89,740,292	67,283,918	202,445,144	119,086,794	53,926,690	33,783,357	139,230,127	63,215,017	90,907,074

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

Chief Executive   Chairperson   Director   Director

Statement of Claims
For the year ended December 31, 2015

Business underwritten inside Pakistan

Class	Claims paid	Outstanding claims		Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue	Net claims expense 2015	Net claims expense 2014
		Opening	Closing			Opening	Closing			
	------------	------------	------------	------------	------------	(Rupees)	------------	------------	------------	------------
Direct and facultative										
Fire and property damage	68,720,324	48,385,796	40,222,593	60,557,121	54,889,902	27,895,205	24,153,896	51,148,593	9,408,528	16,241,076
Marine, aviation and transport	25,455,398	23,371,063	8,827,006	10,911,341	20,607,191	15,270,478	5,641,075	10,977,788	(66,447)	9,548,978
Motor	30,585,954	52,038,049	22,314,738	862,643	1,871,832	1,249,563	597,440	1,219,709	(357,066)	20,777,890
Accident and health	5,157,450	459,100	831,217	5,529,567	-	-	-	-	5,529,567	4,785,072
Credit and suretyship	-	-	-	-	-		-	-	-	-
Miscellaneous	5,836,824	7,934,487	6,193,113	4,095,450	4,783,335	4,435,532	3,271,361	3,619,164	476,286	2,502,507
Total	135,755,950	132,188,495	78,388,667	81,956,122	82,152,260	48,850,778	33,663,772	66,965,254	14,990,868	53,855,523

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

Chief Executive	Chairperson	Director	Director

Statement of Expenses
For the year ended December 31, 2015

Business underwritten inside Pakistan

Class	Commission paid or payable	Deferred commission expense		Commission expense	Management expenses (Refer Note 5.11 and 20)	Underwriting expenses	Commission from reinsurers *	Net underwriting expenses 2015	Net underwriting expenses 2014
		Opening	Closing						
	(Rupees)								
Direct and facultative									
Fire and property damage	17,567,590	13,382,687	7,529,969	23,420,308	22,918,480	46,338,788	18,947,090	27,391,698	38,562,365
Marine, aviation And transport	9,029,035	1,270,894	903,814	9,396,115	11,432,333	20,828,448	9,594,801	11,233,647	13,945,564
Motor	3,695,598	2,007,382	1,781,803	3,921,177	10,716,195	14,637,372	30,735	14,606,637	19,386,889
Accident and health	287,122	109,888	145,952	251,058	1,708,359	1,959,417	-	1,959,417	1,822,888
Credit and suretyship	736,440	173,664	448,197	461,907	1,333,307	1,795,214	448,843	1,346,371	1,234,943
Miscellaneous	2,673,908	1,690,185	1,136,685	3,227,408	5,419,044	8,646,452	3,470,718	5,175,734	6,930,367
Total	33,989,693	18,634,700	11,946,420	40,677,973	53,527,718	94,205,691	32,492,187	61,713,504	81,883,016

* Commission from reinsurer is arrived at after taking the impact of opening and closing unearned commission.

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

Chief Executive   Chairperson   Director   Director

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

	2015	2014
Income from non-trading investments	-------- Rupees --------	
Loans and receivables		
Return on term deposit receipts	-	728,219
	-	728,219
Held-to-maturity		
Return on government securities	59,220,764	60,390,358
Return on term finance certificates	1,121,390	1,362,820
	60,342,154	61,753,178
Available-for-sale		
Dividend income	8,781,986	5,204,310
Gain on sale of available-for-sale investments	19,158,484	21,888,255
	27,940,470	27,092,565
Provision for impairment in value of investments		
Provision for diminution in value of investments classified as available-for-sale	(10,985,798)	(1,602,058)
Less: Investment related expenses	-	-
Total investment income	77,296,826	87,971,904

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

Chief Executive | Chairperson | Director | Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

1 STATUS AND NATURE OF BUSINESS

Alpha Insurance Company Limited (the Company) was incorporated in Pakistan on December 24, 1951 under the Indian Companies Act VII of 1913 as a public limited company and was registered as a non-life insurance company by the Securities and Exchange Commission of Pakistan (SECP) under the Insurance Ordinance, 2000. The Company is engaged in providing non-life insurance business comprising fire, marine, motor, health, credit and suretyship and miscellaneous. The Company commenced its commercial operations on January 23, 1952.

The principal and registered office of the Company is situated at State Life Building 1-B, I. I. Chundrigar Road, Karachi. The Company has 17 (2014: 18) branches in Pakistan. The parent entity of the Company is State Life Insurance Corporation of Pakistan holding 93.99% (2014: 93.99%) shares of the Company.

2 BASIS OF PRESENTATION

These financial statements have been prepared in accordance with the format prescribed by the SECP through the Securities and Exchange Commission (Insurance) Rules, 2002 [SEC (Insurance) Rules, 2002] vide S.R.O. 938 dated December 12, 2002.

3 STATEMENT OF COMPLIANCE

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

The SECP has allowed insurance companies to defer the application of International Accounting Standard (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 allowed by SECP as aforesaid, have not been considered in the preparation of these financial statements.

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

IFRS 13 ‘Fair value measurement’. The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other IFRSs. The amendment does not impact the financial statements of the Company as in the case of available-for-sale investments, the equity securities are carried at lower of cost or market value in line with S.R.O. 938 issued by the Securities and Exchange Commission of Pakistan on December 12, 2002 (refer note 5.7.1.3).

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

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

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

4 BASIS OF MEASUREMENT

4.1 Accounting convention

These financial statements have been prepared under the historical cost convention except for certain financial assets and liabilities which are stated at fair value or amortised cost as applicable and obligations in respect of staff retirement benefit is carried at present value of defined benefit obligation less fair value of plan assets.

The financial statements have been prepared following the accrual basis of accounting.

4.2 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are prepared and presented in Pakistani Rupees, which is the Company's functional and presentation currency.

4.3 Critical accounting judgments and estimates

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

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

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

- Underwriting provisions (note 5.1.3);
- Reinsurance recoveries against outstanding claims (note 5.1.6 and 15);
- Obligation in respect of defined benefit plan (note 5.3.1 and 26);
- Classification and valuation of financial assets (note 5.7.1);

- Residual values, useful lives and methods of depreciation / amortisation of fixed assets (note 5.8 and 19);
- Impairment of financial and non-financial assets (notes 5.7.1.4 and 5.9);
- Allocation of management expenses (note 5.11 and 20); and
- Current and deferred taxation (note 5.12 and 23).

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Insurance contracts

Insurance contracts are those contracts under which the Company, as insurer, has accepted insurance risk from the insurance contract holder (insured) by agreeing to compensate the insured if a specified uncertain future event (the insured event) adversely affects the insured.

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

Insurance contracts are classified into the 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;
- Accident and health;
- Credit and suretyship; and
- Miscellaneous.

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

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

(c) 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.

(d) Accident and health insurance covers unforeseen cash flows and financial hardships arising due to ailments, accidents and other natural causes necessitating hospitalisation.

(e) Credit and suretyship insurance covers performance bonds in which surety assures the obligee that the principal can perform the task.

(f) Other types of insurance contracts are classified in the miscellaneous category which includes mainly engineering, terrorism, worker compensation, and travel insurances, etc.

These contracts are provided to individuals as well as commercial organisations with various tenures according to the nature and terms of the contract and the needs of the insured.

5.1.1 Premium

Premium received / receivables under a policy is recognised as written from the date of attachment of the policy to which it relates. Premium income under a policy for direct businesses is recognised over the period of insurance from inception to expiry evenly over the period of the policy.

Premium income also includes administrative surcharge that represents documentation and other charges recovered by the Company from policy holders in respect of policies issued, at the rate of 5% of the premium written restricted to a maximum of Rs. 2,000 per policy. Administrative surcharge is recognised as premium at the time the policies are written.

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

5.1.2 Reinsurance ceded

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

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

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

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

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

5.1.3 Underwriting provisions

Underwriting provisions in respect of the insurance contracts entered into by the Company are accounted for as under:

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

The liability in respect of outstanding claims is based on the estimates of the claims intimated or assessed before the end of the accounting year. In addition, conforming to the requirements of the SEC (Insurance) Rules, 2002, a provision is made on an estimated basis for the claims which may have been incurred in the current reporting period but have not been reported to the Company (IBNR) as of the reporting date, after taking into consideration the expected recoveries and settlement costs. This provision is based on management's best estimate which takes into account past trends, expected future patterns of claims reported and claims actually reported subsequent to the reporting date. Any difference between the provision at the reporting date and settlements in the following years is included in the financial statements of that year. IBNR for accident and health is determined and recognised in accordance with valuation carried out by an appointed actuary.

Claims requiring court or arbitration decisions are estimated individually. For reported claims and claims incurred but not reported, the management reviews the related provisions on a quarterly basis.

5.1.3.2 Premium deficiency reserve

As per the SEC (Insurance) Rules, 2002 where the cumulative unearned premium reserve for any classes of business is not adequate to meet the expected future liability, after reinsurance, from claims and other supplementary expenses, including reinsurance expense, commissions and other underwriting expenses, expected to be incurred after the reporting date in respect of policies in that class of business in force at the reporting date, a premium deficiency reserve is recognised as a liability to meet the deficit. The movement in premium deficiency reserve is recorded as an expense / income in the profit and loss account for the year.

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

5.1.3.3 Provision for unearned premium

Provision for unearned premium represents the portion of premium written relating to the unexpired period of coverage and is recognised as a liability by the Company. This liability is calculated as follows:

- For marine, aviation and transport business, as a ratio of unexpired period to the total period of the policy applied on the gross premium of the individual policies.

- For other classes / lines of businesses, by applying the 1/24 method as specified in the SEC (Insurance) Rules, 2002.

5.1.3.4 Commission income unearned

Commission income from reinsurers is recognised at the time of issuance of the underlying insurance policy by the Company. This income is deferred and brought to account as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates.

5.1.4 Premium due but unpaid

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

5.1.5 Amounts due to / from other insurers / reinsurers

Amounts due to / from other insurers / reinsurers are carried at cost which is the fair value of the consideration to be paid / received in future for services received / rendered less provision for impairment.

5.1.6 Reinsurance recoveries against outstanding claims

Claim recoveries receivable from reinsurers are recognised as assets at the same time as the claims which give rise to the right of recoveries are recognised as liabilities and are measured at the amount expected to be recovered after considering impairment in relation thereto.

5.1.7 Deferred commission expense

Commission expense and costs incurred in obtaining and recording policies are deferred and recognised as an asset and are recognised in the profit and loss account as expenses in accordance with the pattern of recognition of premium income.

5.1.8 Prepaid reinsurance premium ceded

Prepaid reinsurance represents the portion of reinsurance premium which is not yet recognised as an expense. Re-insurance premium is recognised as an expense as follows:

- For proportional reinsurance business, evenly over the period of the underlying policies; and
- For non-proportional reinsurance business, evenly over the period of indemnity.

5.2 Creditors and other accruals

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

5.3 Employees benefits

5.3.1 Defined benefit plan

The Company also operates a contributory provident fund (defined contribution plan) for all permanent employees. Equal monthly contributions are made both by the Company and the employees to the Fund at the rate of 8.33% of basic salary. The Company has no further payment obligation once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

The liability / asset recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for amounts arising as a result of remeasurements with a charge or credit to other comprehensive income in the periods in which these occur.

5.3.2 Defined contribution plan

The Company also operates a contributory provident fund (defined contribution plan) for all permanent employees. Equal monthly contributions are made both by the Company and the employees to the Fund at the rate of 8.33% of basic salary.

5.3.3 Employees' compensated absences

The Company accounts for liability in respect of employees' compensated absences in the period in which these are earned.

5.4 Provisions, contingent assets and contingent liabilities

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

Contingent assets are not recognised and are also not disclosed unless an inflow of economic benefits is probable. Contingent liabilities are not recognised and are disclosed unless the probability of an outflow of resources embodying economic benefits is remote.

5.5 Cash and cash equivalents

Cash and cash equivalents are carried on the balance sheet at cost / amortised cost. For the purpose of statement of cash flows, cash and cash equivalents consist of cash, cheques and stamps in hand, deposits with banks in current and savings accounts and term deposits receipts with banks with original maturities of three months or less.

5.6 Sundry receivables

These are recognised at cost, which is the fair value of the consideration receivable less impairment, if any.

5.7 Financial instruments

5.7.1 Financial assets

5.7.1.1 Classification

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

a) At fair value through profit or loss

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

b) Available-for-sale

These are non-derivative financial assets, which are intended to be held for an indefinite period of time which may be sold in response to the needs for liquidity or changes in price.

c) Held-to-maturity

These are non-derivative financial assets with fixed or determinable payments and fixed maturity, in respect of which the Company has the positive intent and ability to hold to maturity.

d) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

5.7.1.2 Initial recognition and measurement

Investments other than those categorised into 'financial assets at fair value through profit or loss' category are initially recognised at fair values which includes transaction costs which are directly attributable to the acquisition of the securities. Investments classified as 'financial assets at fair value through profit or loss' are initially recognised at fair values and transaction costs are expensed in the profit and loss account. All purchases and sales of investments that require delivery within the time frame established by regulations or market convention are recognised at the trade date. Trade date is the date when the Company commits to purchase or sell the investment.

5.7.1.3 Subsequent measurement

Financial assets classified as 'financial assets at fair value through profit or loss' are, subsequently, measured at their fair values and gains and losses arising from changes in respective fair values are included in the profit and loss account.

Available-for-sale investments are, subsequently, measured at the lower of cost or market value (market value being taken as lower if the reduction is other than temporary) in accordance with the requirements of S.R.O. 938 issued by the Securities and Exchange Commission of Pakistan on December 12, 2002. In case of quoted equity securities, the market value is determined by using Stock Exchange quotations as at the reporting date.

Investments classified as held-to-maturity are, subsequently, measured at amortised cost using the effective interest method less any impairment losses. Any premium paid or discount availed on acquisition of held-to-maturity financial assets is deferred and amortised over the term of the asset using the effective interest method.

5.7.1.4 Impairment of financial assets

For financial assets classified as 'loans and receivables', a provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash outflows, discounted at the original effective interest rate.

5.7.1.5 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

5.7.2 Financial liabilities

Financial liabilities are recognised at the time the Company becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value and subsequently stated at amortised cost. Financial liabilities are derecognised at the time when these are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognition of financial liabilities is taken to the profit and loss account.

5.7.3 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

5.8 Fixed assets

5.8.1 Tangible assets

These are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Historical cost includes expenditure that are directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Normal repairs and maintenance expenditure is charged to the profit and loss account as and when these are incurred.

Depreciation is charged to the profit and loss account using the straight line method whereby the depreciable amount of an asset is written off over the estimated useful life in accordance with the rates specified in note 19 to the financial statements. The assets' residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date. Depreciation is charged on additions from the month of acquisition and on disposals upto the month of disposal.

An item of fixed assets is derecognised upon disposal and when no economic benefits are expected from its use or disposal.

Gains or losses on disposal of tangible assets are taken to the profit and loss account in the period in which disposals are made.

5.8.2 Intangible assets

Intangible assets having finite useful lives are stated at cost less accumulated amortisation and accumulated impairment losses, if any. These are amortised using the straight line method over their estimated useful lives. The useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Gains or losses on disposal of intangible assets are taken to the profit and loss account in the period in which disposals are made.

5.9 Impairment of non-financial assets

The carrying values of assets are reviewed at each reporting date for impairment where events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If such an indication exists and where the carrying values exceed the estimated recoverable amounts, the assets are written down to the recoverable amounts. The resulting impairment loss is recognised in the profit and loss account.

5.10 Revenue recognition

Premium income under a policy is recognised over the period of insurance from the date of inception of the policy to which it relates till the expiry in case of marine cargo business whereas, for all other cases of premium, income is recognised as a difference between total premium written and provision for unearned premium using 1/24 method as mentioned in note 5.1.3.3 to these financial statements.

Commission income is taken to the profit and loss account on a time proportionate basis in accordance with the pattern of recognition of reinsurance premium to which it relates.

Administrative surcharge recovered by the Company from policy holders is included in income.

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

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

Gain / loss on sale of investments is included in the profit and loss account in the period of sale.

Return on bank balances is recognised on an accrual basis.

5.11 Allocation of management expenses

Management expenses have been allocated to various business segments as are deemed equitable by the management.

5.12 Taxation

Tax charge for the period comprises current and deferred taxation. Tax charge is recognised in the profit and loss account except to the extent that it relates to the items recognised directly in the equity in which case it is recognised in equity.

Current

Provision for current taxation is based on profits and gains of insurance business computed in accordance with the rules specified in the Fourth Schedule to the Income Tax Ordinance, 2001 after taking into account tax credits available, if any. The charge for current tax is calculated using the prevailing tax rates or tax rates expected to apply to the income for the period, if enacted. The charge for current tax also includes adjustments where necessary, relating to prior years which arise from assessments framed / finalised during the current year for such years.

Deferred

Deferred taxation is accounted for using the balance sheet liability method in respect of all major temporary differences arising between the carrying amounts of assets and liabilities used for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable income will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

5.13 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to 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, if any.

5.14 Proposed dividends and transfers between reserves

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

5.15 Foreign currency transactions and translations

Transactions in foreign currencies are translated into reporting currency at the rates of exchange prevailing at the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. All exchange differences are routed through the profit and loss account.

5.16 Segment reporting

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

The Company has five primary business segments for reporting purposes namely fire and property damage, marine aviation and transport, motor, accident and health and credit and suretyship.

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

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

6 SHARE CAPITAL

6.1 Authorised share capital

2015	2014		2015	2014
.....Number of shares.....			-------- Rupees --------	
50,000,000	50,000,000	Ordinary shares of Rs. 10 each	500,000,000	500,000,000

6.2 Issued, subscribed and paid-up share capital

2015	2014		2015	2014
.....Number of shares.....			-------- Rupees --------	
		Ordinary shares of Rs. 10 each:		
1,162,000	1,162,000	- fully paid in cash	11,620,000	11,620,000
29,198,000	29,198,000	- issued as fully paid bonus shares	291,980,000	291,980,000
10,000,000	10,000,000	- issued as right shares	100,000,000	100,000,000
40,360,000	40,360,000		403,600,000	403,600,000

6.3 Following is the pattern of the shareholding of the Company:

2015	2014		Percentage of holding 2015	2014	2015	2014
.....Number of shares.....					-------- Rupees --------	
37,934,843	37,934,843	State Life Insurance Corporation of Pakistan (Parent Company)	93.99%	93.99%	379,348,430	379,348,430
2,412,526	2,412,526	Individuals	5.98%	5.98%	24,125,260	24,125,260
12,631	12,631	Director	0.03%	0.03%	126,310	126,310
40,360,000	40,360,000				403,600,000	403,600,000

7 ACCRUED EXPENSES	2015	2014
	-------- Rupees --------	
Commission in respect of outstanding premium	27,401,125	28,948,579
Other accrued expenses	6,149,314	7,660,863
	33,550,439	36,609,442

8 OTHER CREDITORS AND ACCRUALS

Commission payable to agents	17,157,494	18,767,045
Cash margins against performance bonds	4,546,972	4,517,952
Federal excise duty	23,127,751	27,286,202
Income tax deducted at source	100,505	423,423
Workers' Welfare Fund	2,197,746	3,321,511
Others	2,903,651	3,315,588
	50,034,119	57,631,721

9 CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

9.1.1 Various claims amounting to Rs 96.514 million (2014: Rs 107.271 million) have been lodged by various parties against the Company in courts. The Company has not acknowledged these claims as the management considers that the Company is not liable to settle these amounts.

9.1.2 The income tax assessments of the Company have been finalised upto tax year 2014. Matters of disagreement exist between the Company and the tax authorities for the tax years 2008 and 2009. For tax year 2008, the tax authorities have made disallowances / additions to the taxable income in respect of Incurred but not reported provision (IBNR) amounting to Rs. 2.453 million. For tax year 2009, the tax authorities did not allow credit of taxes paid of Rs 7.214 million for that year for need of verification of these payments and created additional demand of Rs 4.627 million by charging dividend income at corporate tax rate of 35% instead of reduced rates provided under the First Schedule of the Income Tax Ordinance 2001. The management is contesting these matters with the tax authorities and has filed appeals with the Appellate Tribunal, Inland Revenue (Tribunal) for tax year 2008 and with the Commissioner Inland Revenue (Appeals) for tax year 2009 and is confident that these matters will be decided in favour of the Company. Consequently, no provision has been made in these financial statements in respect of these amounts.

9.2 Commitments

There are no commitments as at December 31, 2015 and December 31, 2014.

10 CASH AND BANK DEPOSITS

	Note	2015	2014
		-------- Rupees --------	
Cash and other equivalents			
- cash in hand		-	-
- stamps in hand		112,285	141,960
		112,285	141,960
Current and other accounts			
- current accounts		8,690,943	21,646,513
- savings accounts	10.1	24,347,815	42,530,666
		33,038,758	64,177,179
		33,151,043	64,319,139

10.1 These accounts carry interest at rates ranging between 4.00% and 6.00% (2014: 6.50% and 8.50%) per annum.

11 INVESTMENTS

	Note	2015	2014
		-------- Rupees --------	
Available-for-sale			
Listed equity securities	11.1	123,621,050	92,193,058
Less: Diminution in the value of investments		(12,587,856)	(1,602,058)
		111,033,194	90,591,000
Held-to-maturity			
Government securities	11.2	510,502,514	523,319,353
Term finance certificates	11.3	33,094,455	777,816
		543,596,969	524,097,169
		654,630,163	614,688,169

11.1 Listed shares

2015	2014	Face value	Nature of investee Company	2015	2014
No. of shares		Rupees		-------- Rupees --------	
			Oil and Gas		
6,300	6,300	10	Oil & Gas Development Company Limited	1,680,808	1,680,808
5,000	5,000	10	Pakistan Oilfields Limited	2,169,519	2,169,519
92,000	87,000	10	Pakistan Petroleum limited	18,868,530	18,236,305
35,063	35,063	10	Shell (Pakistan) Limited	784,895	784,895
			Automobile Assembler		
-	3,118	5	Al-Ghazi Tractors Limited	-	370,125
9,000	-	10	Millat Tractors Limited	5,405,731	-
			Chemicals		
79,627	79,627	10	Fauji Fertilizer Company Limited	5,892,283	5,892,283
4,100	-	10	ICI Pakistan Limited	2,083,538	-
-	108,500	10	Ittehad Chemicals Limited	-	4,527,480
2,000	2,000	10	Linde Pakistan Limited	322,500	322,500
			Forestry (Paper and Board)		
4,450	-	10	Packages Limited	2,794,322	-
120,000	120,000	10	Pakistan Paper Products Limited	150,000	150,000
			Transport		
79,000	-	10	Pakistan National Shipping Corporation	8,341,049	-
			Textile Composite		
83,000	-	10	Crescent Textile Mills Limited	1,929,206	-
110,000	-	10	Nishat Mills Limited	11,280,767	-
			Tobacco		
23,367	23,367	10	Pakistan Tobacco Company Limited	78,710	78,710
			Pharma and Bio Tech		
123,483	121,783	10	GlaxoSmithKline Pakistan Limited	11,505,009	4,249,824
			Travel and Leisure		
28,815	28,815	10	Pakistan Services Limited	199,116	199,116
			Commercial Banks		
121,000	110,000	10	Allied Bank Limited	14,470,321	13,357,504
917,500	-	10	Askari Bank Limited	21,987,565	-
-	215,000	10	Bank ALHabib Limited	-	10,248,807
-	445,000	10	Habib Metropolitan Bank Limited	-	16,619,342
-	72,000	10	United Bank Limited	-	13,176,478
			Non-life Insurance		
19,831	19,831	5	Habib Insurance Company Limited	95,830	95,830
177,777	177,777	10	Pakistan Reinsurance Company Limited	3,003	3,003
			Food & Personal Care Products		
202,000	-	10	Treet Corporation Limited	13,578,348	-
			Electricity		
-	500	10	Kot Addu Power Company Limited	-	30,529
				123,621,050	92,193,058

11.1.1 The fair value of available-for-sale investments is Rs 187,052,981 (2014: Rs 174,811,452). Subsequent to initial recognition these are stated at the lower of cost or market value (market value being taken as lower if the reduction is other than temporary) in accordance with the requirements of S.R.O. 938 dated December 12, 2002 issued by the Securities and Exchange Commission of Pakistan. However, the International Accounting Standard (IAS 39), "Financial Instruments: Recognition and Measurement" requires these instruments to be measured at fair value.

Had these investments been measured at fair value as required under IAS 39, their carrying values as at December 31, 2015 would have been higher by Rs 76,019,787 (2014: Rs 84,220,452) and shareholders equity would have been higher by the same amount.

11.2 Government securities

	Maturity	Principal repayment	Effective yield (% per annum)	Coupon payment	Face Value	Carrying Value	
						2015	2014
					---------------- Rupees	--------------------	
5 years Pakistan Investment Bonds	July-15	On maturity	11.50%	Semi-annually	1,000,000	-	986,612
5 years Pakistan Investment Bonds	August-16	On maturity	11.50%	Semi-annually	*12,500,000	12,428,065	12,323,430
3 years Pakistan Investment Bonds	July-15	On maturity	11.25%	Semi-annually	2,000,000	-	1,985,757
3 years Pakistan Investment Bonds	July-15	On maturity	11.25%	Semi-annually	7,000,000	-	6,999,320
3 years Pakistan Investment Bonds	July-15	On maturity	11.25%	Semi-annually	20,000,000	-	20,087,881
3 years Pakistan Investment Bonds	July-16	On maturity	11.25%	Semi-annually	1,000,000	1,001,021	1,003,050
3 years Pakistan Investment Bonds	July-16	On maturity	11.25%	Semi-annually	20,000,000	19,968,042	19,904,704
3 years Pakistan Investment Bonds	July-16	On maturity	11.25%	Semi-annually	19,700,000	19,544,454	19,471,172
3 years Pakistan Investment Bonds	July-16	On maturity	11.25%	Semi-annually	300,000	298,620	296,516
3 years Pakistan Investment Bonds	July-17	On maturity	11.25%	Semi-annually	*345,000,000	339,307,710	336,199,159
3 years Pakistan Investment Bonds	July-16	On maturity	11.25%	Semi-annually	9,700,000	9,808,429	9,853,490
3 years Pakistan Investment Bonds	March-18	On maturity	8.75%	Semi-annually	17,000,000	17,473,563	-
3 years Pakistan Investment Bonds	March-18	On maturity	8.75%	Semi-annually	30,000,000	30,878,234	-
Treasury Bills	February-15	On maturity	9.98%	On maturity	47,000,000	-	46,387,967
Treasury Bills	March-15	On maturity	9.98%	On maturity	24,000,000	-	23,599,965
Treasury Bills	April-15	On maturity	9.96%	On maturity	25,000,000	-	24,220,330
Treasury Bills	February-16	On maturity	6.93%	On maturity	3,000,000	2,980,731	-
Treasury Bills	February-16	On maturity	6.95%	On maturity	10,000,000	9,909,691	-
Treasury Bills	April-16	On maturity	6.46%	On maturity	10,000,000	9,820,000	-
Treasury Bills	May-16	On maturity	6.29%	On maturity	11,000,000	10,755,631	-
Treasury Bills	May-16	On maturity	6.37%	On maturity	27,000,000	26,328,323	-
					642,200,000	510,502,514	523,319,353

*These include securities having a face value of Rs 41.5 million (2014: Rs 41.5 million) which have been deposited with the State Bank of Pakistan in compliance with the requirements of clause (a) of sub-section 2 of section 29 of the Insurance Ordinance, 2000.

11.3 Term finance certificates

Particulars	Tenure	Maturity	Number of certificates held	Rate of return (% per annum)	Profit payment	Face Value	Carrying value 2015	Carrying value 2014
						------------- Rupees	-----------------	
Bank Alfalah Limited	8 years	2017	2,000	15.00%	Semi-annually	10,000,000	11,023,373	-
Bank Alfalah Limited	8 years	2017	4,000	15.00%	Semi-annually	20,000,000	22,071,082	-
Bank ALHabib Limited	8 years	2015	312	12.12%	Semi-annually	1,500,000	-	777,816
						31,500,000	33,094,455	777,816

	Note	2015	2014
		--------- Rupees	---------
12 PREMIUM DUE BUT UNPAID - UNSECURED			
Considered good		66,591,122	72,058,582
Considered doubtful		39,423,126	31,584,477
		106,014,248	103,643,059
Provision for doubtful recoveries	12.1	(39,423,126)	(31,584,477)
		66,591,122	72,058,582
12.1 Reconciliation of provision for doubtful recoveries			
Opening provision		31,584,477	33,421,271
Charge / (reversal) for the year		7,838,649	(1,836,794)
Closing provision		39,423,126	31,584,477
13 AMOUNTS DUE FROM OTHER INSURERS / REINSURERS			
Considered good		43,941,200	53,463,011
Considered doubtful		28,354,133	35,371,487
		72,295,333	88,834,498
Provision for doubtful recoveries	13.1	(28,354,133)	(35,371,487)
		43,941,200	53,463,011
13.1 Reconciliation of provision for doubtful recoveries			
Opening provision		35,371,487	19,622,947
(Reversal) / charge for the year		(7,017,354)	15,748,540
Closing provision		28,354,133	35,371,487
14 ACCRUED INVESTMENT INCOME			
Accrued interest on Government Securities		22,310,302	22,706,365
Accrued interest on Term Finance Certificates		356,751	37,709
Dividend receivable		-	15,751
		22,667,053	22,759,825

	Note	2015	2014
		--------- Rupees ---------	
15 REINSURANCE RECOVERIES AGAINST OUTSTANDING CLAIM	15.1	33,663,772	48,850,778

15.1 This includes claims receivable from Mitsui Sumitomo Reinsurance Limited (MSIG), Willis Faber & Dumas and Pakistan Reinsurance Company Limited (PRCL) amounting to Rs 2.893 million (2014: Rs 6.008 million), Rs 8.540 million (2014: Rs 8.540 million) and Rs 13.740 (2014: Rs 19.887 million) respectively.

	Note	2015	2014
		--------- Rupees ---------	
16 PREPAYMENTS			
Prepaid reinsurance premium ceded		33,783,357	53,926,690
Others		1,255,345	987,367
		35,038,702	54,914,057
17 SUNDRY RECEIVABLES			
Advances - secured			
To staff		133,971	-
Unsecured			
Long-term security deposit		1,893,461	1,893,461
Federal insurance fee		239,015	180,846
Receivable from employee gratuity fund	26	2,189,209	2,132,423
Miscellaneous receivables	17.1	1,818,402	1,763,478
		6,274,058	5,970,208

17.1 This includes Rs 1,558,728 (2014: Rs 1,558,728) receivable from State Life Insurance Corporation - a related party.

	2015	2014
	--------- Rupees ---------	
18 DEFERRED TAXATION		
Deferred tax debit (asset) arising on account of:		
Decelerated tax depreciation on fixed assets	1,286,132	831,522
Provision against premium due but unpaid	12,221,169	10,422,877
Provision for diminution in value of investment	1,647,870	280,360
Provision against amount due from other insurers / reinsurers	8,789,781	11,672,591
	23,944,952	23,207,350

19. FIXED ASSETS

	Tangible					Intangible	
	Furniture and fixtures	Office equipment	Computers and related accessories	Motor vehicles	Electrical installations	Computer software	Total
	(Rupees)						
At January 1, 2015							
Cost	14,369,371	5,004,010	8,701,073	23,984,779	4,178,911	2,411,912	58,650,056
Accumulated depreciation	(7,437,938)	(4,565,589)	(7,837,341)	(19,631,994)	(2,920,428)	(2,411,912)	(44,805,202)
Net book value	6,931,433	438,421	863,732	4,352,785	1,258,483	-	13,844,854
Year ended December 31, 2015							
Opening net book value	6,931,433	438,421	863,732	4,352,785	1,258,483	-	13,844,854
Additions	-	73,496	86,700	-	116,336	-	276,532
Disposals / write-offs							
Cost	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Depreciation charge for the year	(1,059,628)	(277,997)	(326,379)	(1,718,358)	(332,020)	-	(3,714,382)
Closing net book value	**5,871,805**	**233,920**	**624,053**	**2,634,427**	**1,042,799**	**-**	**10,407,004**
Depreciation rate (% per annum)	10%	10 - 20%	20%	20%	15%	30%	
At December 31, 2015							
Cost	14,369,371	5,077,506	8,787,773	23,984,779	4,295,247	2,411,912	58,926,588
Accumulated depreciation	(8,497,566)	(4,843,586)	(8,163,720)	(21,350,352)	(3,252,448)	(2,411,912)	(48,519,584)
Net book value	5,871,805	233,920	624,053	2,634,427	1,042,799	-	10,407,004
At January 1, 2014							
Cost	12,602,871	4,988,510	8,270,473	25,083,188	3,938,017	2,411,912	57,294,971
Accumulated depreciation	(6,443,942)	(4,247,088)	(7,517,562)	(18,724,397)	(2,585,379)	(2,411,912)	(41,930,280)
Net book value	6,158,929	741,422	752,911	6,358,791	1,352,638	-	15,364,691
Year ended December 31, 2014							
Opening net book value	6,158,929	741,422	752,911	6,358,791	1,352,638	-	15,364,691
Additions	1,766,500	15,500	430,600	125,488	240,894	-	2,578,982
Disposals / write-offs							
Cost	-	-	-	1,223,897	-	-	1,223,897
Accumulated depreciation	-	-	-	(1,223,897)	-	-	(1,223,897)
	-	-	-	-	-	-	-
Depreciation charge for the year	(993,996)	(318,501)	(319,779)	(2,131,494)	(335,049)	-	(4,098,819)
Closing net book value	6,931,433	438,421	863,732	4,352,785	1,258,483	-	13,844,854
Depreciation rate (% per annum)	10%	10 - 20%	20%	20%	15%	30%	

19.1 The depreciation charged during the year has been allocated as follows:

	Note	2015	2014
		--------- Rupees ---------	
Management expenses	20	2,525,780	2,787,197
General and administrative expenses	22	1,188,602	1,311,622
		3,714,382	4,098,819

20 MANAGEMENT EXPENSES

	Note	2015	2014
Salaries, wages and other benefits	20.1	30,236,689	33,239,737
Rent, rates, taxes and electricity		6,893,038	7,423,514
Legal and professional charges		961,112	1,126,151
Repair and maintenance		2,952,983	2,599,209
Communication		1,296,781	1,434,913
Printing and stationery		953,016	838,779
Travelling and conveyance		2,667,322	3,762,183
Advertisement and sales promotion		522,700	268,315
Provision for doubtful recoveries	12 & 13	821,295	13,911,746
Depreciation	19.1	2,525,780	2,787,197
Miscellaneous expenses		3,697,002	3,875,423
		53,527,718	71,267,167

20.1 This includes an amount of Rs 807,561 (2014: Rs 693,112) in respect of staff retirement benefits.

21 OTHER INCOME

	Note	2015	2014
		--------- Rupees ---------	
Interest on savings accounts		2,594,306	4,807,224
Gain on disposal of fixed assets		-	852,100
Miscellaneous income		589,421	668,769
		3,183,727	6,328,093

22 GENERAL AND ADMINISTRATION EXPENSES

	Note	2015	2014
Salaries, wages and benefits	22.1	14,229,029	15,642,229
Rent, rates, taxes and electricity		3,243,783	3,493,419
Legal and professional charges		452,288	529,954
Repairs and maintenance		1,389,640	1,223,157
Communication		610,249	675,253
Printing and stationery		448,478	852,503
Travelling and conveyance		1,255,210	1,770,438
Subscriptions		124,149	153,525
Directors' remuneration		870,000	810,000
Workers' Welfare Fund		1,169,745	461,115
Depreciation	19.1	1,188,602	1,311,622
Auditors' remuneration	22.2	541,485	517,493
Miscellaneous expenses		1,549,867	822,323
		27,072,525	28,263,031

22.1 This includes an amount of Rs 380,029 (2014: Rs 326,170) in respect of staff retirement benefits.

	Note	2015	2014
22.2 Auditors' remuneration		--------- Rupees ---------	
Audit fee		288,750	275,000
Half yearly review fee		94,500	90,000
Fee for regulatory return and Code of Corporate Governance		89,250	85,000
Out of pocket expenses		68,985	67,493
		541,485	517,493

23 TAXATION

	Note	2015	2014
Current - for the year		10,954,179	7,377,089
- for prior years		(753,194)	402,658
Deferred		(737,602)	(4,232,770)
	23.1	9,463,383	3,546,977

23.1 Reconciliation between tax expense and accounting profit

	2015	2014
Profit before taxation	41,127,632	23,055,758
Effects of:		
Tax at the applicable rate of 32% (2014: 33%)	13,160,842	7,608,400
Tax effect of capital gain taxed at lower rate	(2,560,839)	(4,699,619)
Tax impact of change in rate of tax	1,406,506	558,076
Prior year tax charge	(753,194)	402,658
Tax effect of dividend income taxed at lower rate	(1,846,351)	(1,197,037)
Others	56,419	874,499
Tax expense for the year	9,463,383	3,546,977

23.2 Contingencies in respect of taxation have been disclosed in note 9.1.2.

24 EARNINGS PER SHARE

24.1 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	31,664,249	19,508,781
	------ Number of Shares ------	
Weighted average number of ordinary shares	40,360,000	40,360,000
	----------- Rupee -----------	
Basic earnings per share	0.78	0.48

24.2 Diluted earnings per share

Diluted earnings per share has not been presented as the Company does not have any convertible dilutive potential ordinary shares outstanding on December 31, 2015 and 2014 which would have any effect on the earnings per share if the option to convert is exercised.

25 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise State Life Insurance Corporation of Pakistan being the parent company, companies having directors in common, key management personnel, gratuity fund and provident fund. Transactions with these related parties (other than remuneration of key management personnel which is disclosed in note 28) are as follows:

	Parent		Post employment benefit plans		Other related parties	
	2015	2014	2015	2014	2015	2014
	Rupees					
Transactions during the year						
Dividend received	-	-	-	-	950,745	-
Rent expense	4,167,856	4,320,276	-	-	-	-
Rent paid	4,167,856	4,320,276	-	-	-	-
Charge in respect of provident fund	-	-	742,583	712,076	-	-
Charge in respect of gratuity fund	-	-	445,007	307,206	-	-
Contribution to provident fund	-	-	624,298	588,366	-	-
Balances as at year end						
Investment in equity securities	-	-	-	-	5,892,283	-
Receivable from State Life Insurance Corporation of Pakistan	1,558,728	1,558,728	-	-	-	-
Payable to associated company IGI Insurance Limited	-	-	-	-	-	482,494
Receivable from gratuity fund	-	-	2,189,209	2,132,423	-	-
Payable to provident fund	-	-	118,285	123,710	-	-

26 DEFINED BENEFIT PLAN - STAFF RETIREMENT GRATUITY

26.1 General description

The Company operates an approved gratuity fund established in 1982 for its permanent employees who have completed the minimum qualifying period of service of five years. The Fund is administered by the Trustees in accordance with the provisions of the Trust Deed and contributions therein are made in accordance with actuarial recommendations. The most recent valuation in this regard was carried out as at December 31, 2015, using the Projected Unit Credit Method for valuation of the Fund.

The Company faces the following risks on account of the gratuity scheme.

(a) Mortality risks: This is the risk that the actual mortality experience is different. The effect depends on the beneficiaries' service / age distribution and the benefit.

(b) Investment risks: This is the risk of investment under-performing and being insufficient to meet liabilities.

(c) Final salary risks: This is the risk that the final salary at the time of the cessation of service is greater than what was initially assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

(d) Withdrawal risks: This is the risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' services / age distribution and the benefit.

26.2 Principal actuarial assumptions

	2015	2014
Discount rate	9.00%	10.50%
Expected rate of salary	8.50%	10.00%
Mortality rates	60 years	60 years
Rate of employee turnover	SLIC (2001-05)-1 Light	SLIC (2001-05)-1 Light

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in Pakistan. The rates assumed are based on the adjusted SLIC 2001 - 2005 ultimate mortality tables.

26.3 Amount recognised in the balance sheet

	2015	2014
	-------- Rupees --------	
Present value of defined benefit obligations	6,314,730	7,574,024
Fair value of plan assets	(8,503,939)	(9,706,447)
	(2,189,209)	(2,132,423)

The movement in the defined benefit obligation during the year is as follows:

	2015		
	Present value of defined benefit obligation	Fair value of plan assets	Total
	-------------- Rupees --------------		
As at January 1	7,574,024	(9,706,447)	(2,132,423)
Current service cost	658,008	-	658,008
Interest expense / (income)	732,971	(945,972)	(213,001)
	8,965,003	(10,652,419)	(1,687,416)
Remeasurements:			
- Loss on plan assets	-	221,555	221,555
- Gain due to change in financial assumptions	(47,325)	-	(47,325)
- Gain due to change in experience adjustment	(676,023)	-	(676,023)
	(723,348)	221,555	(501,793)
	8,241,655	(10,430,864)	(2,189,209)
Contributions made	-	-	-
Benefits paid	(1,926,925)	1,926,925	-
As at December 31	6,314,730	(8,503,939)	(2,189,209)

	2014		
	Present value of defined benefit obligation	Fair value of plan assets	Total
	---------- Rupees ----------		
At January 1	7,107,817	(9,436,581)	(2,328,764)
Current service cost	586,832	-	586,832
Interest expense / (income)	898,781	(1,178,407)	(279,626)
	8,593,430	(10,614,988)	(2,021,558)
Remeasurements:			
- Loss on plan assets	-	453,841	453,841
- Gain due to change in financial assumptions	(83,060)	-	(83,060)
- Gain due to change in experience adjustment	(481,646)	-	(481,646)
	(564,706)	453,841	(110,865)
	8,028,724	(10,161,147)	(2,132,423)
Contributions made	-	-	-
Benefits paid	(454,700)	454,700	-
As at December 31	7,574,024	(9,706,447)	(2,132,423)

26.4 Amount recognised in the profit and loss account

	2015	2014
	-------- Rupees --------	
Current service cost	658,008	586,832
Interest expense on defined benefit obligation	732,971	898,781
Interest income on plan assets	(945,972)	(1,178,407)
Cost recognised in the profit and loss account	445,007	307,206

26.5 Remeasurements recognised in other comprehensive income

	2015	2014
Remeasurement gains on obligation		
- Gain due to change in financial assumptions	(47,325)	(83,060)
- Gain due to change in experience adjustments	(676,023)	(481,646)
	(723,348)	(564,706)
Remeasurement loss on plan assets		
- Actual return on plan assets	(724,417)	(724,566)
- Interest income on plan assets	945,972	1,178,407
	221,555	453,841
	(501,793)	(110,865)

26.6 Analysis of present value of defined benefit obligation

	2015	2014
Vested / Non vested		
- Vested benefits	5,951,356	7,264,264
- Non- vested benefits	363,374	309,760
Total	6,314,730	7,574,024
Types of benefits		
- Accumulated benefit obligation	3,322,504	4,094,080
- Amounts attributed to future salary increases	2,992,226	3,479,944
Total	6,314,730	7,574,024

26.7 Composition of plan assets

	2015		2014	
	(Rupees)	%	(Rupees)	%
Market treasury bills	8,458,320	99.46%	9,624,564	99.16%
Bank balance	45,619	0.54%	81,883	0.84%
	8,503,939	100.00%	9,706,447	100.00%

26.8 The sensitivity analysis of the defined benefit obligation to changes in principal actuarial assumptions is as follows:

Particulars	--------- As at December 31, 2015 ---------			--------- As at December 31, 2014 ---------		
	Change in assumption	Increase / (decrease) in present value of defined benefit obligation		Change in assumption	Increase / (decrease) in present value of defined benefit obligation	
		(%)	Rupees		(%)	Rupees
Discount rate	+0.5%	-4.23%	(267,417)	+0.5%	-3.55%	(268,707)
	-0.5%	4.60%	290,328	-0.5%	4.27%	323,718
Long-term salary increase rate	+0.5%	4.84%	305,530	+0.5%	4.51%	341,647
	-0.5%	-4.49%	(283,738)	-0.5%	-3.80%	(287,808)

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

26.9 The weighted average duration of the defined benefit obligation is 8.81 years (2014: 8.28 years).

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

Particulars	Between 0-1 years	Between 2-4 years	Between 5-10 years	Over 10 years	Total
	At December 31, 2015				
	Rupees				
Distribution of timing of payment of benefits	357,981	3,146,968	3,749,309	87,867,939	95,122,197

Particulars	Between 0-1 years	Between 2-4 years	Between 5-10 years	Over 10 years	Total
	At December 31, 2014				
	Rupees				
Distribution of timing of payment of benefits	1,875,075	2,274,938	4,384,377	147,730,388	156,264,778

26.11 Historical information

	2015	2014	2013	2012	2011	2010
	--------	--------	Rupees	--------	--------	--------
Present value of defined benefit obligation	6,314,730	7,574,024	7,107,817	5,892,236	5,663,176	5,842,417
Fair value of plan assets	(8,503,939)	(9,706,447)	(9,436,581)	(9,338,137)	(9,448,255)	(9,419,419)
Surplus	(2,189,209)	(2,132,423)	(2,328,764)	(3,445,901)	(3,785,079)	(3,577,002)
Remeasurements of plan liabilities	723,348	564,706	(418,151)	(326,149)	932,317	224,176
Remeasurements of plan assets	221,555	453,841	(348,158)	(65,284)	(693,001)	458,149

26.12 Funding levels are monitored on an annual basis and are based on actuarial recommendations. The expected gratuity expense for the next year commencing January 1, 2016 works out to be Rs 413,073 (2014: Rs 445,007) as per the actuarial valuation report of the Company as of December 31, 2015.

26.13 The disclosures made in notes 26.1 to 26.12 are based on the information included in the actuarial valuation report of the scheme as of December 31, 2015

27 PROVIDENT FUND RELATED DISCLOSURES

The Company has set up a provident fund for its permanent employees and the contributions were made by the Company to the Fund in accordance with the requirements of Section 227 of the Companies Ordinance, 1984. The total charge against provident fund for the year ended December 31, 2015 was Rs. 742,583 (2014: Rs. 712,076).

The following information is based on the un-audited financial statements of the Fund as at December 31, 2015.

	2015	2014
	-------- Rupees	--------
Size of the fund - Total assets	32,886,186	33,817,163
Fair value of investments	32,095,723	33,561,376
Percentage of investments made	98%	99%

27.1 The cost of above investments amounted to Rs 32.650 million (2014: Rs 32.880 million).

27.2 The break-up of fair value of investments is as follows:

	2015	2014	2015	2014
	Percentage		-------- Rupees	--------
Market Treasury Bills	100.0%	98.51%	32,095,723	33,061,376
Term Deposit Receipts	0.00%	1.49%	-	500,000
	100.00%	100.00%	32,095,723	33,561,376

27.3 The investments out of provident fund have been made in accordance with the provision of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

28 REMUNERATION OF CHIEF EXECUTIVE OFFICER AND DIRECTORS

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

	Chief Executive Officer		Directors		Total	
	2015	2014	2015	2014	2015	2014
	Rupees					
Managerial remuneration	2,319,500	3,202,750	-	-	2,319,500	3,202,750
Fee for attending board meeting	-	-	870,000	810,000	870,000	810,000
Leave encashment	573,079	-	-	-	573,079	-
Conveyance allowance	-	237,440	-	-	-	237,440
Housing and utilities	13,512	79,316	-	-	13,512	79,316
Others	27,026	158,643	-	-	27,026	158,643
	2,933,117	3,678,149	870,000	810,000	3,803,117	4,488,149
Number of persons	1	1	6	6		

The Chief Executive Officer is also provided with free use of Company maintained car.

29 SEGMENT REPORTING

The Company has five primary business segments for reporting purposes namely fire and property damage, marine, aviation and transport, motor, accident and health and credit and suretyship.

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

29.1 SEGMENT RESULTS

	2015						
	Fire and property damage	Marine aviation and transport	Motor	Accident and Health	Credit and suretyship	Miscellaneous	Total
	Rupees						
Net premium revenue	16,748,339	6,850,912	26,270,623	5,022,775	1,244,784	7,077,584	63,215,017
Net claims	(9,408,528)	66,447	357,066	(5,529,567)	-	(476,286)	(14,990,868)
Premium deficiency expense	-	-	1,998,879	(789,920)	-	-	1,208,959
Management expenses	(22,918,480)	(11,432,333)	(10,716,195)	(1,708,359)	(1,333,307)	(5,419,044)	(53,527,718)
Net commission	(4,473,218)	198,686	(3,890,442)	(251,058)	(13,064)	243,310	(8,185,786)
Segment results	(20,051,887)	(4,316,288)	14,019,931	(3,256,129)	(101,587)	1,425,564	(12,280,396)
Net investment income							77,296,826
Other income							3,183,727
General and administration expenses							(27,072,525)
							41,127,632

	2014						
	Fire and property damage	Marine aviation and transport	Motor	Accident and Health	Credit and suretyship	Miscellaneous	Total
	Rupees						
Net premium revenue	23,561,517	12,438,180	41,221,644	4,610,013	3,599,347	5,476,373	90,907,074
Net claims	(16,241,076)	(9,548,978)	(20,777,890)	(4,785,072)	-	(2,502,507)	(53,855,523)
Premium deficiency expense	-	-	1,708,155	142,102	-	-	1,850,257
Management expenses	(32,951,640)	(14,051,212)	(14,461,157)	(1,592,617)	(913,260)	(7,297,281)	(71,267,167)
Net commission	(5,610,725)	105,648	(4,925,732)	(230,271)	(321,683)	366,914	(10,615,849)
Segment results	(31,241,924)	(11,056,362)	2,765,020	(1,855,845)	2,364,404	(3,956,501)	(42,981,208)
Net investment income							87,971,904
Other income							6,328,093
General and administration expenses							(28,263,031)
							23,055,758

29.2 OTHER INFORMATION - STATEMENT OF ASSETS AND LIABILITIES

	2015						
	Fire and property damage	Marine, aviation and transport	Motor	Accident and Health	Credit and suretyship	Miscellaneous	Total
	Rupees						
Segment assets	80,896,510	29,707,680	18,419,873	1,661,365	4,283,099	11,016,145	**145,984,672**
Unallocated corporate assets							**828,491,339**
Consolidated total assets							**974,476,011**
Segment liabilities	79,751,075	13,628,602	39,130,615	3,751,484	3,276,526	14,624,135	**154,162,437**
Unallocated corporate liabilities							**185,004,082**
Consolidated total liabilities							**339,166,519**

	2014						
	Fire and property damage	Marine, aviation and transport	Motor	Accident and Health	Credit and suretyship	Miscellaneous	Total
	Rupees						
Segment assets	103,702,551	42,323,251	21,273,111	1,463,727	4,476,932	20,231,178	193,470,750
Unallocated corporate assets							836,241,356
Consolidated total assets							1,029,712,106
Segment liabilities	110,339,456	29,812,503	71,269,963	2,657,728	1,425,357	20,451,395	235,956,402
Unallocated corporate liabilities							190,451,680
Consolidated total liabilities							426,408,082

30 FINANCIAL INSTRUMENTS BY CATEGORY

Particulars	Loans and receivables	Held-to-maturity	Available-for sale	Total
	2015			
	Rupees			
Financial assets				
Cash and bank deposits	33,151,043	-	-	33,151,043
Investments	-	543,596,969	111,033,194	654,630,163
Premium due but unpaid	66,591,122	-	-	66,591,122
Amounts due from other insurers / reinsurers	43,941,200	-	-	43,941,200
Accrued investment income	22,667,053	-	-	22,667,053
Reinsurance recoveries against outstanding claims	33,663,772	-	-	33,663,772
Sundry receivables	3,845,834	-	-	3,845,834
	203,860,024	543,596,969	111,033,194	858,490,187

Particulars	At fair value through profit or loss	At amortised cost	Total
	2015		
	Rupees		
Financial liabilities			
Provision for outstanding claims (including IBNR)	-	78,388,667	78,388,667
Amounts due to other insurers / reinsurers	-	97,231,396	97,231,396
Accrued expenses	-	33,550,439	33,550,439
Other creditors and accruals	-	24,608,117	24,608,117
	-	233,778,619	233,778,619

Particulars	Loans and receivables	Held-to-maturity	Available-for sale	Total
	2014			
	Rupees			
Financial assets				
Cash and bank deposits	64,319,139	-	-	64,319,139
Investments	-	524,097,169	90,591,000	614,688,169
Premium due but unpaid	72,058,582	-	-	72,058,582
Amounts due from other insurers / reinsurers	53,463,011	-	-	53,463,011
Accrued investment income	22,759,825	-	-	22,759,825
Reinsurance recoveries against outstanding claims	48,850,778	-	-	48,850,778
Sundry receivables	3,656,939	-	-	3,656,939
	265,108,274	524,097,169	90,591,000	879,796,443

Particulars	At fair value through profit or loss	At amortised cost	Total
	2014		
	Rupees		
Financial liabilities			
Provision for outstanding claims (including IBNR)	-	132,188,495	132,188,495
Amounts due to other insurers / reinsurers	-	90,813,430	90,813,430
Accrued expenses	-	36,609,442	36,609,442
Other creditors and accruals	-	26,600,585	26,600,585
	-	286,211,952	286,211,952

31 MANAGEMENT OF FINANCIAL AND INSURANCE RISK

31.1 Financial risk

The Company's activities expose it to a variety of financial risks: market risk (including yield / interest rate risk, foreign currency risk and price risk), credit risk and liquidity risk that could result in reduction in the Company's net assets or a reduction in the profits available for dividends. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework and is responsible for developing and monitoring risk management policies.

31.1.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company manages market risk by monitoring exposures in related securities by following internal risk management policies.

Market risk comprises of three types of risks: yield/interest rate risk, foreign currency risk and price risk.

31.1.1.1 Yield / interest rate risk

Yield / interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market yield / interest rates. The Company is exposed to yield / interest rates risk in respect of the following:

Particulars	2015							
	Effective yield/ mark- up rate (% per annum)	Exposed to yield/interest rate risk			Not exposed to yield/interest rate risk			
		Maturity up to one year	Maturity after one year	Sub-Total	Maturity up to one year	Maturity after one year	Sub-Total	Total
	Rupees							
Financial assets								
Cash and bank deposits	4.00 - 6.00	24,347,815	-	24,347,815	8,803,228	-	8,803,228	33,151,043
Investments	6.29 - 15.00	122,843,007	420,753,962	543,596,969	111,033,194	-	111,033,194	654,630,163
Premium due but unpaid		-	-	-	66,591,122	-	66,591,122	66,591,122
Amounts due from other insurers / reinsurers		-	-	-	43,941,200	-	43,941,200	43,941,200
Accrued investment income		-	-	-	22,667,053	-	22,667,053	22,667,053
Reinsurance recoveries against outstanding claims		-	-	-	33,663,772	-	33,663,772	33,663,772
Sundry receivables		-	-	-	3,845,834	-	3,845,834	3,845,834
		147,190,822	420,753,962	567,944,784	290,545,403	-	290,545,403	858,490,187
Financial liabilities								
Provision against outstanding claims		-	-	-	78,388,667	-	78,388,667	78,388,667
Amounts due to other insurers / reinsurers		-	-	-	97,231,396	-	97,231,396	97,231,396
Accrued expenses		-	-	-	33,550,439	-	33,550,439	33,550,439
Other creditors and accruals		-	-	-	24,608,117	-	24,608,117	24,608,117
		-	-	-	233,778,619	-	233,778,619	233,778,619
On-balance sheet gap (a)		147,190,822	420,753,962	567,944,784	56,766,784	-	56,766,784	624,711,568
Off-balance sheet financial instruments		-	-	-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-	-	-
Total interest rate sensitivity gap (a+b)		147,190,822	420,753,962	567,944,784				
Cumulative interest rate sensitivity gap		147,190,822	567,944,784					

Particulars	Effective yield/ mark- up rate (% per annum)	2014 Exposed to yield/interest rate risk Maturity up to one year	Maturity after one year	Sub total	Not exposed to yield/interest rate risk Maturity up to one year	Maturity after one year	Sub total	Total
		-----Rupees-----						
Financial assets								
Cash and bank deposits	6.50 - 8.50	47,157,618	-	47,157,618	17,161,521	-	17,161,521	64,319,139
Investments	9.96 - 11.50	125,045,648	399,051,521	524,097,169	90,591,000	-	90,591,000	614,688,169
Premium due but unpaid		-	-	-	72,058,582	-	72,058,582	72,058,582
Amounts due from other insurers / reinsurers		-	-	-	53,463,011	-	53,463,011	53,463,011
Accrued investment income		-	-	-	22,759,825	-	22,759,825	22,759,825
Reinsurance recoveries against outstanding claims		-	-	-	48,850,778	-	48,850,778	48,850,778
Sundry receivables		-	-	-	3,656,939	-	3,656,939	3,656,939
		172,203,266	399,051,521	571,254,787	308,541,656	-	308,541,656	879,796,443
Financial liabilities								
Provision against outstanding claims		-	-	-	132,188,495	-	132,188,495	132,188,495
Amounts due to other insurers / reinsurers		-	-	-	90,813,430	-	90,813,430	90,813,430
Accrued expenses		-	-	-	36,609,442	-	36,609,442	36,609,442
Other creditors and accruals		-	-	-	26,600,585	-	26,600,585	26,600,585
		-	-	-	286,211,952	-	286,211,952	286,211,952
On-balance sheet gap (a)		172,203,266	399,051,521	571,254,787	22,329,704	-	22,329,704	593,584,491
Off-balance sheet financial instruments		-	-	-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-	-	-
Total interest rate sensitivity gap (a+b)		172,203,266	399,051,521	571,254,787				
Cumulative interest rate sensitivity gap		172,203,266	571,254,787					

The following table demonstrates the sensitivity to possible changes in interest rates, with all other variables held constant, of the Company's profit for the year before tax and shareholders' equity based upon average balances and rates:

	Increase / Decrease in basis points		Effect on profit before tax		Effect on shareholders' equity	
			----- Rupees -----			
December 31, 2015	100	(100)	5,679,448	(5,679,448)	3,862,025	(3,862,025)
December 31, 2014	100	(100)	5,810,098	(5,810,098)	3,776,564	(3,776,564)

31.1.1.2 Foreign currency risk

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

31.1.1.3 Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Company is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs 111.033 million (2014: Rs 90.591 million) at the reporting date. The Company manages price risk by actively monitoring exposure in its quoted equity securities and by diversification of its equity portfolio.

The table below summarises the Company's equity price risk as of December 31, 2015 and 2014 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end.

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in price	Hypothetical increase (decrease) in profit / (loss) before tax"	Hypothetical increase / (decrease) in shareholders' equity
	(Rupees)				
December 31, 2015	187,052,981	10% increase	205,758,279	2,492,382	1,694,820
		10% decrease	168,347,683	(14,758,583)	(10,035,836)
December 31, 2014	174,811,452	10% increase	192,292,597	6,367,569	4,266,271
		10% decrease	157,330,307	(8,383,382)	(5,616,866)

The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios.

31.1.2 Credit risk

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

31.1.2.1 Concentration of credit risk

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 effects their ability to meet contractual obligations in a similar manner. The Company's exposure to credit risk is not significantly different from that reflected in the financial statements. The management monitors and limits the Company's exposure to credit risk through monitoring of client's exposure and conservative estimates of provisions for doubtful assets, if any. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in entities of sound financial standing, covering various industrial sectors.

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

	2015	2014
	-------- Rupees --------	
Bank deposits	33,038,758	64,177,179
Investments	33,094,455	777,816
Premium due but unpaid	66,591,122	72,058,582
Amounts due from other insurers / reinsurers	43,941,200	53,463,011
Accrued investment income	356,751	37,709
Reinsurance recoveries against outstanding claims	33,663,772	48,850,778
Sundry receivables	6,274,058	5,970,208

The Company did not hold any collateral against the above during the year. The management continuously monitors the credit exposure towards the policyholders and other insurers / reinsurers and makes provision against those balances considered doubtful of recovery. During the year receivables of Rs 821,295 (2014: Rs 13,911,746) were further impaired. The movement in the provision for doubtful debt account is shown in notes 12 and 13. 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.

31.1.2.2 Credit quality of financial assets

The credit quality of the Company's bank balances and investments in term finance securities can be assessed with reference to external credit ratings as follows:

Particulars	Rating		Rating Agency	2015 Rupees
	Short term	Long term		
			--------- Rupees ---------	
Bank balances				
Allied Bank Limited	A1+	AA+	PACRA	130,345
Faysal Bank Limited	A1+	AA	PACRA	77,101
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	81,283
JS Bank Limited	A1+	A+	PACRA	607,966
MCB Bank Limited	A1+	AAA	PACRA	33,053
National Bank of Pakistan	A1+	AAA	PACRA	778,706
NIB Bank Limited	A1+	AA-	PACRA	464,435
Soneri Bank Limited	A1+	AA-	PACRA	220,341
United Bank Limited	A-1+	AA+	JCR-VIS	30,645,528
				33,038,758
Investments in term finance certificates				
Bank Alfalah Limited		AA-	PACRA	33,094,455

Particulars	Rating		Rating Agency	2014 Rupees
	Short term	Long term		
			--------- Rupees ---------	
Bank balances				
Allied Bank Limited	A1+	AA+	PACRA	129,898
Faysal Bank Limited	A1+	AA	PACRA	1,942,916
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	81,571
JS Bank Limited	A1	A+	PACRA	1,438,808
MCB Bank Limited	A1+	AAA	PACRA	258,053
National Bank of Pakistan	A1+	AAA	JCR-VIS	684,636
NIB Bank Limited	A1+	AA-	PACRA	381,264
Soneri Bank Limited	A1+	AA-	PACRA	1,093,982
United Bank Limited	A1+	AA+	JCR-VIS	58,166,051
				64,177,179
Investments in term finance certificates				
Bank ALHabib Limited		AA	PACRA	777,816

An analysis of the age of premiums due but unpaid that are past due but not impaired are as under:

	2015	2014
	-------- Rupees --------	
Upto 30 days	4,506,022	5,164,537
31 to 180 days	17,081,534	13,780,248
Over 180 days	45,003,566	53,113,797
	66,591,122	72,058,582

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 asset	2015	2014
	---------------------(Rupees)---------------------				
A or above	35,254,572	17,240,333	-	52,494,905	47,746,822
A-	3,301,192	8,539,992	-	11,841,184	79,835
BBB	2,222,173	-	-	2,222,173	4,732,486
Others	3,163,263	7,883,447	-	11,046,710	49,754,646
Total	43,941,200	33,663,772	-	77,604,972	102,313,789

31.1.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting payment obligations when they fall due under normal circumstances or can only settle liabilities on terms that are materially disadvantageous. To guard against the risk, the Company ensures diversified funding sources, maintains adequate balances in cash and cash equivalents and invests in readily marketable securities. The maturity profile of assets and liabilities are also monitored to ensure adequate liquidity is maintained at all times.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date on an undiscounted cash flow basis. Financial liabilities not having any contractual maturities are assumed to mature on the expected date on which these liabilities will be settled.

	2015			
	Within one year	Over one year to five years	Over five years	Total
	---------------------(Rupees)-----------------			
Financial liabilities				
Provision for outstanding claims (including IBNR)	78,388,667	-	-	78,388,667
Amounts due to other insurers / reinsurers	97,231,396	-	-	97,231,396
Accrued expenses	33,550,439	-	-	33,550,439
Other creditors and accruals	24,608,117	-	-	24,608,117
	233,778,619	-	-	233,778,619

	2014			
	Within one year	Over one year to five years	Over five years	Total
	---------------------(Rupees)------------------			
Financial liabilities				
Provision for outstanding claims (including IBNR)	132,188,495	-	-	132,188,495
Amounts due to other insurers / reinsurers	90,813,430	-	-	90,813,430
Accrued expenses	36,609,442	-	-	36,609,442
Other creditors and accruals	26,600,585	-	-	26,600,585
	286,211,952	-	-	286,211,952

31.2 Insurance risk

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

The Company accepts insurance through issuance of general insurance contracts. For these general insurance contracts the most significant risks arise from fire, atmospheric disturbance, earthquake, terrorist activities and other catastrophes.

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

31.2.1 Frequency and severity of claims

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

	2015	2014
The Company's class wise major risk exposure is as follows:	--------Rupees in million--------	
Fire and property damage	54,968	68,535
Marine, aviation and transport	24,525	27,203
Motor	1,464	1,880
Accidental, health and others	5,990	9,777
Credit and suretyship	539	410

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

31.2.2 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 including the event reported after the expiry of the insurance contract.

An estimated amount of the claim is recorded immediately on the intimation to the Company. The estimation of the amount is based on the amount notified by policy holders, management's judgment or preliminary assessment by an independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of these claims. The estimation of provision of claims incurred but not reported (IBNR) is based on analysis of the pattern on which claims have been reported in prior years.

There are several variable factors which affect the amount and timing of recognised claim liabilities. The Company takes all reasonable measures to identify and account for 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 the initially recognised amount. Similarly, provision for claims incurred but not reported is based on a historic reporting pattern of claims. Hence, actual amount of claims incurred but not reported may differ from the amount estimated.

31.2.3 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 uses 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 recognised in the balance sheet is adequate. However, actual experience will differ from the expected outcome.

As the Company mostly 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 and show effects on profit before tax net of reinsurance. These effects have been worked out on the assumption that increase / decrease in net claims expense pertains to individual segment in isolation.

	Pre tax profit		Shareholders' equity	
	2015	2014	2015	2014
	-------------------Rupees-------------------			
10% increase in net claims (i.e. loss)				
Fire and property damage	(940,853)	(1,624,107)	(639,780)	(1,088,152)
Marine, aviation and transport	6,645	(954,897)	4,519	(639,781)
Motor	35,707	(2,077,789)	24,281	(1,392,119)
Accident and health	(552,957)	(478,507)	(376,011)	(320,600)
Credit and suretyship	-	-	-	-
Miscellaneous	(47,629)	(250,251)	(32,388)	(167,668)
	(1,499,087)	(5,385,551)	(1,019,379)	(3,608,320)

10% decrease in net claims (i.e. profit)	Pre tax profit 2015	Pre tax profit 2014	Shareholders' equity 2015	Shareholders' equity 2014
	Rupees			
Fire and property damage	940,853	1,624,107	639,780	1,088,152
Marine, aviation and transport	(6,645)	954,897	(4,519)	639,781
Motor	(35,707)	2,077,789	(24,281)	1,392,119
Accident and health	552,957	478,507	376,011	320,600
Credit and suretyship	-	-	-	-
Miscellaneous	47,629	250,251	32,388	167,668
	1,499,087	5,385,551	1,019,379	3,608,320

31.2.4 Claims development tables

The following table shows the development of fire claims over a period of time. The disclosure goes back to the period when the earliest material claim arose for which there is still uncertainty about the amount and timing of the claims payments. For other classes of business the uncertainty about the amount and timings of claims payment is usually resolved within a year.

Analysis of claims on a gross basis

Accident year	2010	2011	2012	2013	2014	2015	Total
	Rupees						
Estimate of ultimate claims cost:							
At end of accident year	5,796,340	9,523,919	8,683,822	35,269,690	23,520,394	43,209,753	126,003,918
One year later	10,027,978	32,750,038	11,510,762	36,776,220	44,635,146	-	135,700,144
Two years later	6,473,256	7,995,060	9,614,893	52,302,619	-	-	76,385,828
Three years later	3,251,353	10,855,594	10,877,368	-	-	-	24,984,315
Four years later	4,109,233	10,053,611	-	-	-	-	14,162,844
Five years later	3,929,260	-	-	-	-	-	3,929,260
Estimate of cumulative claims	3,929,260	10,053,611	10,877,368	52,302,619	44,635,146	43,209,753	165,007,757
Cumulative payments to date	(3,086,354)	(7,498,611)	(10,691,137)	(50,892,119)	(42,626,506)	(33,548,346)	(148,343,073)
Liability recognised in the balance sheet	842,906	2,555,000	186,231	1,410,500	2,008,640	9,661,407	16,664,684

31.2.5 Reinsurance arrangements

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

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

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

	2015		
	Maximum sum insured	Reinsurance cover	Highest net liability
	----------Rupees----------		
Fire and property damage	2,536,588,180	2,506,588,180	30,000,000
Marine, aviation and transport	1,390,000,000	1,360,000,000	30,000,000
Motor	146,147,199	-	146,147,199
Accident and health	20,000,000	-	20,000,000
Credit and suretyship	103,250,000	98,750,000	4,500,000
Miscellaneous	1,081,885,277	1,066,885,277	15,000,000
	5,277,870,656	5,032,223,457	245,647,199

	2014		
	Maximum sum insured	Reinsurance cover	Highest net liability
	----------Rupees----------		
Fire and property damage	2,529,759,196	2,499,759,196	30,000,000
Marine, aviation and transport	247,815,000	217,815,000	30,000,000
Motor	22,800,000	21,800,000	1,000,000
Accident and health	19,200,000	11,700,000	7,500,000
Credit and suretyship	11,814,816	7,314,816	4,500,000
Miscellaneous	1,939,606,916	1,924,606,916	15,000,000
	4,770,995,928	4,682,995,928	88,000,000

31.2.6 Geographical concentration of insurance risk

To optimise benefits from the principle of averages 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. Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated with the location, occupation and coverage of the insured.

The ability to manage catastrophic risk is tied to managing the density of risk within a particular area. It provides a way to better visualise the risk exposures so the Company determines the appropriate amount of reinsurance coverage to protect the business portfolio.

32 FAIR VALUES OF FINANCIAL INSTRUMENTS

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

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Fair value hierarchy

The Company uses the following hierarchy for disclosure of the fair value of financial instruments by valuation technique:

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

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

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). The Company has no items to report in this level.

Available-for-sale financial assets, primarily constituting investments in listed equity securities are carried at lower of cost or market value (market value being taken as lower if the reduction is other than temporary) in accordance with the requirements of S.R.O. 938 issued by the Securities and Exchange Commission of Pakistan on December 12, 2002 (Refer note 5.7.1.3). The carrying amounts of all other financial assets and liabilities reflected in the financial statements approximate their fair values.

33 CAPITAL MANAGEMENT POLICIES AND PROCEDURES

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

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

34 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison and better presentation. No significant rearrangement or reclassification has been made in these financial statements during the current year.

35 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

There were no events subsequent to the reporting date that require adjustments or disclosures in these financial statements.

36 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on April 01, 2016 by the Board of Directors of the Company.

37 GENERAL

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

Chief Executive	Chairperson	Director	Director

Pattern of Shareholding
As at December 31, 2015

Number of Shareholders	Shareholdings From	Shareholdings To		Total Shares Held
3	1	100	193	193
3	101	500	1,081	888
15	501	1,000	13,365	12,284
17	1,001	5,000	61,402	48,037
20	5,001	10,000	194,325	132,923
22	10,001	25,000	493,580	299,255
5	25,001	50,000	641,326	147,746
7	50,001	75,000	1,072,651	431,325
3	75,001	100,000	1,306,687	234,036
1	100,001	150,000	1,408,302	101,615
4	150,001	205,000	2,217,902	809,600
1	205,001	300,000	2,425,157	207,255
1	300,001	37,934,843	40,360,000	37,934,843
102				40,360,000

Number of Shareholders	Category of Shareholders	Total Shares Held	Percentage %
100	Individuals	2,412,526	5.98%
1	Director - Mr. Maudood Ahmad Lodhi	12,631	0.03%
1	Others: State Life Insurance Corporation of Pakistan	37,934,843	93.99%
102		40,360,000	100.00%

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E-mail: aslamsabir@alphainsurance.com.pk

BRANCHES

BANK SQUARE LAHORE
4-Bank Square. Shahrah-e-Quaid-e-Azam,
P.O.Box # 125,
Lahore.
Ph: 042-37322518, 042-37311618
Fax: 042-37324628

FAISALABAD

6th Floor, State Life Building,
Liaquat Road,
Faisalabad.
Ph: 041-2640383
Fax: 041-2640384

MULTAN

1st Floor, Room, Hajvairee Arcade Centre,
Kutchery Road, Multan.
Tel: 061- 4510694
Fax: 061-4541649
E-mail: riazahmed@alphainsurance.com.pk

BAHAWALPUR

1st Floor, Shah Din Plaza, Outside Farid Road, Stadium Road, Bahawalpur.
Ph: 062-2874236
Fax: 062-2884090
Fax: 062-2887761
E-mail: aminriffat@alphainsurance.com.pk

SAHIWAL
GreenView Center, Stadium Road,
Sahiwal.
Ph: 040-4463870

PROXY FORM

Annual General Meeting

I/We...of..................................being a member of Alpha Insurance Company Limited hereby appoint Mr..
of .... of failing him Mr..
of...as my/our Proxy to vote for me/us and on my/our behalf at the 64th Annual General Meeting of the Company to be held on 28th day of April, 2016 at 11:00 a.m. at Company's Head Office, 4th Floor, Building No. 1-B, State Life Square, I.I. Chundrigar Road, Karachi and at any adjournment thereof.

Signed this...day of... 2016

1. Witness:

Signature...
Name ....
Address ....
....
CNIC ....

Revenue Stamp

2.

Signature...
Name ....
Address ....
....
CNIC ....

Signature...............................
Holder of..............Ordinary Shares
Share Register Folio No...............

Note:

1. A Proxy must be member of the Company.

2. Proxies must be received at the Registered office of the Company not less than 48 hours before the time appointed for the Meeting.

   The signature of the instrument of proxy must confirm to the specimen signature recorded with the Company.

alpha
Insurance Company Limited.
A subsidiary of State Life Insurance Corporation of Pakistan

State Life Building # 1-B, I.I. Chundrigar Road, Karachi - Pakistan
Web: www.alphainsurance.com.pk