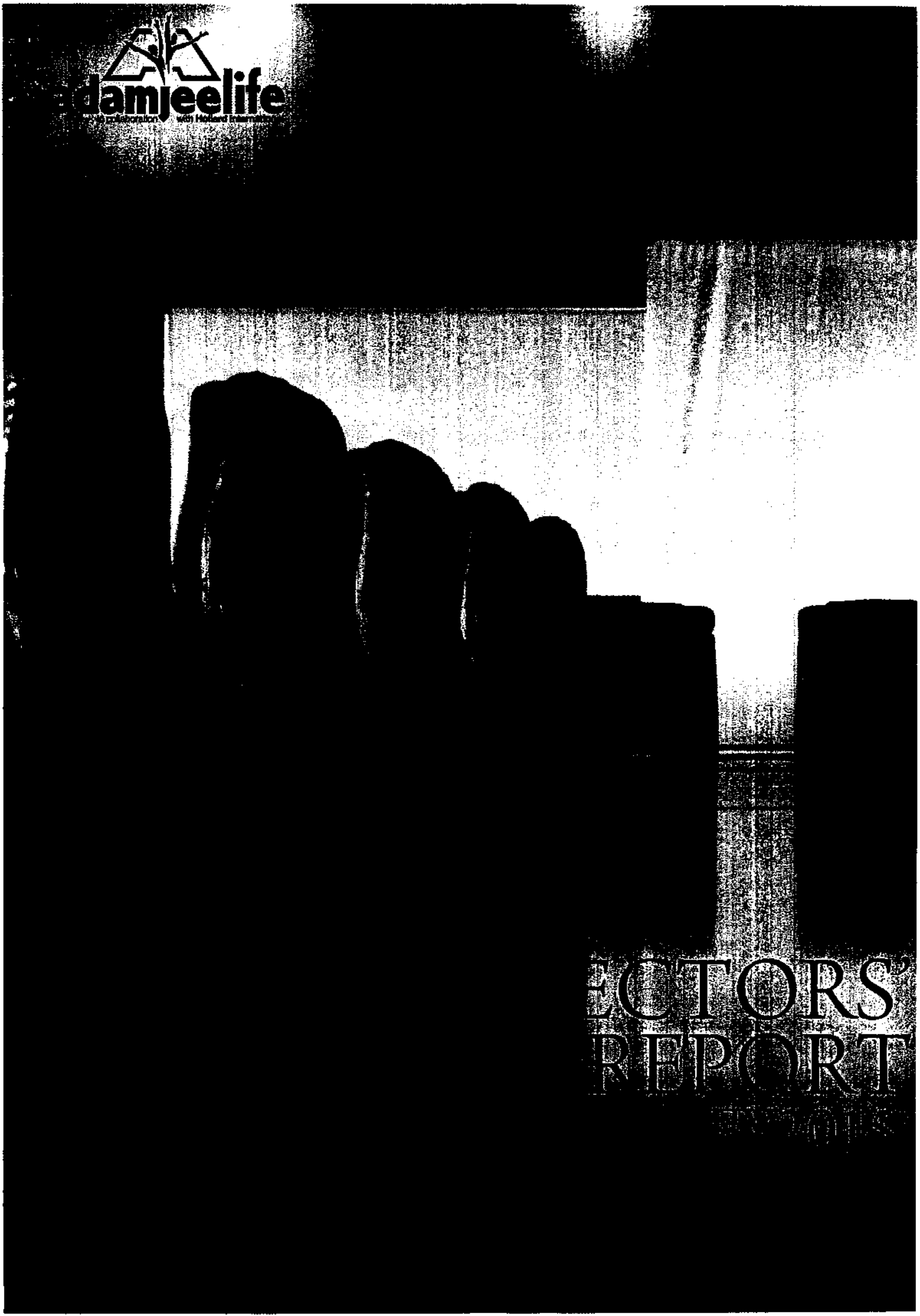
adamjeelife
ECTORS'
REPORT

The Directors are pleased to present the Annual Report and the Audited Financial Statements of the Company for the year ended December 31, 2015 together with Auditors' Report thereon.

BUSINESS PERFORMANCE

2015 was the year which witnessed Company wiping off its accumulated losses in its investment linked funds and stand ready for paying back the capital contribution made by shareholders' fund in past years to develop the Company where it stands currently. It was also the year when the Company has successfully launched its internally developed fully integrated business systems aiming for operational excellence. This phenomenal progress was the result of tremendous hard work put on by all the employees to whom Company remains obliged and has always felt proud for having such a great and enthusiastic team on board.

Total gross premium postedin 2015amounted to **Rs. 9.15 bl** which is **37%** above the budgeted target. The total gross premium was higher by Rs. 3.9 blagainst last yearthus registering a growth of **75%.** The new business regular gross premium rose to Rs. 1.8 bl which is 39% up as compared to last year. In 2015, due to decent and above the benchmark performance trend of its funds, the Company was able to attract significant amount of Single premium amounting to **Rs. 4.3 bl** which is **2.5 times** of the last year's amount. The renewal business was recorded at Rs. 2.6 bl producing overall persistency of 82.81% as compared to last year's persistency of 79.80%.The major contributor of the Company's top line is again the Bancassurance business. It is remarkable to note that apart from Company's captive business from MCB Bank, business from Faysal Bank is growing much better than it was expected due to excellent front line and after sales customer services. The Company is steadily growing its business from its own agency distribution with the work on establishing additional branch at Multan is under progress. The management is evidencing stability in agency distribution with each passing day and is confident that in next couple of years this channel will be contributing in the Company's bottom line as well.

The group life business performance has improved significantly and has producedgross premium amounting **Rs. 357 million** against last year's business of Rs. 294 million registering the growth rate of **21%.**

The Company's total investment income was **Rs. 1.15 bl** which earned an average return of **10.27%** on its total investment against last year's rate of return of **16.71%.** During the year KSE 100 index posted a negative return of 1.4% whereas SBP policy discount rate dropped from 9.5% to 6.5%. In the given scenario, the Company's return on investment remained more than satisfactory.

The Company paid total death and disability claims of **Rs. 347 ml** during the year whereas **Rs. 1.7 bl** was paid against surrenders and maturity. The total claims payment of Rs. 2.1 bl represents 15% of the total policyholders' fund/reserve held by the Company.

There has been no change in the Company's reinsurance treaty basic terms for both group and individual life business as compared to last year except for the profit commission arrangement which will start triggering from the next year. The Company's reinsurance outflow was Rs. 313ml against the reinsurance inflow of Rs. 258ml.

The Company's total acquisition cost to individual life premium was **17.7%** while the same for group life premium was **8.8%.**

After reserving for policyholders' liability, the Company was able to produce underwriting surplus (before management expenditure) of **Rs. 770million** against last year's amount of **Rs. 442million.** The underwriting margin thus stood at 8.42%to GWP which is more or less same as for last year.

The Company's management expenditure for the year was **Rs. 489 million** against last year's expenditure of Rs. 388million, registering an increase of **26%.** Rising trend is due to Company's growing phase and investment in human resource, information technology, office infrastructure and increase in marketing activities in response to tough competitive environment. The ratio of management expenditure to gross premium has reduced from **7.44%** to 5.34% due to phenomenal growth in premium.

The combined surplus of all statutory funds was **Rs. 305 million** whereas profit after tax in shareholders' fund was **Rs. 1 million.**

During the first half of the year the Company made a small capital contribution from Shareholders' fund to Statutory fund amounting to Rs. 13.8 ml only for solvency purpose. However, the full year's result, particularly the second half of the year, was very encouraging which has enabled the Company's Non-unitized Investment linked and Unit linked Statutory funds to recoup its entire losses and is now posting apositive retained earnings. There was therefore no need for further capital contribution and in fact the Company is now aiming to pay the contribution back,in early 2016,to shareholders' fund to the tune of **Rs. 250 ml** after still retaining the required solvency margin of approx. Rs. 226 ml in capital contribution account of above two statutory funds.

The Company's size of policyholders' funds has been increased to **Rs. 14.4 bl** from **Rs. 8.26 bl.**

The Company's ratio of current assets to current liabilities was **2.22** against last year's ratio of **1.98** and its adequacy of solvency in shareholders' funds is at a comfortable level of 1.49 against last year's level of 1.64.

The Company has maintained its substantial level of exposure in risk free investment where 85% of the Company's investments are in government securities.

The Company's staff strength was increased from **183 to 201.**

As per profit and loss account (shareholders' fund), the earning per share comes to Re. 0.01 per share. The EPS will start improvingfrom 2016 when shareholders' equity will start rising after capital payback from statutory funds resulting into higher investment income. Moreover, Company is targeting to complete capital pay back by 2017 and start appropriating surplus to shareholders fund from 2018 resulting in significant increasing in EPS then onwards.

INTERNAL AUDIT ACTIVITIES

The Company had outsourced its Internal Audit Function to M/s. A.F. Ferguson & Co, Chartered Accountants. During the year Internal Audit Report of Marketing function was presented to the Board's Audit Committee. The said Internal Audit report had few observations which were taken up by the management, other than those observations there were no major findings highlighted by M/s. A.F. Ferguson & Co., which could impair Company's ability to achieve its strategic objectives.

In addition to outsourced internal audit function the Company has an established in-house internal audit function. In this regard certain categories of financial transactions were reviewed by the in house internal audit function on regular basis. The function also coordinates with the outsourced internal auditors in their assignments.

HUMAN RESOURCE

The Company pays high importance to human resource function and believes in strong processes and policies to support company's recruitment, development and performance management systems. The management is satisfied with the quality and quantity of work undertaken by the Human Resource department during the year.The Company's employee turnover rate was at comfortable level of 7%. As far as continuous professional development of staff and financial advisors' of agency distribution is concerned, they have got Certifications in various disciplines, according to their functional responsibilities, from 'Adamjee Life Academy'. The Company spent Rs. 7.5 ml towards training & development of staff.

MEETINGS OF BOARD AND ITS COMMITTEES

During the year four meetings each of Board of Directors and Board's Audit Committee were held. Three meetings of Board's Investment Committee and one meeting of Board's HR Committee were also held during the year.

Market Overview

- The insurance penetration and density remained very modest as compared to other jurisdictions while the insurance sector remained underdeveloped relative to its potential.
- Low penetration of less than .5% of GDP provides a large untapped market potential
- Govt. owned State life Insurance Co. has the largest Market share of nearly 70%
- Jubilee Life and EFU Life are the major competitors of Adamjee Life in Private sector insurers with a combined market share of 81% out of Rs 70 bn total Gross Premium.
- Jubilee Life has posted approximately Rs 7.5 billion premium with Rs 5.5 billion from group owned bank HBL, whereas MCB has produced Rs. 1.4 billion
- Total Industry Growth of 25% in 2015 Avg. industry growth of 30% in the last five years
- New Entrants like IGI Life and TPL Life will further require established players to be more agile and flexible in strategic planning

EXPANSION IN DISTRIBUTION

Bancassurance Distribution

Market overview above presents an attractive picture for growth potential. Prime example is HBL jubilee partnership yielding enviable results, Adamjee is constantly pushing our group owned Bank to enhance the scope of distribution and expand to enable sales from full branch network. New distribution structures approved by SECP allow insurance companies to test new models with partner banks presenting an opportunity to scale the business. Adamjee Life will build on and expand scope of existing partnerships and identify additional opportunities for distribution. The primary focus of Banks is still on standard unit linked product which leaves room for additional product categories like credit life, health and small ticket products. Capitalizing on expertise of successful bank distribution partnerships, Adamjee is offering distribution consultancy to potential banks for product, incentives, distribution and marketing in pursuit of possible partnerships.

Agency Distribution

Increasing awareness for Insurance and expanding target market in coming years provides a better scope of agency distribution as compared to a decade ago. Technological enablement has curtailed operational risks associated with insurance distribution and is enabling more individuals to join insurance sales as a profession. At agency we have launched 4 setups with attractive business and production standards and have requested board to approve remaining expansion plan to cover key geographic locations. Once base model is laid down, it will allow us to engage low cost peripheral setups linked with existing branches for business processing and controls. Lead management program has been developed to assist the advisor in prospecting and empower the supervisors to administer sales effectively, ultimately aspiring to increase productivity.

Group Life and Alternative Distribution

Group Life portfolio has been expanding year on year basis with prime goal of volume and profitability. Recent results and response from market encourages Adamjee to invest further in manpower and enhancement in product offering. Our focus of alternative distribution has been to engage partners with high customer reach and affinity, trust with the distribution partner and transaction capability. Primary target is telecom and branchless banking partners due to their high reach.Uptake in initial years has been slow however with 88% of the population being unbanked, the future is branchless and digital distribution platforms, one example is highly successful project with Easy paisa producing over Rs 40 ml business. We plan to continue to focus on enablement of alternate delivery channels as customer lifestyle and buying behavior is constantly evolving.

Family Takaful Window Operations

Launch of Family Takaful window will allow Adamjee Life to enter new market where financial decisions are made based on religious beliefs. Results in countries similar to Pakistani demographics have seen tremendous growth in Takaful business, however it remains to be seen the potential uptake of Takaful products against conventional products in local market. Of the 2 local Takaful companies, Pak Qatar has done well whereas Dawood Takaful has been struggling due to distribution and management challenges. Adamjee has appointed Mufti ZubairUsmani as Shariah Advisor and plans to promote and invest in window operations in coming years to critically evaluate response from market.

Product & Marketing
As new regulations are standardizing product revenue structure, Industry is becoming competitive in product enhancement with innovative product structures, value added benefits and improved packaging of products. Many examples are available regionally and internationally where product structures are developed for specialized segments with targeted benefits. Product enhancement initiative is also to support partnering with new distribution partners who are offering standardized products.

In 2015 competitors spent approximately Rs 890 million in advertising, which poses challenge for Adamjee to maintain and promote brand identity. Focus in coming years will include branding and promotion of brand through engagement of existing and prospective customers. Digital and social media platforms are enabling companies to be more accessible and visible to target audience.

Customer Service & Experience
Alongside rapid expansion experienced in past years, customer service, response time and experience remain at utmost priority. Focus placed on customer service will be much higher in coming years as customer satisfaction results in continuity of client relationship resulting in income through renewals. As products of all insurance companies are more or less similar, servicing experience can form part of differentiating factor.

Organizational Development
In order to cope with fast paced expansion and increasing human capital of organization, Adamjee requires continuing with organizational development plan which includes:

- Right structure and staffing of divisions
- Training, development, empowerment and retention of staff
- Management development and leadership development program
- Recruitment, screening and selection process
- Career enhancement and progression plan for key staff members
- Sustaining organization culture of Care, openness and high integrity
- Maintain and expand infrastructure to host and enable staff

Business Technology
Business technology has proven to be a differentiating factor for the services industry in terms of client communication and transaction experience. In house development of CoreApp has enabled the organization to think beyond bare minimum requirement to creating a wow experience for all stakeholders. Utilization of technology is providing a higher accuracy and efficiency by reducing workload and turn around time through automation. Adamjee is geared and will be capitalizing on upcoming innovative and digital distribution opportunities.

PATTERN OF SHAREHOLDING

Pattern of Shareholding as at December 31, 2015

Number of Shareholders	Shareholdings		Share Held
	From	To	
7	1	250	1,750
1	24,060,000	24,060,000	24,059,105
1	69,489,000	69,489,000	69,488,545
9			93,549,400

Additional Information as at December 31, 2015

Categories of Shareholders	Number of Shareholders	Shares Held	Percentage of Total
Associated Companies, undertakings and related parties:	2	93,547,650	99.998%
M/s. Adamjee Insurance Company Limited		69,488,545	74.280%
M/s. IVM Intersurer B.V.		24,059,105	25.718%
Directors:	7	1,750	0.002%
Mr. Muhammad Umer Mansha		250	0.000%
Mr. Muhammad Raza Mansha		250	0.000%
Mr. S.M. Jawed		250	0.000%
Mr. Muhammad Ali Zeb		250	0.000%
Mr. Francois Potgieter		250	0.000%
Mr. Frans Georg Prinsloo		250	0.000%
Mr. Fredrik Coenrard De Beer		250	0.000%
Total		**93,549,400**	**100.000%**

EARNING PER SHARE

The Basic earning per share for the year ended on December 31, 2015 was Rs. 0.01.

BASIC EARNINGS PER SHARE

Profit for the period	871,452
Weighted average number of ordinary shares	93,549,400
Earnings per share - basic and diluted	0.01

Fredrik Coenrard De Beer
Chief Executive Officer

Dated: February 15, 2016

KPMG

KPMG Taseer Hadi & Co.
Chartered Accountants

Adamjee Life Assurance Company Limited

Financial Statements For the year ended 31 December 2015

KPMG

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2
Beaumont Road
Karachi, 75530 Pakistan

Telephone + 92 (21) 3568 5847
Fax + 92 (21) 3568 5095
Internet www.kpmg.com.pk

Independent Auditors' Report to the Members

We have audited the annexed financial statements comprising of:

(i) balance sheet;

(ii) profit and loss account;

(iii) statement of changes in equity;

(iv) cash flow statement;

(v) revenue account;

(vi) statement of premiums;

(vii) statement of claims;

(viii) statement of expenses; and

(ix) statement of investment income

of **Adamjee Life Assurance Company Limited** ("the Company") as at 31 December 2015 together with the notes forming part thereof, for the year then ended.

It is the responsibility of the Company's Board of Directors to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the 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 account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;

b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied except for the change disclosed in note 3.4 with which we concur;

c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at 31 December 2015, and of the profit, 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;

d) the apportionment of assets, liabilities, revenue and expenses between two or more funds has been performed in accordance with the advice of the appointed actuary; and

e) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

KPMG Taseer Hadi & Co.

Date: 15 February 2016

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Amyn Pirani

Adamjee Life Assurance Company Limited

Balance Sheet

As at 31 December 2015

	Note	Shareholders' Fund	Statutory Funds: Conventional Business	Statutory Funds: Accident and Health Business	Statutory Funds: Non-unitised Investment Link Business	Statutory Funds: Unit Linked Business	Aggregate 2015	Aggregate 2014
		(Rupees)						
Share capital and reserves								
Authorised share capital 150,000,000 (2014: 100,000,000) ordinary shares of Rs 10 each		1,500,000,000	-	-	-	-	1,500,000,000	1,000,000,000
Issued, subscribed and paid up share capital 93,549,400 shares (2014: 93,549,400 shares) ordinary shares of Rs. 10 each	5	935,494,000	-	-	-	-	935,494,000	935,494,000
Accumulated surplus	6	71,091,769	-	-	-	-	71,091,769	70,220,317
Less: Capital contribution by shareholders' fund	8	(655,611,570)	-	-	-	-	(655,611,570)	(641,811,570)
		(584,519,801)	-	-	-	-	(584,519,801)	(571,591,253)
Net shareholders' equity		350,974,199	-	-	-	-	350,974,199	363,902,747
Balance of statutory fund (including policy holders' liabilities of Rs. 13.856 billion) (2014: Rs. 7.986 billion)	8	-	164,146,944	116,676	2,312,219,189	11,968,294,714	14,444,777,523	8,256,341,827
Deferred liability:								
- Staff retirement benefits	9	9,143,183	-	-	-	-	9,143,183	6,298,754
- Deferred taxation	16	715,898	-	-	-	-	715,898	-
Creditors and accruals								
Outstanding claims	10	-	68,695,099	-	13,436,135	116,049,700	198,180,934	113,498,620
Premiums received in advance		-	1,350,698	8,800	51,986,671	182,602,516	235,948,685	142,167,148
Amounts due to reinsurers		-	33,800,150	-	-	-	33,800,150	19,218,922
Amounts due to agents		-	6,342,163	35,456	7,330,608	224,933,410	238,641,637	204,764,458
Accrued expenses		5,339,963	-	-	-	-	5,339,963	3,961,832
Other creditors and accruals	11	55,031,626	679,723	-	830,599	5,750,143	62,292,091	35,448,637
Inter-fund payable		-	1,843,902	99,145	-	76,952,377	78,895,424	43,629,100
Total liabilities		60,371,589	112,711,735	143,401	73,584,013	606,288,146	853,098,884	562,688,717
CONTINGENCIES AND COMMITMENTS	12							
TOTAL EQUITY AND LIABILITIES		421,204,869	276,858,679	260,077	2,385,803,202	12,574,582,860	15,658,709,687	9,189,232,045

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

Chairman

Director

Director

Chief Executive Officer

Adamjee Life Assurance Company Limited
Balance Sheet
As at 31 December 2015

	Note	Shareholders' Fund	Statutory Funds: Conventional Business	Statutory Funds: Accident and Health Business	Statutory Funds: Non-unitised Investment Link Business	Statutory Funds: Unit Linked Business	Aggregate 2015	Aggregate 2014
					(Rupees)			
Cash and bank deposits	13							
Cash and others		45,472	-	-	-	-	45,472	72,608
Current and other accounts		22,719,665	74,006,629	168,263	40,430,486	842,424,666	979,749,789	572,588,014
Deposits maturing within 12 months		-	-	-	60,000,000	300,000,000	360,000,000	-
		22,765,137	74,006,629	168,263	100,430,486	1,142,424,666	1,339,795,181	572,660,622
Unsecured loans to employees		3,271,098					3,271,098	1,892,118
Loans secured against Life Insurance Policies	14	-	-	-	8,501,895	1,844,752	10,346,647	3,522,901
Investments								
Government securities	15.1	164,398,816	151,516,835	91,814	1,827,306,755	9,544,537,736	11,687,851,146	6,781,079,717
Other fixed income securities	15.6	-	-	-	35,252,166	86,918,477	122,170,643	119,191,467
Listed equity securities and units of mutual funds	15.10	77,415,903	24,919,894	-	243,432,891	1,527,084,461	1,872,852,349	1,199,443,181
		241,813,919	176,436,719	91,814	2,105,991,812	11,158,540,674	13,682,874,138	8,099,714,365
Deferred taxation	16	-	-	-	-	-	-	1,178,675
Current assets - others	17							
Premium due but unpaid		-	24,275,183	-	-	-	24,275,183	25,489,403
Accrued income on investments		4,802,029	1,449,315	-	44,548,263	232,370,741	283,170,348	330,869,454
Amount due from reinsurer		-	-	-	5,775,981	34,269,477	40,045,458	3,650,714
Taxation - payment less provision		22,523,345	-	-	-	-	22,523,345	7,870,883
Advances and deposits	18.1	14,422,654	690,833	-	50,000,000	-	65,113,487	7,809,899
Prepayments	18.2	29,058,291	-	-	-	4,685,777	33,744,068	31,026,491
Other receivables		3,473,539	-	-	-	-	3,473,539	1,189,712
Dividend receivable		19,005	-	-	-	446,773	465,778	48,039
Inter-fund receivable		8,339,859	-	-	70,555,565	-	78,895,424	43,629,100
		82,638,722	26,415,331	-	170,879,809	271,772,768	551,706,630	451,583,695
Fixed assets	19							
Tangible								
Furniture and fixtures, office equipment, computers and vehicles		54,385,832	-	-	-	-	54,385,832	50,188,283
Capital work in progress		-	-	-	-	-	-	-
Intangibles								
Computer Software		16,330,161	-	-	-	-	16,330,161	8,491,386
TOTAL ASSETS		421,204,869	276,858,679	260,077	2,385,803,202	12,574,582,860	15,658,709,687	9,189,232,045

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

Chairman

Director

Director

Chief Executive Officer

Adamjee Life Assurance Company Limited

Profit and Loss Account

For the year ended 31 December 2015

	Note	2015	2014
		(Rupees)	
Investment income not attributable to statutory funds			
Income from Trading Investments			
Unrealised appreciation in value of quoted equity securities	15.13	854,433	208,388
Gain on disposal of trading investments		-	-
		854,433	208,388
Income from Non-Trading Investments			
Return on government securities		19,187,766	26,658,774
Return on bank deposits		1,210,854	1,453,245
Dividend income		2,809,341	2,414,885
		23,207,961	30,526,904
		24,062,394	30,735,292
Gain on disposal of non-trading investments		4,108,464	3,119,208
Provision for impairment in value of investments			
Listed equity securities and units of mutual fund	15.12	(626,548)	-
Net investment income		27,544,310	33,854,500
Other revenues			
(Loss)/ gain on disposal of fixed assets	19.3	(76,099)	3,018,892
Other income		173,056	147,246
		96,957	3,166,138
Total investment income and other revenues		27,641,267	37,020,638
Expenses not attributable to statutory funds	20	(23,481,571)	(18,335,415)
Profit before appropriation of surplus to shareholders' fund		4,159,696	18,685,223
Surplus appropriated to shareholders' fund		-	-
Profit before taxation		4,159,696	18,685,223
Taxation	22	(3,288,244)	(3,679,357)
Profit after taxation		871,452	15,005,866
		(Rupees)	
Basic and diluted earnings per share	23	0.01	0.16

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

Chairman	Director	Director	Chief Executive Officer

Adamjee Life Assurance Company Limited

Statement of Changes in Equity

For the year ended 31 December 2015

	Share Capital	Net Accumulated Surplus			Aggregate
		Capital contribution to statutory funds	Accumulated surplus	Net accumulated deficit	
	(Rupees)				
Balance as at 1 January 2014	935,494,000	(571,685,570)	55,214,451	(516,471,119)	419,022,881
Profit for the year ended 31 December 2014	-	-	15,005,866	15,005,866	15,005,866
Transactions with the owners directly recorded in equity					
Capital contribution to statutory funds - note 8	-	(70,126,000)	-	(70,126,000)	(70,126,000)
Balance as at 31 December 2014	935,494,000	(641,811,570)	70,220,317	(571,591,253)	363,902,747
Profit for the year ended 31 December 2015	-	-	871,452	871,452	871,452
Transactions with the owners directly recorded in equity					
Capital contribution to statutory funds - note 8	-	(13,800,000)	-	(13,800,000)	(13,800,000)
Balance as at 31 December 2015	935,494,000	(655,611,570)	71,091,769	(584,519,801)	350,974,199

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

Chairman

Director

Director

Chief Executive Officer

Adamjee Life Assurance Company Limited

Cash Flow Statement

For the year ended 31 December 2015

	Note	Shareholders' Fund	Statutory Funds: Conventional Business	Statutory Funds: Accident and Health Business	Statutory Funds: Non-unitised Investment Link Business	Statutory Funds: Unit Linked Business	Aggregate 2015	Aggregate 2014
		(Rupees)						
Operating cash flows								
a) Underwriting activities								
Premiums received		-	360,176,323	-	524,009,337	8,361,450,192	9,245,635,852	5,274,386,249
Payments to Reinsurer		-	(7,899,224)	-	(3,415,957)	(64,840,694)	(76,155,875)	(73,696,019)
Claims paid		-	(270,035,110)	-	(95,022,455)	(1,587,158,797)	(1,952,216,362)	(1,383,557,964)
Commissions paid		-	(33,983,133)	-	(41,823,479)	(1,398,172,583)	(1,473,979,195)	(908,609,989)
Net cash flow from underwriting activities		-	48,258,856	-	383,747,446	5,311,278,118	5,743,284,420	2,908,522,277
b) Other operating activities								
Income tax paid		(16,046,133)	-	-	-	-	(16,046,133)	(1,771,492)
General management expenses paid		(24,400,259)	(32,766,401)	758	(82,675,854)	(433,942,620)	(573,784,376)	(442,996,927)
Other operating payments		-	(56,279,833)	(80,633)	(59,137,664)	-	(115,498,130)	(410,508,022)
Other operating receipts		34,614,880	-	172,294	-	80,710,956	115,498,130	410,508,022
Net cash flow from other operating activities		(5,831,512)	(89,046,234)	92,419	(141,813,518)	(353,231,664)	(589,830,509)	(444,768,419)
Total cash flow from all operating activities		(5,831,512)	(40,787,378)	92,419	241,933,928	4,958,046,454	5,153,453,911	2,463,753,858
Investment activities								
Profit / return received		22,914,891	20,116,403	11,603	197,577,601	730,276,857	970,897,355	192,491,800
Term deposit placement		-	-	-	-	(100,000,000)	(100,000,000)	-
Investments purchased		(213,319,143)	(296,132,750)	(86,146)	(3,840,955,127)	(19,633,845,235)	(23,984,338,401)	(16,324,713,895)
Proceeds from disposal of investments		243,934,380	326,979,182	86,146	3,468,174,252	14,596,569,873	18,635,743,833	13,951,135,537
Disbursement of policy loans		-	-	-	(8,500,939)	(1,822,327)	(10,323,266)	(3,564,275)
Settlement of policy loans		-	-	-	3,325,428	815,571	4,140,999	1,006,967
Dividend received		2,808,376	-	-	346,857	32,441,279	35,596,512	4,089,534
Fixed capital expenditure		(39,943,487)	-	-	-	-	(39,943,487)	(30,783,398)
Proceeds from disposal of fixed assets		1,907,103	-	-	-	-	1,907,103	5,819,146
Total cash flow generated from investing activities		18,302,120	50,962,835	11,603	(180,031,928)	(4,375,563,982)	(4,486,319,352)	(2,204,518,584)
Financing activities								
Issue of share capital		-	-	-	-	-	-	-
Capital payments received by statutory funds in cash		-	-	-	-	-	-	-
Total cash flow from financing activities		-	-	-	-	-	-	-
Net cash inflow / (outflow) from all activities		12,470,608	10,175,457	104,022	61,902,000	582,482,472	667,134,559	259,235,274
Cash and cash equivalents at beginning of the year		10,294,529	63,831,172	64,241	38,528,486	459,942,194	572,660,622	313,425,348
Cash and cash equivalents at end of the year	13.3	22,765,137	74,006,629	168,263	100,430,486	1,042,424,666	1,239,795,181	572,660,622

	Note	2015	2014
		(Rupees)	
Reconciliation to profit and loss account			
Operating cash flows		5,153,453,911	2,463,753,858
Depreciation expense	19.1.1	(20,545,022)	(16,416,596)
Amortisation expense	19.2.1	(5,378,939)	(7,295,345)
Bad debts		(4,909,772)	-
(Loss) / gain on disposal of fixed assets	19.3	(76,099)	3,018,892
Operating investment income		954,491,131	636,261,336
Gain on sale of investments		181,724,769	41,138,523
Capital contribution from shareholders' fund	8	13,800,000	70,126,000
Increase / decrease in assets other than cash		149,679,150	28,690,087
Increase in liabilities other than running finance		(6,482,406,192)	(3,609,843,920)
Revaluation gain on investments		61,038,515	405,573,031
Profit after taxation		871,452	15,005,866

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

Chairman

Director

Director

Chief Executive Officer

Adamjee Life Assurance Company Limited

Revenue Account

For the year ended 31 December 2015

	Note	Statutory Funds				Aggregate	
		Conventional Business	Accident and Health Business	Non-unitised Investment Link Business	Unit Linked Business	2015	2014
		(Rupees)					
Income							
Premiums less reinsurances		150,494,707	-	503,951,250	8,183,244,891	8,837,690,848	4,976,433,372
Net investment income		20,192,538	11,603	231,922,616	917,583,347	1,169,710,104	1,048,952,085
Total net income		170,687,245	11,603	735,873,866	9,100,828,238	10,007,400,952	6,025,385,457
Claims and expenditure							
Claims net of reinsurance recoveries		99,652,652	-	91,320,456	1,587,319,436	1,778,292,544	1,243,399,481
Management expenses		70,557,151	(758)	77,005,187	1,906,911,132	2,054,472,712	1,456,112,567
Total claims and expenditure		170,209,803	(758)	168,325,643	3,494,230,568	3,832,765,256	2,699,512,048
Excess of income over claims and expenditure		477,442	12,361	567,548,223	5,606,597,670	6,174,635,696	3,325,873,409
Add: Policyholders' liabilities at beginning of the year		101,212,544	-	1,613,530,651	6,271,711,143	7,986,454,338	4,732,158,663
Less: Policyholders' liabilities at end of the year	7	104,895,813	104	2,057,292,293	11,693,709,907	13,855,898,117	7,986,454,338
		3,683,269	104	443,761,642	5,421,998,764	5,869,443,779	3,254,295,675
(Deficit) / surplus		(3,205,827)	12,257	123,786,581	184,598,906	305,191,917	71,577,734
Movement in policyholders' liabilities		3,683,269	104	443,761,642	5,421,998,764	5,869,443,779	3,254,295,675
Capital contribution from shareholders' fund		-	-	-	13,800,000	13,800,000	70,126,000
Balance of statutory funds at beginning of the year		163,669,502	104,315	1,744,670,966	6,347,897,044	8,256,341,827	4,860,342,418
Balance of statutory funds at end of the year	8	164,146,944	116,676	2,312,219,189	11,968,294,714	14,444,777,523	8,256,341,827
Represented by:							
Capital contributed by shareholders' fund	8	178,123,436	1,511,464	226,732,125	249,244,545	655,611,570	641,811,570
Policyholders' liabilities	8	104,895,813	104	2,057,292,293	11,693,709,907	13,855,898,117	7,986,454,338
Retained earnings on other than participating business	8	(118,872,305)	(1,394,892)	28,194,771	25,340,262	(66,732,164)	(371,924,081)
Balance of statutory funds		164,146,944	116,676	2,312,219,189	11,968,294,714	14,444,777,523	8,256,341,827

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

Chairman

Director

Director

Chief Executive Officer

Adamjee Life Assurance Company Limited
Statement of Premiums
For the year ended 31 December 2015

	Statutory Funds				Aggregate	
	Conventional Business	Accident and Health Business	Non-unitised Investment Link Business	Unit Linked Business	2015	2014
	(Rupees)					
Gross premiums						
Regular premium individual policies*						
- first year	-	-	40,430,000	1,798,657,980	1,839,087,980	1,320,689,806
- second year renewal	-	-	44,408,998	937,118,207	981,527,205	910,442,827
- subsequent years renewal	4,250,467	-	425,629,854	1,201,601,415	1,631,481,736	926,865,766
Single premium individual policies*	-	-	-	4,340,668,030	4,340,668,030	1,761,990,280
Group policies without cash values	357,875,144	-	-	-	357,875,144	294,958,725
Total gross premiums	362,125,611	-	510,468,852	8,278,045,632	9,150,640,095	5,214,947,404
Less: reinsurance premiums ceded						
On individual life first year business	-	-	338,438	45,194,342	45,532,780	33,586,442
On individual life second year business	-	-	372,080	20,035,815	20,407,895	21,091,776
On individual life subsequent renewal business	93,285	-	5,807,084	28,474,429	34,374,798	21,572,420
On single premium individual policies	-	-	-	1,096,155	1,096,155	727,536
On group policies	211,537,619	-	-	-	211,537,619	161,535,858
	211,630,904	-	6,517,602	94,800,741	312,949,247	238,514,032
Net premiums	150,494,707	-	503,951,250	8,183,244,891	8,837,690,848	4,976,433,372

* individual policies are those underwritten on an individual basis

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

Chairman

Director

Director

Chief Executive Officer

Adamjee Life Assurance Company Limited
Statement of Claims
For the year ended 31 December 2015

	Statutory Funds				Aggregate	
	Conventional Business	**Accident and Health Business**	**Non-unitised Investment Link Business**	**Unit Linked Business**	**2015**	**2014**
	(Rupees)					
Gross claims						
Claims under individual policies						
- by death	-	-	11,445,864	98,592,702	110,038,566	64,049,060
- by insured event other than death	-	-	2,451,831	5,287,289	7,739,120	5,000,000
- by maturity	-	-	-	205,407,408	205,407,408	44,447,990
- by surrender	230,950	-	82,649,673	1,348,713,493	1,431,594,116	1,099,988,029
Total gross individual policy claims	230,950	-	96,547,368	1,658,000,892	1,754,779,210	1,213,485,079
Claims under group policies						
- by death	204,524,364	-	-	-	204,524,364	187,280,987
- by insured event other than death	26,470,573	-	-	-	26,470,573	11,388,294
- experience refund	51,124,529	-	-	-	51,124,529	882,877
Total gross group policy claims	282,119,466	-	-	-	282,119,466	199,552,158
Total gross claims	282,350,416	-	96,547,368	1,658,000,892	2,036,898,676	1,413,037,237
Less: Reinsurance recoveries						
- on individual claims	271,596	-	5,226,912	70,681,456	76,179,964	32,049,594
- on group claims	182,426,168	-	-	-	182,426,168	137,588,162
	182,697,764	-	5,226,912	70,681,456	258,606,132	169,637,756
Net claims	99,652,652	-	91,320,456	1,587,319,436	1,778,292,544	1,243,399,481

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

Chairman | Director | Director | Chief Executive Officer

Adamjee Life Assurance Company Limited

Statement of Expenses

For the year ended 31 December 2015

	Note	Statutory Funds: Conventional Business	Statutory Funds: Accident and Health Business	Statutory Funds: Non-unitised Investment Link Business	Statutory Funds: Unit Linked Business	Aggregate 2015	Aggregate 2014
		(Rupees)					
Acquisition costs							
Remuneration to insurance intermediaries on individual policies:							
- Commission on first year premiums		-	-	24,258,000	1,064,564,373	1,088,822,373	785,575,905
- Commission on second year premiums		-	-	2,030,750	47,385,182	49,415,932	45,618,869
- Commission on subsequent years renewal		106,262	-	10,077,842	30,040,036	40,224,140	23,171,165
- Commission on single premiums		-	-	-	84,275,238	84,275,238	33,897,828
- Other benefits to insurance intermediaries		-	-	5,664,748	196,013,428	201,678,176	109,062,174
		106,262	-	42,031,340	1,422,278,257	1,464,415,859	997,325,941
Remuneration to insurance intermediaries on group policies:							
- Commission		30,594,790	-	-	-	30,594,790	30,535,804
- Other benefits to insurance intermediaries		1,232,586	-	-	-	1,232,586	664,665
		31,827,376	-	-	-	31,827,376	31,200,469
Branch overheads	21	-	-	-	72,197,797	72,197,797	43,585,726
Other acquisition costs:							
- Policy stamps		180,190	-	57,274	19,243,289	19,480,753	12,865,860
- Medical Examination Fee		131,026	-	8,580	1,020,115	1,159,721	583,734
		311,216	-	65,854	20,263,404	20,640,474	13,449,594
		32,244,854	-	42,097,194	1,514,739,458	1,589,081,506	1,085,561,730
Administrative expenses							
Salaries, allowances and other benefits		22,125,826	-	16,565,405	183,597,281	222,288,512	185,787,885
Travelling expenses		444,120	-	137,465	1,645,157	2,226,742	1,150,201
Actuary's fee		229,575	-	361,855	3,270,570	3,862,000	5,141,001
Auditor's remuneration	26.1	79,628	-	170,014	1,182,593	1,432,235	1,260,579
Legal and professional charges		785,011	-	1,335,652	11,623,499	13,743,562	6,958,550
Advertisement and publicity		6,691	-	24,616	1,219,624	1,250,931	5,672,470
Information technology expenses		1,380,363	-	1,986,684	18,520,887	21,887,934	14,972,253
Printing and stationery		299,973	-	341,542	5,802,461	6,443,976	3,756,388
Depreciation	19.1.1	1,039,265	-	1,368,240	13,752,886	16,160,391	14,029,239
Amortisation	19.2.1	339,875	-	474,894	4,326,208	5,140,977	6,732,490
Rent expense		1,668,207	-	2,445,304	23,318,943	27,432,454	25,517,894
Insurance expense		59,174	-	86,866	784,956	930,996	837,146
Car fuel and maintenance		1,157,503	-	813,959	8,457,209	10,428,671	13,160,005
Postage and courier		721,830	-	343,798	9,559,116	10,624,744	6,063,268
Utilities		502,515	-	726,581	7,532,881	8,761,977	6,907,976
Office maintenance		277,493	-	559,190	5,177,694	6,014,377	4,126,447
Entertainment		121,246	-	164,975	2,218,408	2,504,629	1,555,102
Bank and brokerage charges		231,878	-	451,187	2,056,904	2,739,969	1,382,792
Claim investigation fees		478,220	-	80,130	1,848,457	2,406,807	1,003,942
Technical support fee to associate (reversal)		(37,963)	-	(55,483)	(477,446)	(570,892)	5,448,195
Training and development		133,336	-	120,585	3,386,264	3,640,185	2,321,130
Fees and subscription		143,334	-	5,505,515	24,296,112	29,944,961	21,008,301
Marketing cost		1,335,049	-	555,988	58,927,579	60,818,616	36,062,872
Other (income) / expense - net		(119,624)	(758)	343,631	143,431	366,680	(175,117)
Exchange gain		-	-	-	-	-	(130,172)
Provision against doubtful debt		4,909,772	-	-	-	4,909,772	-
Gross management expenses		38,312,297	(758)	34,907,993	392,171,674	465,391,206	370,550,837
Total management expenses		70,557,151	(758)	77,005,187	1,906,911,132	2,054,472,712	1,456,112,567

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

Chairman

Director

Director

Chief Executive Officer

Adamjee Life Assurance Company Limited
Statement of Investment Income
For the year ended 31 December 2015

	Note	Statutory Funds: Conventional Business	Statutory Funds: Accident and Health Business	Statutory Funds: Non-unitised Investment Link Business	Statutory Funds: Unit Linked Business	Aggregate: 2015	Aggregate: 2014
		(Rupees)					
Income from Trading Investments							
Unrealised appreciation in value of government securities	15.5	-	-	8,917,813	44,385,974	53,303,787	294,127,556
Unrealised appreciation/ (diminution) in value of listed equities and units of open end mutual funds	15.13	-	-	8,126,479	(4,273,406)	3,853,073	114,700,572
Unrealised appreciation/ (dimunition) in value other fixed income securities	15.9	-	-	877,481	2,149,741	3,027,222	(3,463,485)
Return on government securities		-	-	160,484,809	666,730,536	827,215,345	535,426,856
Return on other fixed income securities		-	-	3,851,056	8,234,932	12,085,988	14,699,328
Dividend income		-	-	346,857	32,858,053	33,204,910	1,614,286
Gain / (loss) on disposal of trading investments:							
- Units of open end mutual funds		-	-	13,895,482	50,994,909	64,890,391	25,722,080
- Listed equities		-	-	-	416,858	416,858	1,575,603
- Other fixed income securities		-	-	-	-	-	(21,000)
- Government securities		-	-	28,974,483	83,312,236	112,286,719	10,743,601
		-	-	42,869,965	134,724,003	177,593,968	38,020,284
Gross investment income from trading investments		-	-	225,474,460	884,809,833	1,110,284,293	995,125,397
Income from non - trading investments							
Return on government securities		13,183,809	6,680	-	1,306,965	14,497,454	17,890,282
Return on bank deposits		7,066,498	4,923	6,448,156	35,481,265	49,000,842	36,103,686
		20,250,307	11,603	6,448,156	36,788,230	63,498,296	53,993,968
Gain / (loss) on disposal of non-trading investments:							
- Units of open end mutual funds		-	-	-	-	-	-
- Listed equities		-	-	-	-	-	-
- Government securities		22,337	-	-	-	22,337	(967)
		22,337	-	-	-	22,337	(967)
Gross investment income from non trading investments		20,272,644	11,603	6,448,156	36,788,230	63,520,633	53,993,001
Impairment in the value of investments	15.12	(80,106)	-	-	-	(80,106)	-
Net investment income from non-trading investment		20,192,538	11,603	6,448,156	36,788,230	63,440,527	53,993,001
Less: Tax on dividend		-	-	-	(4,014,716)	(4,014,716)	(166,313)
Net investment income - Total		20,192,538	11,603	231,922,616	917,583,347	1,169,710,104	1,048,952,085

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

Chairman	Director	Director	Chief Executive Officer

1. STATUS AND NATURE OF BUSINESS

1.1 Adamjee Life Assurance Company Limited ("the Company") was incorporated in Pakistan on 4 August 2008 as a public unlisted company under the Companies Ordinance, 1984. The Company started its operations from 24 April 2009. The registered office of the Company is located at 1st floor, Islamabad Stock Exchange Towers, 55-B, Jinnah Avenue, Blue Area, Islamabad while its principal place of business is located at 3rd Floor, The Forum, Khayaban-e-Jami, Clifton, Karachi. The Company is a subsidiary of Adamjee Insurance Company Limited and an associate of IVM Intersurer B.V, each having a holding of 74.28% and 25.72% (2014: 74.28% and 25.72%) respectively in the share capital of the Company. IVM Intersurer B.V. has nominated Hollard Life Assurance Company Limited ("HLA"), an associate company of IVM Intersurer B.V. to act on its behalf in respect of matters relating to the Company. HLA is South Africa's largest private sector insurance company.

The Company is engaged in life assurance business carrying on non-participating business only. In accordance with the requirements of the Insurance Ordinance, 2000, the Company has established a shareholders' fund and the following statutory funds in respect of each class of its life assurance business:

- Conventional Business
- Accident and Health Business
- Individual Life Non-unitised Investment Linked Business
- Individual Life Unit Linked Business

1.2 The Board of Directors in their meeting held on 11 November 2015 approved the commencement of Window Family Takaful Operations by the Company. The Shareholders approved the Board's decision in the EOGM held on 10 December 2015. The Company has filed an application to SECP under Rule 6 of Takaful Rules, 2012 to undertake Window Family Takaful Operations.

2. BASIS OF PRESENTATION

These financial statements have been prepared on the format of financial statements issued by the Securities and Exchange Commission of Pakistan through the Securities and Exchange Commission (Insurance) Rules, 2002 [SEC (Insurance) Rules, 2002] vide S.R.O. 938 (1) /2002 dated 12 December 2002.

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002. In case the requirements differ, the provisions of and directives issued thereunder of the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 shall prevail.

3. BASIS OF MEASUREMENT

3.1 Accounting convention

These financial statements have been prepared under the historical cost convention except as disclosed in accounting policies relating to investments.

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3.2 Critical accounting estimates and judgments

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment are disclosed in note 31 to these financial statements.

3.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is the Company's functional and presentation currency. Amounts presented have been rounded off to the nearest Rupee.

3.4. New, Amended and Revised Standards and Interpretations of IFRS

IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements', IFRS 12 'Disclosure of Interests in Other Entities' and IFRS 13 'Fair Value Measurements' became applicable from January 1, 2015, as per the adoption status of IFRS in Pakistan.

The application of IFRS 10, IFRS 11 and IFRS 12 did not have any impact on the financial statements of the Company.

IFRS 13 Fair Value Measurement, consolidates the guidance on how to measure fair value, which was spread across various IFRS, into one comprehensive standard. It introduces the use of an exit price, as well as extensive disclosure requirements, particularly the inclusion of non-financial instruments into the fair value hierarchy. The application of IFRS 13 did not have an impact on the financial statements of the Company, except certain additional disclosures mentioned in note 28.4.

3.5. Standards, Interpretations And Amendments To Approved Accounting Standards, that are not yet effective

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

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

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

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

- Amendment to IAS 27 'Separate Financial Statement' (effective for annual periods beginning on or after 1 January 2016) allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment is not likely to have an impact on Company's financial statements.

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

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

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

  - IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety are in the scope of its disclosure requirements. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.

  - IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

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

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

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4. 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 periods presented, except for the policies and standards disclosed in note 3.4 of the financial statements which have been adopted by the Company during the year.

4.1 Types of Insurance contracts

a) Conventional Business

The Conventional Business includes individual life, group life and group credit life assurance.

i) Individual life

The individual life business segment provides coverage to individuals against deaths and disability under conventional policies issued by the Company. Additional riders are included on the discretion of the policyholder. The business is written through bancassurance, tele-sales and direct sales made by head office.

Revenue recognition

Premiums are recognised once the related policies have been issued and the premiums have been received.

Recognition of policyholders' liabilities

Policyholders' liabilities included in the statutory fund are determined based on the appointed actuary's valuation conducted as at the balance sheet date, in accordance with section 50 of the Insurance Ordinance, 2000.

Claim expenses

Claims expenses are recognised on the earlier of the policy expiry or the date when the intimation of the insured event giving rise to the claim is received. Surrender of conventional business policies is made after these have been approved in accordance with the Company's Policy.

Liability for outstanding claims includes amounts in relation to unpaid reported claims and is stated at estimated claims settlement cost. Full provision is made for the estimated cost of claims incurred and reported to the date of the balance sheet.

Liability for claims "Incurred But Not Reported" (IBNR) is included in the policyholders' liabilities in accordance with the estimates recommended by the appointed actuary.

ii) Group life and group credit life

Group Life contracts are mainly issued to employers to insure their commitments to their employees as required under the West Pakistan Industrial and Commercial Employment (Standing Orders) Ordinance, 1968.
The group life business segment provides coverage to members / employees of business enterprises and corporate entities, against death and disability under group life assurance schemes issued by the Company. The group credit life business segment provides coverage to a group of members or subscribers registered under a common platform against death and disability. The business is written mainly through direct sales force and bancassurance.

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Revenue recognition

Premiums are recognised as and when due. In respect of certain group policies the Company continues to provide insurance cover even if the premium is received after the grace period. Provision for unearned premiums is included in the policyholders' liabilities.

Recognition of policyholders' liabilities

Policyholders' liabilities included in the statutory fund are determined based on the appointed actuary's valuation conducted as at the balance sheet date, in accordance with section 50 of the Insurance Ordinance, 2000.

Claim expenses

Claims expenses are recognised on the date the insured event is intimated.

Liability for outstanding claims includes amounts in relation to unpaid reported claims and is stated at estimated claims settlement cost. Full provision is made for the estimated cost of claims incurred and reported to the date of the balance sheet.

Liability for claims "Incurred But Not Reported" (IBNR) is included in the policyholders' liabilities in accordance with the estimates recommended by the appointed actuary.

Experience refund of premium

Experience refund of premium payable to policyholders' is included in policyholders' liability in accordance with the policy of the Company and the advice of the appointed actuary.

b) **Accident and Health Business**

Accident and Health Business provides fixed pecuniary benefits or benefits in the nature of indemnity or a combination of both in case of accident or sickness to individuals. The risk underwritten is mainly related to medical expenses relating to hospitalisation and death by accidental means. This business is written through direct sales by the head office as well as through tele-sales.

Revenue recognition

Premiums are recognised once the related policies have been issued and the premiums have been received.

Recognition of policyholders' liabilities

Policyholders' liabilities included in the statutory fund are determined based on the appointed actuary's valuation conducted as at the balance sheet date, in accordance with section 50 of the Insurance Ordinance, 2000.

Claim expenses

Claims expenses are recognised after the date the insured event is intimated and a reliable estimate of the claim amount can be made.

Liability for outstanding claims includes amounts in relation to unpaid reported claims and is stated at estimated claims settlement cost. Full provision is made for the estimated cost of claims incurred and reported to the date of the balance sheet.

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Liability for claims "Incurred But Not Reported" (IBNR) is included in the policyholders' liabilities in accordance with the estimates recommended by the appointed actuary.

c) **Non-unitised Investment Linked Business**

Individual Life Non-unitised Investment Linked Business provides life assurance coverage to individuals under universal life policies issued by the Company. Benefits are expressed in terms of account value of the policyholder account which is related to the market value of the underlying assets of the investment fund. The risk underwritten is mainly death and disability. This business is written through bancassurance channel and brokers.

Revenue recognition

Premiums are recognised once the related policies have been issued and the premiums have been received.

Recognition of policyholders' liabilities

Policyholders' liabilities included in the statutory fund are determined based on the appointed actuary's valuation conducted as at the balance sheet date, in accordance with section 50 of the Insurance Ordinance, 2000.

Claim expense

Claim expenses are recognised on the earlier of the policy expiry or the date when the intimation of the event giving rise to the claim is received.

Surrender of non-unitised investment linked business policies is made after these have been approved in accordance with the Company's Policy.

Liability for outstanding claims includes amounts in relation to unpaid reported claims and is stated at estimated claims settlement cost. Full provision is made for the estimated cost of claims incurred and reported to the date of the balance sheet.

Liability for claims "Incurred But Not Reported" (IBNR) is included in the policyholders' liabilities in accordance with the estimates recommended by the appointed actuary.

d) **Unit Linked Business**

Individual Life Unit Linked Business provides life assurance coverage to individuals under unit-linked investment policies issued by the Company. Benefits are expressed in terms of account value of the policyholder account which is related to the market value of the underlying assets of the investment fund. Various types of riders (Accidental death, family income benefits etc.) are also sold along with the basic policies. Some of these riders are charged through deductions from policyholders fund value, while others are not charged i.e. additional premium is charged there against. The risk underwritten is mainly death and disability. This business is written through bancassurance channel, brokers and Company's own agency distribution channel.

Revenue recognition

Premiums (including first year, renewal and single premiums) are recognised once the resulted policies have been issued / renewed against receipt and realization of premiums.

Recognition of policyholders' liabilities

Policyholders' liabilities included in the statutory fund are determined based on the appointed actuary's valuation conducted as at the balance sheet date, in accordance with section 50 of the Insurance Ordinance, 2000.

Claim expenses

Claim expenses are recognised on the earlier of the policy expiry or the date when the intimation of the event giving rise to the claim is received.

Surrender of unit linked business policies is made after these have been approved in accordance with the Company's Policy.

Liability for outstanding claims includes amounts in relation to unpaid reported claims and is stated at estimated claims settlement cost. Full provision is made for the estimated cost of claims incurred and reported to the date of the balance sheet.

Liability for claims "Incurred But Not Reported" (IBNR) is included in the policyholders' liabilities in accordance with the estimates recommended by the appointed actuary.

4.2 Reinsurance contracts held

Individual policies (including joint life policies underwritten as such) are reinsured under an individual life reinsurance agreement whereas group life and group credit life policies are reinsured under group life and group credit life reinsurance agreements respectively.

Reinsurance premium

Reinsurance premium expense is recognised at the same time when the related premium income is recognised. It is measured in line with the terms and conditions of the reinsurance treaties.

Claim Recoveries

Claim recoveries from reinsurers are recognised at the same time when the claim is intimated and giving rise to the right of recovery is recognised in the books of accounts of the Company.

Experience Refund

Experience refund receivable for re-insurance is included in the re-insurance recoveries of claims.

Amount due from / to reinsurer

All receivables (reinsurer's share in claims, commission from reinsurer and experience refund) and payables (reinsurance premium) under reinsurance agreements are recognised on net basis in the Company's financial statements, only under the circumstances that there is a clear legal right of off-set of the amounts.

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

4.3 Receivables and payables relating to insurance contracts

These include amounts due to and from agents and policyholders' which are recognised when due.

4.4 Statutory funds

The Company maintains statutory funds in respect of each class of life assurance business in which it operates. Assets, liabilities, revenues and expenses of the Company are referable to the respective statutory funds. However, where these are not referable to statutory funds, these are allocated to shareholders' fund on the basis of actuarial advice. Apportionment of assets, liabilities, revenues and expenses, whenever required between funds are made on the basis certified by the appointed actuary of the Company. Policyholders' liabilities have been included in statutory funds on the basis of the actuarial valuation carried out by the appointed actuary of the Company on the balance sheet date as required under section 50 of the Insurance Ordinance, 2000.

4.5 Policyholders' liabilities

a) Conventional Business

i) Individual Life

Policyholders' liabilities constitute the reserves for basic plans and riders attached to the basic plans and reserves for IBNR Claims.

Policy reserves pertaining to the primary plans are based on Full Preliminary Term - Net Premium method using SLIC (2001-05) Individual Life Ultimate Mortality Table mortality table and a discounting factor interest rate of 3.75% per annum. This table reflects the recent mortality experience in Pakistan and in line with the requirements of Circular No: 17 of 2013 issued by the SECP Insurance Division on September 13, 2013. The interest rate is considerably lower than the actual investment return the Company is managing on its conventional portfolio. The difference between the above and actual investment return is intended to be available to the Company for meeting administrative expense and for providing margins against adverse deviations. Policy reserves for both waiver of premium and accidental death riders are based on net unearned premiums.

- Incurred But Not Reported (IBNR) claims

IBNR reserves for riders are held as a percentage of rider premium earned in the valuation year in view of grossly insufficient claims experience.

ii) Group Life and Group Credit Life

Policy reserves for these plans are based on the unearned premium method net of allowances made for acquisition expenses, unexpired reinsurance premium and profit commission. Consideration is also given to the requirement for a Premium Deficiency Reserve. The reserves also comprise allowance for "Incurred But Not Reported" (IBNR) claims. The provision for 'Incurred But Not Reported' (IBNR) claims as included in policyholders' liability is estimated as 10% of the unearned premium for the year. This approach is being used as the Company has recently started business. Once sufficient experience of claim reporting patterns have built up in the Company's books, the appointed actuary of the Company will determine IBNR in accordance with these claim log patterns for each line of business separately. Appropriate margins will be added to ensure that the reserve set aside are resilient to changes in the experience.

b) Accident and Health Business

Currently there are no policyholders' liabilities to consider in this statutory fund.

c) Non-unitised Investment Linked Business

Policyholders' liabilities constitute the account value of investment linked contracts as well as non-investment or risk reserves of these contracts. Risk reserves constitute liabilities held to account for risks such as death and risk only riders (accidental death and disability, monthly income benefit, waiver of premium, etc.). Reserves for

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risk only contracts where premiums are level over the term of the contract are based on the Net Premium Method whereas reserves for age related risk contracts are based on net unearned premiums.

- Incurred But Not Reported (IBNR) claims

IBNR reserves for riders are held as a percentage of rider premium earned in the valuation year in view of grossly insufficient claims experience.

d) **Unit Linked Business**

Policyholders' liabilities constitute the fund value of unit linked contracts as well as non-investment or risk reserves of these contracts. Risk reserves constitute liabilities held to account for risks such as death and risk only riders (accidental death and disability, monthly income benefit, waiver of premium, etc.). Reserves for risk only contracts where premiums are level over the term of the contract are based on the Net Premium Method whereas reserves for age related risk contracts are based on net unearned premiums.

- Incurred But Not Reported (IBNR) claims

IBNR reserves for riders are held as a percentage of rider premium earned in the valuation year in view of grossly insufficient claims experience.

4.6 Staff retirement benefits

Defined benefit plan

The Company operates an approved funded gratuity scheme for all permanent, confirmed and full time employees who have completed minimum qualifying eligible service period of six months. Contribution to the fund is made and expense is recognised on the basis of actuarial valuation carried out as at each year end using the Projected Unit Credit Method. The relevant details relating to the fund are disclosed in note 9. Gratuity is based on employees' last drawn gross salary. Provisions are made to cover the obligations under the scheme on the basis of actuarial assumptions.

The measurement differences representing actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost/income are recognised immediately with a charge or credit to the profit and loss and revenue account. International Accounting Standards 19, dealing with Employee Benefits requires that these should be recognised in other comprehensive income (OCI). However, the format of presentation and disclosure of financial statements notified by SECP does not require preparation of statement of comprehensive income, resultantly the charge / credit has been taken to profit and loss and revenue account.

4.7 Employees accumulated compensated absences

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

4.8 Acquisition costs

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

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

4.9 Taxation

Tax charge for the year comprises current and deferred taxation.

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Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing laws for taxation on income earned. The charge for current tax is calculated using tax rates enacted or substantively enacted at the balance sheet date. The charge for current tax also includes adjustments, where considered necessary, relating to prior years which arise from assessments framed / finalised during the year.

Deferred

Deferred taxation is recognised using balance sheet liability method on all major temporary differences arising between the carrying amounts of assets and liabilities 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 future and taxable income will be available against which the temporary differences can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realized. Deferred tax assets and liabilities are measured using 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 at the balance sheet date.

4.10 Provisions

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

4.11 Other creditors and accruals

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

4.12 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents include balances with banks, term deposits with original maturity of three months or less and cash in hand and highly liquid short term investments that are subject to an insignificant risk of changes in their fair value and which are readily convertible into cash.

4.13 Financial Instruments

4.13.1 Financial assets

The Company has classified its financial assets on initial recognition into the following categories: at fair value through profit or loss, held to maturity, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired.

a) Financial assets at fair value through profit or loss

Financial assets designated at fair value through profit or loss upon initial recognition include those group of financial assets which are managed and their performance evaluated on a fair value basis.

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b) Held to maturity

Financial assets with fixed or determinable payments and fixed maturity, where management has both the intent and the ability to hold till maturity.

c) Loans and receivables

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

d) Available for sale

These are non derivative financial assets that are either designated as in this category or not classified in any of the other categories.

Initial recognition and measurement

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

Subsequent measurement

Financial assets classified as 'at fair value through profit or loss' are subsequently measured at their fair values and gains and losses arising from changes in fair value are included in the profit and loss / revenue 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 the SEC (Insurance) Rules, 2002 and the reduction is recognised as a provision for impairment in value of financial assets. Any change in the provision for impairment in value of investment is recognised in the profit and loss/ revenue account. Amortization of premium/ discounts on acquisition of investments is carried out using effective yield method and charged to profit and loss/ revenue account, as appropriate. Investments classified as held to maturity and loans and receivables are subsequently measured at amortised cost less any impairment losses, taking into account any discount or premium on acquisition by using the effective interest rate method.

Fair / market value measurements

For investments in quoted equity securities, the market value is determined by using Stock Exchange quotations at the balance sheet date. For investments in Government securities, the market value is determined using PKRV/PKISRV rates. The fair market value of Term Finance Certificates is as per the rates issued by the Mutual Funds Association of Pakistan (MUFAP) and the fair value of open end fund is as declared by the relevant fund.

Impairment against financial assets

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for 'available for sale' financial assets, the cumulative loss - measured as the difference between the carrying value and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss / revenue account, as the case may be, is taken to the profit and loss account / revenue account. For financial assets classified as 'loans and receivables' and 'held to maturity', 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 inflows, discounted at the original effective interest rate.

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.

Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statement only 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.

4.13.2 Financial liabilities

All financial liabilities are recognised at the time the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are recognised initially at fair value less any directly attribute transaction cost.

Subsequent to initial recognition, these are measured at fair/ market value or amortised cost using the effective interest rate method, as the case may be.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

4.14 Fixed assets

4.14.1 Tangible assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for capital work in progress which is stated at cost less impairment losses, if any. All assets having cost exceeding minimum threshold as determined by the management are capitalized. All other assets are charged in the year of acquisition. Cost includes expenditure that is directly attributable to the acquisition of the items.

In accordance with the requirements of Islamic Financial Accounting Standard (IFAS) No. 2 for the accounting and financial reporting of "Ijarah", ijarah arrangements are accounted for as 'Assets held under ijarah' whereby the Bank transfers its usufruct to the Company for an agreed period for an agreed consideration. Assets held by the Company under ijarah are not recognised in the balance sheet of the Company. Rental payments made under these ijarah are recognised as an expense in the Company's profit and loss account on a straight line basis over the ijarah term.

Subsequent Costs

Subsequent costs are included in the assets' 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 towards the Company and the cost of the item can be measured reliably. All other expenses are charged to the profit and loss account / revenue account during the financial year in which they are incurred.

Depreciation

Depreciation is charged using the straight line method at the rates specified in note 19 to these financial statements. Depreciation on additions is charged from the month of addition and on disposals up to the month of disposal. When parts of an item of asset have different useful lives, they are accounted for as separate items in the fixed assets.

The assets' useful lives and depreciation method are reviewed at each balance sheet date and adjusted, if appropriate.

Gains and losses on disposal

An item of tangible assets is derecognised upon disposal or where no future economic benefits are expected to be realised from its use or disposal. Gains or losses of an item of tangible asset is recognised in the profit and loss account.

4.14.2 Intangible assets

Intangible assets having a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Software development cost are capitalized only to the extent where future economic benefits that are to be derived from such capitalization are expected to flow to the Company.

Subsequent Costs

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with them will flow to the Company and the cost of the item can be measured reliably. All other expenses are charged to the profit and loss/ revenue account during the financial period in which these are incurred.

Amortization

Intangible assets are amortised using the straight line method over their estimated useful lives (refer note 19). The useful lives and amortisation method are reviewed and adjusted, if appropriate, at each balance sheet date.

Intangible assets having an indefinite useful life are stated at acquisition cost less impairment losses, if any.

4.14.3 Capital work in progress

Capital Work in progress is stated at cost less impairment losses. Cost consists of expenditure incurred and advances made in respect of assets in the course of their construction and installation. Transfers are made to relevant asset category as and when assets are available for intended use.

4.15 Impairment of non financial assets (excluding deferred tax)

Non financial assets are subject to impairment review if there are events or changes in circumstances that indicate that the carrying amount may not be recoverable. If any such indication exists, the Company estimates the recoverable amount of the assets and the impairment loss, if any. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of future cash flows from the asset discounted at a rate that reflects market interest rates adjusted for risk specific to the assets. If the recoverable amount of an intangible asset or tangible asset is less than its carrying value, an impairment loss is recognised immediately in the profit and loss / revenue account and the carrying value of the asset reduced by the amount of the loss. A reversal of an impairment loss on intangible assets is recognised as it arises provided the increased carrying value does not exceed that which it would have been had no impairment loss been recognised.

4.16 Foreign currency translation

Transactions in foreign currencies are translated into the reporting currency at the rates of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into reporting currency equivalents using the rates of exchange prevailing at the balance sheet date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. Exchange differences on foreign currency translations are taken to the profit and loss account / revenue account.

4.17 Other revenue recognition

- Return on fixed income and government securities are recognised on time proportion basis using the effective interest rate method.
- Return on deposits, loans to employees and loans to policyholders are recognised on a time proportion basis.
- Dividend income from investments is recognised when the Company's right to receive the dividend is established.
- Gain or loss on sale of investments is included in the profit and loss account / revenue account in the year in which disposal has been made.
- Gains and losses on disposal of fixed assets are taken to the profit and loss account in the period in which they arise.
- For the purpose of the statement of Investment Income / Profit and Loss account, all income and expenses on investments, other than those relating to Held to Maturity and Available for Sale are included in the Income from Trading Investments.

4.18 Segment Reporting

A segment is a distinguishable component of the Company that is engaged in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Company's primary format of reporting is based on business segments.

Operating segments are reported in a manner consistent with that provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

The Company operates in Pakistan only. The Company has four primary business segments for reporting purposes namely; Conventional Business, Accident and Health Business, Non-Unitised Investment Linked Business and Unit Linked Business. The details of all operating segments are described in note 4.1 to these financial statements. The Company accounts for segment reporting using the classes or sub-classes of business (Statutory Funds) as specified under the Insurance Ordinance 2000 and SEC (Insurance) Rules, 2002 as the primary reporting format.

4.19 Dividend and other appropriations

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

4.20 Earning Per Share (EPS)

The Company presents basic and diluted earnings per share (EPS) for the shareholders. Basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. There are no dilution effect on the EPS and as such these are not presented.

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5. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2015	2014		Note	2015	2014
(Number of ordinary shares)				(Rupees)	
93,549,400	93,549,400	Ordinary shares of Rs. 10 each fully paid in cash	5.1	935,494,000	935,494,000

5.1 Adamjee Insurance Company Limited and its nominees and IVM Intersurer B.V. and its nominees respectively hold 69,490,295 (2014: 69,490,295) shares and 24,059,105 (2014: 24,059,105) ordinary shares of the Company at 31 December 2015.

6. ANALYSIS OF ACCUMULATED SURPLUS / (DEFICIT) AS SHOWN IN THE BALANCE SHEET

6.1 Details of the movement in net accumulated surplus is as follows:

	Note	2015	2014
Accumulated surplus in statement of changes in equity at beginning of the year		70,220,317	55,214,451
Surplus in profit and loss account for the year		871,452	15,005,866
Accumulated surplus in statement of changes in equity before capital contribution by shareholders' fund at end of the year		71,091,769	70,220,317
Capital contribution balance in statement of changes in equity at beginning of the year		(641,811,570)	(571,685,570)
Capital transfers to statutory fund during the year	6.2	(13,800,000)	(70,126,000)
Capital contribution balance in statement of changes in equity at end of the year		(655,611,570)	(641,811,570)
Net accumulated deficit as at the end of the year		(584,519,801)	(571,591,253)

6.2 Transfer of Rs. 13.8 million during the current year have been made to the Unit Linked Business Fund (2014: Rs. 27.47 million to Unit Linked Business Fund, Rs. 17.24 million to Non-Unitised Investment Linked Business Fund and Rs. 25.42 million to Conventional Business Fund).

7. POLICYHOLDERS' LIABILITIES

	Note	Statutory Funds				Aggregate	
		Conventional Business	Accident and Health Business	Non-unitised Investment Linked Business	Unit Linked Business	2015	2014
		(Rupees)					
7.1 Gross of reinsurance							
Actuarial liability relating to future events		182,562,327	-	2,059,207,993	11,769,501,535	14,011,271,855	8,103,014,037
Provision for incurred but not reported claims		14,786,004	-	-	-	14,786,004	17,724,192
		197,348,331	-	2,059,207,993	11,769,501,535	14,026,057,859	8,120,738,229
7.2 Net of reinsurance							
Actuarial liability relating to future events		98,328,065	104	2,057,292,293	11,693,709,907	13,849,330,369	7,980,741,416
Provision for incurred but not reported claims		6,567,748	-	-	-	6,567,748	5,712,922
	8	104,895,813	104	2,057,292,293	11,693,709,907	13,855,898,117	7,986,454,338

7.3 The appointed actuary of the Company has carried out a valuation of the policyholders' liabilities with respect to the Conventional Business, Accident and Health Business, Non-unitised Investment Linked Business and Unit Linked Business (Statutory Funds) as per section 50 of the Insurance Ordinance, 2000. The significant assumptions used in the valuations are disclosed in note 33 to these financial statements.

7.4 Provision for incurred but not reported claims are included in the Actuarial liability for future events. Amount involved is not material.

8. BALANCE OF STATUTORY FUNDS

	Statutory Funds				Aggregate	
	Conventional Business	Accident and Health Business	Non-unitised Investment Linked Business	Unit Linked Business	2015	2014
	(Rupees)					
Policyholders' liabilities						
Balance at beginning of the year	101,212,544	-	1,613,530,651	6,271,711,143	7,986,454,338	4,732,158,663
Increase / (decrease) during the year	3,683,269	104	443,761,642	5,421,998,764	5,869,443,779	3,254,295,675
Balance at end of the year	104,895,813	104	2,057,292,293	11,693,709,907	13,855,898,117	7,986,454,338
Retained earnings on other than participating business						
Balance at beginning of the year	(115,666,478)	(1,407,149)	(95,591,810)	(159,258,644)	(371,924,081)	(443,501,815)
Surplus / (deficit) for the year	(3,205,827)	12,257	123,786,581	184,598,906	305,191,917	71,577,734
Surplus appropriated to shareholders' fund	-	-	-	-	-	-
Balance at end of the year	(118,872,305)	(1,394,892)	28,194,771	25,340,262	(66,732,164)	(371,924,081)
Capital contributed by shareholders' fund						
Balance at beginning of the year	178,123,436	1,511,464	226,732,125	235,444,545	641,811,570	571,685,570
Capital contribution during the year	-	-	-	13,800,000	13,800,000	70,126,000
Balance at end of the year	178,123,436	1,511,464	226,732,125	249,244,545	655,611,570	641,811,570
Balance of statutory funds at the year end	164,146,944	116,676	2,312,219,189	11,968,294,714	14,444,777,523	8,256,341,827

Balances in retained earnings are primarily maintained in accordance with the SEC Insurance Rules, 2002 to meet the solvency margins. As of 31 December 2015, the Company has retained an aggregate amount of Rs. 273.673 million (2014: Rs. 202.511 million) in the Statutory Funds based on the advice of the appointed actuary.

9. STAFF RETIREMENT BENEFIT

9.1.1 As stated in note 4.6, the Company operates a funded gratuity scheme covering eligible employees who have completed the minimum qualifying eligible service of six months. Contribution to the fund is made and expense is recognised on the basis of actuarial valuations carried out at each year end using the projected unit credit method.

9.1.2 Responsibility for governance of the plan, including investment decisions and contribution schedules, lies with the Board of Trustees of the plan. The Company appoints the Trustees and all trustees are employees of the Company. Details of the Company's obligation under the staff gratuity scheme determined on the basis of an actuarial valuation carried out by an independent actuary as at 31 December 2015 under the Projected Unit Credit Method are as follows:

9.2 Balance sheet reconciliation

	Note	Gratuity fund 2015	2014
		(Rupees)	
Present value of defined benefit obligation	*9.2.2*	41,887,724	28,340,537
Fair value of plan assets	*9.2.3*	(32,558,371)	(22,041,783)
Impact of uncleared cheques	*9.2.1*	(186,170)	-
Net liability at end of the year	*9.2.5*	9,143,183	6,298,754

9.2.1 The difference of Rs. 186,170 between the reported bank statement of Rs. 17,287,400 (refer note 9.3) and accounting records is on account of the inclusion of benefit payments to the resigning employees made on 31 December 2015. This amount has also been accounted for in benefits paid by the company for the year.

9.2.2 Movement in present value of defined benefit obligations

	Note	2015	2014
Present value of defined benefit obligations at beginning of the year		28,340,537	15,674,836
Current service cost	*9.2.4*	7,765,237	4,976,141
Interest cost	*9.2.4*	4,021,413	2,596,652
Benefits paid during the year	*9.2.3*	(4,029,429)	(1,621,132)
Remeasurement loss on obligation:			
- due to unexpected experience		810,595	883,221
- due to changes in financial assumptions		4,979,371	5,830,819
	9.2.4	5,789,966	6,714,040
Present value of defined benefit obligations at end of the year		41,887,724	28,340,537

9.2.3 Movement in fair value of plan assets

	Note	2015	2014
Fair value of plan assets at beginning of the year		22,041,783	-
Contributions made by the Company to the Fund		12,844,940	23,247,629
Interest income on plan assets	*9.2.4*	3,058,404	-
Benefits paid during the year	*9.2.2*	(4,029,429)	(1,621,132)
Remeasurement (loss) / gain on plan assets	*9.2.4*	(1,357,327)	415,286
Fair value of plan assets at end of the year		32,558,371	22,041,783

9.2.4 Expense recognised in profit and loss / revenue account

	Note	2015	2014
Current service cost	*9.2.2*	7,765,237	4,976,141
Interest cost	*9.2.2*	4,021,413	2,596,652
Remeasurement losses on defined benefit obligation	*9.2.2*	5,789,966	6,714,040
Remeasurement loss / (gain) on fair value of plan assets	*9.2.3*	1,357,327	(415,286)
Interest income on plan assets	*9.2.3*	(3,058,404)	-
Expense for the year		15,875,539	13,871,547

9.2.5 Net recognised liability

	Note	2015	2014
Net liability at beginning of the year		6,298,754	15,674,836
Expense recognised in profit and loss account / revenue account	*9.2.4*	15,875,539	13,871,547
Contributions made to the fund during the year	*9.2.3*	(12,844,940)	(23,247,629)
Impact of uncleared cheques	*9.2.1*	(186,170)	-
Net liability at end of the year	*9.2*	9,143,183	6,298,754

9.2.6 Estimated Gratuity Cost for the year ending 31 December 2016, is as follows:

	2016
	(Rupees)
Current service cost	10,955,765
Net interest cost	1,607,221
Total expense to be recognised in profit and loss / revenue account	12,562,986

9.3	Plan assets comprise of following:	Note	2015 (Rupees)	2015 %age	2014 (Rupees)	2014 %age
	Bank balance		17,101,230	53%	17,979,509	82%
	Mutual Funds	9.3.1	15,457,141	47%	4,062,274	18%
	Fair value of plan assets at end of the year		32,558,371	100%	22,041,783	100%

9.3.1 Investments of Rs. 6.087 million in mutual funds are managed by a related party.

9.4 The principal assumptions used in the actuarial valuations carried out as of 31 December 2015, using the 'Projected Unit Credit' method, are as follows:

	Gratuity fund 2015	Gratuity fund 2014
Discount rate per annum	11.00%	11.75%
Expected per annum rate of return on plan assets	11.00%	11.75%
Expected per annum rate of increase in salary level	11.00%	11.00%
Expected mortality rate	LIC 94-96 Mortality table for males (rated down by 3 years for females)	LIC 94-96 Mortality table for males (rated down by 3 years for females)
Expected withdrawal rate	Age dependent	Age dependent

9.4.1 The plans expose the Company to actuarial risks such as:

Salary risks

The risks that the final salary at the time of cessation of service is higher than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Discount risks

The risk of volatile discount rates over the funding life of the scheme. The final effect could go either way depending on the relative of salary increases, timing of contributions, performance of investments and outgo of benefits.

Mortality / withdrawal risks

The risks that the actual mortality / withdrawal experience is different from expected. The effect depends upon the beneficiaries' service / age distribution and the benefit.

Investment risks

The risk of the investment underperforming and not being sufficient to meet the liabilities. This is managed by formulating an investment policy and guidelines based on which investments are made after obtaining approval of trustees of funds.

In case of the funded plans, the investment positions are managed within an Asset-Liability Matching (ALM) framework to ensure that long-term investments are in line with the obligation under the retirement benefit plan. The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement benefit plan obligations. The Company has not changed the process used to manage its risks from previous periods. Investments are well diversified.

The expected return on plan assets is assumed to be the same as the discount rate (as required by International Accounting Standard IAS19). The actual return depends on the assets underlying the current investment policy and their performance. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected return on equity investments reflect long-term real rates of return experienced in the market.

9.5 **Sensitivity analysis for actuarial assumptions**

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	(Rupees)
Discount rate (1% increase)	(6,249,000)
Discount rate (1% decrease)	7,747,000
Future salary increase rate (1% increase)	8,080,000
Future salary increase rate (1% decrease)	(6,590,000)

The impact on defined benefit obligation due to increase in life expectancy by 1 year would be Rs. (26,510).

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

9.6 The weighted average duration of the defined benefit obligation is 19.30 years.

9.7 The expected maturity analysis of undiscounted retirement benefit plan is between 4-5 years and the amount involved is Rs. 0.774 million.

9.8 **Historical Information**

	2015	2014	2013	2012	2011
			(Rupees)		
Present value of defined benefit obligation	41,887,724	28,340,537	15,674,836	11,822,534	7,087,677
Fair value of plan assets	(32,558,371)	(22,041,783)	-	-	-
Impact of uncleared cheques	(186,170)	-	-	-	-
Deficit	9,143,183	6,298,754	15,674,836	11,822,534	7,087,677

9.8.1 **Experience adjustment**

	2015	2014	2013	2012	2011
Experience adjustments on obligation	14%	24%	(13%)	22%	26%
Experience adjustments on asset	(4%)	2%	-	-	-

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10. OUTSTANDING CLAIMS

	2015			2014		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	(Rupees)					
Conventional Business						
Notified Claims at the beginning of the year	56,379,793	(37,180,265)	19,199,528	38,307,407	(26,017,010)	12,290,397
Cash paid for claims settled in the year	(270,035,110)	180,604,467	(89,430,643)	(181,655,721)	126,424,907	(55,230,814)
Increase / (decrease) in liabilities:						
Claims intimated during the year	282,350,416	(182,697,764)	99,652,652	199,728,107	(137,588,162)	62,139,945
Notified claims at the end of the year	68,695,099	(39,273,562)	29,421,537	56,379,793	(37,180,265)	19,199,528
Non-unitised Investment Linked Business						
Notified Claims at the beginning of the year	11,911,222	(7,009,446)	4,901,776	10,279,961	(5,789,567)	4,490,394
Cash paid for claims settled in the year	(95,022,455)	4,848,922	(90,173,533)	(21,249,018)	4,568,772	(16,680,246)
Increase / (decrease) in liabilities:						
Claims intimated during the year	96,547,368	(5,226,912)	91,320,456	22,880,279	(5,788,651)	17,091,628
Notified claims at the end of the year	13,436,135	(7,387,436)	6,048,699	11,911,222	(7,009,446)	4,901,776
Unit Linked Business						
Notified Claims at the beginning of the year	45,207,605	(31,969,877)	13,237,728	35,431,979	(20,593,693)	14,838,286
Cash Paid for claims settled in the year	(1,587,158,797)	37,817,246	(1,549,341,551)	(1,180,653,225)	14,884,759	(1,165,768,466)
Increase / (decrease) in liabilities:						
Claims intimated during the year	1,658,000,891	(70,681,456)	1,587,319,436	1,190,428,851	(26,260,943)	1,164,167,908
Notified claims at the end of the year	116,049,700	(64,834,087)	51,215,613	45,207,605	(31,969,877)	13,237,728

10.1 There are no notified claims under accident and health business as at 31 December 2015.

10.2 As the Company settles its claims obligations within a year, the claim development table has not been presented.

10.3 Statement of Age wise Break up of Unclaimed Insurance Benefits as at 31 December 2015

Circular 11 of 2014 dated May 19, 2014 issued by the Securities and Exchange Commission of Pakistan (SECP) has established requirement for all insurers to disclose age wise break up of unclaimed insurance benefits in accordance with format prescribed in the annexure to the said circular.

The unclaimed benefits is described in the circular as the amounts which have become payable in accordance with the terms and conditions of an insurance policy but have not been claimed by the policyholders or their beneficiaries. Such unclaimed amounts may fall into the following categories:

Particulars	Total Amount	Age-wise breakup				
		1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months
	(Rupees)					
Unclaimed maturity benefits	177,027,540	81,634,631	53,035,940	22,321,444	11,004,706	9,030,819
Unclaimed death benefits	13,341,713	13,341,713	-	-	-	-
Unclaimed disability benefits	1,444,291	1,444,291	-	-	-	-
Claims not encashed	19,405,773	19,405,773	-	-	-	-
	211,219,317	115,826,408	53,035,940	22,321,444	11,004,706	9,030,819

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11. OTHER CREDITORS AND ACCRUALS

	Note	Shareholders' Fund	Statutory Funds: Conventional Business	Statutory Funds: Accident and Health Business	Statutory Funds: Non-unitised Investment Linked Business	Statutory Funds: Unit Linked Business	Aggregate 2015	Aggregate 2014
		(Rupees)						
Sundry creditors		31,664,725	685,078	-	500	383,350	32,733,653	10,967,538
Withholding tax payable		2,655,683	-	-	-	-	2,655,683	475,648
Sales tax withholding payable		18,338	-	-	-	-	18,338	31,088
Sindh Services tax payable		171,640	-	-	-	-	171,640	255,372
EOBI employees' contribution payable		17,046	-	-	-	-	17,046	3,097
Amount due to Adamjee Insurance Company Limited - related party		2,764,153	-	-	-	-	2,764,153	3,909,342
Amount due to Hollard International - related party	11.3	14,938,370	(5,355)	-	-	-	14,933,015	15,519,907
Remuneration payable to Trustee - related party	11.1	-	-	-	111,641	571,543	683,184	446,941
Remuneration payable to a related party	11.2	-	-	-	658,358	4,432,408	5,090,766	1,762,590
Workers' Welfare Fund payable		893,171	-	-	-	-	893,171	808,279
Employees' car deposit		1,908,500	-	-	-	-	1,908,500	1,177,331
Zakat payable - maturity / surrender		-	-	-	22,881	87,468	110,349	-
Charity payable		-	-	-	-	48,091	48,091	21,487
Brokerage payable		-	-	-	37,219	209,148	246,367	51,868
Other accruals		-	-	-	-	18,134	18,134	18,149
		55,031,626	679,723	-	830,599	5,750,142	62,292,090	35,448,637

11.1 This represents trustee fee payable to a related party in respect of the custodial services under a service level agreement.

11.2 This represents fee payable to a related party in respect of the management of discretionary investment portofolio.

11.3 This represents the technical support fee payable to the related party

12. CONTINGENCIES AND COMMITMENTS

12.1 CONTINGENCIES

	2015	2014
	(Rupees)	
Claims against the Company not acknowledged as debt	12,904,170	4,888,889
Number of cases	7	5

There are certain pending cases initiated against the Company concerning policy holders' claims rejected by the Company on different grounds. However, management believes that no significant liability is likely to occur in these cases.

12.2 COMMITMENTS

Commitments in respect of Ijarah rentals payable in future period as at 31 December 2015 amounted to Rs. 16.187 million (2014: Rs. 17.539) for vehicles.

	2015	2014
Not later than one year	9,980,964	4,393,673
Later than one year and not later than five years	6,205,896	13,144,860
	16,186,860	17,538,533

13. CASH AND BANK DEPOSITS

	Note	Shareholders' Fund	Statutory Funds: Conventional Business	Statutory Funds: Accident and Health Business	Statutory Funds: Non-unitised Investment linked business	Statutory Funds: Unit Linked Business	Aggregate 2015	Aggregate 2014
		(Rupees)						
Cash and others								
Cash in hand		45,472	-	-	-	-	45,472	72,608
		45,472	-	-	-	-	45,472	72,608
Cash at banks								
- in current account		-	17,670,747	-	-	-	17,670,747	14,708,087
- in saving accounts	13.1	22,719,665	56,335,882	168,263	40,430,486	842,424,666	962,078,962	557,879,927
		22,719,665	74,006,629	168,263	40,430,486	842,424,666	979,749,709	572,588,014
Deposit maturing within 12 months								
Term deposit receipts	13.2	-	-	-	60,000,000	300,000,000	360,000,000	-
		22,765,137	74,006,629	168,263	100,430,486	1,142,424,666	1,339,795,181	572,660,622

13.1 These carry mark-up at rates ranging from 5% to 6.5% (2014: 6.5% to 7.5%) per annum.

13.2 These have tenure of 3 months to 12 months and carrying mark-up rate from 5.90% to 7.10% p.a. These shall mature in January 2016 (amounting to Rs. 260 million) and in December 2016 (amounting to Rs. 100 million).

13.3 Cash and cash equivalents comprise of the following:

	Shareholders' Fund	Statutory Funds: Conventional Business	Statutory Funds: Accident and Health Business	Statutory Funds: Non-unitised investment linked business	Statutory Funds: Unit Linked Business	Aggregate 2015	Aggregate 2014
	(Rupees)						
- cash in hand	45,472	-	-	-	-	45,472	72,608
- cash at bank	22,719,665	74,006,629	168,263	40,430,486	842,424,666	979,749,709	572,588,014
- term deposits with bank	-	-	-	60,000,000	200,000,000	260,000,000	-
	22,765,137	74,006,629	168,263	100,430,486	1,042,424,666	1,239,795,181	572,660,622

14. LOAN SECURED AGAINST LIFE INSURANCE POLICIES

These loans carry profit rate at 3 month KIBOR plus 4% per annum and are secured against the cash values of the respective policies of the policyholders. These are generally payable within 3 months.

15. INVESTMENTS

15.1 Investment in Government Securities

	Note	2015	2014
		(Rupees)	
Financial assets 'at fair value through profit or loss upon initial recognition' (FVTPL)	15.2	11,314,803,833	6,266,192,892
Available for sale (AFS)	15.3	373,047,313	514,886,825
		11,687,851,146	6,781,079,717

15.2 Fund wise breakup of government securities - FVTPL

	Note	Shareholders' Fund	Statutory Funds: Conventional Business	Accident and Health Business	Non-unitised Investment Linked Business	Unit Linked Business	Aggregate 2015	Aggregate 2014
		(Rupees)						
10 Year Pakistan Investment Bonds		-	-	-	24,465,131	-	24,465,131	1,141,416,863
5 Year Pakistan Investment Bonds		-	-	-	55,606,546	221,875,074	277,481,620	369,449,296
3 Year Pakistan Investment Bonds		-	-	-	914,612,816	4,742,703,908	5,657,316,724	4,715,341,833
12 Month Treasury Bills		-	-	-	363,945,590	2,314,491,895	2,677,537,485	-
6 Month Treasury Bills		-	-	-	469,576,674	1,710,621,999	2,180,198,673	-
3 Month Treasury Bills		-	-	-	-	396,674,200	396,674,200	24,953,400
Government of Pakistan Ijarah Sukuk Bonds		-	-	-	-	101,130,000	101,130,000	15,031,500
	15.2.1 & 15.4	-	-	-	1,827,306,757	9,487,497,076	11,314,803,833	6,266,192,892

15.2.1 Above investments are managed by a related party. These balances are deposited in an IPS account with a related party.

15.3 Fund wise breakup of government securities - AFS

	Note	Shareholders' Fund	Statutory Funds: Conventional Business	Accident and Health Business	Non-unitised Investment Linked Business	Unit Linked Business	Aggregate 2015	Aggregate 2014
		(Rupees)						
5 Year Pakistan Investment Bonds		-	24,066,098	-	-	-	24,066,098	23,795,958
3 Year Pakistan Investment Bonds	15.3.1	99,290,996	-	-	-	57,040,658	156,331,654	198,333,365
12 Month Treasury Bills		20,644,548	16,629,302	91,814	-	-	37,365,664	-
6 Month Treasury Bills		44,462,472	110,821,425	-	-	-	155,283,897	135,376,616
3 Month Treasury Bills		-	-	-	-	-	-	157,380,886
		164,398,016	151,516,825	91,814	-	57,040,658	373,047,313	514,886,825
Market value of government securities as at 31 December 2015		170,779,951	155,605,880	92,000	-	61,884,144	388,361,975	525,595,477

15.3.1 Includes investments with carrying value of Rs. 105.63 million (face value being Rs. 99 million) deposited with the State Bank of Pakistan in accordance with the requirements laid down in section 29 of the Insurance Ordinance, 2000.

15.3.2 Had the investments classified as available for sale been valued in accordance with the requirements of International Accounting Standard 39, 'Financial Instruments: Recognition and Measurement', their carrying value would have been higher by Rs 15.31 million (2014: higher by Rs. 10.708 million).

15.3.3 Above investments of Rs. 273.76 million (2014: Rs. 417.536 million) are deposited in an IPS account with a related party.

15.4 Particulars of government securities

Name of the investments	Carrying value	Face value	Tenor	Maturity periods	Principal payment	Coupon rate per annum (%)	Coupon payment
	(Rupees)						
Financial assets 'at fair value through profit or loss upon initial recognition'							
Pakistan Investment Bonds	24,409,289	21,301,877	10 years	July-10 to July-20	On maturity	12.00%	Half-yearly
	55,842	50,000	10 years	August-08 to August-18	On maturity	12.00%	Half-yearly
	24,465,131	21,351,877					
	277,481,620	251,750,000	5 years	July-13 to July-18	On maturity	11.50%	Half-yearly
	1,521,366,022	1,425,900,000	3 years	July-14 to July-17	On maturity	11.25%	Half-yearly
	3,045,733,321	2,969,200,000	3 years	July-13 to July-16	On maturity	11.25%	Half-yearly
	1,090,217,381	1,050,000,000	3 years	March-15 to March-18	On maturity	8.75%	Half-yearly
	5,657,316,724	5,445,100,000					
Treasury Bills	197,855,781	200,000,000	3 months	December-15 to March-16	On maturity	N/A	N/A
	198,818,419	200,000,000	3 months	November-15 to February-16	On maturity	N/A	N/A
	396,674,200	400,000,000					
	97[illegible],727,070	975,000,000	6 months	July-15 to January-16	On maturity	N/A	N/A
	47,485,388	48,000,000	6 months	September-15 to March-15	On maturity	N/A	N/A
	1,159,986,215	1,168,000,000	6 months	August-15 to February-16	On maturity	N/A	N/A
	2,180,198,673	2,191,000,000					

Name of the investments	Carrying value	Face value	Tenor	Maturity periods	Principal payment	Coupon rate per annum (%)	Coupon payment
	(Rupees)						
	899,690,735	902,900,000	12 months	January-15 to January-16	On maturity	N/A	N/A
	616,318,103	620,000,000	12 months	February-15 to February-16	On maturity	N/A	N/A
	97,979,107	100,000,000	12 months	April-15 to April-16	On maturity	N/A	N/A
	822,952,873	850,000,000	12 months	July-15 to July-16	On maturity	N/A	N/A
	240,596,667	250,000,000	12 months	August-15 to August-16	On maturity	N/A	N/A
	2,677,537,485	2,722,900,000					
Government of Pakistan Ijarah Sukuk Bond	101,130,000	100,000,000	3 years	December-15 to December-18	On maturity	5.895%	Half-yearly
Available for sale							
Pakistan Investment Bonds	24,066,098	25,000,000	5 years	July-14 to July-19	On maturity	11.50%	Half-yearly
	156,331,654	157,000,000	3 years	July-14 to July-17	On maturity	11.25%	Half-yearly
Treasury Bills	20,736,362	21,000,000	12 months	March-15 to March-16	On maturity	N/A	N/A
	16,629,302	17,000,000	12 months	April-15 to April-16	On maturity	N/A	N/A
	37,365,664	38,000,000					
	89,176,007	90,000,000	6 months	August-15 to February-16	On maturity	N/A	N/A
	66,107,890	67,000,000	6 months	September-15 to March-16	On maturity	N/A	N/A
	155,283,897	157,000,000					

15.5 **Net unrealised appreciation / (diminution) on re-measurement of government securities 'at fair value through profit or loss upon initial recognition'**

2015	Shareholders' Fund	Conventional Business	Accident and Health Business	Non-unitised Investment Linked Business	Unit Linked Business	Aggregate
	(Rupees)					
Market value of investments	-	-	-	1,827,306,757	9,487,497,076	11,314,803,833
Less: Carrying value of investment (before revaluation for the year ended 31 December 2015)	-	-	-	(1,818,388,944)	(9,443,111,102)	(11,261,500,046)
Recognised in Revenue Account	-	-	-	8,917,813	44,385,974	53,303,787

2014	Shareholders' Fund	Conventional Business	Accident and Health Business	Non-unitised Investment Linked Business	Unit Linked Business	Aggregate
	(Rupees)					
Market value of investments	-	-	-	1,390,392,579	4,875,800,313	6,266,192,892
Less: Carrying value of investment (before revaluation for the year ended 31 December 2014)	-	-	-	(1,317,918,697)	(4,654,146,639)	(5,972,065,336)
Recognised in Revenue Account	-	-	-	72,473,882	221,653,674	294,127,556

15.6 **Investment in Fixed Income Securities**

	Note	2015	2014
		(Rupees)	
Term Finance Certificates	15.7	122,170,643	119,191,467

15.7 **Fund wise breakup of term finance certificates**

	Note	Shareholder's Fund	Conventional Business	Accident and Health Business	Non-unitised Investment Linked Business	Unit Linked Business	Aggregate 2015	Aggregate 2014
		Statutory Fund						
'At fair value through profit or loss upon initial recognition'		(Rupees)						
Term-Finance Certificates	15.8	-	-	-	35,252,166	86,918,477	122,170,643	119,191,467

15.8 **Particulars of term finance certificates (TFCs)**

	Market value as at 31 December 2015	2014	Maturity Year	Tenor (Years)	Current Rate of profit p.a %	Profit Payment
	(Rupees)					
Non-unitised Investment Linked Business TFC's - Bank Alfalah Limited	35,252,166	34,388,547	2021	8 years	8.31%	Semi-annually
Unit Linked Business TFC's - Bank Alfalah Limited	86,918,477	84,802,920	2021	8 years	8.31%	Semi-annually
	122,170,643	119,191,467				

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15.9 Net unrealised appreciation / (diminution) on re-measurement of term finance certificates 'at fair value through profit or loss upon initial recognition'

	2015					
	Shareholders' Fund	Conventional Business	Accident and Health Business	Non-unitised Investment Linked Business	Unit Linked Business	Aggregate
	(Rupees)					
Market value of investments	-	-	-	35,252,166	86,918,477	122,170,643
Less: Carrying value of investment (before revaluation for the year ended 31 December 2015)	-	-	-	(34,374,685)	(84,768,736)	(119,143,421)
Recognised in Revenue Account	-	-	-	877,481	2,149,741	3,027,222

	2014					
	Shareholders' Fund	Conventional Business	Accident and Health Business	Non-unitised Investment Linked Business	Unit Linked Business	Aggregate
	(Rupees)					
Market value of investments	-	-	-	34,388,547	84,802,920	119,191,467
Less: Carrying value of investment (before revaluation for the year ended 31 December 2014)	-	-	-	(35,387,815)	(87,267,137)	(122,654,952)
Recognised in Revenue Account	-	-	-	(999,268)	(2,464,217)	(3,463,485)

15.10 Investments in listed equity securities and units of mutual funds

	Note	2015	2014
		(Rupees)	
Financial assets 'at fair value through profit or loss upon initial recognition' (FVTPL)	*15.11*	1,766,864,608	1,170,971,083
Available for sale (AFS)	*15.12*	105,987,741	28,472,098
		1,872,852,349	1,199,443,181

15.11 Breakup of listed equity securities and units of mutual funds - FVTPL

	Note	Shareholders' Fund	Statutory Funds				Aggregate	
			Conventional Business	Accident and Health Business	Non-unitised Investment Linked Business	Unit Linked Business	2015	2014
		(Rupees)						
Listed equity securities	*15.14*	1,897,990	-	-	-	62,595,398	64,493,388	54,336,621
Units of open-end mutual funds	*15.14*	-	-	-	237,882,157	1,464,489,063	1,702,371,220	1,116,634,462
		1,897,990	-	-	237,882,157	1,527,084,461	1,766,864,608	1,170,971,083

15.12 Breakup of listed equity securities and units of mutual funds - AFS

	Note	Shareholders' Fund	Conventional Business	Accident and Health Business	Non-unitised Investment Linked Business	Unit Linked Business	2015	2014
Listed equity securities	*15.14*	18,948,779	-	-	5,549,934	-	24,498,713	23,472,098
Units of open-end mutual funds	*15.14*	57,195,682	25,000,000	-	-	-	82,195,682	5,000,000
		76,144,461	25,000,000	-	5,549,934	-	106,694,395	28,472,098
Provision for impairment in the value of available for sale		(626,548)	(80,106)	-	-	-	(706,654)	-
		75,517,913	24,919,894	-	5,549,934	-	105,987,741	28,472,098
Market value of listed equity securities and units of mutual fund securities as at 31 December 2015		85,254,611	25,136,885	-	6,610,764		117,002,260	43,977,435

15.12.1. Had the investment in available for sale securities been valued in accordance with the requirements of International Accounting Standard 39, 'Financial Instruments: Recognition and Measurement', the carrying value of the above mentioned investments would have been higher by Rs. 11.015 million (2014: Rs. 15.505 million).

15.12.2. Movement in provision for impairment against AFS investment is as follows:

	2015	2014
	(Rupees)	
Opening balance	-	-
Charge for the year	706,654	-
Closing balance	706,654	-

15.13 Net unrealised appreciation / (diminution) on re-measurement of listed equity securities and open-end mutual funds 'at fair value through profit or loss upon initial recognition'

	2015					
	Shareholders' Fund	Conventional Business	Accident and Health Business	Non-unitised Investment Linked Business	Unit Linked Business	Aggregate
	(Rupees)					
Market value of investments	1,897,990	-	-	237,882,157	1,527,084,461	1,766,864,608
Less: Carrying value of investment (before revaluation for the year ended 31 December 2015)	(1,043,557)	-	-	(229,755,678)	(1,531,357,867)	(1,762,157,102)
Recognised in profit and loss account / revenue account	854,433	-	-	8,126,479	(4,273,406)	4,707,506

	2014					
	Shareholders' Fund	Conventional Business	Accident and Health Business	Non-unitised Investment Linked Business	Unit Linked Business	Aggregate
	(Rupees)					
Market value of investments	1,043,559	-	-	235,452,225	934,475,299	1,170,971,083
Less: Carrying value of investment (before revaluation for the year ended 31 December 2014)	(835,171)	-	-	(221,260,306)	(833,966,646)	(1,056,062,123)
Recognised in profit and loss account / revenue account	208,388	-	-	14,191,919	100,508,653	114,908,960

15.14 **Particulars of listed equity securities and open-end mutual funds**

The face value of ordinary shares are between Rs. 3.5 to Rs. 10 per share.

	2015 Number of shares / units	2015 Cost	2015 Market value	2014 Number of shares / units	2014 Cost	2014 Market value
		(Rupees)			(Rupees)	
15.14.1 Shareholders' fund						
a. Financial assets 'at fair value through profit or loss upon initial recognition'						
Shares of Listed Companies						
Arif Habib Corporation Limited	36,300	1,427,436	1,855,293	36,300	1,427,436	998,250
Askari Bank Limited	1,964	31,515	42,697	1,964	31,515	45,309
		1,458,951	1,897,990		1,458,951	1,043,559
b. Available for sale						
Shares of Listed Companies						
Pakistan Petroleum Limited	36	3,161	4,385	36,036	3,164,067	6,361,075
National Bank of Pakistan	79,062	2,989,740	4,372,518	79,062	2,989,740	5,491,647
- Dividend in Specie	9,000	-	482,570	9,000	-	321,930
Fauji Fertilizer Limited	37,500	2,048,530	4,424,250	37,500	2,048,530	4,391,625
Pakistan Oil Fields Limited	500	212,163	134,010	11,500	4,879,739	4,362,640
Habib Bank Limited	25,773	2,499,859	5,157,693	25,773	2,499,859	5,573,669
United Bank Limited	29,400	2,500,163	4,555,530	29,400	2,500,163	5,195,274
Allied Bank Limited	-	-	-	49,000	5,390,000	5,565,420
K-Electric Limited	130,000	975,072	967,200	-	-	-
Nishat Power Limited	40,000	2,054,805	2,147,200	-	-	-
Kot Addu Power Company	12,000	981,976	972,000	-	-	-
Saif Power Limited	25,000	959,484	818,753	-	-	-
Attock Cement Limited	20,800	3,723,824	3,355,000	-	-	-
Aisha Steel Mills (Preference Shares)	3,300	-	27,291	3,300	-	27,357
		18,948,779	27,238,392		23,472,098	37,290,637
Units of Open end Mutual Funds						
ABL Government Securities Fund	717,602	7,195,682	7,498,725	-	-	-
ABL Islamic Stock Fund	-	-	-	579,169	5,000,000	6,686,798
Meezan Balanced Fund	1,366,120	20,000,000	20,355,191	-	-	-
Meezan Islamic Fund	86,460	5,000,000	5,183,293	-	-	-
MCB Pakistan Asset Allocation Fund	324,410	25,000,000	24,979,010	-	-	-
		57,195,682	58,016,219		5,000,000	6,686,798
		76,144,461	85,254,611		28,472,098	43,977,435
15.14.2 Conventional business						
a. Available for sale						
Units of Open end Mutual Funds						
MCB Pakistan Income Enhancement Fund	183,891	10,000,000	10,216,991	-	-	-
MCB Pakistan Asset Allocation Fund	193,774	15,000,000	14,919,894	-	-	-
		25,000,000	25,136,885		-	-
15.14.3 Non-unitised investment linked business						
a. Financial assets 'at fair value through profit or loss upon initial recognition'						
Units of Open end Mutual Funds						
Pakistan Cash Management Fund (related party)	-	-	-	48,874	2,437,895	2,549,323
MCB Dynamic Cash Fund (related party)	476,322	44,056,509	46,601,884	572,896	60,000,000	62,033,351
Metrobank-Pakistan Sovereign Fund (related party)	3,462,102	183,699,072	191,281,073	3,134,320	158,782,380	170,820,415
Pakistan Income Enhancement Fund - A (related party)	-	-	-	893	40,031	49,136
		227,755,581	237,882,157		221,260,306	235,452,225
b. Available for sale						
Shares of Listed Companies						
Habib Bank Limited	33,034	5,549,934	6,618,764	-	-	-
15.14.4 Unit linked business						
a. Financial assets 'at fair value through profit or loss upon initial recognition'						
Shares of Listed Companies						
Meezan Bank Limited	-	-	-	11,555	443,109	543,085
Pakistan Petroleum Limited	18,500	3,088,800	2,353,485	11,420	2,359,827	2,015,858
HUB Power Company Limited	29,000	2,283,637	2,975,400	69,500	4,734,108	5,446,020
Maple Leaf Cement Factory Limited	25,000	1,106,250	1,864,500	25,000	1,075,000	1,106,250
Packages Limited	4,000	2,358,290	2,328,440	1,000	272,630	678,290
Attock Petroleum Limited	2,800	1,510,824	1,414,336	2,800	1,545,140	1,510,824
Lucky Cement Limited	900	450,251	445,536	1,700	629,034	850,476
Kot Addu Power Company Limited	-	-	-	14,500	855,500	1,144,630
Pakistan Suzuki Motors Company Limited	3,400	1,261,808	1,684,020	3,400	1,109,278	1,261,808
Attock Cement Pakistan Limited	-	-	-	5,600	895,900	1,092,952
Millat Tractors Limited	-	-	-	1,100	572,000	711,546
Engro Corporation Limited	6,300	1,865,626	1,760,157	5,000	1,104,900	1,107,550
Fauji Fertilizer Company Limited	-	-	-	8,500	1,009,375	995,435
Fauji Cement Company Limited	22,000	568,480	810,040	44,000	1,073,600	1,116,960
Nestle Pakistan Limited	-	-	-	100	850,000	910,000
Engro Fertilizer Limited	18,000	1,405,800	1,514,340	18,000	1,261,800	1,405,800
Habib Metropolitan Bank Limited	200,000	7,460,000	6,094,000	200,000	6,199,869	7,460,000
United Bank Limited	-	-	-	135,338	21,383,404	23,915,578
Indus Motors Company Limited	1,300	1,524,000	1,315,184	-	-	-
ICI Pakistan Limited	2,200	888,800	1,064,844	-	-	-
Pakistan Oilfields Limited	5,000	1,821,551	1,340,100	-	-	-
Pakistan State Oil Company Limited	5,000	2,011,390	1,628,850	-	-	-
Amreli Steels Limited	8,864	452,864	532,460	-	-	-
Honda Atlas Cars (Pakistan) Limited	7,500	1,931,504	1,792,050	-	-	-
Habib Bank Limited	158,793	26,678,290	31,777,656	-	-	-
		58,658,566	62,595,398		47,374,474	53,293,062
Units of Open end Mutual Funds						
Metrobank-Pakistan Sovereign Fund (related party)	9,999,526	534,386,734	552,477,395	6,877,515	349,285,778	374,828,257
MCB Pakistan Stock Market Fund (related party)	7,497,526	600,253,831	600,848,017	4,719,116	289,599,557	347,043,757
MCB Pakistan Islamic Stock Fund (related party)	28,152,889	288,500,000	278,603,160	-	-	-
MCB Islamic Income Fund (related party)	368,054	36,986,945	37,966,164	778,258	76,694,893	79,895,402
Alfalah GHP Money Market Fund (formerly IGI Money Market Fund)	25,019	2,626,929	2,594,327	23,465	2,271,799	2,471,047
MCB Islamic Allocation Fund (related party)	-	-	-	310,066	15,652,544	18,117,164
MCB Dynamic Allocation Fund (related party)	-	-	-	247,820	17,046,183	19,436,894
Pakistan Cash Management Fund (related party)	-	-	-	21,717	1,029,075	1,132,787
Pakistan Income Fund (related party)	-	-	-	687,445	35,000,000	38,056,929
		1,472,754,439	1,464,489,863		786,579,829	881,182,237
		1,531,413,005	1,527,084,461		833,954,303	934,475,299

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15.15 Movement in Investment

	Shareholders' Fund		Statutory Funds								Total	
			Conventional Business		Accident and Health		Non-unitised Investment Linked business		Unit Linked Business		2015	2014
	At fair value through profit or loss upon initial recognition	Available for sale	At fair value through profit or loss upon initial recognition	Available for sale	At fair value through profit or loss upon initial recognition	Available for sale	At fair value through profit or loss upon initial recognition	Available for sale	At fair value through profit or loss upon initial recognition	Available for sale		
	(Rupees)											
As at 1 January	1,043,559	263,226,293	-	197,166,015	-	85,134	1,660,233,351	-	5,895,078,532	82,881,481	8,099,714,365	5,157,388,795
Movement during the year:												
Additions	-	213,319,143	-	296,132,750	-	86,146	3,835,405,193	5,549,934	19,633,845,235	-	23,984,338,401	16,712,668,655
Disposals / maturity	-	(239,825,916)	-	(326,956,845)	-	(86,146)	(3,425,304,287)	-	(14,435,003,740)	(26,842,130)	(18,454,019,064)	(14,299,030,536)
Amortisation of discount / (premium) on government securities	-	3,822,957	-	10,174,905	-	6,680	12,185,048	-	(34,682,320)	1,001,307	(7,491,423)	123,114,420
Provision for impairment in value of investments	-	(626,548)	-	(80,106)	-	-	-	-	-	-	(706,654)	-
Unrealised gain / (loss) on revaluation	854,431	-	-	-	-	-	17,921,773	-	42,262,309	-	61,038,513	405,573,031
As at 31 December	1,897,990	239,915,929	-	176,436,719	-	91,814	2,100,441,078	5,549,934	11,101,500,016	57,040,658	13,682,874,138	8,099,714,365

16. DEFERRED TAXATION - net

	2015	2014
	(Rupees)	
On taxable temporary differences arising on:		
- differences between accounting book value of operating fixed assets and tax base	715,898	-
On deductible temporary differences arising on:		
- differences between accounting book value of operating fixed assets and tax base	-	1,178,675

16.1 Charge of Rs. 1.895 million (2014: Rs. 0.766 million) has been recognised in the profit and loss account (refer note 22).

17. PREMIUMS DUE BUT UNPAID

	Statutory Funds				Aggregate	
	Conventional Business	Accident and Health Business	Non-unitised Investment Linked Business	Unit Linked Business	2015	2014
	(Rupees)					
Considered good						
Due from related parties	6,451,655	-	-	-	6,451,655	10,483,162
Due from others	17,823,528	-	-	-	17,823,528	15,006,241
	24,275,183	-	-	-	24,275,183	25,489,403
Considered doubtful						
Due from others	4,909,772	-	-	-	4,909,772	-
	29,184,955	-	-	-	29,184,955	25,489,403
Provision against bad and doubtful debts	(4,909,772)	-	-	-	(4,909,772)	-
Net premium due but unpaid	24,275,183	-	-	-	24,275,183	25,489,403

17.1 The trade debts amounting to Rs. 0.150 million (2014: Rs. 0.261 million) are receivable from the related parties that are past due but not impaired. These are due between 90 to 180 days and 180 to 365 days, respectively amounting to Rs. 0.064 million and Rs. 0.086 million (2014: Rs. 0.250 million and Rs. 0.011 million). Total amount due from them is Rs. 6.4 million (2014: 10.48 million). The remaining balance of Rs. 6.30 million is for a period less than 90 days (2014: Rs. 10.22 million).

17.2 Movement in provision of bad and doubtful debts is as follows:

	2015	2014
	(Rupees)	
Opening balance	-	-
Charge for the year	4,909,772	-
Closing balance	4,909,772	-

18. PREPAYMENTS AND ADVANCES AND DEPOSITS

18.1 Advances and deposits

	Shareholders' Fund	Statutory Funds				Aggregate	
		Conventional Business	Accident and Health Business	Non-unitised Investment Linked	Unit Linked Business	2015	2014
	(Rupees)						
Security deposits	14,422,654	690,833	-	-	-	15,113,487	7,809,899
Advance against Pre-IPO subscription - note 18.1.1	-	-	-	50,000,000	-	50,000,000	-
	14,422,654	690,833	-	50,000,000	-	65,113,487	7,809,899

18.1.1 This represent Pre-IPO subscription advance for participating in privately placed term finance certificate of Habib Bank Limited.

18.2 Prepayments

	Shareholders' Fund	Statutory Funds				Aggregate	
		Conventional Business	Accident and Health Business	Non-unitised Investment Linked	Unit Linked Business	2015	2014
	(Rupees)						
Rentals	25,551,652	-	-	-	-	25,551,652	21,851,635
Information technology	2,343,116	-	-	-	-	2,343,116	4,914,244
Office maintenance	45,940	-	-	-	-	45,940	43,332
Stamp duty	-	-	-	-	4,685,777	4,685,777	3,166,530
Fees and subscription	1,049,350	-	-	-	-	1,049,350	1,050,750
Vehicle and other insurance	68,233	-	-	-	-	68,233	-
	29,058,291	-	-	-	4,685,777	33,744,068	31,026,491

19. FIXED ASSETS

	Note	2015	2014
		(Rupees)	
Tangible	*19.1*	54,385,832	50,188,283
Intangible assets	*19.2*	16,330,161	8,491,386
		70,715,993	58,679,669

19.1 Tangible assets

2015

	Cost: As at 1 January 2015	Cost: Additions	Cost: (Disposals)	Cost: As at 31 December 2015	Rate %	Depreciation: As at 1 January 2015	Depreciation: For the year	Depreciation: (Disposals)	Depreciation: As at 31 December 2015	Written Down Value as at 31 December 2015
	(Rupees)									
Office equipments	11,088,181	5,545,429	(113,400)	16,520,210	20%	4,282,096	2,615,708	(45,990)	6,851,814	9,668,396
Computer and related equipments	43,210,821	7,882,359	(379,560)	50,713,620	33.33%	25,841,534	10,367,868	(276,572)	35,932,830	14,780,790
Furniture and fixtures	30,464,918	13,006,498	(990,800)	42,480,616	14.3%	14,050,313	5,535,151	(577,992)	19,007,472	23,473,144
Motor vehicles	12,269,526	291,487	(2,194,340)	10,366,673	20%	2,671,220	2,026,295	(794,344)	3,903,171	6,463,502
	97,033,446	26,725,773	(3,678,100)	120,081,119		46,845,163	20,545,022	(1,694,898)	65,695,287	54,385,832

2014

	Cost: As at 1 January 2014	Cost: Additions	Cost: (Disposals)	Cost: As at 31 December	Rate %	Depreciation: As at 1 January 2014	Depreciation: (For the year)	Depreciation: Disposals	Depreciation: As at 31 December	Written Down Value as at 31 December
	(Rupees)									
Office equipments	6,245,297	5,229,925	(387,041)	11,088,181	20%	3,248,605	1,404,199	(370,708)	4,282,096	6,806,085
Computer and related equipments	30,027,601	14,879,787	(1,696,567)	43,210,821	33.33%	18,443,402	8,960,337	(1,562,205)	25,841,534	17,369,287
Furniture and fixtures	25,756,779	5,176,879	(468,740)	30,464,918	14.3%	10,291,537	4,015,111	(256,335)	14,050,313	16,414,605
Motor vehicles	15,890,499	4,815,600	(8,436,573)	12,269,526	20%	6,633,836	2,036,949	(5,999,565)	2,671,220	9,598,306
	77,920,176	30,102,191	(10,988,921)	97,033,446		38,617,380	16,416,596	(8,188,813)	46,845,163	50,188,283

19.1.1 The depreciation charge for the year has been allocated as follows:

	Note	2015 (Rupees)	2014 (Rupees)
Depreciation expense not relating to Statutory Funds (administrative expense)	20	646,737	507,585
Depreciation expense relating to Statutory Funds		16,160,391	14,029,239
Depreciation expense relating to Branch overheads (statutory funds)	21	3,737,894	1,879,772
		20,545,022	16,416,596

19.2 Intangible assets

2015

	Cost: As at 1 January 2015	Cost: Additions	Cost: (Disposals)	Cost: As at 31 December 2015	Rate %	Amortisation: As at 1 January 2015	Amortisation: For the year	Amortisation: (Disposals)	Amortisation: As at 31 December 2015	Written Down Value as at 31 December 2015
	(Rupees)									
Computer softwares	36,767,854	13,217,714	-	49,985,568	20%	28,276,468	5,378,939	-	33,655,407	16,330,161
	36,767,854	13,217,714	-	49,985,568		28,276,468	5,378,939	-	33,655,407	16,330,161

2014

	Cost: As at 1 January 2014	Cost: Additions	Cost: (Disposals)	Cost: As at 31 December 2014	Rate %	Amortisation: As at 1 January 2014	Amortisation: For the year	Amortisation: (Disposals)	Amortisation: As at 31 December 2014	Written Down Value as at 31 December 2014
	(Rupees)									
Computer softwares	36,086,793	681,061	-	36,767,854	20%	20,981,123	7,295,345	-	28,276,468	8,491,386
	36,086,793	681,061	-	36,767,854		20,981,123	7,295,345	-	28,276,468	8,491,386

19.2.1 The amortisation charge for the year has been allocated as follows:

	Note	2015 (Rupees)	2014 (Rupees)
Amortisation expense not relating to Statutory Funds (administrative expense)	20	237,962	562,855
Amortisation expense relating to Statutory Funds		5,140,977	6,732,490
		5,378,939	7,295,345

19.3 **Disposals / write-off of fixed assets**

Disposal of fixed assets during the year having net book value of Rs. 50,000 and above are as follows:

	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (Loss) on disposal	Mode of disposal	Particulars of buyers
	(Rupees)						
Motor Vehicle - HONDA CIVIC (I-VTEC)	2,153,840	(753,844)	1,399,996	1,585,724	185,728	Company policy	Mr. Noman Noor (Employee)
Computer equipments - Laptop	71,300	(19,806)	51,494	65,596	14,102	Insurance claim	Adamjee Insurance Company Limited - related party
Computer equipments - Laptop	71,300	(19,806)	51,494	65,596	14,102	Insurance claim	Adamjee Insurance Company Limited - related party
	2,296,440	(793,456)	1,502,984	1,716,916	213,932		

Disposal of fixed assets during the year having net book value not exceeding Rs. 50,000 each are as follows:

	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (Loss) on disposal	Mode of disposal	Particulars of buyers
	(Rupees)						
Computer equipments	236,960	(236,960)	-	36,180	36,180	Company policy	Employees of the Company
Furniture and fixtures	990,800	(577,992)	412,808	114,163	(298,645)	Negotiation	Various parties
Office and other equiments	113,400	(45,990)	67,410	20,844	(46,566)	Negotiation	Various parties
Motor vehicles	40,500	(40,500)	-	19,000	19,000	Negotiation	Mr. Muhammad Hanif
	1,381,660	(901,442)	480,218	190,187	(290,031)		
Grand Total	3,678,100	(1,694,898)	1,983,202	1,907,103	(76,099)		

20. EXPENSES NOT ATTRIBUTABLE TO STATUTORY FUNDS	Note	2015	2014
		(Rupees)	
Salaries allowance and other benefits		14,344,316	11,906,287
Information technology		957,712	509,334
Rent		1,259,792	1,165,924
Marketing		168,969	(185,541)
Advertisement and publicity		26,852	20,215
Car fuel and maintenance		198,270	301,347
Utilities		478,067	342,752
Fee and subscription		244,367	211,065
Depreciation	*19.1.1*	646,737	507,585
Amortisation	*19.2.1*	237,962	562,855
Printing and stationery		260,671	158,277
Postage and courier		79,323	98,840
Office maintenance		1,063,055	326,103
Auditor's remuneration	*26.1*	188,512	140,064
Legal and professional		2,499,191	751,919
Travelling		461,849	117,954
Entertainment		124,258	78,939
Insurance		93,536	88,528
Bank charges		27,482	54,172
Shared services cost relating to investments		-	300,000
Workers Welfare Fund		84,892	-
Training and development		6,527	300
Donations / Zakat		-	854,291
Miscellaneous		29,231	24,205
		23,481,571	18,335,415

20.1 The above expenses represent allocation in accordance with the advice of the appointed actuary as approved by the Board of Directors.

21. BRANCH OVERHEADS	Note	2015	2014
Override and incentives		11,613,142	4,437,589
Administrative expenses			
Salaries, allowances and other benefits		25,658,667	17,185,357
Information technology		658,490	848,745
Rent		9,483,244	4,769,255
Marketing		7,269,709	3,081,182
Advertisement and publicity		159,650	1,845,797
Car fuel and maintenance		1,711,231	1,423,006
Utilities		3,006,673	1,827,215
Depreciation	*19.1.1*	3,737,894	1,879,772
Printing and stationery		837,338	664,249
Office maintenance		3,905,743	1,760,609
Travelling		650,576	520,736
Entertainment		792,608	245,536
Insurance		139,215	89,229
Bank charges		277,034	3,395
Training and development		1,839,671	2,704,198
Legal and professional charges		40,373	94,907
Postage and courier		102,688	37,086
Miscellaneous		313,851	167,863
		60,584,655	39,148,137
		72,197,797	43,585,726

22. CURRENT TAXATION	Note	2015	2014
Current:			
- for the year		1,117,928	2,913,278
- for prior year		275,743	-
Deferred	*16.1*	1,894,573	766,079
		3,288,244	3,679,357

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	2015	2014
	(Rupees)	
22.1 Relationship between tax expense and accounting profit		
Profit before taxation	4,159,696	18,685,223
Tax at applicable rate of 32% (2014: 33%)	1,331,103	6,166,124
Tax effect on unrealised appreciation in the value of quoted securities	(72,923)	(68,768)
Tax effect on capital gain exempted	-	(1,032,388)
Prior year tax charge	275,743	-
Tax effect of income charged at different tax rate	1,754,321	(507,092)
Others	-	(878,519)
Tax charge for the year	3,288,244	3,679,357

22.1.1 Tax Contingencies

Return of income has been filed for the tax year 2015, which is deemed to be assessed unless selected for audit or otherwise by the taxation authorities. Assessments of the Company has been finalised up to tax year 2014.

For tax years 2011, 2012 and 2013, tax authorities have issued orders under section 221 of Income Tax Ordinance, 2001 (the Ordinance) raising tax demand of Rs. 2.63 million, Rs. 3.04 million and Rs. 2.19 million respectively for these years primarily on the ground of charging WWF under sections 4(4) of the WWF Ordinance, 1971 and disallowance of tax credits of tax paid/deducted due to the alleged non verification of tax challans. The Company has filed an appeal against these orders which is pending before the Appellate Tribunal Inland Revenue (ATIR) and the Commissioner Inland Revenue - Appeals (CIR(A)). However, the management considers that the Company has enough grounds for success in appeals before the appellate authorities and the management is confident that the outcome of the appeals would be in their favour. Hence, no provision in addition to the recorded amount has been made in these financial statements against the aforesaid tax demand.

23. BASIC AND DILUTED EARNINGS PER SHARE

	2015	2014
	(Rupees)	
Profit after tax for the year	871,452	15,005,866
Weighted average number of ordinary shares outstanding at year end	93,549,400	93,549,400
Earnings per share - basic and diluted	0.01	0.16

24. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration, including all benefits to the Chief Executive and executives of the Company are as follows:

	Note	2015		2014	
		Chief Executive	**Executives**	Chief Executive	Executives
		(Rupees)			
Managerial remuneration		57,244,069	46,605,107	44,490,104	35,815,390
House rent allowance		5,490,375	16,303,013	4,951,320	14,326,156
Utilities		675,065	4,075,754	571,592	3,581,539
Medical expenses		-	1,552,500	-	1,423,750
Others	*24.1*	1,772,400	10,942,283	2,500,143	8,162,145
		65,181,909	79,478,657	52,513,159	63,308,980
Number of persons		1	37	1	30

24.1 This is inclusive of the running cost of Company maintained car and furnished accommodation. In addition, certain executives are provided with free use of Company maintained cars in accordance with Company policy.

25. NUMBER OF EMPLOYEES

	2015	2014
Permanent employees	195	163
Contractual employees	1	9
Outsourced employees	18	11
	214	183

	2015	2014
25.1 AVERAGE NUMBER OF EMPLOYEES	199	154

26. AUDITORS' REMUNERATION

	2015	2014
	(Rupees)	
Audit fees	1,160,000	1,000,000
Fees for other certification	265,000	140,000
Out of pocket expenses	195,747	260,643
	1,620,747	1,400,643

26.1 The auditors' remuneration for the year has been allocated as follows:

Not relating to statutory fund	20	188,512	140,064
Relating to statutory fund		1,432,235	1,260,579
		1,620,747	1,400,643

27. FINANCIAL INSTRUMENTS BY CATEGORY

Financial Assets	At fair value through profit or loss	Available for sale	Held to maturity	Loans and receivables	Aggregate 2015	Aggregate 2014
	----------	----------	----------	(Rupees)	----------	----------
Cash and bank deposits						
Cash and others	-	-	-	45,472	45,472	72,608
Current and other accounts	-	-	-	979,749,709	979,749,709	572,588,014
Deposits maturing within 12 months	-	-	-	360,000,000	360,000,000	-
Unsecure loans to employees	-	-	-	3,271,098	3,271,098	1,892,118
Loans secured against Life Insurance Policies	-	-	-	10,346,647	10,346,647	3,522,901
Investments						
Government securities	11,314,803,830	373,047,313	-	-	11,687,851,143	6,781,079,717
Other fixed income securities	122,170,643	-	-	-	122,170,643	119,191,467
Listed equity securities and units of mutual funds	1,766,864,608	105,987,741	-	-	1,872,852,349	1,199,443,181
	13,203,839,081	479,035,054	-	-	13,682,874,135	8,099,714,365
Current assets - others						
Premium due but unpaid	-	-	-	24,275,183	24,275,183	25,489,403
Accrued income on investments	-	-	-	283,170,348	283,170,348	330,869,454
Amounts due from reinsurer	-	-	-	40,045,458	40,045,458	3,650,714
Advances and deposits	-	-	-	64,313,487	64,313,487	7,009,899
Other receivable	-	-	-	124,067	124,067	1,189,712
Dividend receivable	-	-	-	465,778	465,778	48,039
	-	-	-	412,394,321	412,394,321	368,257,221
	13,203,839,081	479,035,054	-	1,765,807,247	15,448,681,382	9,046,047,227

Financial liabilities at amortised cost	2015	2014
	(Rupees)	
Outstanding claims	198,180,934	113,498,620
Amounts due to reinsurers	33,800,150	19,218,922
Amounts due to agents	238,641,639	204,764,458
Accrued expenses	5,339,963	3,961,832
Other creditors and accruals	58,425,863	33,875,153
	534,388,549	375,318,985

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors is also responsible for developing and monitoring the Company's risk management policies.

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

28.1 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price of securities due to a change in credit rating of the issuer of the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

The Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and regulations laid down by the Securities and Exchange Commission of Pakistan.

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

28.1.1 Foreign currency risk

Foreign Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company, at present is not exposed to any significant foreign currency risk as its operations are geographically restricted to Pakistan and its transactions are mainly carried out in Pakistani Rupees.

28.1.2 Interest rate risk exposure

The Company invests in government securities, other fixed income securities and term deposits and demand deposit with banks that are subject to interest rate risk. Interest rate risk to the Company is the risk of changes in market interest rates reducing the overall return on its interest bearing securities. The Company limits interest rate risk by monitoring the changes in interest rates effecting its bank balances and investments.

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Yield / interest rate sensitivity position for on and off balance sheet financial instruments is based on the earlier of contractual repricing or maturity date. The information about Company's exposure to interest rate risk based on contractual repricing or maturity dates, as of 31 December 2015, whichever is earlier is as follows:

	2015											
	Exposed to yield / interest rate risk										Non-interest bearing financial instruments	Total
	Effective yield / interest rate %	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years		
		(Rupees)										
On balance sheet financial instruments												
Financial assets												
Cash and bank deposits												
Cash and others		-	-	-	-	-	-	-	-	-	45,472	45,472
Current and other accounts	5-6.5%	962,078,962	-	-	-	-	-	-	-	-	17,670,747	979,749,709
Deposits maturing within 12 months	5.9-7.1%	260,000,000	-	-	100,000,000	-	-	-	-	-	-	360,000,000
Unsecured loan to employees	5.57%	-	-	-	-	3,271,098	-	-	-	-	-	3,271,098
Loans secured against Life Insurance Policies	10.49-14.18%	7,515,409	2,831,238	-	-	-	-	-	-	-	-	10,346,647
Investments												
Government securities	5.89-12%	1,872,417,802	2,397,459,075	403,901,242	3,820,470,939	1,677,697,675	1,467,441,538	48,462,872	-	-	-	11,687,851,143
Other fixed income securities	8.31%	-	122,170,643	-	-	-	-	-	-	-	-	122,170,643
Listed equity securities and units of mutual funds		-	-	-	-	-	-	-	-	-	1,872,852,349	1,872,852,349
Current assets - others												
Premium due but unpaid		-	-	-	-	-	-	-	-	-	24,275,183	24,275,183
Accrued income on investments		-	-	-	-	-	-	-	-	-	283,170,348	283,170,348
Amount due from reinsurer		-	-	-	-	-	-	-	-	-	40,045,458	40,045,458
Advances and deposits		-	-	-	-	-	-	-	-	-	64,313,487	64,313,487
Other receivables		-	-	-	-	-	-	-	-	-	124,867	124,867
Dividend receivable		-	-	-	-	-	-	-	-	-	465,778	465,778
		3,102,012,173	2,522,460,956	403,901,242	3,920,470,939	1,680,968,773	1,467,441,538	48,462,872	-	-	2,302,962,889	15,448,681,382
Financial liabilities												
Outstanding claims		-	-	-	-	-	-	-	-	-	198,180,934	198,180,934
Amounts due to reinsurers		-	-	-	-	-	-	-	-	-	33,800,150	33,800,150
Amounts due to agents		-	-	-	-	-	-	-	-	-	238,641,639	238,641,639
Accrued expenses		-	-	-	-	-	-	-	-	-	5,339,963	5,339,963
Other creditors and accruals		-	-	-	-	-	-	-	-	-	58,425,863	58,425,863
		-	-	-	-	-	-	-	-	-	534,388,549	534,388,549
On balance sheet gap		3,102,012,173	2,522,460,956	403,901,242	3,920,470,939	1,680,968,773	1,467,441,538	48,462,872	-	-	1,768,574,340	14,914,292,833
Off balance sheet financial instruments												
Contingencies and commitments		-	-	-	-	-	-	-	-	-	16,945,685	16,945,685
Off balance sheet gap		-	-	-	-	-	-	-	-	-	16,945,685	16,945,685
Total yield / interest rate risk sensitivity gap		3,102,012,173	2,522,460,956	403,901,242	3,920,470,939	1,680,968,773	1,467,441,538	48,462,872	-	-	1,751,628,655	
Cumulative yield / interest rate risk sensitivity gap		3,102,012,173	5,624,473,129	6,028,374,371	9,948,845,310	11,629,814,083	13,097,255,621	13,145,718,493	13,145,718,493	13,145,718,493	14,897,347,148	

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	2014											
	Exposed to yield / interest rate risk										Non-interest bearing financial instruments	Total
	Effective yield / interest rate %	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years		
		(Rupees)										
On balance sheet financial instruments												
Financial assets												
Cash and bank deposits												
Cash and others		-	-	-	-	-	-	-	-	-	72,608	72,608
Current and other accounts	6.5-7.5%	557,879,927	-	-	-	-	-	-	-	-	14,708,087	572,588,014
Unsecured loan to employees	5.57%	-	-	-	-	1,892,118	-	-	-	-	-	1,892,118
Loans secured against Life Insurance Policies	13.63-14.2%	-	3,522,901	-	-	-	-	-	-	-	-	3,522,901
Investments												
Government securities	9.40-12%	24,946,750	292,610,067	-	96,601,750	3,888,460,217	996,523,462	342,515,234	1,139,422,237	-	-	6,781,079,717
Other fixed income securities	11.43%	-	119,191,467	-	-	-	-	-	-	-	-	119,191,467
Listed equity securities and units of mutual funds		-	-	-	-	-	-	-	-	-	1,199,443,181	1,199,443,181
Current assets - others												
Premium due but unpaid		-	-	-	-	-	-	-	-	-	25,489,403	25,489,403
Accrued income on investments		-	-	-	-	-	-	-	-	-	330,869,454	330,869,454
Amount due from reinsurer		-	-	-	-	-	-	-	-	-	3,650,714	3,650,714
Advances and deposits		-	-	-	-	-	-	-	-	-	7,009,899	7,009,899
Other receivable		-	-	-	-	-	-	-	-	-	1,189,712	1,189,712
Dividend receivable		-	-	-	-	-	-	-	-	-	48,039	48,039
		582,826,677	415,324,435	-	96,601,750	3,890,352,335	996,523,462	342,515,234	1,139,422,237	-	1,582,481,097	9,046,047,227
Financial liabilities												
Outstanding claims		-	-	-	-	-	-	-	-	-	113,498,620	113,498,620
Amounts due to reinsurers		-	-	-	-	-	-	-	-	-	19,218,922	19,218,922
Amounts due to agents		-	-	-	-	-	-	-	-	-	204,764,458	204,764,458
Accrued expenses		-	-	-	-	-	-	-	-	-	3,961,832	3,961,832
Other creditors and accruals		-	-	-	-	-	-	-	-	-	33,875,153	33,875,153
		-	-	-	-	-	-	-	-	-	375,318,985	375,318,985
On balance sheet gap		582,826,677	415,324,435	-	96,601,750	3,890,352,335	996,523,462	342,515,234	1,139,422,237	-	1,207,162,112	8,670,728,242
Off balance sheet financial instruments												
Contingencies and commitments		-	-	-	-	-	-	-	-	-	17,244,340	17,244,340
Off balance sheet gap		-	-	-	-	-	-	-	-	-	17,244,340	17,244,340
Total yield / interest rate risk sensitivity gap		582,826,677	415,324,435	-	96,601,750	3,890,352,335	996,523,462	342,515,234	1,139,422,237	-	1,189,917,772	
Cumulative yield / interest rate risk sensitivity gap		582,826,677	998,151,112	998,151,112	1,094,752,862	4,985,105,197	5,981,628,659	6,324,143,893	7,463,566,130	7,463,566,130	8,653,483,902	

Sensitivity analysis

(a) Sensitivity analysis for variable rate instruments

Presently, the Company holds GoP Ijarah Sukuk and Term Finance Certificates exposing it to cash flow interest rate risk. In case of 100 basis points increase/decrease in interest yield on 31 December 2015 with all other variables held constant, the net assets of the statutory funds of the Company and net income of the statutory funds for the year would have been higher/lower by Rs. 0.478 million (2014: Rs. 1.34 million).

None of the financial instruments of the shareholder's fund are exposed to variable interest rate risk.

(b) Sensitivity analysis for fixed rate instruments

	2015	2014
	(Rupees)	
Shareholder's Fund		
Bank balances	22,719,665	10,208,328
Investment in Government Securities (PIBs + T-bills)	164,398,016	234,754,195
Unsecured loans to employees	3,271,098	1,892,118
	190,388,779	246,854,641
Statutory Funds		
Bank balances	939,359,297	547,671,599
Deposits maturing within 12 months	360,000,000	-
Investment in Government Securities (PIBs + T-bills)	11,523,453,127	6,546,325,522
Loans secured against Life Insurance Policies	10,346,647	3,522,901
	12,833,159,071	7,097,520,022

Above balances also includes available for sale investments of Rs. 373.047 million (2014: Rs. 514.887 million). However, interest rate increase would not have had an effect on the shareholders fund or the statutory funds as the carrying values of the respective available for sale investments are carried at lower of cost or market value in accordance with the requirement of the SEC Insurance Rules, 2002. However, if the interest rate had decreased, it could have effected both the carrying value and the net income of the shareholders fund and statutory funds. However, since the market value of the investments are much higher than their carrying values the impact of a change of 200 basis points would not have had a material effect on the respecitve statutory funds and the shareholders fund.

In case of a change of 100 basis points in financial intruments other than the above mentioned available for sale investments, with all other variables held constant, the value of fixed rate financial instruments in shareholder's fund would been effected by Rs. 0.26 million (2014: Rs. 0.12 million) and in statutory funds by Rs. 88.08 million (2014: Rs. 149.52 million).

28.1.3 Price Risk

The Company's listed securities are susceptible to market price risk arising from uncertainties about the future value of investment securities. The Company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in equity, money market fund and term finance certificates (TFCs). In addition, the Company actively monitors the key factors that affect stock, money market and TFCs market. In the equity portfolio, the top three sectors by exposure are Oil and Gas, Banks and Mutual Funds.

In case of 5% increase in market prices of equity securities classified as:

a) at fair value through profit or loss , the post tax profit would increase by Rs. 88 million (2014: Rs. 2.717 million);
b) available for sale , the post tax profits would increase by Rs. 0.334 million (2014: Nil)

In case of 5% decrease in market prices of equity securities classified as:

a) at fair value through profit or loss, the post tax profit would decrease by Rs. 88 million (2014: Rs. 2.717 million);
b) available for sale, the net assets of the Company would decrease by Rs. 3.518 million (2014: Rs. 0.838 million). The value of net assets of the Company will only decrease if the fall in prices is other than temporary in accordance with the local regulatory requirements applicable on insurance companies in Pakistan.

28.2 Credit risk and concentration of credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss.

Concentration of credit risk arises when a number of counterparties have similar types of business activities. As a result, any change in economic, political or other conditions would affect their ability to meet contractual obligations in a similar manner.

Major credit risk arises in credit exposure to group life policyholders on account of premiums due but unpaid and on bank balances. The management monitors exposure to credit risk through regular review of credit exposure and assessing credit worthiness of counter parties.

Due to the Company's strong standing business relationships with its counterparties and after giving due consideration to their sound financial standing, management does not expect non–performance by these counter parties on their obligations to the Company.

The credit quality of the Company's bank balances, premium due but unpaid and term finance certificates held as at December 31, 2015 can be assessed with reference to external credit ratings as follows:

	2015																	
	AAA	AA+	AA	AM2+	AM3+	A3	A-1+	A-1	A+	AA-	A-	A	A2	B	BBB+	D	Not rated	Total
	(Rupees)																	
31 December 2015																		
Bank balances (including interest)	-	-	-	-	-	-	965,976,372	11,664,858	-	-	-	-	2,707,945	-	-	-	-	980,349,175
Deposits maturing within 12 months (including interest)	-	-	-	-	-	-	263,590,758	100,129,315	-	-	-	-	-	-	-	-	-	363,720,073
Unsecured loans to employees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,946,177	3,946,177
Loans secured against Life Insurance Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,346,647	10,346,647
Term finance certificate (including interest)	-	-	125,838,586	-	-	-	-	-	-	-	-	-	-	-	-	-	-	125,838,586
Units of open ended mutual funds	-	-	2,594,331	-	-	-	-	-	800,359,552	37,966,164	-	7,195,682	-	-	-	-	936,350,877	1,784,465,806
Premium due but unpaid	1,157,929	2,345,504	3,148,676	188,608	-	-	-	-	2,351,817	150,572	576,681	-	-	-	-	2,088,875	12,266,521	24,275,183
Amount due from reinsurer	-	-	48,045,458	-	-	-	-	-	-	-	-	-	-	-	-	-	-	48,045,458
Advances and deposits	-	-	-	-	-	-	52,198,278	-	-	-	-	-	-	-	-	-	12,115,209	64,313,487
Other receivables	-	-	13,921	-	-	-	-	-	-	-	-	-	-	-	-	-	110,146	124,067
Dividend receivables	-	-	-	-	-	-	316,075	25,000	-	-	-	-	-	-	-	-	114,703	465,778
	1,157,929	2,345,504	171,640,972	188,608	-	-	1,282,091,483	111,819,173	802,711,369	38,116,736	576,681	7,195,682	2,707,945	-	-	2,088,875	975,249,480	3,397,890,437

	2014																	
	AAA	AA+	AA	AM2+	AM3+	A3	A-1+	A-1	A+	AA-	A-	A	A2	B	BBB+	D	Not rated	Total
	(Rupees)																	
31 December 2014																		
Bank balances (including interest)	522,604,192	-	354,793	-	-	-	42,906,656	-	-	3,673	-			7,452,458	-	-	210,145	573,531,917
Unsecured loans to employees	-	-	-	-	-	-	-	-	-	-	-			-	-	-	1,892,118	1,892,118
Loans secured against Life Insurance Policies	-	-	-	-	-	-	-	-	-	-	-			-	-	-	3,522,901	3,522,901
Term finance certificate (including interest)	-	-	124,230,778	-	-	-	-	-	-	-	-			-	-	-	-	124,230,778
Units of open ended mutual funds	3,682,110	-	545,645,010	-	-	-	-	-	100,139,415	79,899,066	-			-	-	-	392,268,861	1,121,634,462
Premium due but unpaid	10,211,430	1,685,091	395,276	-	905	-	-	-	1,870,770	-	7,309			91,702	666,553	-	10,560,367	25,489,403
Amount due from reinsurer	-	-	3,650,714	-	-	-	-	-	-	-	-			-	-	-	-	3,650,714
Advances and deposits	-	-	-	-	-	-	-	-	-	-	-			-	-	-	7,009,899	7,009,899
Other receivables	-	-	110,912	-	-	-	-	-	-	-	-			-	-	-	1,078,800	1,189,712
Dividend receivables	-	-	-	-	-	-	21,000	-	-	-	-			-	-	-	27,039	48,039
	536,497,732	1,685,091	674,387,483	-	905	-	42,927,656	-	102,010,185	79,902,739	7,309		-	7,544,160	666,553	-	416,570,130	1,862,199,943

Km

28.2.1 Credit risk

Details of the maximumm exposure to credit risk at the balance sheet date was as follows:

Carrying values of financial assets other than, 'premium due but unpaid', which are neither past due nor impaired.

	2015	2014
Financial Assets	(Rupees)	
Cash and bank deposits		
Current and other accounts	979,749,709	572,588,014
Deposits maturing within 12 months	360,000,000	-
Unsecured loans to employees	3,271,098	1,892,118
Loans secured against Life Insurance Policies	10,346,647	3,522,901
Investments		
Other fixed income securities	122,170,643	119,191,467
Units of open ended mutual funds	1,784,465,806	1,121,634,462
Current assets - others		
Accrued income on investments	8,662,561	5,983,214
Amount due from reinsurer	40,045,458	3,650,714
Advances and deposits	64,313,487	7,009,899
Other receivables	124,067	1,189,712
Dividend receivables	465,778	48,039
	3,373,615,254	1,836,710,540

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

Up to 30 days	6,323,510	21,266,495
31 to 60 days	1,398,558	454,924
61 to 90 days	10,825,482	1,064,370
91 to 180 days	564,612	1,625,043
181 to 365 days	4,964,484	1,078,571
Over 365	198,537	-
	24,275,183	25,489,403
	3,397,890,437	1,862,199,943

Difference between the above total balance and total balance of financial assets reported in note 27 is due to the fact that the investment in Government Securities amounting to Rs. 11,962 million (2014: Rs. 7,105 million), investment in listed equity securities amounting to Rs. 88.387 million (2014: Rs. 77.809 million) and cash in hand amounting to Rs. 0.045 million (2014: Rs. 0.073 million) are not exposed to credit risk.

An age analysis of the carrying value of premiums due but unpaid that are past due and impaired are as under:

91 to 180 days	595,457	-
181 to 365 days	3,954,054	-
Over 365	360,261	-
Provided balance	4,909,772	-

Due to the nature of its financial assets, the Company believes it is not exposed to any major concentration of credit risk.

kmm

28.2.2 Concentration of credit risk

Concentration of credit risk arises when a number of counter parties have a similar type of business activities. As a result any change in economic, political or other conditions would affect their ability to meet contractual obligations in a similar manner. The Company manages concentration of credit risk through diversification of activities amongst individuals, groups and industry segments.

	2015		2014	
	Carrying value	**%**	Carrying value	%
	---- (Rupees) ----		---- (Rupees) ----	
Banks and financial institutions	1,529,942,039	45.03%	714,516,319	38.37%
Mutual funds	1,784,465,806	52.52%	1,122,713,262	60.29%
Reinsurance company	40,045,458	1.18%	3,650,714	0.20%
Policy holders	10,346,647	0.30%	3,522,901	0.19%
Employees	3,984,071	0.12%	2,347,362	0.13%
Sugar and allied industry	3,311,472	0.10%	1,126,007	0.06%
Textile industry	5,752,371	0.17%	882,792	0.05%
Electricity	266,556	0.01%	183,347	0.01%
Foods and beverages	1,343,666	0.04%	555,307	0.03%
Government agency	400,000	0.01%	400,000	0.02%
Insurance company	178,560	0.01%	264,315	0.01%
Leasing company	2,054,052	0.06%	-	-
Individuals	4,205,875	0.12%	-	-
Others	11,593,864	0.34%	12,037,617	0.65%
	3,397,890,437	100%	1,862,199,943	100%

28.3 Liquidity risk

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

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	2015		
	Total	**Not later than 1 month**	**later than 1 and not later than months**
		(Rupees)	
Outstanding claims	198,180,934	198,180,934	-
Amounts due to reinsurers	33,800,150	-	33,800,150
Amounts due to agents	238,641,639	238,641,639	-
Accrued expenses	5,339,963	5,339,963	-
Other creditors and accruals	58,425,863	58,425,863	-
	534,388,549	500,588,399	33,800,150

	2014		
	Total	Not later than 1 month	later than 1 month and not later than 3 months
		(Rupees)	
Outstanding claims	113,498,620	113,498,620	-
Amounts due to reinsurers	19,218,922	-	19,218,922
Amounts due to agents	204,764,458	204,764,458	-
Accrued expenses	3,961,832	3,961,832	-
Other creditors and accruals	33,875,153	33,875,153	-
	375,318,985	356,100,063	19,218,922

kmy

28.4 **Fair value of financial instruments**

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

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

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

On balance sheet financial instruments	2015								
	Available for Sale	FVTPL	Loans and Receivables	Financial liabilities	Total	Level 1	Level 2	Level 3	Total
	---(Rupees in '000)---								
Financial assets measured at fair value									
- Investments									
Government Securities (Tbills + PIBs + Sukuks)	-	11,314,803,830			11,314,803,830	-	11,314,803,830	-	11,314,803,830
Listed equity securities	6,246,963	64,493,388	-	-	70,740,351	70,740,351	-	-	70,740,351
Units of mutual funds	39,898,904	1,702,371,220	-	-	1,742,270,124	1,742,270,124	-	-	1,742,270,124
Debt securities (listed TFCs)	-	122,170,643	-	-	122,170,643	-	122,170,643	-	122,170,643
Financial assets not measured at fair value									
- Investments									
Government Securities (Tbills + PIBs)	373,847,313	-	-	-	373,847,313	-	-	-	-
Listed equity securities (at lower of cost or market value)	17,646,192	-	-	-	17,646,192	-	-	-	-
Units of mutual funds (at lower of cost or market value)	41,195,682	-	-	-	42,195,682	-	-	-	-
- Balances with banks	-		1,339,749,709	-	1,339,749,709	-	-	-	-
- Other financial assets	-		424,057,538	-	426,057,538	-	-	-	-
	479,835,054	13,203,839,881	1,765,807,247	-	15,448,681,382	1,813,010,475	11,436,974,473	-	13,249,984,948
Financial liabilities not measured at fair value									
- Financial liabilities	-	-	-	534,388,549	534,388,549	-	-	-	-
	-	-	-	534,388,549	534,388,549	-	-	-	-
	479,835,054	13,203,839,881	1,765,807,247	(534,388,549)	14,914,292,833	1,813,010,475	11,436,974,473	-	13,249,984,948

On balance sheet financial instruments	2014								
	Available for Sale	FVTPL	Loans and Receivables	Financial liabilities	Total	Level 1	Level 2	Level 3	Total
	---(Rupees in '000)---								
Financial assets measured at fair value									
- Investments									
Government Securities (Tbills + PIBs + Sukuks)	-	6,266,192,892	-	-	6,266,192,892	-	6,266,192,892	-	6,266,192,892
Listed equity securities	-	54,336,621	-	-	54,336,621	54,336,621	-	-	54,336,621
Units of mutual funds	-	1,116,634,462	-	-	1,186,634,462	1,116,634,462	-	-	1,116,634,462
Debt securities (listed TFCs)	-	119,191,467	-	-	119,191,467	-	119,191,467	-	119,191,467
Financial assets not measured at fair value									
- Investments									
Government Securities (Tbills + PIBs)	514,886,825	-	-	-	514,886,825	-	-	-	-
Listed equity securities (at lower of cost or market value)	23,472,098	-	-	-	23,472,098	-	-	-	-
Units of mutual funds (at lower of cost or market value)	5,000,000	-	-	-	5,000,000	-	-	-	-
- Balances with banks	-	-	572,588,014	-	572,588,014	-	-	-	-
- Other financial assets	-	-	373,744,848	-	373,744,848	-	-	-	-
	543,358,923	7,556,355,442	946,332,862	-	9,046,047,227	1,170,971,083	6,385,384,359	-	7,556,355,442
Financial liabilities not measured at fair value									
- Financial liabilities	-	-	-	375,318,985	375,318,985	-	-	-	-
	-	-	-	375,318,985	375,318,985	-	-	-	-
	543,358,923	7,556,355,442	946,332,862	(375,318,985)	8,670,728,242	1,170,971,083	6,385,384,359	-	7,556,355,442

Investments on the balance sheet are carried at fair value except for investments in available for sale securities of shareholders fund and statutory funds which are stated at lower of cost or market value. The Company is of the view that the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are either short term in nature or are frequently re-priced.

Financial assets designated as available for sale	2015		2014	
	Carrying value	Fair value	Carrying value	Fair value
	---(Rupees)---		---(Rupees)---	
Government securities	373,847,313	388,361,975	514,886,825	525,395,477
Listed equities and mutual funds	103,907,741	117,002,260	28,472,098	43,977,435

29. INSURANCE RISK AND MANAGEMENT OF INSURANCE RISK

29.1 Conventional business

29.1.1 Individual Life

The risk underwritten is mainly death and sometimes disability. The risk of death and disability will vary in degree by age, gender, occupation, income group and geographical location of the assured person. The Company's exposure to poor risks may lead to unexpectedly high severity and frequency in claims' experience. This can be a result of anti-selection, fraudulent claims, a catastrophe or poor persistency. The Company may also face the risk of poor investment return, inflation of business expenses and liquidity issues on amount invested in the fund. The Company faces the risk of under-pricing particularly due to the fact that majority of these contracts are long term. Additionally, the risk of poor persistency may result in the Company being unable to recover expenses incurred at policy acquisition.

The Company manages these risks through its underwriting, reinsurance, claims handling policy and other related controls. The Company has a well defined medical underwriting policy and avoids selling policies to high risk individuals. This puts a check on anti-selection. The need for profit testing is reviewed on an annual basis to ensure reasonableness of premiums charged. Reinsurance contracts have been purchased by the Company to limit the maximum exposure on any one insured person. The Company is developing and intends to eventually have a good spread of business throughout the country thereby ensuring diversification of geographical risks. To avoid poor persistency the Company applies quality controls on the standard of service provided to policyholders and has placed checks to control mis-selling and to track improvements in the standard of service provided to policyholders. For this, a regular monitoring of lapsation rates is conducted. On the claims handling side, the Company has procedures in place to ensure that payment of any fraudulent claims is avoided. For this, Claims Committee with variable materiality limits review all claims for verification and specific and detailed investigation of all apparently doubtful claims (particularly of high amounts) is conducted. Further, all payments on account of claims are made after necessary approval of the Chief Executive Officer of the Company. The Company maintains adequate liquidity in its fund to cater for a potentially sudden and high cash requirement.

a) Frequency and severity of claims

The Company measures concentration of risk in terms of exposure by geographical area. Concentration of risk is not currently a factor of concern as the business is developing and aims to achieve a spread of risks across various parts of the country.

There is some concentration by sum assured amounts which may have an impact on the severity of benefit payments on a portfolio basis.

The table below presents the concentration of assured benefits across five bands of assured benefits per individual life assured. The benefit assured figures are shown gross and net of the reinsurance contracts described above.

The amounts presented are showing total exposure of the Company including exposure in respect of riders attached to the main policies.

Benefits assured per life	Sum assured at the end of 2015			
	Total benefits assured			
Rupees	Before reinsurance		After reinsurance	
	(Rupees)	Percentage	(Rupees)	Percentage
0-200,000	3,032,736	2.68%	909,821	4.32%
200,000 - 400,000	10,168,536	8.98%	3,050,561	14.49%
400,001 - 800,000	12,071,711	10.66%	3,621,513	17.20%
800,001 - 1,000,000	1,893,330	1.67%	567,999	2.70%
More than 1,000,000	86,024,266	76.00%	12,900,000	61.28%
Total	113,190,579		21,049,894	

Benefits assured per life	Sum assured at the end of 2014			
	Total benefits assured			
Rupees	Before reinsurance		After reinsurance	
	(Rupees)	Percentage	(Rupees)	Percentage
0-200,000	1,867,974	1.43%	560,392	2.06%
200,000 - 400,000	2,083,377	1.60%	625,013	2.29%
400,001 - 800,000	4,697,228	3.60%	1,409,168	5.17%
800,001 - 1,000,000	4,802,186	3.69%	1,440,656	5.28%
More than 1,000,000	116,856,860	89.68%	23,238,801	85.20%
Total	130,307,625		27,274,030	

b) Sources of uncertainty in the estimation of future benefit payments and premium receipts

Uncertainty in the estimation of future benefit payments and premium receipts for long-term conventional assurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and morbidity incidence rates.

The Company assumes the expected mortality to vary between 80% and 120% of SLIC (2001-05) since the current experience for this line of business is not credible. Morbidity incidence rates are taken as a percentage of reinsurer's risk premium rate.

c) Process used to decide on assumptions

For long-term conventional assurance contracts, long-term assumptions are made at the inception of the contract. Keeping the statutory minimum reserving basis in view, the Company determines assumptions on future mortality, morbidity, persistency, administrative expenses and investment returns. At regular intervals, profit testing is conducted on main policies. Assumptions used for profit testing of the main policies are as follows:

- The expected mortality is assumed to vary between 80% and 120% of SLIC (2001-05) since the current experience for this line of business is not credible.

- Morbidity incidence rates for morbidity are taken as a percentage of reinsurer's risk premium rate.

- Persistency: The Company exercises a periodic analysis on recent and historic experience and persistency is calculated by applying statistical methods. Persistency rates vary by products and more importantly the sales distribution channel. An allowance is then made for any trend in the data to arrive at best estimate of future persistency rates for each sales distribution channel.

- Expense levels and inflation: As the business is new, estimates from business projections have been used. Once established, a periodic study will be conducted on the Company's current business expenses and future projections to calculate per policy expenses. Expense inflation is assumed in line with assumed investment return.

- Investment returns: The investment returns are based on the historic performance of the assets and asset types underlying the fund.

d) Changes in assumptions

There have been no changes in assumptions since the last valuation carried out a year ago.

e) Sensitivity analysis

After reinsurance, the overall liability for individual life conventional business stands at less than 1% of the total policyholder liability held in respect of individual life business. Due to its immateriality, sensitivity analysis has not been conducted.

29.1.2 Group Life

The main risk written by the Company is mortality. The Company may be exposed to the risk of unexpected claim severity or frequency. This can be a result of writing business with higher than expected mortality (such as mining or other hazardous industries), writing high cover amounts without adequate underwriting, difficulty of verification of claims, fraudulent claims or a catastrophe. The Company also faces risk such as that of under-pricing to acquire business in a competitive environment and of non-receipt of premium in due time. There also exists a potential risk of asset liability term mismatch due to liabilities being very short term in nature.

The Company manages these risks through underwriting, reinsurance, effective claims handling and other related controls. The Company has a well defined medical under-writing policy and avoids writing business for groups with overly hazardous exposure. Pricing is done in line with the actual experience of the Company. The premium charged takes into account the actual experience of the client and the nature of mortality exposure the group faces. The Management undertakes to write business in line with the limits set by the appointed actuary, especially for large groups having a group assurance policy with annual premium of Rs 2 million or above in accordance with the requirements of Circular 11 of 2013 dated June 14, 2013. The Company also maintains a Management Information System (MIS) to track the adequacy of the premium charged. Reinsurance contracts have been purchased by the Company to limit the maximum exposure to any one life. At the same time, due caution is applied in writing business in areas with a high probability of terrorism. The Company ensures writing business with good geographical spread and tries to maintain a controlled exposure to large groups which generally have poor experience. Writing business of known hazardous groups is also avoided. On the claims handling side, the Company ensures that payment of any fraudulent claims is avoided. For this, Claims Committee with variable materiality limits review all claims for verification and specific and detailed investigation of all apparently doubtful claims (particularly of high amounts) is conducted. Strict monitoring is in place at the Board of Directors level in order to keep the outstanding balances of premium at a minimum, especially the ones that are due for more than 90 days. The bulk of the assets held against liabilities of this line of business are cash to money market with short durations and high liquidity, thus mitigating the risk of asset value deterioration and liability mismatch.

a) Frequency and severity of claims

The Company measures concentration of risk in terms of exposure by geographical area. Concentration of risk arising from geographical area is not a factor of concern as the Company aims to achieve a spread of risks across various parts of the country.

The following table presents the concentration of assured benefits across five bands of assured benefits per individual life assured. The benefit assured figures are shown gross and net of the reinsurance contracts described above.

The amounts presented are showing total exposure of the company including exposure in respect of riders attached to the main policies.

Benefits assured per life	Sum assured at the end of 2015			
	Total benefits assured			
Rupees	Before reinsurance		After reinsurance	
	Rupees	Percentage	Rupees	Percentage
0-200,000	776,160	0.00%	776,160	0.00%
200,000 - 400,000	300,000	0.00%	300,000	0.00%
400,001 - 800,000	8,250,000	0.00%	2,475,000	0.00%
800,001 - 1,000,000	48,300,000	0.02%	48,300,000	0.04%
More than 1,000,000	259,490,872,743	99.98%	132,502,116,030	99.96%
Total	259,548,498,903		132,553,967,190	

Benefits assured per life	Sum assured at the end of 2014			
	Total benefits assured			
Rupees	Before reinsurance		After reinsurance	
	Rupees	Percentage	Rupees	Percentage
0-200,000	79,103,104	0.03%	79,103,104	0.06%
200,000 - 400,000	30,900,000	0.01%	30,900,000	0.02%
400,001 - 800,000	750,000	0.00%	225,000	0.00%
800,001 - 1,000,000	-	0.00%	-	0.00%
More than 1,000,000	313,050,766,146	99.96%	140,372,003,374	99.92%
Total	313,161,519,250		140,482,231,478	

[illegible]

b) Sources of uncertainty in the estimation of future benefit payments and premium receipts

Other than conducting a liability adequacy for Unexpired Risk Reserves (URR), there is no need to estimate mortality for future years because of the short duration of the contracts.

c) Process used to decide on assumptions

The business is too new for any meaningful investigation into the group's past experience. However, industry experience, the insured group's own past experience and reinsurer risk rates are used to determine the expected level of risk in relation to the SLIC (2001-05) Individual Life Ultimate Mortality Table.

d) Changes in assumptions

There have been no changes in assumptions since the last valuation carried out a year ago.

e) Sensitivity analysis

After reinsurance, the net unearned premium reserve for this business stands at less than 1% of the total policyholder liability. This liability will be on the Company's books for under a year. Due to its immateriality, a sensitivity analysis has not been conducted.

29.2 Non unitised Investment Linked Business

The risk underwritten is mainly death and sometimes disability. The risk of death and disability will vary in degree by age, gender, occupation, income group and geographical location of the assured person. The Company's exposure to poor risks may lead to unexpectedly high severity and frequency in claims' experience. This can be a result of anti-selection, fraudulent claims, a catastrophe or poor persistency. The Company may also face the risk of inflation of business expenses and liquidity issues on amount invested in the fund. The Company faces the risk of under-pricing particularly due to the fact that these contracts are long term. Additionally, the risk of poor persistency may result in the Company being unable to recover expenses incurred at policy acquisition.

The Company manages these risks through its underwriting, reinsurance, claims handling policy and other related controls. The Company has a well defined medical underwriting policy and avoids selling policies to high risk individuals. This puts a check on anti-selection. The need for profit testing is reviewed on an annual basis to ensure reasonableness of premiums charged. Reinsurance contracts have been purchased by the Company to limit the maximum exposure on any one insured person. The Company is developing and intends to eventually have a good spread of business throughout the country thereby ensuring diversification of geographical risks. To avoid poor persistency the Company applies quality controls on the standard of service provided to policyholders and has placed checks to control mis-selling and to track improvements in the standard of service provided to policyholders. For this, a regular monitoring of lapsation rates is conducted. On the claims handling side, the Company has procedures in place to ensure that payment of any fraudulent claims is avoided. For this, Claims Committee with variable materiality limits review all claims for verification and specific and detailed investigation of all apparently doubtful claims (particularly of high amounts) is conducted. The Company maintains adequate liquidity in its fund to cater for a potentially sudden and high cash requirement. Further all payments on account of claims are made after necessary approval of the Chief Executive Officer of the Company. The Company reserves the right to review the charges deductible under the contracts, thus limiting the risk of under pricing.

a) Frequency and severity of claims

The Company measures concentration of risk by geographical area. Concentration of risk is not currently a factor of concern as the business is developing and aims to achieve a spread of risks across various parts of the country.

There is some concentration by sum assured amounts which may have an impact on the severity of benefit payments on a portfolio basis.

The Company charges for mortality risk on a monthly basis for all insurance contracts. It has the right to alter these charges based on its mortality experience and hence minimises its exposure to mortality risk. Delays in implementing increases in charges and market or regulatory restraints over the extent of the increases may hinder its mitigating effect. The Company manages these risks through its underwriting strategy and reinsurance arrangements.

The table below presents the concentration of assured benefits across five bands of assured benefits per individual life assured. The benefit assured figures are shown gross and net of the reinsurance contracts described above. The amounts presented are showing total exposure of the Company including exposure in respect of riders attached to the main policies.

Benefits assured per life	**Sum assured at the end of 2015**			
	Total benefits assured			
Rupees	**Before reinsurance**		**After reinsurance**	
	(Rupees)	**Percentage**	**(Rupees)**	**Percentage**
0-200,000	728,901,683	10.11%	218,670,505	11.64%
200,000 - 400,000	1,188,505,327	16.49%	356,551,598	18.98%
400,001 - 800,000	2,001,041,465	27.75%	600,312,440	31.96%
800,001 - 1,000,000	1,486,272,288	20.61%	445,881,686	23.74%
More than 1,000,000	1,805,939,121	25.05%	257,100,000	13.68%
Total	7,210,659,884		1,878,516,229	

Benefits assured per life	Sum assured at the end of 2014			
	Total benefits assured			
Rupees	Before reinsurance		After reinsurance	
	(Rupees)	Percentage	(Rupees)	Percentage
0-200,000	99,755,457	2.70%	29,926,637	1.49%
200,000 - 400,000	141,529,342	2.73%	42,458,802	2.50%
400,001 - 800,000	814,944,945	12.56%	244,483,484	14.65%
800,001 - 1,000,000	287,604,832	4.78%	86,281,449	5.52%
More than 1,000,000	5,056,737,682	77.23%	1,257,048,837	75.84%
Total	6,400,572,258		1,660,199,210	

b) Sources of uncertainty in the estimation of future benefit payments and premium receipts

Uncertainty in the estimation of future benefit payments and premium receipts for long-term Non-unitised Investment Linked assurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and morbidity of the insured population and variability in policyholders' behaviour.

Factors impacting future benefit payments and premium receipts are as follows:

- Mortality: The Company assumes the expected mortality to vary between 80% and 120% of SLIC (2001-05) since the current experience for this line of business is not credible.

- Morbidity: Incidence rates for morbidity are taken as a proportion of reinsurer's risk rates.

- Persistency: The Company exercises a periodic analysis on recent and historic experience and persistency is calculated by applying statistical methods. Persistency rates vary by products and more importantly the sales distribution channel. An allowance is then made for any trend in the data to arrive at best estimate of future persistency rates for each sales distribution channel.

c) Process used to decide on assumptions

For long-term Non-unitised Investment Linked assurance contracts, assumptions are made in two stages. At inception of the contract, the Company determines assumptions on future mortality, morbidity, persistency, administrative expenses and investment returns. At regular intervals, profit testing is conducted on main policies. Assumptions used for profit testing of the main policies are as follows:

- Mortality: The expected mortality is assumed to vary between 80% and 120% of SLIC (2001-05) since the current experience for this line of business is not credible.

- Morbidity: Incidence rates for morbidity are taken as a proportion of reinsurer's risk rates.

- Persistency: The Company exercises a periodic analysis on recent and historic experience and persistency is calculated by applying statistical methods. Persistency rates vary by products and more importantly the sales distribution channel. An allowance is then made for any trend in the data to arrive at best estimate of future persistency rates for each sales distribution channel.

- Expense levels and inflation: As the business is new, estimates from business projections have been used. Once established, a periodic study will be conducted on the Company's current business expenses and future projections to calculate per policy expenses. Expense inflation is assumed in line with assumed investment return.

- Investment returns: The investment returns are based on the historic performance of different types of assets underlying the fund.

d) Changes in assumptions

There have been no changes in assumptions since the last valuation carried out a year ago.

e) Sensitivity analysis

Periodic sensitivity analyses of the Company's in-force business determine whether any reserve needs to be created or product prices for new business need to be revised in light of changing or anticipated changes in experience from that expected when pricing the existing book of business. The current nature, volume and age of in-force business does not require a detailed sensitivity analysis at this stage.

29.3 Unit Linked Business

The risk underwritten is mainly death and sometimes disability and/or critical illness. The risk of death and disability will vary from region to region. The Company may get exposed to poor risks due to unexpected experience in terms of claim severity or frequency. This can be a result of anti-selection, fraudulent claims, a catastrophe or poor persistency. The Company may also face the risk of poor investment return, inflation of business expenses and liquidity issues on monies invested in the fund. The Company faces the risk of under-pricing particularly due to the fact that these contracts are long term. Additionally, the risk of poor persistency may result in the Company being unable to recover expenses incurred at policy acquisition.

The Company manages these risks through its underwriting, reinsurance, claims handling policy and other related controls. The Company has a well defined medical under-writing policy and avoids selling policies to high risk individuals. This puts a check on anti-selection. The need for profit testing is reviewed on an annual basis to ensure reasonableness of premiums charged. Reinsurance contracts have been purchased by the Company to limit the maximum exposure on any one policyholder. The Company has a good spread of business throughout the country thereby ensuring diversification of geographical risks. To avoid poor persistency the Company applies quality controls on the standard of service provided to policyholders and has placed checks to curb mis-selling and improvement in standard of service provided to the policyholders. For this, a regular branch wise monitoring of lapsation rates is conducted. On the claims handling side, the Company has procedures in place to ensure that payment of any fraudulent claims is avoided. For this, Claims Committee with variable materiality limits review all claims for verification and specific and detailed investigation of all apparently doubtful claims (particularly of high amounts) is conducted. The Company maintains adequate liquidity in each unit fund to cater for potentially sudden and high cash requirement. The Company reserves the right to review the charges deductible under the contracts, thus limiting the risk of under pricing.

Frequency and severity of claims

The Company measures concentration of risk by geographical area. Concentration of risk is not currently a factor of concern as the business is developing and aims to achieve a spread of risks across various parts of the country.

However, undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

The Company charges for mortality risk on a monthly basis for all insurance contracts. It has the right to alter these charges based on its mortality experience and hence minimises its exposure to mortality risk. Delays in implementing increases in charges and market or regulatory restraints over the extent of the increases may hinder its mitigating effect. The Company manages these risks through its underwriting strategy and reinsurance arrangements.

The table below presents the concentration of insured benefits across five bands of insured benefits per individual life assured. The benefit insured figures are shown gross and net of the reinsurance contracts described above. At year-end, none of these insurance contracts had triggered a recovery under the reinsurance held by the Company.

The amounts presented are showing total exposure of the Company including exposure in respect of riders attached to the main policies.

Benefits assured per life	Sum assured at the end of 2015			
	Total benefits assured			
Rupees	Before reinsurance		After reinsurance	
	(Rupees)	Percentage	(Rupees)	Percentage
0-200,000	1,623,231,821	2.34%	486,969,546	2.96%
200,000 - 400,000	6,691,175,122	9.64%	2,007,352,537	12.21%
400,001 - 800,000	16,402,875,605	23.63%	4,920,862,681	29.94%
800,001 - 1,000,000	17,596,544,649	25.35%	5,278,963,395	32.12%
More than 1,000,000	27,091,052,882	39.03%	3,743,100,000	22.77%
Total	69,404,880,078		16,437,248,159	

Benefits assured per life	Sum assured at the end of 2014			
	Total benefits assured			
Rupees	Before reinsurance		After reinsurance	
	(Rupees)	Percentage	(Rupees)	Percentage
0-200,000	412,558,991	0.93%	123,767,697	1.13%
200,000 - 400,000	1,586,155,522	3.58%	475,846,657	4.36%
400,001 - 800,000	6,221,040,841	14.03%	1,866,312,252	17.08%
800,001 - 1,000,000	4,512,853,871	10.18%	1,353,856,161	12.39%
More than 1,000,000	31,594,170,651	71.28%	7,104,918,516	65.04%
Total	44,326,779,876		10,924,701,283	

a) Sources of uncertainty in the estimation of future benefit payments and premium receipts

Uncertainty in the estimation of future benefit payments and premium receipts for long-term unit linked insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and variability in policyholder's behaviour.

b) Factors impacting future benefit payments and premium receipts are as follows:

Mortality: The expected mortality is assumed to vary between 80% and 120% of SLIC (2001-05) since the current experience for this line of business is not credible.

Persistency: The business is developing and eventually the Company intends to conduct periodic analyses on its historic book of business, using statistical methods to determine its persistency experience. Persistency rates are expected to vary by product and more importantly the sales distribution channel. Allowance will then be made for any trend in the data to arrive at best estimates of future persistency rates for each sales distribution channel.

c) Process used to decide on assumptions

For long-term unit linked insurance contracts, assumptions are made in two stages. At inception of the contract, the Company determines assumptions on future mortality, persistency, administrative expenses and investment returns. At regular intervals, profit testing is conducted on main policies. Assumptions used for profit testing of the main policies are as follows:

Mortality: The Company assumes the expected mortality to vary between 80% and 120% of SLIC (2001-05) since the current experience for this line of business is not credible.

Persistency: Since the Company has recently started business, it has no own experience to which it can refer. Industry standards for anticipated persistency rates have been used initially. Eventually, a periodic analysis of the Company's recent and historic experience will be performed and persistency will be calculated by applying statistical methods. Persistency rates vary by products and more importantly the sales distribution channel. An allowance will then be made for any trend in the data to arrive at best estimate of future persistency rates for each sales distribution channel.

Expense levels and inflation: As the business is new, estimates from business projections have been used. Once established, a periodic study will be conducted on the Company's current business expenses and future projections to calculate per policy expenses. Expense inflation is assumed in line with assumed investment return.

Investment returns: The investment returns are based on the historic performance of the assets and asset types underlying the fund.

d) Changes in assumptions

There have been no changes in assumptions since the last valuation carried out a year ago.

e) Sensitivity analysis

Periodic sensitivity analyses of the Company's in-force business determine whether any reserve needs to be created or product prices for new business need to be revised in light of changing or anticipated changes in experience from that expected when pricing the existing book of business. The current nature, volume and age of in-force business does not require a detailed sensitivity analysis at this stage.

30. REINSURANCE RISK

In order to minimise the financial exposure arising from large claims, the Company, in the normal course of business, enters into agreement with other reinsurers.

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

In order to manage this risk, the Company obtains reinsurance cover only from companies with sound financial health.

31. ACCOUNTING ESTIMATE AND JUDGEMENT

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Estimates relating to insurance contracts are based on the advice of the appointed actuary. Some of the critical accounting estimates and judgments are as follows:

31.1 Policyholders' liabilities

31.1.1 Valuation discount rate

The valuation of policyholders' liabilities has been based on a discount rate of 3.75% per annum, which is in line with the requirements under the statutory minimum valuation basis and is considerably lower than the actual investment return the Company is managing on its conventional portfolio. The difference each year between the above and the actual investment return is intended to be available to the Company for meeting administrative expenses and to provide margins for adverse deviation.

31.1.2 Mortality assumption

As per Circular No: 17 of 2013 issued by the SECP Insurance Division on 13th September 2013, the SLIC (2001-05) Individual Life Ultimate Mortality Table is to be used in Minimum Valuation Basis for the determination of minimum actuarial reserves for Policyholder Liabilities. In the opinion of the appointed actuary the table matches the recent mortality of the covered population.

31.1.3 Claims provision

The provision for 'Incurred But Not Reported' (IBNR) claims as included in policyholders' liability is estimated as 10% of the unearned premium for the year. This approach is being used as the Company has recently started business. Once sufficient experience of claim reporting patterns have built up in the Company's books, the appointed actuary of the Company will determine IBNR in accordance with these claim log patterns for each line of business separately. Appropriate margins will be added to ensure that the reserve set aside are resilient to changes in the experience.

31.1.4 Surrenders

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

31.2 Other assets

Judgment is also involved in assessing the realisability of the asset balances.

31.3 Income Taxes

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax law and the decisions of appellate authorities on disputed issues in the past. However, the Company has made adequate provision in this respect.

31.4 Impairment in respect of listed securities

The Company determines that listed available for sale securities are impaired when there has been a significant or prolonged decline in fair value below its cost. In making this judgement, the Company evaluates, among other factors, volatility in the share prices in normal course. In addition, impairment may be appropriate when there is evidence of deterioration in financial health of the investee, industry or sector performance.

32. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are:

- to comply with the minimum capital requirements as set by the Securities and Exchange Commission of Pakistan through Circular 3 of 2007 dated 10 April 2007 and S.R.O. 828(I)/2015 dated 18 August 2015 which currently amounts to Rs 500 million. Above circular also requires that by 30 June 2016, the life insurance companies needs to have a minimum paid capital of Rs. 550 million, by 31 December 2016 Rs. 600 million, by 30 June 2017 Rs. 650 million and by 31 December 2017 Rs. 700 million. The Company meets the minimum capital requirements.
- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- to provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk; and
- to maintain a strong capital base to support the sustained development of its business.

In addition, the Company is also required to maintain minimum solvency in accordance with the rules and regulations set by the SECP, which are fully met by the Company.

33. RELATED PARTY TRANSACTIONS

The related parties comprise of the parent company, directors, key management personnel, associated undertakings, and entities with common directors. Related party transactions and balances, other than those disclosed elsewhere in these financial statements are given below:

Transactions during the year	Note	2015	2014
		(Rupees)	
Parent company			
Premium written		3,824,677	3,322,536
Insurance expense		5,299,458	4,314,453
Claims expense		2,500,000	5,500,000
Shared service cost		-	300,000
AICL Premises rentals expense		3,571,085	3,083,744
Associated undertakings			
Premium written		90,271,132	86,727,276
Claims expense		56,162,547	57,882,132
Commission and other incentives in respect of Bancassurance		1,006,563,528	861,870,474
Profit on bank deposits		26,101,117	30,407,715
Investment advisor fee		21,134,893	14,515,144
Trustee fee		6,620,059	4,553,251
Technical support fee		-	4,284,000
Bank charges		532,142	186,182
Investments purchased		2,475,626,445	1,311,979,026
Investments sold		1,901,503,616	791,751,412
Dividend income		27,896,567	162,750
Other related parties:			
Staff Retirement Benefit Plan (Gratuity Fund)			
Charge for the year	*9.2.4*	15,875,539	13,871,547
Contributions made to the Gratuity fund	*9.2.3*	12,844,940	23,247,629
Transactions with key management personnel			
Sale Proceeds from sale of fixed assets		1,577,568	2,249,140
Gain on sale of fixed assets		185,728	1,860,501
Balances outstanding as at the end of the year			
Parent company			
Premium due but unpaid		-	103,334
Shared Services Cost Payable		-	1,155,000
Claims payable		3,500,000	3,500,000
Other payables to AICL		2,764,153	2,754,342
Insurance claims receivable		13,921	110,914
Associated undertakings			
Premium due but unpaid		6,451,655	10,483,162
Premium received in advance		52,369	813,723
Bank deposits		830,266,963	501,316,593
Investments held		1,754,706,001	1,119,609,436
Dividend receivable		159,500	-
Technical support fee payable	*11*	14,933,015	15,519,907
Commission payable		180,916,138	221,358,751
Claims payable		3,820,442	7,289,912
Remuneration payable for management of discretionary investment portofolio		5,090,766	1,762,590
Remuneration payable to Trustee		683,184	446,941

33.1 Contributions/ charge to the staff retirement benefit plan are as per the actuarial advice.

33.2 Remuneration given to key management personnel (as disclosed in note 24) are as per the terms of their employment. Other transactions are at agreed rates.

34. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Company in their meeting held on 15 FEB 2016.

Chairman

Director

Director

Chief Executive Officer