

70th



PGI

**THE PAKISTAN GENERAL
INSURANCE COMPANY LTD.**

Annual
2017
Report

Contents

Company Information	02
Review Report by the Chairperson	03
Directors' Report	04
Board & Management Committees	12
Statement on Corporate and Financial Reporting Framework	14
Six Years' Review at a Glance	15
Pattern of Shareholdings	16
Statement of Compliance with the Code of Corporate Governance	18
Review Report to the Members on the Statement of Compliance with the Code of Corporate Governance	21
Auditors' Report to the Members	22
Statement of Financial Position	24
Statement of Comprehensive Income	25
Statement of Changes in Equity	26
Statement of Cash Flow	27
Notes to the Financial Statements	28
Notice of Annual General Meeting	59
Proxy Form	

Company Information

Board of Directors

Ch. Mazhar Zahoor
Parveen Zahoor
Nasira Raees
Sajid Rabbani
Muhammad Haroon
Rohail Sadiq (Resigned)
Waseem Saleem (Resigned)
Malik Ejaz Nazir
Ch. Habibullah

Chief Executive Officer

Ch. Mazhar Zahoor

Chief Financial Officer

Javed Iqbal Khan

Company Secretary

Ch. Mohsin Ali
Raees-ud -Din (Resigned)

Head Administration

Waseem Ahmad Khan Lodhi

Audit Committee

Rohail Sadiq (Chairman-Resigned)
Malik Ejaz Nazir (Chairman)
Muhammad Haroon
Waseem Saleem (Resigned)
Ch. Habibullah

Investment Committee

Muhammad Haroon (Chairman)
Waseem Saleem (Resigned)
Rohail Sadiq (Resigned)
Malik Ejaz Nazir
Ch. Habibullah

Human Resources and Compensation Committee

Parveen Zahoor (Chairman)
Rohail Sadiq (Resigned)
Waseem Saleem (Resigned)
Malik Ejaz Nazir
Ch. Habibullah

Underwriting Committee

Ch. Mazhar Zahoor (Chairman)
Zahid Iqbal Zia
Tariq Qureshi

Claims Settlement Committee

Parveen Zahoor (Chairman)
Siddiq Sabir
Zaheer Ahmed

Reinsurance and Coinsurance Committee

Waseem Saleem (Chairman-Resigned)
Ch. Habibullah (Chairman)
Muhammad Maqsood Peracha
Junaid Ahmed

Legal Advisors

Ahmad Ali Ranjah (Advocate High Court)
Ch. M. Maqsood Ahmed (Advocate Supreme Court)

Auditors

Muniff Ziauddin & Co.
Chartered Accountants

IFS Rating Agencies

PACRA

Tax Consultants

Kamran & Co.
Chartered Accountants

Share Registrars

Corplink (Private) Limited
Wing Arcade, 1-K Commercial Area, Model Town Lahore

Bankers

Habib Bank Limited
Bank of Punjab
Allied Bank Limited
National Bank of Pakistan
United Bank Limited
MCB Bank Limited
Faysal Bank Limited
Punjab Provincial Cooperative Bank Limited
Zarai Taraqyati Bank Limited
Soneri Bank Limited
Dubai Islamic Bank Limited
Habib Metropolitan Bank Limited
Meezan Islamic Bank Limited
First Women Bank Limited

Registered and Head Office

PGI House 5-A Bank Square, The Mall, Lahore

Contacts

Tel.: +92 (42) 3732-4404; 3722-3224
Fax: +92 (42) 3723-0895; 3723-0634

E-Contacts

info@pgi.com.pk
www.pgi.com.pk

Review Report by the Chairman on the Overall Performance of the Board

I am pleased to present a report on the overall performance of the Board and effectiveness of the role played by the Board in achieving the Company's objectives.

Powers for management and control of affairs of the Company rest with the Board of Directors, except for powers expressly required to be exercised by shareholders in general meeting. The Directors delegate day-to-day operations of the Company to the Management, but such delegation remains subject to the control and direction of the Board.

The Directors are required to carry out their fiduciary duties and exercise their independent judgment in the best interest of the Company.

As required under the Code of Corporate Governance, an annual evaluation of the Board of the Company is carried out. The purpose of this evaluation is to ensure the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

Following are the integral components on which the performance of the Board was evaluated:

- (a) Creating an Effective Board
- (b) Running an Effective Board
- (c) Understanding the Business including Risk
- (d) Performance Evaluation
- (e) Ethical & Values Driven
- (f) Strategic Objectives

Accordingly, performance evaluation of the Board was carried out and it was concluded that the overall performance of the Board, including effectiveness of the role played by the Board in achieving the Company's objectives, was found to be satisfactory.

In continuation of the Board Evaluation Process, the Company revamped its entire board of directors (BOD). New board is appointed during the year 2017 which is dually approved by the Securities and Exchange Commission of Pakistan (SECP) under "Fit and Proper Criteria" of the Sound and Prudent Management Regulations, 2012."

Lastly, I wish to acknowledge the commitment and diligence of my fellow Directors, the executive team and all the employees of the Company for their hard work and dedication throughout the year.

Lahore: April 4, 2019

-sd-
Parveen Zahoor
Chairperson

Director's Report to the Shareholders'

Dear Fellow Shareholders!

Directors of "The Pakistan General Insurance Company Limited" take pleasure in presenting the 70th annual report of your Company, together with the audited financial statements for the year ended December 31, 2017.

Economic overview

The general insurance sector's performance is strongly correlated to economic growth. Economic activities remained more or less the same during the year. During the year, the Securities & Exchange Commission of Pakistan has issued the Insurance Rules, 2017 including the new Accounting Regulations, 2017 wherein investments are now to be stated at market values which were previously held at carrying values. Based on the resultant change in accounting policy, the figures for 2016 and 2015 have been reclassified and the financial statements are presented accordingly.

Company performance review 2017

The country's economy showed a modest improvement but performed below its potential due to energy shortages and poor law and order situation. The conditions of insurance industry continued to be challenging and characterized by intense competition and pressure with premium rates. Despite difficult business environment, the Company has maintained a moderate position by offering the best professional services to its clients.

We do not see any improvement (at least in the near future) in level of economic and business activities in the country and our strategy will therefore continue to emphasize on –

- Customer-driven business focus;
- Financial and investment strategy based on further strengthening its asset base;
- Conservative and sound risk management; and
- Operational agility by maintaining quality leadership.

Through investigation order dated 06 January, 2016 the Securities and Exchange Commission of Pakistan ('SECP') initiated an investigation into the affairs of the Company which led to issuance of the Order dated 07 June 2017 in which SECP fined the directors and directed the Company to cease entering into new contracts of insurance in contravention of the provisions of Section 11 (1) (f) and Section 12 (1) & (4) of the Insurance Ordinance, 2000. However, the Company had filed an appeal against the above order which is pending adjudication. The legal counsel of the Company is of the view that there is every likelihood that the case will be settled in favour of the Company.

Despite, difficult economic scenario, your Company has posted after tax profit of Rs. 40.241 million. Following is tabular analysis of the Company's results at a glance.

	(rupees in '000)	
	Dec 2017	Dec. 2016
Gross written premium	201,098	352,440
Net premium	287,600	250,957
Underwriting results	100,381	70,658
Profit after tax	40,241	32,217
Earnings per share (Rupees)	0.87	0.69

Segments at a glance

Fire and property damage

The written premium is decreased by 50.91% to Rs. 108 million as compared to Rs. 220 million in 2016. The net premium is increased by 36.36% to Rs. 165 million as compared to Rs. 121 million in 2016. The tabular analysis is as under –

	2017	2016	---Variation---	
	----- rupees in millions -----		% age	
Gross premium	108	220	(112)	(51%)
Net premium	165	121	44	36%
Net claims	0.5	(41)	(41.5)	(101%)
Expenses	(101)	(57)	44	77%
Net commission	(33)	(17)	16	94%
Underwriting results	63	22	41	186%

Director's Report to the Shareholders'

Marine aviation and transport

Written premium is decreased by 23% to Rs. 70 million as compared to Rs. 91 million in 2016. The tabular analysis is as under-

	2017	2016	---Variation---	
	----- rupees in millions -----		% age	
Gross premium	70	91	(21)	(23%)
Net premium	88	89	(1)	(1.1)%
Net claims	(3)	(43)	(40)	(93%)
Expenses	(62)	(27)	35	130%
Net commission	(3)	(10)	7	70%
Underwriting results	22	18	4	22%

Motor

The written premium is decreased by 37% to Rs. 10 million as compared to Rs. 16 million in 2016. The tabular analysis is as under –

	2017	2016	----Variation---	
	----- rupees in millions -----		% age	
Gross premium	10	16	(6)	(37%)
Net premium	14	14	-	-
Net claims	(0.8)	(0.5)	0.3	60%
Expenses	(9)	(5)	4	80%
Net commission	(2)	(2)	-	-
Underwriting results	5	9	(4)	(44%)

Miscellaneous

The written premium is decreased by 50% to Rs. 13 million as compared to Rs. 26 million in 2016. The tabular analysis is as under –

	2017	2016	Variation---	
	----- rupees in millions -----		% age	
Gross premium	13	26	(13)	(50%)
Net premium	21	27	(6)	(22%)
Net claims	(0.5)	0.2	0.7	350%
Expenses	(11)	(6)	5	83%
Net commission	(3)	(2)	1	50%
Underwriting results	9	21	(12)	(57%)

Change in Board of Directors

During the year the entire board was changed and Ch. Mazhar Zahoor, Mrs. Parveen Zahoor, Mrs. Nasira Raees, Mr. Muhammad Haroon, Mr. Sajid Rabbani, Mr. Waseem Saleem and Mr. Rohail Siddiq were appointed as Directors. Subsequently, Mr. Waseem Saleem and Mr. Rohail Siddiq also resigned and Malik Ejaz Nazir and Ch. Habibullah were appointed as Directors.

Director's Report to the Shareholders'

Modifications in auditors' report:

- a) The auditors' had highlighted the order passed by SECP in which it had issued a direction under section 63 of the Insurance Ordinance, 2000 according to which the Company shall not enter into new contracts of insurance against which the Company had filed an appeal with the appellant bench of SECP which is pending adjudication and the legal counsel of the Company is of the view that there is every likelihood that the matter will be decided in favour of the Company. Moreover, the paid-up capital and solvency requirements of the Company as at December 31, 2017 is short by Rs. 34 million and Rs. 24 million respectively as per the statutory requirements of the Insurance Ordinance, 2000. As the Company is under direction for not entering into new contracts of insurance and with such restriction the members could not be induced to further invest into the Company but, however, as and when the direction is removed, the Company will issue right shares of Rs. 34 million which will meet both the capital and solvency requirements.
- b) Further to above, SECP referred the matter to the National Accountability Bureau (NAB) and the matter by NAB is culminated on December 13, 2017 in which NAB had granted approval for plea bargain to Ch. Zahoor Ahmed who was then the CEO of the Company. However, the said liability was paid by the Company as the benefits have already been accrued by the Company and the Company is only refunding the same (which is also evident from the order of SECP in which SECP had directed the Company to pay to Pakistan Reinsurance Company Limited (PRCL) in respect of loss caused). The said payment was approved by the board of directors of the Company in their meeting held on November 5, 2017 and further the approval of members had been obtained in extra ordinary general meeting of members held on April 23, 2018.
- c) As the Company is under direction from SECP regarding cessation of business therefore the Company had not entered into any new insurance contracts since then.
- d) We have provided all necessary details as regard to amount due from insurance contract holders to the auditors, however, as the customers are majority being individuals and there is general tendency in our economic culture that enquires as to balance confirmations remains unattended which is beyond our control. Moreover, the balances which the management believed to be doubtful or irrecoverable were duly provided for as doubtful and booked in financial statements.
- e) As para 'd' above.
- f) The Company has purchased an investment property during the year against which the title of the property had been duly transferred in the name of the Company, the same document (in original) had also been made available to the auditors.
- g) The amount is payable to PRCL, we had contacted PRCL to confirm the balance directly to the auditors, whereas the same remained un-responded from their end which is beyond our control. However, the said amount is in reconciliation and properly booked and disclosed in our financial statements.
- h) The Company will carry out the estimation of incurred but not reported claims (IBNR) in the ensuing financial periods.
- l) Proper sale agreement along with the detail of sale proceeds amounting to Rs. 20.8 million and evidence of amount deposited in banks were provided to the auditors. All the legal and codal formalities (minutes of board of directors and audit committee meetings) in this regard were also made available to the auditors. The same property was repurchased by the Company during the year 2018.
- j) This represents various expenses incurred by branches (such as salaries less than Rs. 15,000 electricity, gas, telephone, vehicle running and maintenance etc) which are paid in cash.

Modifications in auditors' review report on code of corporate governance:

- a) Casual vacancy occurred in the office was filled with a lapse of thirty four days which was primarily on the part of SECP.
- b) As the entire board of directors changed during the year hence the Company could not arrange for the training of new directors. However, one out of seven directors is compliant to the program.
- c) The Company is hopeful that the direction by SECP for cessation will be removed and as the direction is revoked by SECP the management will formulate nomination committee.
- d) The Company will include CEO and CFO in investment committee on upcoming election of directors and due care will be taken in future to send the minutes of committee to SECP on time.
- e) All the policies had been drawn up and duly implemented in the Company the terms of reference of all the committees are provided in the annual reports of the Company since 2014.
- f) Proper system of internal controls were implemented by the Board of Directors
- g) Proper internal audit department is effective and functional in the Company.
- h) The directors of the Company had duly approved the appointment of CFO.
- i) Company Secretary was MBA and possessed the relevant experience, however, the same was changed and now the Company had appointed an advocate as the Company Secretary.

Director's Report to the Shareholders'

Corporate Social Responsibility (CSR)

Your Company is fully committed to the concept of Corporate Social Responsibility and fulfills this responsibility by engaging in a wide range of activities which include:

- energy conservation, environmental protection, and occupational safety and health by restricting unnecessary lighting, implementing tobacco control law and "No Smoking Zone", and providing a safe and healthy work environment;
- business ethics, requiring all staff members to comply with the Company's "Code of Conduct";
- amicable staff relations, recognition of merit and performance, and on-going opportunities for learning and growth of staff, both on-the-job and through formal training programmes;
- employment through a transparent procedure, without discrimination on the basis of religion, caste, language, etc.;

Directors Training Program

One out of seven directors has already attended the Directors' Training Program.

Auditors

The present auditors Muniff Ziauddin & Co. Chartered Accountants retire and offer themselves for reappointment. As suggested by the Audit Committee, the Board of Directors has recommended their appointment as auditors of the Company for the year ending December 31, 2018, at a fee to be mutually agreed.

Appropriations and dividends

The amount available for appropriations is as under:

	Rs. in 000
a) Retained earnings	
At beginning of the year	52,347
Profit for the year	40,241
Adjustment of surplus on revaluation of fixed assets on disposal	1,268
Adjustment of incremental depreciation on fixed assets – net of deferred tax	103
Amount available	<u>93,960</u>
b) General reserves	
At beginning of the year	114,988
Bonus shares issued	<u>(64,002)</u>
Amount available	<u>50,986</u>

For and on behalf of the Board

-sd-
Parveen Zahoor
Chairperson
Lahore:
Date: April 4, 2019

ممبران کے لیے ڈائریکٹرز کی رپورٹ (یہ انگریزی رپورٹ کا ترجمہ ہے)

عزیز ممبران! پاکستان جنرل انشورنس کمپنی لمیٹڈ کے ڈائریکٹرز نہایت خوشی سے کمپنی کی 70 ویں سالانہ رپورٹ بعد آڈٹ شدہ مالیاتی اعداد برائے سال 31 دسمبر 2017 پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

اقتصادی جائزہ:

انشورنس سیکورٹیز ایکٹیویشن کمیشن نے معاشی صورت حال ملک کی معاشی افزائش سے منسک رہتی ہے۔ معاشی سرگرمیاں پورے سال کے دوران کم و بیش یکساں رہی ہے۔ دوران سال سیکورٹیز اینڈ ایکٹیویشن کمیشن آف پاکستان میں انشورنس رولز 2017 جاری کیے ہیں۔ اس کے علاوہ نئی اکاؤنٹنگ ریگولیشنز 2017 کے تحت اب انوسٹمنٹ مارکیٹ ویلیو پر پیش کی جائیں گئیں جو کہ پہلے کتابی ویلیو پر پیش کی جاتیں تھیں۔ اس اکاؤنٹنگ پالیسی میں تبدیلی کی وجہ سے 2016 اور 2017 کے اعداد و شمار کو تبدیل کیا گیا ہے۔

کمپنی کی کارکردگی:

ملک پاکستان نے اقتصادی طور پر تیزی سے ترقی کی توانائی بہرہ اور لاقانونیت کی وجہ سے انشورنس انڈسٹری میں پریمیر ریٹ کی وجہ سے زبردست متاثر ہوا۔ مشکل کے باوجود آپ کی کمپنی اپنی پیشہ وارانہ خدمات اور اچھے تعلقات کی بنا پر منسب پوزیشن پر رہی۔ ہم مستقبل قریب میں بھی اقتصادی صورتحال میں کوئی بہتری نہیں دیکھتے ہم اس لیے درج ذیل اصولوں پر کارفرما رہیں گے۔

- موجودہ کسٹمر کے ساتھ خوشگوار تعلقات
- سرمایہ کاری پر زور دینا
- مضبوط اور حفاظت برائے کلائنٹ
- اعلیٰ قیادت کی موجودگی

سیکورٹیز اینڈ ایکٹیویشن کمیشن آف پاکستان نے 6 جنوری 2016 کے نوٹیفکیشن آرڈر کے تحت کمپنی سے معاملات چھپ کیے جس کے نتیجے میں 7 جون 2017 کو ایک آرڈر جاری ہوا جس کے تحت کمپنی کے ڈائریکٹرز کو جرمانہ ہوا اور کمپنی کو نئے انشورنس برائے حاصل کرنے کی پابندی لگا دی گئی۔ انشورنس آرڈر میں 2000 کے سیکشن (4) اور سیکشن (1) کی خلاف ورزی کی وجہ سے۔ تاہم کمپنی نے اس آرڈر کے خلاف اپنی دائرگی ہے۔ ورمو لہذا بھی زیر التواء ہے۔ کمپنی کی قانونی مشوراتی ٹیم کے خیال میں اس کیس کا فیصلہ کمپنی کے حق میں ہونے کے روشن امکانات ہیں۔

اقتصادی صورتحال کے باوجود آپ کی کمپنی نے 40.241 ملین روپے بعد از ٹیکس منافع کمایا ہے۔ کمپنی کی مالیاتی کارکردگی کا مالیاتی گوشوارہ درج ذیل ہے۔

(rupees in '000)

	Dec 2017	Dec. 2016
Gross written premium	201,098	352,440
Net premium	287,600	250,957
Underwriting results	100,381	70,658
Profit after tax	40,241	32,217
Earnings per share (Rupees)	0.87	0.69

مختلف شعبوں کی کارکردگی:

فائر اور پراپرٹی ڈیجیٹل تحریریں پریمیم 50.91% سے کم ہو کر 108 ملین روپے ہو گیا ہے جو کہ 2016 میں 220 ملین روپے تھا۔ نیٹ پریمیم %36.36 بڑھ کر 165 ملین روپے ہو گیا جو کہ 2016 میں 121 ملین روپے تھا۔ گوشواری تجزیہ درج ذیل ہے

	2017	2016	---Variation---	
	----- rupees in millions -----		% age	
Gross premium	108	220	(112)	(51%)
Net premium	165	121	44	36%
Net claims	0.5	(41)	(41.5)	(101%)
Expenses	(101)	(57)	44	77%
Net commission	(33)	(17)	16	94%
Underwriting results	63	22	41	186%

میرین ایوشن اور ٹرانسپورٹ:

تحریری پریمیم 23% سے کم 70 ملین روپے ہو گیا ہے۔ جو کہ 2016 میں 91 ملین روپے تھا۔ وٹواری تجزیہ درج ذیل ہے۔

	2017	2016	---Variation---	
	----- rupees in millions -----		% age	
Gross premium	70	91	(21)	(23%)
Net premium	88	89	(1)	(1.1)%
Net claims	(3)	(43)	(40)	(93%)
Expenses	(62)	(27)	35	130%
Net commission	(3)	(10)	7	70%
Underwriting results	22	18	4	22%

موٹر۔ تحریری پریمیم 37% کم ہو کر 10 ملین روپے ہو گیا ہے جو کہ 2016 میں 16 ملین روپے تھا۔ وٹواری تجزیہ درج ذیل ہے۔

	2017	2016	----Variation---	
	----- rupees in millions -----		% age	
Gross premium	10	16	(6)	(37%)
Net premium	14	14	-	-
Net claims	(0.8)	(0.5)	0.3	60%
Expenses	(9)	(5)	4	80%
Net commission	(2)	(2)	-	-
Underwriting results	5	9	(4)	(44%)

متفرق۔ تحریری پریمیم 50% کم ہو کر 13 ملین روپے ہو گیا ہے جو کہ 2016 میں 26 ملین روپے تھا۔ وٹواری تجزیہ درج ذیل ہے۔

	2017	2016	Variation---	
	----- rupees in millions -----		% age	
Gross premium	13	26	(13)	(50%)
Net premium	21	27	(6)	(22%)
Net claims	(0.5)	0.2	0.7	350%
Expenses	(11)	(6)	5	83%
Net commission	(3)	(2)	1	50%
Underwriting results	9	21	(12)	(57%)

یورڈ آف ڈائریکٹرز میں تبدیلی:

رواں سال میں پورا یورڈ تبدیل کیا گیا تھا۔ اور چوہدری مظہر ظہور مسز پروین خور، مسز ناصرہ رئیس، محمد بardon، مساجد بان، وسیم سلیم اور ڈی ایچ ایچ کے طور پر منتخب ہوئے تھے۔ بعد ازاں وسیم مسز اور ڈی ایچ ایچ بھی مستعفی ہو گئے اور ملک انچازنڈر اور چوہدری حبیب احمد ڈائریکٹرز کے طور پر منتخب ہو گئے۔

آڈیٹرز کی رپورٹ میں ترامیم:

1- آڈیٹرز نے ایس ای سی پی کی طرف سے منظور کردہ آرڈر پر روشنی ڈالی جس نے انشورنس آرڈیننس کے سیکشن 63 کے تحت ایک حکم نامہ جاری کیا تھا۔ جس کے مطابق کمپنی انشورنس کے نئے معاہدے میں داخل نہیں ہوگی۔ کمپنی نے ایس ای سی پی کے اپلیٹ فی کیساتھ ایپیل کی ہے جس کے اوپر ابھی حکم نامہ جاری نہیں ہوا۔ کمپنی کے قانونی مشیر کے مطابق ذرا التواء ایپل کا فیصلہ کمپنی کے حق میں ہوگا۔

نیز کمپنی کا ادا شدہ سرمایہ اور اصول و ضوابط کے مطابق 31 دسمبر 2017 کو نوٹا نوٹا ہونی چاہیں ان سے کمپنی 34 ملین اور 24 ملین کم ہیں۔ جیسا کہ کمپنی ایس ای سی پی کے ساتھ بقائے معاہدے نہیں کر سکتی اسی لحاظ سے کمپنی کے ممبران کو نئے شیئرز لینے پر تیار نہیں کیا جاسکتا۔ جو فی حکم نامہ معطل ہو جائے گا کمپنی رائیٹ شیئر مبلغ 34 ملین جاری کر دے گی جس

سے ادا شدہ سرمایہ کی کمی اور نول دہنسی ضروریات پوری ہو جائیں گی۔

2- اس کے علاوہ ایس ای سی پی نے معاملے کو نیب کے حوالے بھی بھیجا اور نیب کی طرف سے معاملہ 13 دسمبر 2017 کو ختم کیا گیا جس میں نیب نے چوہدری ظہور احمد (جو کہ اس وقت کمپنی کے چیف ایگزیکٹیف تھے) کی پٹی بارگین کی منظوری دینی تاہم رقم کی دانگی کمپنی کے بینک کاؤنٹ سے کی گئی چونکہ اس ساری ٹرانزیکشن کا ذمہ کمپنی کو پہنچا تھا جو کہ ایس ای سی پی کے حکم نامہ سے بھی ثابت ہے جس میں ایس ای سی پی نے کمپنی کو کہا تھا کہ مذکورہ رقم پاکستان رنی انشورنس کمپنی لمیٹڈ کو واپس کی جائے۔ اس رقم کی دانگی کی منظوری کمپنی کے بورڈ آف ڈائریکٹران نے اپنی میٹنگ مورخہ 5 نومبر 2017 کو دی جب کہ کمپنی نے اپنے ممبران سے اس کی منظوری مورخہ 23 اپریل 2018 کے منعقد ہونے والے اضافی مہم جنرل اجلاس میں کی۔

3- جیسا کہ اوپر بتایا گیا ہے کہ کمپنی ایس ای سی پی کے حکم کی مطابقت سے یہ رقمیں کسٹڈین لہذا کوئی نہیہ اس کے بعد نہیں لکھ گیا۔

4- بقوں آڈیٹر کے ذمہ جو رقم کمپنی نے یہ ذمہ دگان سے وصول کرنی ہے اس کی وہ تصدیق نہیں کر سکتے کیونکہ یہ ذمہ دگان کی طرف سے آڈیٹر کو ذمہ داریاں جو اب وصول نہیں ہوا۔ جیسا کہ آپ جانتے ہیں یہ رقم بہت سارے مختلف لوگوں نے کرا رکھا ہے اور پاکستان کی معاشی حالت میں اس قسم کے خطوط کا جواب عموماً لوگ دینا گوارا نہیں کرتے لہذا ہر سے یہ اختیار نہیں نہیں ہے۔ علاوہ ازیں جس رقم کو کمپنی کی منجھوت کے مشکوک ہونا اس رقم کو خرچہ میں تبدیل کر دیا۔

5- جیسا کہ 4 نمبر پر وہ میں بتایا گیا ہے۔

6- کمپنی نے مالی سال کے دوران ایک پراپرٹی خریدی جو کہ کمپنی کے ذمہ پر رقم ضروری قواعد و ضوابط کے بعد کمپنی کے نام پر انتقال ہوئی۔ ملکیت کے کاغذات (اصل کا پی آڈیٹر کو بھی دکھادی گئی)۔

7- پاکستان رنی انشورنس کمپنی نے آڈیٹر کی پینلس اگلواری کا جواب نہیں دیا جبکہ کمپنی کی کتابوں میں پاکستان رنی انشورنس کا پینلس آگلواری واجب الادا ہے جتنا کہ پاکستان رنی انشورنس کمپنی کی کتابوں میں ہم سے وصول کیا جا چکا ہے۔

8- کمپنی مستقبل کے مالی سال میں متوقع ٹیکس (آئی ٹی این آر) کا تخمینہ کرے گی۔

9- کمپنی نے مالی سال 2017 کے دوران ایک پراپرٹی کی فروخت کا معاہدہ کیا جس کے مطابق کمپنی کو 20.8 ملین روپے وصول ہونے اس معاہدے کے کاغذات اور بینک میں جمع ہونے والی رقم کی سلیپ آڈیٹر کو بھی دکھادی گئیں۔ اس کے علاوہ رقم تو نوٹی تھانے (مشبوس) ڈائریکٹران کی میٹنگ کے منس اور آڈیٹر کی میٹنگ کے منس) بھی آڈیٹر کو دکھادی گئے۔ مذکورہ پراپرٹی کمپنی نے مالی سال 2018 کے دوران واپس کر دی۔

10- کمپنی کو مختلف برانچوں کے روزانہ خرچے پورے کرنے کیسے مختلف کھاتوں میں (جیسے کہ 15000 روپے سے کم کی تنخواہیں، پنی، ٹیس، ٹیلی فون، گاڑیوں کے تیل پانی کے اخراجات وغیرہ) پورے کرنے کیلئے کیش میں دانگی کرنی پڑتی ہے لہذا یہ رقم اسی سے منسلک ہے۔

آڈیٹر کی رپورٹ میں ترامیم:

1- کمپنی کی ذمہ ہونے والی نشست کو کمپنی نے چوتیس دن کی تاخیر سے پریکٹس کی بڑی ہونے ایس ای سی پی کی طرف سے ڈائریکٹر کی اپیل کی تاخیر تھی۔

2- جیسا کہ کمپنی کے تمام ڈائریکٹران سال ہذا کے دوران تہہ میں ہو گئے لہذا کمپنی رواں سال کے دوران ڈائریکٹران کو ریٹنگ نہیں دوا سکی۔ پھر بھی 7 میں سے ایک ڈائریکٹر ریٹنگ حاصل کر چکا ہے۔

3- کمپنی کو کافی اُمید ہے۔ ایس ای سی پی سے کمپنی کو وہ بارہ بارہ لکھنے کی اجازت مل جائے گی۔ اور جیسے ہی یہ اجازت ملتی ہے کمپنی فوراً "نمائندہ کمپنی" تشکیل دے دے گی۔

4- کمپنی اپنے آئندہ آنے والے ڈائریکٹران کے انتخاب میں جوئی "انویسٹمنٹ کمپنی" تشکیل دے گی اس میں اس امر کا خیال رکھا جائے گا کہ اس میں کمپنی کے چیف ایگزیکٹو اور چیف فنانس آفیسر کو کمپنی کا ممبر بنایا جائے اور اس امر کا بھی خیال رکھا جائے گا کہ کمپنی ہذا کے منس ایس ای سی پی کو بھی بروقت بجوائے جائیں۔

5- کمپنی نے تمام پالیسیاں کھری ہیں جو کہ معمول عمل بھی ہیں۔ ان تمام پالیسیوں کا آڈر 2014 سے سرنادر پورٹس میں بھی درج کرتے رہے ہیں۔

6- کمپنی کے بورڈ آف ڈائریکٹران نے مکمل نئے کنٹریکٹ کا سلم وضع کر رکھا ہے۔

7- کمپنی نے مناسب انٹرنس آڈٹ کا ڈیپارٹمنٹ بھی وضع کر رکھا ہے جو اپنے کام کو بخوبی انجام دے رہا ہے۔

8- کمپنی کے چیف فنانس آفیسر کی تقرری ڈائریکٹرز کے حکم کے مطابق کر رہی ہے۔

9- کمپنی کا پرائیویٹ سیکٹور میں ایجنسی کے ڈائریکٹران رکھنا تھا اور اس کے پاس مذکورہ تجربہ بھی تھا، پھر بھی کمپنی نے ان کو تہہ میں کر کے ایک پرائیویٹ سیکٹور کی تقرری کی ہے جو کہ ایک وکیل ہیں۔

بورڈ آف ڈائریکٹرز میں تبدیلی:

رواں سال کے دوران پورا بورڈ تبدیل کیا گیا تھا اور چوبہری منصف ظہور، مسز پروین نصیر، مسز ناصرہ میمن، محمد ہارون، مس جدو بانی، وسیم سلیم اور رومین صدیق کو ڈائریکٹر منتخب کیا گیا تھا۔ بعد ازاں وسیم سلیم اور رومین صدیق بھی مستعفی ہو گئے جن کی جگہ مک اے جی زائد پرا اور چوبہری حبیب اللہ ڈائریکٹر کے طور پر منتخب ہوئے۔

کارپوریٹ سلیجی ذمہ داری:

آپ کی کمپنی کارپوریٹ سلیجی ذمہ داری کے تصور پر مکمل طور پر پرعزم ہیں اور اپنی ذمہ داری چرئی طرح سے مختلف سرگرمیوں میں شامل ہو کر پوری کرتی ہے جس میں شامل ہیں۔

- توانائی کے تحفظ، سولیاٹی تحفظ، کاروباری حفاظت اور صحت، غیر ضروری روشنی کو روکنے سے، تھبا کو کے کنٹروں کے قانون کو نذر کرنے اور محفوظ اور صحت مند کام کرنے کے ماحول کو فراہم کرنے سے

- کاروباری اخلاقیات، تمام سٹاف کے ارکان کو کمپنی کی ضابطہ اخلاق کے مطابق عمل کرنے کی ضرورت ہوتی ہے۔
- دوست ذہنیت، میرٹ اور کارکردگی کی شناخت اور عیسے کے سیکھے اور ترقی کیلئے مواقع، نوکری اور ریکی ترقی پر ڈگرا موں کے لیے۔
- شفاف عمل کے ذریعے مازست کا حصول، ذات، زبان وغیرہ کے حسب کے بغیر۔

ڈائریکٹرز ٹینگ پروگرام:

7 میں سے ایک ڈائریکٹر نے پمپنی ڈائریکٹرز ٹینگ پروگرام کا سرٹیفکیٹ حاصل کر رکھا ہے۔

آڈیٹرز:

موجودہ آڈیٹرز مسز زینب صوفیہ، ضیا امین، ہینڈ کمپنی چارٹرڈ اکاؤنٹنٹس رینارڈ ہو گئے ہیں اور انھوں نے دوبارہ منتخب ہونے کیلئے خدمات پیش کی ہیں۔

آڈیٹ کمپنی اور بورڈ آف ڈائریکٹرز نے تجویز پیش کی ہے کہ انھیں کمپنی کے آڈیٹرز کی حیثیت سے سال 31 دسمبر 2018 کیلئے منتخب کر لیا جائے۔ فیس جو کہ دونوں کی باہمی رضامندی سے مقرر کی جائے۔

ایچ آر این اور ڈیویڈنڈ:

ایچ آر این کے لیے موجود رقم درج ذیل ہے۔

Rs. in 000

a) Retained earnings

At beginning of the year	52,347
Profit for the year	40,241
Adjustment of surplus on revaluation of fixed assets on disposal	1,268
Adjustment of incremental depreciation on fixed assets – net of deferred tax	103
Amount available	<u>93,960</u>

b) General reserves

At beginning of the year	114,988
Bonus shares issued	(64,002)
Amount available	<u>50,986</u>

بورڈ آف ڈائریکٹرز کی جانب سے

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مسز پروین ظہور

چیئر پرسن

لاہور، اپریل 4، 2019

Board and Management Committees

Your Company maintains following Board and Management Committees which meet atleast once every quarter.

Board Committees

Audit Committee
Investment Committee
Human Resources and Compensation Committee

Management Committees

Underwriting and Risk Management Committee
Claims Settlement Committee
Reinsurance and Coinsurance Committee

Audit Committee

Role and Focus

The Board is responsible for effective implementation of a sound internal control system including compliance with control procedures. In line with the best practices, the Board has established the audit committee. The audit committee is assisted by the internal auditor in reviewing the adequacy of operational controls and in monitoring and managing risks so as to provide reasonable assurance that such system continuous to operate satisfactorily and effectively in the Company and to add value and improve the Company's operations by providing independent and objective assurance. The principal responsibility of the internal auditors is to conduct periodic audits to ensure adequacy in operational controls, consistency in application of policies and procedures, compliance with laws and regulations.

Composition and Attendance

The composition of committee along with the meetings attended by the members is as under-

Name of the member	Meetings
1. Rehan Beg (Resigned)	3/5
2. Ather Zahoor (Resigned)	3/5
3. Iftikhar ul Haq (Resigned)	3/5
4. Rohail Siddiq (Resigned)	2/5
5. Muhammad Haroon	2/5
6. Waseem Saleem (Resigned)	2/5

Terms of Reference

The Terms of Reference of the committee have been developed on the lines as laid down in the Code of Corporate Governance and approved by the Board.

These include:

- To recommend the appointment, consider resignation, removal, audit fees, provision or any service to the Company by external auditors;
- To review quarterly, half-yearly and annual financial statements, prior to their approval by the Board;
- To facilitate the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that auditors may highlight;
- To review the management letter issued by external auditors and management's response thereto;
- To ensure coordination between the internal and external auditors;

- To review the scope and extent of internal audit and ensuring internal audit function has adequate resources and appropriately placed;
- To consider major findings of internal investigations and management's response thereto;
- To ascertain that internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective;
- To determine compliance with relevant statutory requirements; and
- To monitor compliance with the best practices of corporate governance and identification of violations.

Investment Committee

Role and Focus

The committee is responsible for developing the investment policy for the Company.

Composition and Attendance

The composition of committee along with the meetings attended by the members is as under-

Name of the member	Meetings
1. Ch. Zahoor Ahmed (Resigned)	2/4
2. Rehan Beg (Resigned)	2/4
3. Iftikhar ul Haq (Resigned)	3/4
4. Waseem Saleem	2/4
5. Muhammad Haroon	2/4
6. Sajid Rabbani	1/4

Terms of Reference

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

Human resource and remuneration committee

Role and Focus

Committee is responsible to the Board for recommending, human resource management (HRM) policies (selection, evaluation, training and compensation of key officers) of the Company.

Board and Management Committees

Composition and Attendance

The composition of committee along with the meetings attended by the members is as under-

Name of the member	Meetings
1. Nasir Ali (Resigned)	3/4
2. Amal Usman (Resigned)	2/4
3. Ather Zahoor (Resigned)3/4	2 /4
4. Iftikhar ul Haq (Resigned)	1/4
5. Waseem Saleem	1/4
6. Parveen Zahoor	1/4
7. Rohail Siddiq	1/4

Terms of Reference

- To review and recommend the compensation / benefits philosophy and strategy within the Company;
- To review the Company's strategy for succession planning across all management levels and to ensure that comprehensive succession plans are in place for senior executive positions.
- To recommend in consultation with CEO, appointment / compensation of all employees including benefits, incentives and retirement plans;
- To review the amount of incentive bonus based on corporate and individual performance for purpose of incentive calculations; and
- To review and recommend the CEO's compensation including incentive, benefits and retirement plans to the Board for approval.

Underwriting Committee

Composition and Attendance

The composition of committee along with the meetings attended by the members is as under-

Name of the member	Meetings
1. Ch. Zahoor Ahmed (Resigned)	2/4
2. Sajid Rabbani	2/4
3. Zahid Iqbal Zia	4/4
4. Tariq Qureshi	4/4

Terms of Reference

- The underwriting committee formulates the underwriting policy of the Company;
- It sets out the criteria for assessing various types of insurance risks and determines the premium policy of different insurance covers; and

- It regularly reviews the underwriting and premium policies of the Company with due regard to relevant factors such as its business portfolio and the market development.

Claims settlement committee

Composition and Attendance

The composition of committee along with the meetings attended by the members is as under-

Name of the member	Meetings
1. Ghulam Mustafa (Resigned)	2/4
2. Ather Zahoor (Resigned)	1/4
3. Zaheer Khan	4/4
4. Mian Muhammad Iqbal	4/4

Terms of Reference

- The claim settlement committee devices and review the claim settling policy of the Company;
- It determines the circumstances under which the claims disputes shall be brought to its attention and decides how to deal with such claims disputes; and
- It oversees the implementation of the measures for combating fraudulent claims cases.

Re-insurance and co-insurance committee

Composition and Attendance

The composition of committee along with the meetings attended by the members is as under-

Name of the member	Meetings
1. Nasir Ali (Resigned)	2/4
2. Waseem Saleem	2/4
3. Muhammad Maqsood Peracha	4/4
4. Junaid Ali	4/ 4

Terms of Reference

- This committee ensures that adequate reinsurance arrangement are made for the Company's businesses;
- It peruses the proposed re-insurance arrangements prior to their execution, reviews the arrangements from time to time and subject to the consent of the participating reinsurers, makes appropriate adjustments to those arrangements in the light of the market development; and
- It also assesses the effectiveness of the reinsurance programs for the future reference.

Statement on Corporate and Financial Reporting Framework

1. The financial statements, prepared by the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of account of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements, changes if any, have been adequately disclosed and accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. The Company is under direction from Securities and Exchange Commission of Pakistan (SECP) whereby the Company is ceased to enter into new contracts of insurance against which the management is of the view that final decision will be accorded in the favour of the Company. Therefore, there are no doubts upon the Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
8. Key operating and financial data for the last six years is annexed.
9. Information about the taxes and levies is given in the notes to the financial statements.
10. During the year ten Board meetings were held and the attendance of the Directors is as follows:

Name	Status	No. of Meetings Held	No. of Meetings Attended
Ch. Zahoor Ahmed	Non Executive Director	10	3
Nasir Ali	Chief Executive Officer	10	4
Ghulam Mustafa	Executive Director	10	3
Rehan Beg	Independent Director	10	3
Amal Usman	Non Executive Director	10	3
Iftikhar ul Haq	Independent Director	10	5
Ather Zahoor	Non Executive Director	10	5
Ch. Mazhar Zahoor	Chief Executive Officer	10	1
Waseem Saleem	Non Executive Director	10	6
Muhammad Haroon	Non Executive Director	10	6
Sajid Rabbani	Executive Director	10	6
Parveen Zahoor	Non Executive Director	10	1
Nasira Raees	Non Executive Director	10	1
Rohail Siddiq	Independent Director	10	6

11. The pattern of shareholding and additional information regarding pattern of shareholding is annexed.
12. No trades in the shares of the Company were carried out by the Directors, CEO, CFO, Company Secretary and their spouses and minor children.

On behalf of the Board of Directors

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Parveen Zahoor
Chairperson
Lahore
Date: April 4, 2019

Six Years' Review at a Glance

	December 31,					
	2017	2016	2015	2014	2013	2012
	----- Rupees in thousands -----					
Underwriting results						
Gross premium written	201,098	352,440	457,540	412,925	330,443	383,764
Net insurance premium	287,600	250,957	264,591	224,004	176,568	228,961
Net insurance claims	4,142	84,856	128,632	122,479	65,001	74,902
Equity and total assets						
Paid-up capital	464,015	400,013	400,013	375,000	375,000	300,000
Reserves*	50,986	114,988	114,988	140,000	115,000	19,000
Shareholders' equity*	609,917	567,833	566,910	571,861	526,737	499,153
Total assets*	918,178	950,078	979,585	893,520	807,509	734,912
Dividends and earnings						
Profit after tax	40,241	32,217	66,640	27,287	27,287	109,474
Cash dividend	-	-	-	-	-	-
Stock dividend	-	16%	6.67%	-	-	25%

*During the year, the Securities & Exchange Commission of Pakistan has issued the Insurance Rules, 2017 including the new Insurance Accounting Regulations, 2017. There were significant changes resulting from such new rules affecting Reserves & Retained Earnings and Total Assets. Figures have been reclassified for 2016 and 2015 as required.

Pattern of shareholding as at December 31, 2017

No. of Shareholders	-----Shareholding-----		Total Shares Held
	From	To	
311	1	100	5,741
216	101	500	68,368
177	501	1,000	144,716
705	1,001	5,000	1,370,049
114	5,001	10,000	876,012
45	10,001	15,000	535,280
27	15,001	20,000	484,196
22	20,001	25,000	492,978
16	25,001	30,000	450,544
11	30,001	35,000	370,940
4	35,001	40,000	156,576
4	40,001	45,000	171,460
9	45,001	50,000	431,785
4	50,001	55,000	209,161
9	55,001	60,000	523,339
3	65,001	70,000	204,320
2	70,001	75,000	146,500
1	75,001	80,000	77,500
4	80,001	85,000	335,640
2	85,001	90,000	178,086
2	90,001	95,000	184,113
5	95,001	100,000	497,999
1	100,001	105,000	102,082
2	110,001	115,000	229,252
5	115,001	120,000	588,292
1	120,001	125,000	125,000
2	125,001	130,000	258,475
1	130,001	135,000	131,904
1	140,001	145,000	143,157
1	170,001	175,000	172,264
1	190,001	195,000	190,500
1	200,001	205,000	204,879
1	220,001	225,000	225,000
1	255,001	260,000	257,248
1	265,001	270,000	267,498
2	275,001	280,000	550,952
1	280,001	285,000	284,237
1	315,001	320,000	318,900
1	320,001	325,000	320,010
1	410,001	415,000	415,000
1	450,001	455,000	450,500
1	455,001	460,000	459,372
1	465,001	470,000	468,793
1	495,001	500,000	499,500
1	515,001	520,000	519,856
2	580,001	585,000	1,164,403
1	670,001	675,000	671,472
1	740,001	745,000	743,725
1	1,180,001	1,185,000	1,184,605
1	1,185,001	1,190,000	1,187,480
1	1,750,001	1,755,000	1,752,498
1	1,985,001	1,990,000	1,989,971
1	2,105,001	2,110,000	2,108,883
1	2,125,001	2,130,000	2,129,718
1	2,130,001	2,135,000	2,130,384
1	2,425,001	2,430,000	2,429,496
1	3,300,001	3,305,000	3,304,375
1	3,720,001	3,725,000	3,723,951
1	6,780,001	6,785,000	6,782,515
1738			46,401,450

| |

Categories of Shareholding required under Code of Corporate Governance (CCG) As on December 31, 2017

Sr. No.	Name	No. of Shares Held	Percentage
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Associated Companies, Undertakings and Related Parties (Name Wise Detail):

- -

Mutual Funds (Name Wise Detail)

- -

Directors, CEO and their Spouse and Minor Children (Name Wise):

1	CH. MAZHAR ZAHOOR	2,130,384	4.5912%
2	MRS. PARVEEN AKHTAR	7,079,415	15.2569%
3	MRS. NASIRA RAEES	1,330,637	0.0111%
4	MR. HAROON GHANI MEMON	257,248	0.5544%
5	MR. WASEEM SALEEM	267,498	0.5765%
6	MR. ROHAIL SIDDIQUE	3,750	0.0081%
7	MR. SAJID RUBANI	85,041	0.1833%
10	MRS. RUBINA MAZHAR W/O CH. MAZHAR ZAHOOR	1,184,605	2.5529%
11	CH. ZAHOOR AHMED H/O PARVEEN ZAHOOR	7,792,876	16.7945%
12	MR. RAEES-UD-DIN H/O NASIRA RAEES	117,999	0.2543%

Executives:

- -

Public Sector Companies & Corporations:

- -

Banks, Development Finance Institutions, Non Banking Finance Institutions, Insurance Companies and Modarabas:

- -

Shareholders holding five percent or more voting interest in the listed company (Name Wise)

Sr.No	Name	Holding	% AGE
1	MRS. PARVEEN AKHTAR	7,079,415	15.2569%
2	CH. ZAHOOR AHMED	7,792,876	16.7945%
3	MR. NASIR ALI	2,429,496	5.2358%

All trades in the shares of the listed company, carries out by its Directors, CEO, CFO, Company Secretary and their spouses and minor children:

Sr. No.	Name	Sale Nil	Purchase Nil
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Statement Of Compliance With The Code Of Corporate Governance For the Year Ended December 31, 2017

This statement is being presented in compliance with the Code of Corporate Governance for Insurers, 2016 applicable to insurance companies as issued by Securities and Exchange Commission of Pakistan (SECP) and the Code of Corporate Governance as contained in Regulation 5.19.24 of the rule book of Pakistan Stock Exchange Limited (combined code "the Code") for the purpose of establishing a framework of good governance, whereby an insurer is managed in compliance with the best practices of corporate governance.

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

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

Category	Names
Independent Director	Rohail Siddiq
Non-Executive Directors	Parveen Zahoor (Chairperson)
	Muhammad Haroon
	Waseem Saleem
	Nasira Raees
Executive Directors	Mazhar Zahoor (Chief Executive Officer)
	Sajid Rubbani

The independent Director meets the criteria of independence as laid down under the Code of Corporate Governance for Insurers, 2016.

- The Directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.
- All the directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by a stock exchange.
- The detail of casual vacancies occurred in the board and their subsequent filling is detailed below:

Casual Vacancies		Appointment	
Name	Date	Name	Date
Ch. Zahoor Ahmed	Jun 2, 2017	Waseem Saleem	Jun 2, 2017
Ch. Ghulam Mustafa	Jun 2, 2017	Sajid Rubbani	Jun 2, 2017
Rehan Beg	Jun 2, 2017	Rohail Siddiq	Jun 2, 2017
Amal Usman	Jun 2, 2017	Muhammad Haroon	Jun 2, 2017
Nasir Ali	Aug 9, 2017	Mazhar Zahoor	Dec 11, 2017
Iftikhar ul Haq	Sep 14, 2017	Nasira Rais	Dec 11, 2017
Ather Zahoor	Sep 14, 2017	Parveen Zahoor	Dec 11, 2017

Mr. Nasir Ali who was appointed as CEO of the Company on January 10, 2017 and submitted his resignation on July 18, 2017 whereas the same was officialized on August 9, 2017.

- The insurer has prepared a Statement of Ethics and Business Practices, which has been signed by all the directors and employees of the Company.
- The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies has been maintained and amended / updated from time to time.
- All powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the chief executive and the key officers, have been taken by the Board. A casual vacancy occurred in the office of Chief Executive Officer on August 9, 2017 was filled on December 11, 2017, the delay of thirty four days were on the part of SECP as they had to approve the chief executive under 'Fit and Proper Criteria' of the Sound and Prudent Management Regulations, 2012".
- The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings, except the meeting held on September 13, 2017 for which inadvertently a notice of 6 days were given, the management in this regard will remain conscious in future. The minutes of the meetings were appropriately recorded and circulated.

Statement Of Compliance With The Code Of Corporate Governance For the Year Ended December 31, 2017

9. The Board has established a system of sound internal control, which is effectively implemented at all levels within the Company. The Company has adopted and complied with all the necessary aspects of internal controls given in the Code.
10. While all the directors are professionals and senior executives who possess wide experience of duties of directors, the Company apprises them of new laws and regulations and amendments in the existing ones. Out of seven directors of the Company which are all new, one have already attended Directors' Training Programme. The management is conscious of its responsibilities and is hopeful that the training of all directors shall be completed before December 31, 2019.
11. The Board has approved appointment of Company Secretary and Chief Financial Officer during the year including their remuneration and terms and conditions of employment. There was no new appointment of Head of Internal Audit during the year.
12. The Directors' Report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance for Insurers, 2016 and fully describes the salient matters required to be disclosed.
13. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
14. The Directors, CEO and other executives do not hold any interest in the shares of the Company other than disclosed in the pattern of shareholding.
15. The Company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance for Insurers, 2016.
16. The Board has formed three management committees, the detail of committees along with their composition is as follows:

Underwriting / Risk Management

Mazhar Zahoor
Zahid Iqbal Zia
Tariq Qureshi

Claims Settlement / Compliance

Parveen Zahoor
Saddiq Sabir
Zaheer Ahmed Khan

Reinsurance and Coinsurance

Waseem Saleem
Maqsood Peracha
Junaid Ahmed

17. The Board has formed three board committees, the detail of committees along with their composition is as follows:

Audit

Rohail Siddiq
Muhammad Haroon
Waseem Saleem

HR & Remuneration

Parveen Zahoor
Rohail Siddiq
Waseem Saleem

Investment

Muhammad Haroon
Waseem Saleem
Rohail Siddiq

18. The Board has formed an Audit Committee. It comprises of three members, of whom the Chairman of the committee Mr. Rohail Siddiq is independent director and other two are non-executive directors.
19. The meetings of the Committees were held in accordance with the requirements of the Code and the meetings of the Audit Committee were held atleast once in every quarter and prior to approval of interim and final results of the Company as required by the Code. The terms of references of the Committees have been formed and advised to the Committees for compliance. The Company inadvertently had not disseminated the minutes of the meetings of investment committee to the SECP within 30 days of the meeting. However, in future the same shall be sent to SECP on due time.
20. The Board has set up effective internal audit department which is considered suitably qualified and experienced for the purpose and are conversant with policies and procedures of the Company and they are involved in the internal audit function on a full time basis.
21. The CEO, CFO, Compliance Officer and the Head of Internal Audit possess such qualification and experience as required under the Code of Corporate Governance for Insurers, 2016.

Moreover, the persons heading the Underwriting, Claim, Reinsurance, Risk Management and Grievance Departments possess qualification and experience of direct relevance to their respective functions, as required under section 12 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000).

Statement Of Compliance With The Code Of Corporate Governance For the Year Ended December 31, 2017

Name	Designation	Qualification	Experience
Mazhar Zahoor	Chief Executive	MBA	Working in PGI since 2000
Javed Iqbal Khan	Chief Financial Officer		Working in PGI since 1964
Raees ud Din	Company Secretary	MBA	Working in PGI since 2013
Abdul Rasheed	Internal Audit	Graduate	Working in PGI since 1988
Zahid Iqbal Zia	Underwriting/Grievance	Graduate	Working in PGI since 1988

All the key officers of the Company meet the qualification criteria of the Code of Corporate Governance for Insurers, 2016 applicable to insurance companies, except the Chief Financial Officer but who has a vast experience of 54 years in the accounts profession.

22. The statutory auditors of the Company have been appointed from the panel of auditors approved by the Commission in terms of section 48 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000). The statutory auditors have confirmed that they have been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
23. The statutory auditors or the persons associated with them have not been appointed to provide other services and the auditors have confirmed that they have observed IFAC guidelines in this regard.
24. The Board ensures that the Investment Policy of the Company has been drawn up in accordance with the provisions of the Code of Corporate Governance for Insurers, 2016.
25. The Board ensures that the Risk Management System of the Company is in place as per the requirements of the Code of Corporate Governance for Insurers, 2016.
26. The Company has set up a Risk Management function which carries out its tasks as covered under Code of Corporate Governance for Insurers, 2016.
27. The Board ensures that as part of the Risk Management System, the Company gets itself rated from the Pakistan Credit Rating Agency which is being used by its Risk Management Function and the respective Committee as a risk monitoring tool. The rating assigned by the said rating agency on December 31, 2017 is A-.
28. The Board has set up a Grievance Function which fully complies with the requirements of the Code of Corporate Governance for Insurers, 2016.
29. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to the Directors, employees and Stock Exchange.
30. Material / price sensitive information has been disseminated amongst all market participants at once through Stock Exchange.
31. The Company has complied with the requirement relating to maintenance of register of persons having access to inside information by designated Senior Management Official in a timely manner and maintained proper record including basis of inclusion or exclusion of names of persons from the said list.
32. The Company has not obtained any exemption from the Securities and Exchange Commission of Pakistan in respect of requirements of the Code of Corporate Governance for Insurers, 2016.
33. We confirm that all other material principles contained in the Code of Corporate Governance for Insurers, 2016 have been complied with except for certain matters disclosed above in para 08, 10, 19 and 21 towards which reasonable progress is being made by the Company to seek compliance.

On behalf of the Board of Directors

-sd-
Mazhar Zahoor
Chief Executive
Lahore: April 4, 2019

MUNIFF ZIAUDDIN & CO.

Chartered Accountants

Office No. 43 and 44, 3rd Floor, Sadiq Plaza
Shahrah-e-Quaid-e-Azam
Lahore.

REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance for Insurers, 2016 and Code of Corporate Governance, 2012 as mentioned in the Regulation No. 5.19.24 of the Rule Book of Pakistan Stock Exchange Limited (PSX) (combined called 'the Code') as prepared by the Board of Directors of The Pakistan General Insurance Company Limited (the Company) for the year ended December 31, 2017 to comply with the requirements of Listing Regulations of PSX where the Company is listed.

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

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

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

Following instances of non-compliance with the requirements of the Code were observed which are not stated in the Statement of Compliance:

- i. Casual vacancy arising due to the resignation of the CEO / Director remained vacant for more than 90 days.
- ii. No orientation courses were carried out during the year for the directors of the Company.
- iii. The Board of Directors has not formed the Nominations Committee.
- iv. Investment Committee of the Company does not include the CEO and CFO.
- v. The Company has not drawn up and implemented the significant policies including Investment Policy, Risk Management Policy, Underwriting Policy, Claims Management Policy, Reinsurance Policy, IT Backup Policy and Remuneration Policy.
- vi. The Board of Directors has not established a system of sound internal control.
- vii. The Company does not have an effective internal audit function.
- viii. The Board of Directors' approval has not been obtained prior to the appointment of the CFO.
- ix. Newly appointed Company Secretary does not possess the required experience.

Based on our review, except for the above instances of non-compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended December 31, 2017.

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

Paragraph Reference Description

- i. Para 08 Notice of the Board of Directors' meeting
- ii. Para 10 Directors' Training Program
- iii. Para 19 Intimation to the SECP about the decisions taken at the Investment Committee meetings within 30 days
- iv. Para 21 Qualification of the CFO

-sd-

Muniff Ziauddin & Co.

Engagement Partner: A. Rahman Mir (FCA)

Chartered Accountants

Engagement Partner: M. Ilyas

Lahore, Date: April 4, 2019

MUNIFF ZIAUDDIN & CO.

Chartered Accountants

Office No. 43 and 44, 3rd Floor, Sadiq Plaza
Shahrah-e-Quaid-e-Azam
Lahore.

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed financial statements comprising of:

- (i) Statement of financial position;
- (ii) Statement of comprehensive income;
- (iii) Statement of changes in equity; and
- (iv) Statement of cash flows;

of **The Pakistan General Insurance Company Limited** ("the Company") as at December 31, 2017 together with the notes forming part thereof, for the year then ended.

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

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

- a) As disclosed in note 43, Securities and Exchange Commission of Pakistan (SECP) vide its order dated June 07, 2017 under section 11(1) (f) and section 12(1) and (4) read with section 63 (1) and section 156 of the Insurance Ordinance, 2000, restricted the Company from entering into new contracts of insurance after July 07, 2017. This restriction, along with the inability of the Company to meet the minimum capital and solvency requirements indicate the material uncertainty that may cast significant doubt on the Company's ability to continue as going concern and therefore the Company may not be able to realize its assets and discharge its liabilities in the normal course of business. The financial statements have been prepared on a going concern basis however, in our opinion, management's use of the going concern assumption is inappropriate.
- b) In relation to the matter disclosed in note 43, SECP subsequently referred the case to National Accountability Bureau (NAB) which accused Ch. Zahoor Ahmed (Ex CEO and Chairman) to cause loss to Pakistan Reinsurance Company Limited (PRCL) to the tune of Rs. 86.2 million, by way of 87 bogus reinsurance claims and has gained illegal pecuniary advantage by receiving the amounts against the said bogus claims. NAB through its order ACR NO. 95/PB/2017 dated December 13, 2017 granted approval of plea bargain of Rs. 86.2 million to Ch. Zahoor Ahmed and also disqualified him for a period of 10 years, to be reckoned from the date he discharges his liability to the matter and transaction in issue, for seeking or from being elected, chosen, appointed or nominated as a member or representative of any public body or any statutory or local authority in Pakistan or in service of Pakistan or any province. However, the said liability of Rs. 86.2 million is paid from the business account of the Company and the management of the Company has restated its financial statements as detailed in note 43.1. Had the Company not paid this amount from the business account of the Company and restated its financial statements, un-appropriated profit and cash and bank balances of the Company as at December 31, 2017 would have been higher by Rs. 86.2 million.
- c) In absence of relevant supporting evidences, gross premium written amounting to Rs. 131.8 million remains unverified. Consequently, we were also not able to ascertain whether the Company has entered in to new contracts of insurance after the date of restriction imposed by SECP.
- d) The amount due from insurance contract holders as disclosed in note 11.1, amounting to Rs. 350.4 million remains unconfirmed. Management has recorded a provision amounting to Rs. 77 million in respect of these balances. In the absence of independent confirmations and underlying record, we are unable to confirm the existence and valuation related to this amount and moreover, we were also unable to obtain sufficient appropriate audit evidence regarding subsequent event as disclosed in note 45.3 to the financial statements.
- e) The amount due from other insurers / reinsurers amounting to Rs. 31 million out of 35.8 million as disclosed in note 11 remains unconfirmed. Management has not recorded any provision in respect of these balances. In the absence of an independent confirmation we are unable to confirm the existence and valuation related to this amount.

MUNIFF ZIAUDDIN & CO.

Chartered Accountants

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- f) Investment property as disclosed in note 6, includes an addition of property amounting to Rs. 95 million the payment arrangements of which are not as per contractual terms. In the absence of reconciliation and supporting evidence, resultant adjustments and consequential impacts thereof, if any, on the financial statements remain unascertained.
- g) The insurers / reinsurers payables to PRCL amounting to Rs. 29.2 million as disclosed in note 19 remain unconfirmed. The Company is in process of reconciling these balances with PRCL. Due to pending confirmations / reconciliation relating to above balance, resultant adjustments and consequential impacts thereof, if any, on the financial statements remain unascertained.
- h) The Company has not carried out estimation of Incurred but Not Reported (IBNR) claims in accordance with the guidelines issued by SECP through circular No.9 of 2016 dated March 09, 2016. In the absence of such information, resultant adjustments and consequential impacts thereof, if any, on the financial statements remain unascertained.
- i) The disposal of investment property to related party having written down value amounting to Rs. 21.5 million as disclosed in note 6.4 to the financial statements remains unverified. In the absence of relevant documentation and supporting records, resultant adjustments and consequential impact thereof, if any, on the financial statements remains unascertained. Moreover, owing to reason mentioned above, subsequent event as disclosed in note 45.4 to the financial statements also remains unverified.
- j) Expenses incurred at the branches, amounting to Rs.35 million, included in 'Management expenses and Other expenses' in the 'Statement of Comprehensive Income' remain unverified, in absence of relevant supporting evidence and reasonable explanation, resultant adjustments and consequential impacts thereof, if any, on the financial statements remain unascertained.

In our opinion:

- (a) except for the effects of the matters referred to in paragraph (a) to (j) above, proper books of accounts have been kept by the Company as required by the Insurance Ordinance, 2000 and the repealed Companies Ordinance, 1984;
- (b) except for the effects of the matters referred to in paragraph (a) to (j) above, the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the repealed Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied except for the changes as stated in note 4.1 (b) with which we concur;
- (c) due to the significance of the matters referred to in paragraph (a) to (j) above, the financial statements together with the notes thereon do not present fairly, in all material respects, the state of the Company's affairs as at December 31, 2017 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan, and do not give the information required to be disclosed by the Insurance Ordinance, 2000 and the repealed Companies Ordinance, 1984; and
- (d) no zakat was deductible at source under the Zakat and Usher Ordinance, 1980 (XVIII of 1980).

The financial statements of the Company for the year ended December 31, 2016 were audited by another firm of Chartered Accountants; whose report dated April 5, 2017 expressed unqualified opinion on those financial statements.

-sd-

Muniff Ziauddin & Co.

Chartered Accountants

Engagement Partner: M. Ilyas

Lahore, Date: April 4, 2019

Statement of Financial Position

As at December 31, 2017

		Dec. 31 / 2017	Restated Dec. 31 / 2016	Restated Dec. 31 / 2015
	Note	----- Rupees -----		
ASSETS				
Property and equipment	5	115,289,416	121,742,329	98,346,717
Investment property	6	297,193,223	236,295,705	41,646,352
Investments				
- Equity securities	7	2,091,298	5,267,557	39,130,756
- Debt securities	8	29,038,211	35,858,423	39,800,000
- Term deposits	9	118,000,000	118,000,000	218,500,000
Loans and other receivables	10	24,916,794	72,951,502	10,511,175
Insurance / Reinsurance receivables	11	286,268,765	298,491,083	352,225,346
Reinsurance recoveries against outstanding claims		-	-	2,022,612
Deferred commission expense / Acquisition cost		5,885,353	24,749,144	23,600,999
Prepayments	12	10,743,919	28,292,204	114,404,959
Cash and bank balances	13	28,750,680	8,430,095	39,395,736
Total Assets		918,177,659	950,078,042	979,584,652
EQUITY AND LIABILITIES				
Capital and reserves attributable to Company's equity holders				
Ordinary share capital	14	464,014,500	400,012,500	400,012,500
General reserves	15	50,985,500	114,987,500	114,987,500
Un-appropriated profit		93,959,995	52,347,304	49,857,772
Unrealized gains / (losses) on revaluation of investments		956,909	485,973	2,052,388
Total Equity		609,916,904	567,833,277	566,910,160
Surplus on revaluation of fixed assets	16	7,940,969	9,312,511	9,586,146
Liabilities				
Underwriting provisions				
- Outstanding claims (including IBNR)		47,967,350	44,694,400	44,509,457
- Unearned premium		30,352,537	163,091,409	204,517,465
- Unearned reinsurance commission		-	-	21,205,556
Deferred taxation	17	7,161,952	20,065,955	4,047,473
Short term borrowing	18	111,999,911	-	-
Insurers / reinsurers payables	19	40,696,964	124,214,217	105,827,734
Other creditors	20	32,081,793	20,209,585	13,306,872
Taxation - provision less payments		30,059,279	656,688	9,673,789
		300,319,786	372,932,254	403,088,346
Total Equity and Liabilities		918,177,659	950,078,042	979,584,652
Contingencies and commitments	22			

The annexed notes from 1 to 45 form an integral part of these financial statements.

-sd-
Chairperson

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Chief Executive Officer

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Director

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Director

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Chief Financial Officer

Statement of Comprehensive Income

For the Year Ended December 31, 2017

		Dec. 31 / 2017	Restated Dec. 31 / 2016
	Note	----- Rupees -----	
Net insurance premium	23	287,600,257	250,956,717
Net insurance claims	24	(4,141,920)	(84,856,208)
Net commission and other acquisition cost	25	(56,662,738)	(29,940,875)
		(60,804,658)	(114,797,083)
Management expenses	26	(126,413,778)	(65,501,996)
Underwriting results		<u>100,381,821</u>	<u>70,657,638</u>
Investment income	27	12,014,649	14,452,381
Rental income		2,064,658	2,469,750
Other income	28	14,284,226	8,679,311
Other expenses	29	(63,746,139)	(52,954,527)
		(35,382,606)	(27,353,085)
Results of operating activities		64,999,215	43,304,553
Finance cost	30	(4,782,245)	(498,132)
Profit before tax		60,216,970	42,806,421
Provision for taxation	31	(19,975,821)	(10,589,586)
Profit after tax		<u>40,241,149</u>	<u>32,216,835</u>
Other comprehensive income:			
Unrealized gain on available-for-sale investments during the year		1,367,011	704,308
Less: Net gain transferred to profit and loss on disposal of investments		(704,308)	(3,018,217)
		662,703	(2,313,909)
Less: Related deferred tax impact		(191,767)	747,494
Total other comprehensive income / (loss) for the year		<u>470,936</u>	<u>(1,566,415)</u>
Total comprehensive income for the year		<u>40,712,085</u>	<u>30,650,420</u>
Earnings per share - basic and dilutive	32	<u>0.87</u>	<u>0.69</u>

The annexed notes from 1 to 45 form an integral part of these financial statements.

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Chairperson

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Chief Executive Officer

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Director

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Director

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Chief Financial Officer

Statement of Changes in Equity

For the Year Ended December 31, 2017

	Share Capital	General Reserves	Un-appropriated Profit	Unrealized Gains / (Losses) on Revaluation of AFS investments	Total Equity
	----- Rupees -----				
Balance as at January 01, 2016	400,012,500	114,987,500	123,767,700	-	638,767,700
Effect of change in accounting policy as described in note 4.1	-	-	777,826	2,052,388	2,830,214
Effect of prior error as described in note 43	-	-	(74,687,754)	-	(74,687,754)
Balance as at January 01, 2016 restated	400,012,500	114,987,500	49,857,772	2,052,388	566,910,160
Net profit for the year	-	-	32,216,835	-	32,216,835
Other comprehensive income (restated note 4.1)	-	-	-	(1,566,415)	(1,566,415)
Total comprehensive income for the year	-	-	32,216,835	(1,566,415)	30,650,420
Transfer from surplus on revaluation of fixed assets on account of:					
-Incremental depreciation on fixed assets - net of deferred tax	-	-	273,635	-	273,635
Final dividend for the year 2015 - @ Rs. 0.75 per share	-	-	(30,000,938)	-	(30,000,938)
Balance as at December 31, 2016 (restated)	400,012,500	114,987,500	52,347,304	485,973	567,833,277
Net profit for the year	-	-	40,241,149	-	40,241,149
Other comprehensive income for the year	-	-	-	470,936	470,936
Total comprehensive income for the year	-	-	40,241,149	470,936	40,712,085
Transfer from surplus on revaluation of fixed assets on account of:					
-Disposal of fixed asset	-	-	1,268,251	-	1,268,251
-Incremental depreciation on fixed assets - net of deferred tax	-	-	103,291	-	103,291
	-	-	1,371,542	-	1,371,542
Bonus shares issued during the year	64,002,000	(64,002,000)	-	-	-
Balance as at December 31, 2017	464,014,500	50,985,500	93,959,995	956,909	609,916,904

The annexed notes from 1 to 45 form an integral part of these financial statements.

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Chairperson

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Chief Executive Officer

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Director

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Director

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Chief Financial Officer

Statement of Cash Flows

For the Year Ended December 31, 2017

	Dec. 31 / 2017	Dec. 31 / 2016
	----- Rupees -----	
Operating cash flows		
a) Underwriting activities		
Premiums received	134,882,789	407,213,913
Reinsurance premiums paid	(111,048,873)	(62,276,625)
Claims paid	(884,570)	(82,659,903)
Reinsurance payments / reinsurance and other recoveries received	15,600	11,250
Commissions paid	(37,958,985)	(52,599,106)
Commissions received	160,038	304,530
Net cash inflow from underwriting activities	(14,834,001)	209,994,059
b) Other operating activities		
Income tax paid	(3,669,001)	(2,840,711)
General and management expenses paid	(91,871,095)	(74,599,493)
Loans to employees	110,300	(77,640)
Other receipts / (payments) in respect of operating assets	11,872,208	(4,396,141)
Other (payments) / receipts in respect of operating assets	(16,290,871)	5,678,628
Net cash out flow from other operating activities	(99,848,459)	(76,235,357)
Total cash (outflow)/inflow from all operating activities (a+b)	(114,682,460)	133,758,702
Investing activities		
Profit / Return Received	9,905,979	10,918,740
Dividends received	17,973	304,232
Rentals received	1,859,930	2,834,250
Miscellaneous income	695	23,100
Payments for investments	(64,785,874)	(45,680,362)
Proceeds from disposal of investments	84,879,023	185,417,378
Fixed capital expenditure	(5,776,847)	(232,344,320)
Payments for investment properties	(41,535,000)	(57,895,000)
Proceeds from disposal of investment properties and fixed assets	43,219,500	1,775,000
Total cash inflow / (outflow) from investing activities	27,785,379	(134,646,982)
Financing activities		
Dividends paid	-	(29,579,229)
Financial charges paid	(4,782,245)	(498,132)
Total cash out flow from financing activities	(4,782,245)	(30,077,361)
Net cash inflow / (outflow) from all activities	(91,679,326)	(30,965,641)
Cash at beginning of the year	8,430,095	39,395,736
Cash at end of the year	(83,249,231)	8,430,095
	13.3	
Reconciliation to profit and loss account		
Operating cash flows	(114,682,460)	133,758,702
Depreciation expense	(21,825,034)	(13,241,795)
Finance cost	(4,782,245)	(498,132)
Increase / (Decrease) in assets other than cash	(31,445,024)	(142,124,483)
(Increase) / Decrease in liabilities	184,612,379	29,438,541
Other adjustments		
Investment income	11,997,915	14,503,850
Rental income	2,064,658	2,469,750
Dividend income	17,973	304,232
Gain on disposals of investment properties and assets	14,282,292	7,583,070
Other income	695	23,100
Profit after taxation as per profit and loss account	40,241,149	32,216,835

The annexed notes from 1 to 45 form an integral part of these financial statements.

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Chairperson

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Chief Executive Officer

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Director

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Director

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Chief Financial Officer

Notes to and Forming Part of the Financial Statements

For the Year Ended December 31, 2017

1 Status and Nature of Business

The Pakistan General Insurance Company Limited ("the Company") was incorporated in Pakistan as a public limited company on July 26, 1947 under the Companies Act, 1913 (repealed by the Companies Ordinance, 1984) and is quoted on the Pakistan Stock Exchange (formerly Karachi, Lahore and Islamabad Stock Exchanges) on July 25, 1995.

The Company is engaged in providing general insurance services in spheres of Fire and property damage; Marine, aviation and transport, Motor and Miscellaneous. The registered office of the Company is situated at Cooperative Bank House, 5-Bank Square, Lahore.

2 Basis of Preparation

These financial statements have been prepared in accordance with the format prescribed by Securities and Exchange Commission of Pakistan (SECP) through Insurance Rules, 2017, vide SRO 89 (I) / 2017 dated February 09, 2017.

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 (IFRS) issued by the International Accounting Standards Board as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984, the Insurance Ordinance, 2000, Insurance Rules, 2017 and Insurance Accounting Regulations, 2017. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984, Insurance Ordinance, 2000, Insurance Rules, 2017, and Insurance Accounting Regulations, 2017, have been followed.

The Companies Ordinance, 1984 has been repealed after the enactment of Companies Act, 2017. However, as allowed by the SECP vide its press release dated July 20, 2017, these financial statements have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.

2.2 Basis of measurement

These financial statements have been prepared under historical cost convention, modified by:

- (a) revaluation of certain fixed assets at fair value; and
- (b) financial instruments at fair value

2.3 Significant estimates

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

The estimates / judgments and associated assumptions used in the preparation of the financial statements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, the result of which form the basis of making the estimates about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on 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.

In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

- Provision for outstanding claims (including IBNR)	- note 4.9
- Provision for unearned premium	- note 4.5
- Provision for doubtful receivables	- note 4.6
- Provision for taxation and deferred tax	- note 4.13
- Useful lives of investment properties	- note 4.15
- Useful lives and residual values of fixed assets	- note 4.19
- Provision for premium deficiency reserve	- note 4.11
- Classification of investments and impairment	- note 4.14

2.4 Functional and presentation currency

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

Notes to and Forming Part of the Financial Statements

For the Year Ended December 31, 2017

3 Initial Application of a Accounting Standard, Amendment or an Interpretation to an Existing Standard and

3.1 Accounting Standards, IFRIC Interpretations and amendments that are effective for the current year

The Company has adopted the following accounting standards and the amendments and interpretation of IFRSs which became effective for the current year:

IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

IFRS 7 Financial Instruments: Disclosures - Disclosure Initiative (Amendment)

IFRS 12 Disclosure of Interests in Other Entities – Clarification of the scope of disclosure requirements

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any effect on the financial statements.

3.2 Accounting Standards, interpretations and amendments to the published approved accounting standards not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard		Effective Date
IFRS 2	Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	January 01, 2018
IFRS 4	Insurance Contracts: Applying IFRS 9 – Financial Instruments with IFRS 4 – Insurance Contracts (Amendments)	January 01, 2018
IFRS 9	Financial Instruments: Classification and Measurement	July 01, 2018
IFRS 9	Prepayment Features with Negative Compensation (Amendments)	January 01, 2019
IFRS 10	Consolidated Financial Statements and IAS 28 – Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)	Not yet finalised
IFRS 15	Revenue from Contracts with Customers	July 01, 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	January 01, 2018
IFRIC 23	Uncertainty over Income Tax Treatments	January 01, 2019

The Company expects that the adoption of the above revision, amendments and interpretation of the standards will not affect the Company's financial statements in the period of initial application.

3.3 Annual improvements to International Financial Reporting Standards

In addition to above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016. Such improvements are generally effective for accounting periods beginning on or after January 1, 2018 and January 1, 2019. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

3.4 Standards issued by IASB but not applicable in Pakistan

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard		Effective Date
IFRS 14	Regulatory Deferral Accounts	January 1, 2016
IFRS 16	Leases	January 1, 2019
IFRS 17	Insurance Contracts	January 1, 2021

4 Summary of Significant Accounting Policies

4.1 Changes in accounting policies - Adoption of new Insurance Rules, 2017 and Insurance Accounting Regulations, 2017

During the year SECP, has issued the Insurance Rules, 2017 including the new Insurance Accounting Regulations, 2017 and format for the preparation of the financial statements. The new Insurance Rules are effective for the current year financial statements. The significant changes resulting from such new rules affecting these financial statements are as follows:

- a) Certain changes have been made to the presentation of the financial statements which includes following:
 - Changes in the sequence of assets / liabilities in the statement of financial position;
 - Discontinuation of separate statements of premiums, claims, commission and investment income, which are now presented (on aggregate basis) in the notes to the financial statements (notes 23, 24, 25 and 26).

Notes to and Forming Part of the Financial Statements

For the Year Ended December 31, 2017

- Underwriting results in relation to various classes of business which were previously presented on the face of the profit and loss account are now presented in a separate note (note 37).
 - Addition of statement of solvency (note 39).
- b) The Company has changed its accounting policy in relation to the available-for-sale investments to comply with the requirements of IAS 39 "Financial Instruments - Recognition and Measurement. These investments are now carried at fair value. Surplus/ (deficit) on revaluation from one reporting date to other is taken to other comprehensive income in the statement of comprehensive income. On derecognition or impairment of available-for-sale investments, the cumulative gain or loss previously reported in other comprehensive income is transferred to profit and loss for period within statement of comprehensive income. Previously, the investment were carried at lower of cost and market value. This change in the accounting policy has been applied retrospectively and comparative information have been restated in accordance with the requirement of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The impacts of the above change is disclosed as below:

Effect of change	Dec. 31 / 2017	Dec. 31 / 2016	Dec. 31 / 2015
Increase / (Decrease) in:	----- Rupees -----		
Available for sale investments	1,367,009	794,519	4,214,872
Deferred tax liability / (asset)	410,103	245,399	1,384,658
Unrealized gain on revaluation of investment	956,906	485,973	2,052,388
Unappropriated profits	-	63,148	777,826

Amendments' to IAS 1 Presentation of financial statements regarding disclosures for comparative information

The amendment clarifies the disclosure requirements for comparative information when an entity provides a third balance sheet as required by IAS 8 'Accounting policies, changes in accounting estimates and errors' the balance sheet should be as at the beginning of the preceding period i.e. the opening position. No notes are required to support this balance sheet.

4.2 Insurance contracts

Insurance contracts are those contracts where the Company (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. Insurance contracts are classified into following main categories:

- Fire and property damage
- Marine, aviation and transport
- Motor
- Other classes

These contracts are entered with group companies, corporate clients, and individual residing or located in Pakistan. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its period, even if the insurance risk reduces significantly during this period, unless all rights and liabilities are extinguished or expired.

4.3 Premium

Premium under a policy is recognised at the time of the date of issuance of the policy. Administrative surcharge is recognised as income at the time policies are written.

Revenue from premiums is determined after taking into account unearned portion of premium by applying 1/24th method prescribed by Insurance Rules, 2017. The unearned portion of premium income is recognised as liability.

Receivables under insurance contracts are recognised when due, at the fair value of the consideration receivable less provision for doubtful debts, if any.

4.4 Re-insurance contracts

Insurance contracts entered into by the Company with reinsurers for compensation of losses suffered on insurance contracts issued are reinsurance contracts. These reinsurance contracts include both facultative and treaty arrangement contracts and are classified in same categories of insurance contracts for the purpose of these financial statements. The Company recognises entitled benefits under the contract as various reinsurance assets. Outward reinsurance premiums are accounted for in same period as related premiums for the direct or accepted reinsurance business being reinsured.

The deferred portion of reinsurance premium ceded is recognised as a prepayment which is calculated by using 1/24th method as prescribed by the Insurance Rules, 2017. The analysis is carried out separately for each class of business.

Notes to and Forming Part of the Financial Statements

For the Year Ended December 31, 2017

4.5 Provision for unearned premium

Provision for unearned premium represents the portion of premium written relating to unexpired period of coverage including administrative surcharge which relates to the business in force at the balance sheet date and is recognized as a liability by the Company. The Company has opted for 1/24th method and maintained its reserves for unexpired risk in accordance with the Insurance Rules, 2017.

4.6 Receivables and payables related to insurance contracts

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

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

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

4.7 Claims expenses

Insurance claims include all claims incurred during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, and any adjustments to claims outstanding from previous years.

The Company recognises liability in respect of all claims incurred up to the balance sheet date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in an insurance contract.

The liability for claims include amounts relating to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs. Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates.

4.8 Reinsurance recoveries against outstanding claims

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

4.9 Provision for outstanding claims including incurred but not reported (IBNR)

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

Provision in respect of unpaid reported claims is made on basis of individual case estimates. These are accounted for on management's best estimate which takes into account past trends, expected future patterns of reporting claims actually reported subsequent to the balance sheet date. Reinsurance recoveries against outstanding claims are recognized as an asset and measured at the amount expected to be received.

Claims reported but not settled

Provision for liability in respect of claims reported but not settled at the balance sheet date is made on the basis of individual case estimates. The case estimates are based on the assessed amounts of individual losses and where loss assessments have not been carried out, the estimates are established in light of currently available information, past experience of similar claims and in some cases in relation to the sums insured.

Case estimates are reviewed periodically to ensure that the recognized outstanding claim amounts are adequate to cover expected future payments including expected claims settlement costs and are updated as and when new information becomes available.

Claims incurred but not reported (IBNR)

The provision for claims incurred but not reported (IBNR) at balance sheet date is based on an analysis of the past claims reporting pattern experienced by the Company. The provision for IBNR has been accounted for on the basis whereby all claims incurred before preceding year but reported up to current year were aggregated and the ratio of such claims to outstanding claims at preceding year has been applied to outstanding claims except exceptional

Notes to and Forming Part of the Financial Statements

For the Year Ended December 31, 2017

4.10 Commission

Income

Commission income from reinsurers is recognised at the time of issuance of the underlying insurance policy. These are deferred and recognised as liability and recognised in the profit and loss account as revenue in accordance with the pattern of recognition of the reinsurance premiums.

Profit commission, if any, under the terms of reinsurance arrangements, is recognised on accrual basis.

Expenses

Commission expense incurred in obtaining and recording policies is deferred and recognised in profit and loss account as an expense in accordance with the pattern of recognition of premium revenue.

4.11 Premium deficiency reserve

The Company is required as per Insurance Rules, 2017 and IFRS-4, to maintain a provision in respect of premium deficiency for the class of business where the unearned premium reserve is not adequate to meet the expected future liability, after reinsurance, from claims and other expenses, including reinsurance expense, commissions and other underwriting expenses, expected to be incurred after the balance sheet date in respect of the unexpired policies in that class of business at the balance sheet date. The movement in the premium deficiency reserve is recorded as an expense in the profit and loss account and the same shall be recognised as a liability.

The Company determines adequacy of liability of premium deficiency by carrying out analysis of expired periods. For this purpose average loss ratio of last three years inclusive of claims settlement cost but excluding major exceptional claims are taken into consideration to determine ultimate loss ratio to be applied on unearned premium.

4.12 Employees' retirement benefits

Defined contribution plan

The Company operates a funded provident fund scheme for all permanent employees. Monthly contribution is made by the Company at the rate of 10% of basic salary and the same is charged to profit and loss account.

4.13 Taxation

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

Current

Provision for current taxation is based on taxable income determined in accordance with the prevailing law for taxation of income and is calculated using enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. Charge for current taxation also includes adjustments relating to prior years which arise from assessments framed / finalized during the year or required by any other reason.

Deferred

Deferred tax is accounted for using liability method in respect of all temporary differences arising from differences between the carrying amounts of assets and liabilities in financial statements and corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

4.14 Investments

Recognition

All investments are initially recognized at cost, being the fair value of the consideration given and include the transaction cost except for 'held for trading' in which case transaction costs are charged to the profit and loss account. All purchases and sales of investments that require delivery within the time frame established by regulations or market convention are accounted for at the trade date. Trade date is the date when the Company commits to purchase or sell the investments. These are classified into the following categories:

- a) Held to maturity
- b) Available for sale
- c) Investment at fair value through profit and loss (held for trading)

Notes to and Forming Part of the Financial Statements

For the Year Ended December 31, 2017

Measurement

a) Held to maturity

At the time of acquisition, investments with fixed maturity, where management has both the intent and the ability to hold till maturity, are classified as held-to-maturity.

Subsequently, these are measured at amortised cost less provision for impairment in value, if any. Amortised cost is calculated by taking into account discount / premium on acquisition by using effective yield method.

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

These are reviewed for impairment at year end and any losses arising from impairment in values are charged to the profit and loss account.

b) Available for sale

Available-for-sale investments are those non-derivative instruments / contracts that are designated as available-for-sale or are not classified in any other category.

At the time of acquisition, investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available-for-sale.

- Quoted

Subsequent to initial measurement, the quoted available-for-sale investments are remeasured at fair value. Surplus / (deficit) on revaluation from one reporting date to other is taken to other comprehensive income in the statement of comprehensive income. On derecognition or impairment, the cumulative gain or loss previously reported in other comprehensive income is transferred to profit and loss for period within statement of comprehensive income. These are reviewed for impairment at year end and any losses arising from impairment in values are charged to the profit and loss account.

- Unquoted

Unquoted available-for-sale investments are recorded at cost less accumulated impairment losses, if any. Provision for diminution in the value of securities is made after considering impairment losses, if any.

c) Investment at fair value through profit or loss (held for trading)

At the time of acquisition, quoted investments which are acquired principally for the purpose of generating profit from short term fluctuations in price or are part of portfolio for which there is a recent actual pattern of short term profit taking are classified as held for trading.

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

Derecognition

All investments are de-recognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

4.15 Investment properties

Investment property, which is property held to earn rentals and / or for capital appreciation, is valued using the cost method i.e. at cost less any accumulated depreciation and any identified impairment loss.

Depreciation policy, subsequent capital expenditures and gain/ losses on disposal are accounted for in the same manner as Property & equipment.

4.16 Management expenses

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

4.17 Creditors, accruals and provisions

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for the goods and / or services received, whether or not billed to the Company. Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current estimate.

4.18 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consists of cash in hand, stamps in hand and deposits with banks.

Notes to and Forming Part of the Financial Statements

For the Year Ended December 31, 2017

4.19 Fixed assets

Fixed assets are stated at historical cost except free hold land and building on free hold land, which are stated at revalued amount, less accumulated depreciation and impairment in value, if any.

Assets' residual values, if significant and their useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

When parts of an item of fixed assets have different useful lives, they are recognized as separate items of fixed assets. Depreciation is charged to profit and loss account by applying the reducing balance method at the rates specified in note 5 to the financial statements. Depreciation on addition to fixed asset is charged from the month in which fixed asset is available for use while no depreciation is charge for the month in which fixed asset is disposed off. The useful lives and depreciation methods are reviewed on periodic intervals to ensure that the methods and period of depreciation charged during the year are consistent with the expected pattern of economic benefits from items of fixed assets.

Subsequent costs are recognized as part of asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit and loss account during the period in which they are incurred.

Gains or losses on disposal of assets, if any, are included in profit and loss account for the year.

Surplus arising on revaluation is credited to surplus on revaluation of fixed assets. The surplus on revaluation of fixed assets to the extent of incremental depreciation charged on the related assets is transferred by the Company to its unappropriated profits.

4.20 Impairment

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if there is objective evidence that one or more events have had a negative effect on the estimated future cash flows of that asset.

The carrying amount of non-financial assets is reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or a group of assets. If such indication exists, the recoverable amount of such asset is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount.

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

4.21 Financial instruments

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

Financial instruments carried on the balance sheet include bank deposits, investments, premium due but unpaid, premium received in advance, amount due from other insurers / reinsurers, accrued investment income, reinsurance recoveries against outstanding claims, sundry receivables, provision for outstanding claims, amount due to other insurers / reinsurers, accrued expenses, other creditors and accruals and short term running finance. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.22 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet, if the Company has a legally enforceable right to set-off and the Company intends either to settle the assets and liabilities on a net basis or to realise the asset and settle the liability simultaneously.

4.23 Foreign currency translation

Transactions in foreign currencies are accounted for in rupees at the rates prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into rupees at the rates of exchange which approximate those prevailing at the balance sheet date. Exchange differences are taken to the profit and loss account.

4.24 Related party transactions

Transactions with related parties are priced on arm's length basis. Prices for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods and services sold in an economically comparable market to a buyer unrelated to the seller.

Notes to and Forming Part of the Financial Statements

For the Year Ended December 31, 2017

4.25 Revenue recognition

Premium income

For all the insurance contracts, premiums including administrative surcharge received / receivable under a policy are recognized as written at the time of issuance of policy. Where premiums for a policy are payable in installments, full premium for the duration of the policy is recognized as written at the inception of the policy and related assets set up for premiums receivable at a later date. Premiums are stated gross of commission payable to intermediaries and exclusive of taxes and duties levied on premiums.

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

Return on investments

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

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

Gain / loss on sale of available for sale investments and investments at fair value through profit and loss - held for trading are recognized in profit and loss account.

Miscellaneous income

Other revenues are recognized on accrual basis.

4.26 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' results are reviewed regularly by the management to make decisions about resources to be allocated to the segment and assess its performance, for which discrete financial information is available.

The Company presents segments reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the Insurance Rules, 2017. The reported operating segments are also consistent with the internal reporting provided to the Board of Directors who assess the performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment.

The Company has four primary business segments for reporting purposes namely fire and property, marine and transport, motor and other classes.

Fire and property damage

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

Marine, aviation and transport

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

Motor

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

Others

Other classes includes mainly crops, live stocks, engineering etc.

Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them. Those assets and liabilities which can not be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities. Financing, investment and income taxes are managed on an overall basis and are therefore, not allocated to any segment.

4.27 Dividends, bonus shares and reserve appropriation

Dividend distribution inclusive of both cash dividend and stock dividend (bonus shares) to the Company's shareholders is recognized as a liability in the period in which the dividends are approved. Similarly, reserve appropriation is recognized in the year in which it is approved.

4.28 Earnings per share

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

Notes to and Forming Part of the Financial Statements

For the Year Ended December 31, 2017

5.4 Details of fixed assets disposed off during the year are as follows:

Particular of Asset	Cost	Accumulated Depreciation	Written down value	Sale Proceeds	Gain / (Loss) on disposals	Mode of disposal	Particulars of Purchaser	Status
			----- Rupees -----					
Land and buildings								
Gulberg Center Gulberg Lahore	3,443,912	1,450,647	1,993,265	10,000,000	8,006,735	- Negotiations -	Ayesha Qammar	Outsider
Motor Vehicles								
HONDA CIVIC	1,300,000	880,500	419,500	419,500	-	- Company policy -	M. Hafeez	Employee
LEC-10-2153 MEHRAN	650,000	336,144	313,856	300,000	(13,856)	- Negotiations -	Muhammad Arshad	Outsider
	<u>1,950,000</u>	<u>1,216,644</u>	<u>733,356</u>	<u>719,500</u>	<u>(13,856)</u>			
	<u>5,393,912</u>	<u>2,667,291</u>	<u>2,726,621</u>	<u>10,719,500</u>	<u>7,992,879</u>			

5.5 There are no assets held by third parties and assets with zero values.

5.6 Book value without revaluation surplus

Had there been no revaluation, the cost, accumulated depreciation, and book value of revalued fixed assets (land and buildings) at year end would have been as follows:

	Dec. 31 / 2017	Dec. 31 / 2016
	----- Rupees -----	
Cost	110,677,839	110,977,839
Accumulated depreciation	(33,277,352)	(29,113,207)
Book Value	<u>77,400,487</u>	<u>81,864,632</u>

6 Investment Property

	2017							Useful life
	Cost			Depreciation			Written down value as at 31 December	
	As at 1 January	Additions (disposals)	As at 31 December	As at 1 January	For the year	As at 31 December		
Land and building	251,219,919	99,430,000 (31,964,392)	318,685,527	14,924,214	12,313,303 (5,745,213)	21,492,304	297,193,223	20 years
	<u>251,219,919</u>	<u>99,430,000</u> <u>(31,964,392)</u>	<u>318,685,527</u>	<u>14,924,214</u>	<u>12,313,303</u> <u>(5,745,213)</u>	<u>21,492,304</u>	<u>297,193,223</u>	-
	2016							Useful life
	Cost			Depreciation			Written down value as at 31 December	
	As at 1 January	Additions/ (disposals)	As at 31 December	As at 1 January	For the year	As at 31 December		
Land and building	51,924,919	199,295,000	251,219,919	10,278,567	4,645,647	14,924,214	236,295,705	20 years
	<u>51,924,919</u>	<u>199,295,000</u>	<u>251,219,919</u>	<u>10,278,567</u>	<u>4,645,647</u>	<u>14,924,214</u>	<u>236,295,705</u>	

6.1 This represents various properties held by the Company for investment purposes.

6.2 Constructed Buildings with land were purchased in the past and value components of building and land are not easily separable hence these are being disclosed together since acquisition.

6.3 The management estimates market value of properties at Rs. 310.000 million. Last revaluation by an independent valuer was carried out in the year 2016 who estimated market value of properties thereon at Rs. 241.60 million.

6.4 Details of fixed assets disposed off during the year are as follows:

Particulars of property	Cost	Accumulated depreciation	Written down value	Sale Proceeds	Gain / (Loss) on disposals	Mode of disposal	Particulars of purchaser	Status
			----- Rupees -----					
Trust Plaza Sargodha	1,367,892	701,193	666,699	2,500,000	1,833,301	- Negotiations -	Sh. Muhammad Arif	Outsider
Chapal Plaza Karachi	7,796,500	3,813,770	3,982,730	7,500,000	3,517,270	- Negotiations -	Hiba Logistics	Outsider
380/2 Phase Z, DHA Lahore	22,800,000	1,230,250	21,569,750	20,800,000	(769,750)	- Negotiations -	Nasir Ali	Ex. CEO/Director
	<u>31,964,392</u>	<u>5,745,213</u>	<u>26,219,179</u>	<u>30,800,000</u>	<u>4,580,821</u>			

Notes to and Forming Part of the Financial Statements

For the Year Ended December 31, 2017

7 Investments - Equity securities

Available for sale - Investment in quoted equities

December 31, 2017					
	Face Value per Sahre Rupees	Number of Shares Number	Cost of Shares Rupees	Unrealized Gain / (Loss) on revaluation Rupees	Carrying Value Rupees
Bank Al-Falah Limited	10	1,687	40,416	31,282	71,698
Silk Bank Limited	10	7,398	15,233	(3,544)	11,689
Soneri Bank Limited	10	1,872	19,822	5,263	25,085
Habib Metropolitan Bank Limited	10	2,000	53,653	15,347	69,000
Summit Bank Limited	10	450	1,050	197	1,247
Bank of Khyber	10	3,039	17,965	23,062	41,027
IGI Investment Bank	10	3,000	4,950	3,930	8,880
JS Bank Limited	10	35,000	146,118	117,082	263,200
NIB Bank limited	10	15,000	57,799	(30,649)	27,150
Meezan Bank Limited	10	1,179	47,502	31,609	79,111
Ibrahim Fibres Limited	10	900	40,899	12,309	53,208
Zeal Pak Cement Limited	10	10,000	4,400	-	4,400
Shabbir Tiles & Ceremaics Limited	5	3,210	64,601	(17,318)	47,283
Modaraba Al-Mali	10	26	52	47	99
Sui Northern Gas Pipelines Limited	10	172	4,735	11,538	16,273
Best Way Cement Limited	10	600	168,000	(84,804)	83,196
Pakistan Tobbaco Company Limited	10	600	37,092	1,251,660	1,288,752
		<u>86,133</u>	<u>724,287</u>	<u>1,367,011</u>	<u>2,091,298</u>

Restated

December 31, 2016					
	Face Value per Sahre Rupees	Number of Shares Number	Cost of Shares Rupees	Unrealized Gain / (Loss) on revaluation Rupees	Carrying Value Rupees
Bank Al-Falah Limited	10	1,687	40,416	23,623	64,039
The Bank of Khyber Limited	10	3,039	17,965	32,330	50,295
NIB Bank Limited	10	15,000	57,799	(30,649)	27,150
Silk Bank Limited	10	7,398	15,233	(1,547)	13,686
Askari Bank Limited	10	20,000	392,492	106,508	499,000
Soneri Bank Limited	10	1,872	19,822	13,219	33,041
National Bank of Pakistan	10	50,000	3,446,470	298,030	3,744,500
Meezan Bank Limited	10	1,179	47,502	32,800	80,302
JS Bank Limited	10	35,000	146,118	232,232	378,350
IGI Bank Limited	10	3,000	4,950	4,830	9,780
Habib Metropolitan Bank Limited	10	2,000	53,653	20,347	74,000
Summit Bank Limited	10	450	1,050	930	1,980
Zeal Pak Cement Limited	10	10,000	4,400	-	4,400
Bestway Cement Limited	10	600	168,000	(2,454)	165,546
Shabbir Tiles & Ceramics Limited	5	3,210	64,601	(28,777)	35,824
Modaraba Al-Mali	10	26	52	74	126
Sui Northern Gas Pipelines Limited	10	172	4,735	9,295	14,030
Ibrahim Fibers Limited	10	900	40,899	20,301	61,200
Pakistan Telecommunication Co. Ltd.	10	600	37,092	(26,784)	10,308
		<u>156,133</u>	<u>4,563,249</u>	<u>704,308</u>	<u>5,267,557</u>

Notes to and Forming Part of the Financial Statements

For the Year Ended December 31, 2017

			Dec. 31 / 2017	Dec. 31 / 2016
			----- Rupees -----	
8	Investments - Debt securities			
	Held to maturity			
	- Government debt securities	- note 8.1	<u>29,038,211</u>	<u>35,858,423</u>
8.1	Government debt securities			
		Maturity	Dec. 31 / 2017	Dec. 31 / 2016
		Year	----- Rupees -----	
	Pakistan Investment Bonds	2019	7,000,000	7,000,000
	Pakistan Investment Bonds	2019	7,500,000	7,500,000
	Pakistan Investment Bonds	2019	5,000,000	5,000,000
	Pakistan Investment Bonds	2025	2,300,000	2,300,000
	Pakistan Investment Bonds	2026	1,051,708	1,058,423
	Pakistan Investment Bonds	2017	-	13,000,000
	Pakistan Investment Bonds	2026	6,186,503	-
			<u>29,038,211</u>	<u>35,858,423</u>

8.1.1 Statutory Deposits

Company has deposited following securities with State Bank of Pakistan against statutory deposits under the Insurance Ordinance, 2000:

		Dec. 31 / 2017	Dec. 31 / 2016
		----- Rupees -----	
	Pakistan Investment Bonds	29,038,211	35,858,423
	Cash deposit (included in cash with banks)	<u>18,061,358</u>	<u>5,061,358</u>
		<u>47,099,569</u>	<u>40,919,781</u>

		Dec. 31 / 2017	Dec. 31 / 2016
		----- Rupees -----	
9	Investments - Term deposits		
	Held to maturity		
	Deposits maturing within 12 months	- note 9.1	
		<u>118,000,000</u>	<u>118,000,000</u>

9.1 Deposits maturing within 12 months

This represents Call Deposit Receipts (CDR's) with Bank of Punjab encashable within one year. It carries mark up ranging from 3.75% to 5.50% (2016: 3.75% to 5.50%) per annum.

		Dec. 31 / 2017	Dec. 31 / 2016
		----- Rupees -----	
10	Loans and other receivables		
	Loan to employees and agents	4,368,750	4,479,050
	Advance for purchase of assets	13,593,500	57,895,000
	Security deposits	5,477,649	5,477,649
	Accrued interest	1,149,258	1,478,781
	Sundry receivables	327,637	3,621,022
		<u>24,916,794</u>	<u>72,951,502</u>

Notes to and Forming Part of the Financial Statements

For the Year Ended December 31, 2017

11	Insurance / Reinsurance receivables			
	Unsecured but considered good			
	- Due from insurance contract holders	- note 11.1	250,430,788	261,496,512
	- Due from other insurers / reinsurers		35,837,977	36,994,571
			<u>286,268,765</u>	<u>298,491,083</u>
	11.1 Due from insurance contract holders			
	Considered good		250,430,788	261,496,512
	Considered doubtful	- note 11.1.1	77,280,819	-
			<u>327,711,607</u>	<u>261,496,512</u>
	Less: Provision for doubtful receivables		77,280,819	-
			<u>250,430,788</u>	<u>261,496,512</u>
	11.1.1 Provision for doubtful receivables			
	Balance at beginning of the year		-	4,349,658
	Add: Provision for doubtful receivables during the year		77,280,819	22,288,883
	Less: Doubtful receivables written off during the year		-	(26,638,541)
	Balance at end of the year		<u>77,280,819</u>	<u>-</u>
			Dec. 31 / 2017	Dec. 31 / 2016
			----- Rupees -----	
12	Prepayments			
	Prepaid reinsurance premium ceded		<u>10,743,919</u>	<u>28,292,204</u>
13	Cash and bank balances			
	Cash in hand	- note 13.1	226,957	396,573
	Cash with banks	- note 13.2	28,523,723	8,033,522
			<u>28,750,680</u>	<u>8,430,095</u>
	13.1 Cash in hand			
	Cash in hand		103,657	107,573
	Policy & Revenue stamps, Bond papers		123,300	289,000
			<u>226,957</u>	<u>396,573</u>
	13.2 Cash with banks			
	On current accounts		9,978,426	2,538,612
	On saving accounts	- note 13.2.1	483,939	433,552
	Cash with State Bank of Pakistan	- note 13.2.2	18,061,358	5,061,358
			<u>28,523,723</u>	<u>8,033,522</u>
	13.2.1 Cash with banks - on saving accounts			
	Mark up rate in respect of savings accounts ranges between 3.50% and 4.75% (2016: 6% to 9%) per annum.			
	13.2.2 Cash with State Bank of Pakistan			
	This represents deposit with State Bank of Pakistan pursuant to the requirements of clause (a) of sub - section 2 of section 29 of Insurance Ordinance, 2000.			
			Dec. 31 / 2017	Dec. 31 / 2016
			----- Rupees -----	
13.3	Cash and short term borrowing include the following for the purpose of the cash flow statement			
	Cash and cash equivalents		28,750,680	8,430,095
	Short term running finance		(111,999,911)	-
			<u>(83,249,231)</u>	<u>8,430,095</u>

Notes to and Forming Part of the Financial Statements

For the Year Ended December 31, 2017

	Dec. 31 / 2017	Dec. 31 / 2016	Dec. 31 / 2017	Dec. 31 / 2016
	----- Number of Shares -----		----- Rupees -----	
14 Ordinary share capital				
Ordinary shares of Rs. 10 each				
- Fully paid in cash	20,000,000	20,000,000	200,000,000	200,000,000
- Fully paid as bonus shares	26,401,450	20,001,250	264,014,500	200,012,500
	46,401,450	40,001,250	464,014,500	400,012,500

14.1 The Company has only one class of ordinary shares. The holder of ordinary shares are entitled to receive dividend as declared and entitled to vote at meetings of the Company.

14.2 The Company has no reserved shares for issue under option and sales contracts.

14.3 Reconciliation of number of shares at beginning and at end of the year is as under:

	Dec. 31 / 2017	Dec. 31 / 2016	Dec. 31 / 2017	Dec. 31 / 2016
	----- Number of Shares -----		----- Rupees -----	
At beginning of the year	40,001,250	40,001,250	400,012,500	400,012,500
Bonus shares issued during the year	6,400,200	-	64,002,000	-
At end of the year	46,401,450	40,001,250	464,014,500	400,012,500

15 General Reserves

	Dec. 31 / 2017	Dec. 31 / 2016
	----- Rupees -----	
Balance at beginning of the year	114,987,500	114,987,500
Less: Bonus shares issued during the year	(64,002,000)	-
Balance at end of the year	50,985,500	114,987,500

These represent distributable profits transferred and utilizable at the discretion of the board of directors.

	Dec. 31 / 2017	Dec. 31 / 2016
	----- Rupees -----	
16 Surplus on revaluation of fixed assets		
Balance at beginning of the year	9,312,511	9,586,146
Less: Adjustment of revaluation surplus on disposal	(1,268,251)	-
Less: Transferred to unappropriated profit in respect of incremental depreciation (net of deferred tax)	(103,291)	(273,635)
Balance at end of the year	7,940,969	9,312,511

The latest revaluation of freehold land and building was carried out by independent valuers M/s. Muhammad Siddique Associates on December 31, 2015, who issued their report dated March 21, 2016 in this regard. According to this revaluation report market value of these assets is Rs. 69.766 million and forced sale value is Rs. 62.789 million; suggesting an increase in market value of about Rs. 1.871 million only. The directors are of the view that as the suggested change in existing valuation is not significant, hence no new adjustment is required. The basis used for valuation were as follows:

Notes to and Forming Part of the Financial Statements

For the Year Ended December 31, 2017

	Dec. 31 / 2017	Restated Dec. 31 / 2016
	----- Rupees -----	
17 Deferred taxation		
Deferred tax liability on taxable temporary differences:		
Tax depreciation allowance	29,936,095	19,847,620
Loss on re-measurement of available for sale investments	410,103	218,335
Deferred tax asset on deductible temporary differences:		
Provision for doubtful receivables	(23,184,246)	-
	<u>7,161,952</u>	<u>20,065,955</u>

18 Short term borrowing		
Running finance facility	- note 18.1	-
	<u>111,999,911</u>	<u>-</u>

18.1 The Company had obtained a running finance facility from The Bank of Punjab having sanctioned limit of Rs. 112 million to meet the day to day working capital requirements of the Company. The facility is secured against call deposits of the Company amounting to Rs. 118 million which are invested with the Bank of Punjab. It carries markup at the rate of 2% over and above the rate on call deposits which will be changed with the change in the markup rate of call deposits, markup is payable on quarterly basis. The above facility will expire on March 17, 2018.

	Dec. 31 / 2017	Restated Dec. 31 / 2016
	----- Rupees -----	
19 Insurers / reinsurers payables		
Foreign reinsurers	11,450,410	7,245,234
Local reinsurer	29,246,554	116,968,983
	<u>40,696,964</u>	<u>124,214,217</u>

20 Other creditors		
Sales tax / Federal excise duty	22,106,951	3,826,264
Federal insurance fee	2,518,832	1,636,980
Accrued expenses	1,759,118	2,043,707
Withholding tax payable	4,626,614	4,481,266
Payable to staff provident fund	32,656	120,212
Unclaimed dividends	657,622	657,622
Others	380,000	7,443,534
	<u>32,081,793</u>	<u>20,209,585</u>

	Dec. 31 / 2017	Dec. 31 / 2016
	----- Rupees -----	
21 Taxation - provision less payments		
Balance at beginning of the year	656,688	9,673,789
Add: Charge for -		
Current year	33,071,592	2,547,596
Prior period taxation	-	(8,857,458)
	<u>33,071,592</u>	<u>(6,309,862)</u>
Less: Paid during the year	(3,669,001)	(2,707,239)
Balance at end of the year	<u>30,059,279</u>	<u>656,688</u>

22 Contingencies and commitments		
22.1 There are certain cases pending for adjudication before Civil, Session and High Court amounting to Rs. 80 million (2016: Rs. 12.721 million). No provision has been made in these financial statements in respect of the aforementioned matters as the management is confident that the ultimate outcome of cases will be in favor of the Company.		

Notes to and Forming Part of the Financial Statements

For the Year Ended December 31, 2017

22.2 The Company is defendant in a lawsuit of Marine insurance claim amounting to Rs. 64 million before the Federal Insurance Ombudsman against Shaikh Pipe Mills. However provision in respect of the said liability has been included in these financial statements under provision for outstanding claims amounting to Rs. 41.2 million.

	Dec. 31 / 2017	Dec. 31 / 2016
	----- Rupees -----	
23 Net insurance premium		
Gross premium written	201,097,884	352,439,833
Add: Opening unearned premium reserve	163,091,409	204,517,465
Less: Closing unearned premium reserve	30,352,537	163,091,409
Premium earned	<u>333,836,756</u>	<u>393,865,889</u>
Less: Reinsurance premium ceded	28,688,214	57,334,408
Add: Opening prepaid reinsurance premium ceded	28,292,204	113,866,968
Less: Closing prepaid reinsurance premium ceded	10,743,919	28,292,204
Reinsurance expense	<u>46,236,499</u>	<u>142,909,172</u>
	<u><u>287,600,257</u></u>	<u><u>250,956,717</u></u>
24 Net insurance claims		
Claims paid	884,570	82,659,903
Add: Closing outstanding claims (including IBNR)	47,967,350	44,694,400
Less: Opening outstanding claims (including IBNR)	44,694,400	44,509,457
Claim expenses	<u>4,157,520</u>	<u>82,844,846</u>
Less: Reinsurance and other recoveries received	15,600	11,250
Add: Closing reinsurance recoveries receivable	-	-
Less: Opening reinsurance recoveries receivable	-	2,022,612
Reinsurance and other recoveries revenue	<u>15,600</u>	<u>(2,011,362)</u>
	<u><u>4,141,920</u></u>	<u><u>84,856,208</u></u>
	Dec. 31 / 2017	Dec. 31 / 2016
	----- Rupees -----	
25 Net commission and other acquisition cost		
Commission paid or payable	37,958,985	52,599,106
Add: Opening deferred commission expense	24,749,144	23,600,999
Less: Closing deferred commission expense	5,885,353	24,749,144
Net commission expense	<u>56,822,776</u>	<u>51,450,961</u>
Less: Commission received / recoverable from reinsurer	160,038	21,510,086
	<u><u>56,662,738</u></u>	<u><u>29,940,875</u></u>
26 Management expenses		
Salaries, wages and benefits	26,878,645	23,157,814
Entertainment	4,935,458	4,586,273
Rent, rates and taxes	5,757,756	4,944,740
Electricity, gas and water	3,349,467	3,622,353
Travelling and conveyance	9,900	40,220
Computer expenses	77,600	239,150
Communication	6,300,594	5,501,378
Service charges	8,328	12,112
Registration, subscription and association	1,815,211	1,109,073
Provision for doubtful receivables	77,280,819	22,288,883
	<u><u>126,413,778</u></u>	<u><u>65,501,996</u></u>

- note 26.1

Notes to and Forming Part of the Financial Statements

For the Year Ended December 31, 2017

26.1 Salaries, wages and benefits

These include contribution to provident fund amounting to Rs. 75,425 (2016: Rs. 74,412).

	Dec. 31 / 2017	Dec. 31 / 2016	
	----- Rupees -----		
27 Investment income			
Available for sale investments			
- Dividend income	17,973	304,232	
- Gain on disposal of available for sale investment	3,238,490	3,746,149	
	3,256,463	4,050,381	
Held to maturity investments			
- Return on government debt securities	3,832,727	3,934,953	
- Return on term deposits and others	5,742,490	7,539,598	
	9,575,217	11,474,551	
Total investment income	12,831,680	15,524,932	
Less: Investment related expenses	(817,031)	(1,072,551)	
	<u>12,014,649</u>	<u>14,452,381</u>	
28 Other income			
Income from non-financial assets			
Gain on disposal of investment properties	4,580,821	-	
Gain on disposal of property and assets	9,701,471	717,440	
Others	695	23,100	
	14,282,987	740,540	
Income from financial assets			
Return on deposits with banks	1,239	355,701	
Liabilities no longer payable written back	-	7,583,070	
	1,239	7,938,771	
	<u>14,284,226</u>	<u>8,679,311</u>	
29 Other expenses			
Salaries and allowances	- note 29.1	21,991,617	18,947,303
Motor vehicle expenses		11,411,402	9,655,981
Tours and travelling		510,731	377,180
Books and periodicals		7,838	19,304
Printing and stationery		1,244,698	1,441,524
Depreciation	- note 29.2	21,825,034	13,241,795
Amortisation		15,696	-
Office cleaning and maintenance		507,667	1,086,782
Auditors' remuneration	- note 29.3	1,000,000	1,423,750
Advertisement		239,100	256,200
Legal and professional		3,393,040	5,275,916
Insurance		548,216	558,234
Charity and donations	- note 29.4	9,700	16,070
Sundry expenses		1,041,400	654,488
		<u>63,746,139</u>	<u>52,954,527</u>

Notes to and Forming Part of the Financial Statements

For the Year Ended December 31, 2017

29.1 Salaries and allowances

These include contribution to provident fund amounting to Rs. 61,711 (2016: Rs. 58,428).

29.2 Depreciation is allocated to other expenses, which is composed of:

Property and assets - note 5
Investment properties - note 6

Dec. 31 / 2017	Dec. 31 / 2016
----- Rupees -----	
9,511,731	8,596,148
12,313,303	4,645,647
<u>21,825,034</u>	<u>13,241,795</u>

29.3 Auditors' remuneration

Audit fee
Review of Code of Corporate Governance
Fee for interim review
Certification charges
Out of pocket expenses

660,000	660,000
105,000	105,000
168,000	168,000
55,000	475,000
12,000	15,750
<u>1,000,000</u>	<u>1,423,750</u>

29.4 Charity and donations

None of the directors or their spouses have any interest in the donees.

30 Finance cost

Mark-up on short-term borrowings
Bank charges and commission

Dec. 31 / 2017	Dec. 31 / 2016
----- Rupees -----	
3,798,861	-
983,384	498,132
<u>4,782,245</u>	<u>498,132</u>

31 Taxation

Current year
Prior year - note 31.1
Deferred

33,071,592	2,547,596
-	(8,723,986)
(13,095,771)	16,765,976
<u>19,975,821</u>	<u>10,589,586</u>

31.1 Prior periods assessment

Income tax assessment for tax year 2017 (financial year ended December 31, 2016) is deemed to have been assessed under section 120 of the Income Tax Ordinance, 2001.

31.2 Relationship between tax expense and accounting profit

Accounting profit for the year

Tax at the rate of 30% (2016: 31%)
Tax effect of income subject to FTR
Tax effect of admissible amounts for tax purposes
Tax effect of minimum taxation
Tax effect of timing difference
Tax effect of prior years
Tax charge for the year

Dec. 31 / 2017	Dec. 31 / 2016
----- Rupees -----	
60,216,970	43,912,865
18,065,091	13,612,988
(3,145)	(56,283)
15,009,640	(11,009,109)
-	-
(13,095,771)	16,765,976
-	(8,723,986)
<u>19,975,821</u>	<u>10,589,586</u>

Notes to and Forming Part of the Financial Statements

For the Year Ended December 31, 2017

32 Earnings per share

The calculation of the basic earnings per share is based on the following data :

		Dec. 31 / 2017	Restated Dec. 31 / 2016
Profit after taxation attributable to ordinary shares	Rupees	40,241,149	32,216,835
Weighted average number of ordinary shares outstanding	Number	46,401,450	46,401,450
Earning per share (Rupees)	Rupees	<u>0.87</u>	<u>0.69</u>

32.1 Diluted earnings per share

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

33 Transactions With Related Parties

Related parties comprise of directors of the company, key management personnel and post employment benefit plans. Remuneration of directors, chief executive and other executives are disclosed in note 34. The transactions are as follows:

	Dec. 31 / 2017	Dec. 31 / 2016
	----- Rupees -----	
Transactions with directors, chief executive officer and executive of the Company		
Sale of Investment Property 380/2 Phase Z DHA Lahore	20,800,000	-
Remuneration paid	4,613,135	3,898,676
Contribution paid to provident fund	137,136	129,840

All transactions with related parties have been carried out on commercial terms and conditions.

34 Remuneration of chief executive and directors

The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits to the chief executive, directors and other executives of the Company is as follows:

	Chief Executive Officer		Executive Directors		Management Executives		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	----- Rupees -----							
For the year ended December 31, 2017								
Managerial remuneration	226,667	400,000	284,800	640,000	1,790,000	536,000	2,301,467	1,576,000
House rent	90,667	160,000	113,920	256,000	716,000	214,400	920,587	630,400
Utilities	22,667	40,000	28,480	64,000	179,000	53,600	230,147	157,600
Others	452,356	588,789	708,578	945,887	-	-	1,160,934	1,534,676
	<u>792,357</u>	<u>1,188,789</u>	<u>1,135,778</u>	<u>1,905,887</u>	<u>2,685,000</u>	<u>804,000</u>	<u>4,613,135.00</u>	<u>3,898,676</u>
Number of persons	<u>1</u>	<u>1</u>	<u>2</u>	<u>2</u>	<u>4</u>	<u>1</u>	<u>7</u>	<u>4</u>

Managerial remuneration includes basic salary, house rent allowance and utility allowance.

The Chief Executive and other executives of the Company are entitled to medical reimbursement upto a prescribed limit as per Company's policy.

Remuneration to the above key management personnel are in accordance with the terms of their employment. Contribution to the provident fund is in accordance with the Company's staff services rules and other transactions with the related parties are in accordance with the agreed terms.

During the period Mr. Nasir Ali remained CEO till August 9, 2017, and Mr. Mazhar Zahoor was appointed as CEO of the Company on December 11, 2017. Further, Mr. Ghulam Mustafa also resigned as Executive Director on June 2, 2017 and effective from the same date Mr. Sajid Rubbani was appointed as Executive Director of the Company.

In addition to above the chief executive and the directors are provided with free use of Company's maintained cars and residential telephone and utility bills.

35 Number of employees

	Dec. 31 / 2017	Dec. 31 / 2016
Number of employees as at the end of year	147	138
Average number of employees during the year	143	135

36 Provident fund disclosure

The following information is based on the audited financial statements of the fund:

	Dec. 31 / 2017	Dec. 31 / 2016
	----- Rupees -----	
Size of the fund - total assets	1,550,684	2,125,400
Cost of Investments made	939,905	1,343,819
Percentage of investments made	60.61%	63.23%
Fair Value of investments	939,905	1,343,819

The break-up of cost of investments is:

	Dec. 31 / 2017	Dec. 31 / 2016	Dec. 31 / 2017	Dec. 31 / 2016
	----- % age -----		----- Rupees -----	
With bank (saving account)	46.80%	33.03%	439,905	443,819
Fixed Deposit Receipts	53.20%	66.97%	500,000	900,000
	<u>100.00%</u>	<u>100.00%</u>	<u>939,905</u>	<u>1,343,819</u>

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

Notes to and Forming Part of the Financial Statements

For the Year Ended December 31, 2017

37 Segment Reporting

	2017				
	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Aggregate
	Dec. 31 / 2017	Dec. 31 / 2017	Dec. 31 / 2017	Dec. 31 / 2017	Dec. 31 / 2017
	----- Rupees -----				
Gross Written Premium (inclusive of administrative surcharge)	<u>108,174,442</u>	<u>69,849,563</u>	<u>9,651,694</u>	<u>13,422,185</u>	<u>201,097,884</u>
Insurance premium earned	194,921,385	101,190,133	15,747,239	21,977,999	333,836,756
Insurance premium ceded to reinsurers	<u>(30,186,238)</u>	<u>(13,608,337)</u>	<u>(1,298,500)</u>	<u>(1,143,424)</u>	<u>(46,236,499)</u>
Net insurance premium	<u>164,735,147</u>	<u>87,581,796</u>	<u>14,448,739</u>	<u>20,834,575</u>	<u>287,600,257</u>
Commission income	-	-	-	160,038	160,038
Net underwriting income	<u>164,735,147</u>	<u>87,581,796</u>	<u>14,448,739</u>	<u>20,994,613</u>	<u>287,760,295</u>
Insurance claims	<u>(472,883)</u>	<u>3,242,084</u>	<u>848,154</u>	<u>540,165</u>	<u>4,157,520</u>
Insurance claims recovered from reinsurers	-	-	-	(15,600)	(15,600)
Net claims	<u>(472,883)</u>	<u>3,242,084</u>	<u>848,154</u>	<u>524,565</u>	<u>4,141,920</u>
Commission expense	33,442,266	17,948,387	2,489,343	2,942,780	56,822,776
Management expenses	68,000,417	43,908,702	6,067,230	8,437,429	126,413,778
Net insurance claims and expenses	<u>100,969,800</u>	<u>65,099,173</u>	<u>9,404,727</u>	<u>11,904,774</u>	<u>187,378,474</u>
Underwriting results	<u>63,765,347</u>	<u>22,482,623</u>	<u>5,044,012</u>	<u>9,089,839</u>	<u>100,381,821</u>
Investment income					12,014,649
Rental income					2,064,658
Other income					14,284,226
Other expenses					(63,746,139)
Finance cost					<u>(4,782,245)</u>
Profit before tax					<u>60,216,970</u>
Segment assets	162,934,714	105,208,942	14,537,592	20,216,789	302,898,037
Unallocated assets					<u>615,279,622</u>
Total assets					<u>918,177,659</u>
Segment liabilities	77,268,152	49,892,992	6,894,129	9,587,361	143,642,634
Unallocated liabilities					<u>156,677,152</u>
Total liabilities					<u>300,319,786</u>
	----- Rupees -----				
	2016				
	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Aggregate
	Dec. 31 / 2016	Dec. 31 / 2016	Dec. 31 / 2016	Dec. 31 / 2016	Dec. 31 / 2016
	----- Rupees -----				
Gross Written Premium (inclusive of administrative surcharge)	<u>219,960,716</u>	<u>91,189,428</u>	<u>15,779,938</u>	<u>25,509,751</u>	<u>352,439,833</u>
Insurance premium earned	207,676,960	130,345,043	15,184,913	40,658,973	393,865,889
Insurance premium ceded to reinsurers	<u>(86,708,422)</u>	<u>(41,801,323)</u>	<u>(750,000)</u>	<u>(13,649,427)</u>	<u>(142,909,172)</u>
Net insurance premium	<u>120,968,538</u>	<u>88,543,720</u>	<u>14,434,913</u>	<u>27,009,546</u>	<u>250,956,717</u>
Commission income	11,805,774	6,530,147	-	3,174,165	21,510,086
Net underwriting income	<u>132,774,312</u>	<u>95,073,867</u>	<u>14,434,913</u>	<u>30,183,711</u>	<u>272,466,803</u>
Insurance claims	<u>40,455,200</u>	<u>42,501,104</u>	<u>518,542</u>	<u>(630,000)</u>	<u>82,844,846</u>
Insurance claims recovered from reinsurers	<u>887,250</u>	<u>704,112</u>	-	420,000	<u>2,011,362</u>
Net claims	<u>41,342,450</u>	<u>43,205,216</u>	<u>518,542</u>	<u>(210,000)</u>	<u>84,856,208</u>
Commission expense	28,379,268	16,560,974	1,699,850	4,810,869	51,450,961
Management expenses	<u>40,880,356</u>	<u>16,947,828</u>	<u>2,932,749</u>	<u>4,741,063</u>	<u>65,501,996</u>
Net insurance claims and expenses	<u>110,602,074</u>	<u>76,714,018</u>	<u>5,151,141</u>	<u>9,341,932</u>	<u>201,809,165</u>
Underwriting results	<u>22,172,238</u>	<u>18,359,849</u>	<u>9,283,772</u>	<u>20,841,779</u>	<u>70,657,638</u>
Investment income					14,452,381
Rental income					2,469,750
Other income					8,679,311
Other expenses					(52,954,527)
Finance cost					<u>(498,132)</u>
Profit before tax					<u>42,806,421</u>
Segment assets	219,394,399	90,954,649	15,739,311	25,444,073	351,532,432
Unallocated assets					<u>598,545,610</u>
					<u>950,078,042</u>
Segment liabilities	210,613,715	87,314,428	15,109,386	24,425,741	337,463,270
Unallocated liabilities					<u>35,468,984</u>
					<u>372,932,254</u>

Notes to and Forming Part of the Financial Statements

For the Year Ended December 31, 2017

38 Movement in investments

	Available for sale	Held to maturity	Aggregate
	----- Rupees -----		
As at December 31, 2015	39,130,756	258,300,000	297,430,756
Net movement	(34,567,507)	(104,441,577)	(139,009,084)
Fair value gains / (losses) net (excluding gains / losses realized)	704,308	-	704,308
As at December 31, 2016	5,267,557	153,858,423	159,125,980
Additions	77,801,571	6,195,484	83,997,055
Disposal (sale and redemption)	(81,640,533)	(13,000,000)	(94,640,533)
Fair value gains / (losses) net (excluding gains / losses realized)	662,703	-	662,703
Amortization of premium/ discount	-	(15,696)	(15,696)
As at December 31, 2017	2,091,298	147,038,211	149,129,509

39 Statement of solvency

	2017
	...Rupees...
ASSETS	
Property and equipment	115,289,416
Investment properties	297,193,223
Investments	
- Equity securities	2,091,298
- Government debt securities	29,038,211
- Term deposit and others	118,000,000
Loans and other receivables	24,916,794
Insurance / reinsurance receivables	286,268,765
Deferred commission expense / Acquisition cost	5,885,353
Prepayments	10,743,919
Cash and bank balances	28,750,680
Total assets (A)	918,177,659
In-admissible assets as per section 32(2) of the Insurance Ordinance, 2000	
Property and equipment	32,421,050
Investment properties	163,296,403
- Term deposit and others	118,000,000
Loans and other receivables	4,368,750
Insurance / reinsurance receivables	286,268,765
Total of in-admissible assets (B)	604,354,968
Total admissible assets (C=A-B)	313,822,691
Total Liabilities	
Underwriting provisions	
- Provision for outstanding claims (including IBNR)	47,967,350
- Provision for unearned premium	30,352,537
Deferred taxation	7,161,952
Short term borrowing	111,999,911
Insurers / reinsurers payables	40,696,964
Taxation-provision less payments	32,081,793
Other creditors	30,059,279
Total Liabilities (D)	300,319,786
Total net admissible assets (E=C-D)	13,502,905
Minimum Solvency Requirement (F)	150,000,000
Deficit in Net Admissible Assets over Minimum Requirements (E-F)	(136,497,095)

Notes to and Forming Part of the Financial Statements

For the Year Ended December 31, 2017

40 Capital management

The Company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for share holders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts. The Company's overall strategy remains unchanged from 2011.

In accordance with Insurance Rules 2017, minimum paid up capital requirement to be complied with by Insurance Companies at the end of the year is Rs. 500 million. The Company is non-compliant with the aforementioned requirement, however, the management is taking steps for right issue of shares and believe that the above requirement will be fulfilled before December 31, 2019.

41 Insurance risk management

The Company issue contracts that transfer insurance risk or financial risk or both. This section summarises the insurance risks and the way the Company manages them.

41.1 Insurance risk

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

The Company accepts insurance through issuance of general insurance contracts. For these general insurance contracts the most significant risks arise from fire, atmospheric disturbance, earthquakes, transit, theft and third party liabilities etc.

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

41.2 Frequency and severity of claims

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

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

41.3 Uncertainty in estimation of future claim payments

Claims on general insurance contracts are payable on a claim occurrence basis. The Company is liable for all insured events as per terms and condition of the insurance contract.

Key source of estimation uncertainty at the balance sheet date relates to valuation of outstanding claims, whether reported or not, and includes expected claims settlement costs. Considerable judgment by management is required in the estimation of amounts due to policyholders arising from claims made under insurance contracts. Such estimates are necessarily based on assumptions about several factors involving varying and possibly significant degrees of judgment and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities. Qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example one-off occurrence, changes in market factors such as public attitude to claiming and economic conditions. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect estimates.

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the balance sheet date and for the expected ultimate cost of claims incurred but not reported (IBNR) at the balance sheet date. The details of estimation of outstanding claims (including IBNR) are given under note 4.9.

There are several variable factors which affect the amount and timing of recognised claim liabilities. The Company takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be different from initial recognised amount. Similarly, the provision for claims incurred but not reported is based on historic reporting pattern of the claims; hence, actual amount of incurred but not reported claims may differ from the amount estimated. Outstanding claims are reviewed on a periodic basis.

Notes to and Forming Part of the Financial Statements

For the Year Ended December 31, 2017

41.4 Key assumptions

The process used to determine the assumptions for calculating the outstanding claim reserve is intended to result in neutral estimates of the most likely or expected income. The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed on a separate case to case basis with due regard to the claim circumstances, information available from surveyors and historical evidence of the size of similar claims. Core estimates are reviewed regularly and are updated as and when new information is available.

Estimation of IBNR is generally subject to a greater degree of uncertainty than estimation of cost of settling claims already notified to the Company, in which case information about claim event is available. IBNR provisions are initially estimated at a gross level and a separate calculation is carried out to estimate the size of the reinsurance recoveries. The estimation process takes into account the past claims reporting pattern and details of reinsurance programs.

The premium liabilities have been determined such that the total premium liability provisions (unearned premium reserve and premium deficiency reserve) would be sufficient to service the future expected claims and expenses likely to occur on the unexpired policies as of balance sheet date. The expected future liability is determined using estimates and assumptions based on the experience during the expired period of the contracts and expectations of future events that are believed to be reasonable.

41.5 Sensitivity analysis

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

The claim liabilities are sensitive to the incidence of insured events and severity / size of claims. As the Company enters into short term insurance contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below, showing the impact on profit before tax net of reinsurance. The impact of 10% increase / decrease in incidence of insured events on profit before tax and shareholder's equity is as follows:

	Underwriting Results		Shareholders' Equity	
	2017	2016	2017	2016
	----- Rupees -----		----- Rupees -----	
Average claim cost				
Fire and property damage	(47,288)	4,134,245	(33,102)	2,852,629
Marine, aviation and transport	324,208	4,320,522	226,946	2,981,160
Motor	84,815	51,854	59,371	35,779
Others	52,457	(21,000)	36,720	(14,490)
	<u>414,192</u>	<u>8,485,621</u>	<u>289,935</u>	<u>5,855,078</u>

41.6 Concentration of risk

To optimise benefits from the principle of average and law of large numbers, geographical spread of risk is of extreme importance. There are a number of parameters which are significant in assessing the accumulation of risk with reference to the geographical location, the most important of which is risk survey.

Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated with the commercial / industrial / residential occupation of the insured. Details regarding fire separation / segregation with respect to manufacturing process, storage, utilities, etc. are extracted from layout plan of the insured facility. Such details are formed part of the reports which are made available to the underwriters / reinsurance personnel for their evaluation.

Reference is made to the standard construction specification as laid down by IAP (Insurance Association of Pakistan). For instance, the presence of perfect party walls, double fire proof iron doors, physical separation between the building within an insured's premises. It is basically the property contained within an area which is separated by another property by sufficient distance to confine insured damage from uncontrolled fire and explosion under the most adverse conditions to that one area.

Notes to and Forming Part of the Financial Statements

For the Year Ended December 31, 2017

For marine risks, complete underwriting details such as sums insured, mode of transport (air / inland transit), vessel identification, sailing dates, origin and destination of the shipments, per carry limits, accumulation of sum insured on a single voyage etc. are taken into consideration.

The ability to manage catastrophic risk is tied managing the density of risk within a particular area. For catastrophic aggregates, the system assigns precise geographic CRESTA (Catastrophe Risk Evaluating and standardising Target Accumulations) codes with reference to the accumulation of sum insured in force at any particular location against natural perils.

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

The Company minimises its exposure to significant losses by obtaining reinsurance from a number of reinsurers, who are dispersed over several geographical regions.

42 Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

Credit risk

Liquidity risk

Market risk (including interest / mark up rate risk and price risk)

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and adhoc reviews of risk management control and procedures, the results of which are reported to the Audit Committee.

41.1 Credit risk and concentration of credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company attempts to control credit risk by monitoring credit exposures by undertaking transactions with a large number of counterparties in various industries and by continually assessing the credit worthiness of counterparties.

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

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

Notes to and Forming Part of the Financial Statements For the Year Ended December 31, 2017

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

Accounts nomenclature	Category of financial assets	Dec. 31 / 2017	Dec. 31 / 2016
		----- Rupees -----	
Investments:			
- Term deposits	Held to maturity	118,000,000	118,000,000
Loans and other receivables	Loans and receivables	24,916,794	72,951,502
Insurance / Reinsurance receivables	Loans and receivables	285,818,765	298,491,083
Bank deposits	Loans and receivables	28,523,723	8,033,522
		<u>457,709,282</u>	<u>497,476,107</u>

Geographical concentration of credit risk

Geographically there is no concentration of credit risk.

Securities and provisions against receivables

The Company does not hold collateral as security. There is no single significant customer in the receivables of the Company. General provision is made for due from insurance contract holders against doubtful receivable as disclosed in note 11.1 to these financial statements. The remaining past due balances were not impaired as they relate to a number of policy holders and other insurers/reinsurers for whom there is no recent history of default.

Age analysis of financial assets at the reporting date is as below:

	December 31, 2017			
	Carrying Amount	Upto One year	From 1 to 2 years	More than 2 years
	----- Rupees -----			
Loans and other receivables	24,916,794	15,223,145	5,477,649	4,216,000
Insurance / Reinsurance receivables	<u>286,268,765</u>	<u>275,795,052</u>	<u>10,473,713</u>	<u>-</u>
	<u>311,185,559</u>	<u>291,018,197</u>	<u>15,951,362</u>	<u>4,216,000</u>

	December 31, 2016			
	Carrying Amount	Upto One year	From 1 to 2 years	More than 2 years
	----- Rupees -----			
Loans and other receivables	72,951,502	68,735,502	4,216,000	-
Insurance / Reinsurance receivables	<u>298,491,083</u>	<u>174,665,832</u>	<u>123,825,251</u>	<u>-</u>
	<u>371,442,585</u>	<u>243,401,334</u>	<u>128,041,251</u>	<u>-</u>

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

	Rating	Agency	Dec. 31 / 2017	Dec. 31 / 2016
			----- Rupees -----	
National Bank of Pakistan	AAA	PACRA	103,136	157,973
Habib Bank Limited	AAA	JCR - VIS	68,450	323,140
Bank Islami Limited	A+	PACRA	2,959	2,994
Allied Bank Limited	AA+	PACRA	588,781	315,890
MCB Bank Limited	AAA	PACRA	2,545,872	376,049
The Bank of Punjab	AA	PACRA	6,222,918	166,869
United Bank Limited	AAA	JCR - VIS	62,384	82,327
Soneri Bank Limited	AA-	PACRA	2,826	3,324
The Bank of Khyber	A	PACRA	17,002	12,201
Faysal Bank Limited	AA	PACRA	17,547	17,547

Notes to and Forming Part of the Financial Statements

For the Year Ended December 31, 2017

			Dec. 31 / 2017	Dec. 31 / 2016
	Rating	Agency	----- Rupees -----	
First Women Bank Limited	A-	PACRA	7,952	7,952
SILK Bank Limited	A-	JCR - VIS	3,756	3,756
Zarai Taraqati Bank Limited	AAA	JCR - VIS	474,504	435,886
The Punjab Provincial Cooperative Bank Limited			281,669	966,869
Bank Al-Falah Limited	AA+	PACRA	427	56,967
Habib Metropolitan Bank Limited	AA+	PACRA	28,440	10,596
Bank Al-Habib Limited	AA+	PACRA	13,334	16,819
Meezan Bank Limited	AA	JCR - VIS	20,408	15,005
State Bank of Pakistan			18,061,358	5,061,358
			<u>28,523,723</u>	<u>8,033,522</u>

41.1.3 Sector wise analysis of amount due from insurance contract holders

	Dec. 31 / 2017		Dec. 31 / 2016	
	Rupees	% age	Rupees	% age
Cables and rubber	7,492,083	2.99%	17,595,977	6.73%
Engineering	34,873,906	13.93%	36,150,227	13.82%
Construction	11,254,640	4.49%	9,904,993	3.79%
Services	38,059,857	15.20%	37,483,250	14.33%
Textile and composites	85,784,413	34.25%	81,949,697	31.34%
Agriculture	19,931,717	7.96%	20,024,799	7.66%
Other manufacturing	11,257,889	4.50%	9,342,669	3.57%
Miscellaneous	41,776,266	16.68%	49,044,900	18.76%
	<u>250,430,788</u>	<u>100.00%</u>	<u>261,496,512</u>	<u>100.00%</u>

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

	Financial Strength Ratings		Aggregate	
	A or above	Uptill BBB	Dec. 31 / 2017	Dec. 31 / 2016
	----- Rupees -----			
Amounts due from other insurers / reinsurers	34,303,499	1,534,478	35,837,977	36,994,571
Other reinsurance assets	10,743,919	-	10,743,919	28,292,204
	<u>45,047,418</u>	<u>1,534,478</u>	<u>46,581,896</u>	<u>65,286,775</u>

41.2 Settlement risk

The company's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed on sale.

This risk is addressed more or less in accordance with the parameters set out in the credit risk management above.

41.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or may face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due.

41.4 Management of liquidity risk

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to fulfil its obligation; monitoring balance sheet liquidity ratios against internal and external requirements and maintaining debt financing plans.

Notes to and Forming Part of the Financial Statements

For the Year Ended December 31, 2017

41.5 Maturity analysis of financial assets and liabilities

The table below analyses the Company's financial assets and liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to maturity date and represents the undiscounted cash flows. The amounts in the table are the gross nominal undiscounted cash flows (including interest payments).

	December 31, 2017		
	Carrying amount	Upto one year	More than one year
	----- Rupees -----		
Financial assets			
Investments			
- Equity securities	2,091,298	2,091,298	-
- Debt securities	29,038,211	-	29,038,211
- Term deposits	118,000,000	118,000,000	-
Loans and other receivables	24,916,794	24,916,794	-
Insurance / Reinsurance receivables	286,268,765	286,268,765	-
Cash and bank balances	28,750,680	28,750,680	-
	<u>489,065,748</u>	<u>460,027,537</u>	<u>29,038,211</u>
Financial liabilities			
Outstanding claims	47,967,350	47,967,350	-
Short term borrowing	111,999,911	111,999,911	-
Insurers / reinsurers payables	40,696,964	40,696,964	-
Other creditors	32,081,793	32,081,793	-
	<u>232,746,018</u>	<u>232,746,018</u>	<u>-</u>

	December 31, 2016		
	Carrying amount	Upto one year	More than one year
	----- Rupees -----		
Financial assets			
Investments			
- Equity securities	5,267,557	5,267,557	-
- Debt securities	35,858,423	-	35,858,423
- Term deposits	118,000,000	118,000,000	-
Loans and other receivables	72,951,502	72,951,502	-
Insurance / Reinsurance receivables	298,491,083	298,491,083	-
Cash and bank balances	8,430,095	8,430,095	-
	<u>538,998,660</u>	<u>503,140,237</u>	<u>35,858,423</u>
Financial liabilities			
Outstanding claims	44,694,400	44,694,400	-
Insurers / reinsurers payables	124,214,217	124,214,217	-
Other creditors	20,209,585	20,209,585	-
	<u>189,118,202</u>	<u>189,118,202</u>	<u>-</u>

Notes to and Forming Part of the Financial Statements

For the Year Ended December 31, 2017

41.6 Market risk

Market risk means that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The market risks associated with the Company's business activities are interest / mark up rate risk and price risk. The Company is not exposed to material currency risk.

41.7 Interest / mark up rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate exposure arises from balances held in profit and loss sharing accounts with reputable banks and government securities. The Company limits interest rate risk by monitoring changes in interest rates. Other risk management procedures are the same as those mentioned in the credit risk management.

41.7.1 Sensitivity analysis

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

	Dec. 31 / 2017	Dec. 31 / 2016	Dec. 31 / 2017	Dec. 31 / 2016
	Effective interest rate (%)		----- Rupees -----	
Financial assets				
Subject to fixed rates				
Investment in government debt securities	9.60% to 12.00%	9.60% to 12.00%	29,038,211	35,858,423
Subject to variable rates				
Investment in TDRs	5.00% to 5.75%	5.00% to 6.50%	118,000,000	118,000,000
Balance with banks	3.50% to 4.75%	6.00% to 9.00%	483,939	433,552
Financial liabilities				
Subject to variable rates				
Short-term borrowings	7.00% to 7.75%	-	111,999,911	-

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit and loss account and equity of the Company.

Cash flow sensitivity analysis for variable rate instruments

A hypothetical change of 100 basis points in interest rates at the reporting date would have decreased/ (increased) profit for the year by the amounts shown below.

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

	Dec. 31 / 2017	Dec. 31 / 2016	Dec. 31 / 2017	Dec. 31 / 2016
	Increase of 100 bps mark-up		Decrease of 100 bps mark-up	
	----- Rupees -----		----- Rupees -----	
Cash flow sensitivity - Variable rate financial assets	336,008	605,569	(336,008)	(605,569)

Notes to and Forming Part of the Financial Statements

For the Year Ended December 31, 2017

41.8 Exposure to interest rate risk

A summary of the Company's interest rate gap position, categorised by the earlier of contractual re-pricing or maturity date, is as follows:

		31-Dec-17			
	Mark-up / Return % age	Less than 1 Year	1 Year to 5 Year	More than 5 Years	Total
		----- Rupees -----			
Assets					
Investment in debt securities	9.60% to 12.00%	-	19,500,000	9,538,211	29,038,211
Bank balances	3.50% to 4.75%	483,939	-	-	483,939
		<u>483,939</u>	<u>19,500,000</u>	<u>9,538,211</u>	<u>29,522,150</u>
Liabilities					
Short-term borrowings	7.00% to 7.75%	111,999,911	-	-	111,999,911
		<u>111,999,911</u>	<u>-</u>	<u>-</u>	<u>111,999,911</u>

		31-Dec-16			
	Mark-up / Return % age	Less than 1 Year	1 Year to 5 Year	More than 5 Years	Total
		----- Rupees -----			
Assets					
Investment in debt securities	9.60% to 12.00%	13,000,000	19,500,000	3,358,423	35,858,423
Bank balances	6.00% to 9.00%	433,552	-	-	433,552
		<u>13,433,552</u>	<u>19,500,000</u>	<u>3,358,423</u>	<u>36,291,975</u>

41.9 Price risk

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

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

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

41.9.1 Sensitivity analysis

The table below summarizes Company's equity price risk as of 31 December 2017 and 2016 and shows the effects of a hypothetical 10% increase / (decrease) in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse in Company's equity investment portfolio because of the nature of equity markets.

Notes to and Forming Part of the Financial Statements

For the Year Ended December 31, 2017

The impact of hypothetical change would be as follows:

	Dec. 31 / 2017	Dec. 31 / 2016
	----- Rupees -----	
Fair value	2,091,298	5,267,557
Hypothetical price change	± 10%	± 10%
Estimated fair value after hypothetical change in prices	209,130	526,756
Hypothetical variance in shareholders' equity	± 144,300	± 342,391
Hypothetical variance in profits / (loss) before tax	± 144,300	± 342,391

41.10 Foreign currency risk

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

41.11 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The carrying values of all financial assets and financial liabilities approximate their fair values except for equity and debt instruments whose fair values have been disclosed in their respective notes to these financial statements. Fair value is determined on the basis of objective evidence at each reporting 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: Quoted market price (unadjusted) in active market for identical instrument.
 Level 2: Valuation techniques based on observable inputs either directly or indirectly (i.e. derived from prices).
 Level 3: Valuation techniques using significant unobservable inputs.

	Level 1	Level 2	Level 3	Dec. 31 / 2017	Dec. 31 / 2016
	----- Rupees -----				
Available for sale investments	2,091,298	-	-	2,091,298	5,267,557
Held to maturity					
- Government securities	-	29,038,211	-	29,038,211	35,858,423
- Term deposits	118,000,000	-	-	118,000,000	118,000,000
	<u>120,091,298</u>	<u>29,038,211</u>	<u>-</u>	<u>149,129,509</u>	<u>159,125,980</u>

43 Restatement of error

After carrying out investigation and issuance of show cause notice, Securities and Exchange Commission of Pakistan ("SECP") has passed an order dated June 07, 2017 under section 11(1) (f) and section 12(1) and (4) read with section 63 (1) and section 156 of the Insurance Ordinance, 2000, directing the Company to cease entering into new contact of insurance from one month from date of direction. The operations of the Company remain ceased from July 7, 2017. The Company had filed an appeal against the above order with the appellant bench of SECP, which is pending adjudication. The management believes that there is every likelihood that the appeal will be decided in the favour of the Company.

The Company had also been directed to refund / pay Rs. 86.219 million on account of reinsurance claims to Pakistan Reinsurance Company Limited (PRCL) which relate to the years ended December 2014 and 2015. Financial statements for the year ended December 31, 2015 have been restated, to incorporate the impact of reinsurance recoveries against claims, which has been applied retrospectively in accordance with the treatment specified in International Accounting Standard (IAS) 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The effect of restatement is summarized below.

	Rupees
Total amount paid as determined by the authorities	86,219,685
Less: PRCL's share as per loss participation clause under the treaty	(11,531,931)
	<u>74,687,754</u>

Notes to and Forming Part of the Financial Statements

For the Year Ended December 31, 2017

	<u>Rupees</u>
43.1 Net impact of prior period restatement (prior to January 1, 2016)	
Impact on statement of financial position	
Decrease in un-appropriated profit (reinsurance recoveries against outstanding claims)	74,687,754
Increase in balance payable to PRCL	74,687,754
Impact on statement of comprehensive income	
Decrease in net claim expenses	74,687,754
Impact on earnings per share	1.61
Impact on cash flow statements	
Increase in movement in 'amount due to reinsurers'	74,687,754
Decrease in reinsurance recoveries against claims	(74,687,754)

There will be no impact of income tax payable as the tax returns for the year 2014 and 2015 were already filed in accordance with the provisions of section 113 of the Income Tax Ordinance, 2001.

The amendment clarifies the disclosure requirements for comparative information when an entity provides a third balance sheet as required by IAS 8 'Accounting policies, changes in accounting estimates and errors' the balance sheet should be as at the beginning of the preceding period i.e. the opening position. No notes are required to support this balance sheet.

44 Re-classifications and re-arrangements

As a result of adoption of Insurance Rules, 2017 and Insurance Regulations, 2017 (note 4.1) corresponding figures have been rearranged wherever necessary, for purposes of comparison. There were no material reclassification to report except as follows:

Nature	Transfer From	Transfer To	Rupees
Loan to employees	Loans to employees and agents	Loans and other receivables	4,479,050
Premiums due but unpaid	Premiums due but unpaid	Insurance / Reinsurance receivables	261,496,512
Amount due from other insurers	Amount due from other insurers	Insurance / Reinsurance receivables	36,994,571
Accrued investment income	Accrued investment income	Loans and other receivables	1,478,781
Advance for purchase of assets	Advance for purchase of assets	Loans and other receivables	57,895,000
Sundry receivables	Sundry receivables	Loans and other receivables	9,098,671
Deposits maturing within 12 months	Deposits maturing within 12 months	Investments	118,000,000
Deposits maturing after 12 months	Deposits maturing after 12 months	Investments	35,858,423
Deposits maturing after 12 months	Deposits maturing after 12 months	Cash and bank balances	5,000,000
Unclaimed dividends	Unclaimed dividends	Other creditors and accruals	657,622
Accrued expenses	Accrued expenses	Other creditors and accruals	2,043,707

45 Subsequent events - non adjusting

45.1 SECP has not permitted the Company to resume its operations till date of authorization of financial statements.

45.2 Short term borrowing facility of the Company has expired on March 31, 2018 and adjusted against short term deposits placed under lien.

45.3 The Company subsequently recovered Rs. 110 million approximately in respect of Insurance / Reinsurance receivables as disclosed in note 11, against which a commission of approximately Rs. 54 million is paid.

45.4 The Company subsequently re-acquired investment property situated at 380 / 2 Phase Z, DHA Lahore as disclosed in note 6.1.

46 Date of authorization for issue

These financial statements have been approved by the Board of Directors of the Company and are authorized for issue on April 04, 2019.

-sd-
Chairperson

-sd-
Chief Executive Officer

-sd-
Director

-sd-
Director

-sd-
Chief Financial Officer

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 70th Annual General Meeting (AGM) of The Pakistan General Insurance Company Limited (the "Company") will be held on Thursday, April 25, 2019 at 10:00 a.m. at PGI House, 5-A Bank Square, The Mall Lahore, to transact the following business:

1. To confirm the minutes of the Annual General Meeting of the Company held on April 29, 2017.
2. To receive and adopt the Audited Accounts for the year ended December 31, 2017 together with the Directors' and Auditors' Report thereon.
3. To appoint Auditors for the year ending December 31, 2018 and to fix their remuneration. Messrs Muniff Ziauddin & Co. Chartered Accountants, being eligible offer themselves for reappointment.
4. To elect seven directors of the Company as fixed by the board for the term of three years in accordance with the provisions of Section 159 of the Companies Act, 2017. The retiring directors are:
Ch. Mazhar Zahoor Parveen Zahoor Nasira Raees Sajid Rabbani
Muhammad Haroon Malik Ejaz Nazir Ch. Habibullah
5. To consider any other business of the Company with the permission of the Chair.

By Order of the Board

-SD-

Ch. Mohsin Ali
Company Secretary
Lahore: April 4, 2019

Notes:

1. The share transfer books of the Company will remain closed from Friday, April 19, 2019 to Wednesday, April 25, 2019 (both days inclusive).
2. A member entitled to attend and vote at this meeting is entitled to appoint another member of the Company as his/ her proxy to attend and vote on his/ her behalf. Proxy form, in order to be effective, must be received at the Registered Office of the Company duly stamped and signed not less than 48 hours before the meeting.
3. The CDC account/ sub account holders are requested to bring with them their Computerized National ID Cards along with the Participant(s) ID number and their account numbers at the time of attending the AGM in order to facilitate identification of the respective shareholders. In case of corporate entity, the Board of Directors Resolution/ Power of Attorney with specimen signatures be produced at the time of meeting.
4. Members are requested to promptly communicate any change in their address to our Share Registrar, M/s. Corplink (Private) Limited.
5. The Government of Pakistan through Finance Act, 2017 has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:
(i) For filers of income tax returns 15 %
(ii) For non-filers of income tax returns 20 %
6. The Securities and Exchange Commission of Pakistan (SECP) through its Notification S.R.O. 787(I)/2014 dated September 8, 2014 has permitted companies to circulate Audited Financial Statements along with Notice of Annual General Meeting to its members through e-mail. Accordingly, members are requested to send their consent and e-mail addresses for receiving Audited Financial Statements and Notices through e-mail.



جینا پروگرام

بڑے درجے، بڑے اہمیت، بڑے سائز

کھانے کی چیزیں خریدنے اور پکانے کے لیے

بڑے ڈیزائن

- 1- کھانے کی چیزیں خریدنے اور پکانے کے لیے
- 2- کھانے کی چیزیں خریدنے اور پکانے کے لیے
- 3- کھانے کی چیزیں خریدنے اور پکانے کے لیے
- 4- کھانے کی چیزیں خریدنے اور پکانے کے لیے
- 5- کھانے کی چیزیں خریدنے اور پکانے کے لیے
- 6- کھانے کی چیزیں خریدنے اور پکانے کے لیے
- 7- کھانے کی چیزیں خریدنے اور پکانے کے لیے
- 8- کھانے کی چیزیں خریدنے اور پکانے کے لیے
- 9- کھانے کی چیزیں خریدنے اور پکانے کے لیے
- 10- کھانے کی چیزیں خریدنے اور پکانے کے لیے

جینا پروگرام

NOTES

Dotted lines for writing notes.



NOTES

A series of horizontal dashed lines provided for taking notes.

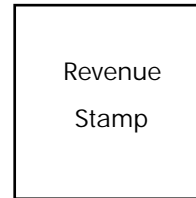
Proxy Form

I / We _____
of _____ member of The Pakistan General Insurance Company Limited hereby appoint
Mr. _____
or failing him _____
as my / our as my / our proxy in my / our absence to attend and vote for me / us and on my / our behalf at the 70th
Annual General Meeting of the Company to be held on Thursday, April 25, 2019 at 10:00 a.m. and at any adjournment
thereof.

Signed this _____ day of _____ 2019.

Witnesses

1. Signature _____
Name _____
Address _____
CNIC / Passport No. _____



Signature of Member (s)

2. Signature _____
Name _____
Address _____
CNIC / Passport No. _____

Shareholders' Folio No. _____
and / or CDC
Participant ID No. _____
And Sub-account No. _____

Important

This form of Proxy, duly completed, must be deposited at the Company's Registered Office at PGI House 5/A, Bank Square, The Mall Lahore, not later than 48 hours before the time appointed for the meeting.

CDC Shareholders and their Proxies are each requested to attach attested photocopy of their Computerized National Identity Card (CNIC) or Passport with this proxy form before submission to the Company.

CDC Shareholders or their Proxies are requested to bring with them their Original Computerized National Identity Card or Passport along with the Participant's ID number and their account number at the time of attending the Annual General Meeting in order to facilitate their identification

دی پاکستان جنرل انشورنس کمپنی لمیٹڈ

پراکسی فارم

میں / ہم

ساکن

بحیثیت ممبر دی پاکستان جنرل انشورنس کمپنی لمیٹڈ بذریعہ مذکورہ

ساکن

کو یا ان کی عدم دستیابی کی صورت میں

ساکن

کو اپنی / ہماری جانب سے پراکسی مقرر کر رہا رہی ہوں تاکہ وہ جمعرات 25 اپریل 2019 بوقت 10.00 بجے منعقد ہونے والے 70 ویں سالانہ اجلاس عام یا اس کے اس کے کسی بھی اتنا میں میری / ہماری جگہ شرکت کرے اور ووٹ ڈالے۔

دستخط بروز _____ بتاریخ _____ 2019

گواہان:



ممبر (ممبران) کے دستخط

1- دستخط:

نام:

پتہ:

شناختی کارڈ یا پاسپورٹ نمبر:

2- دستخط:

نام:

پتہ:

شناختی کارڈ یا پاسپورٹ نمبر:

اہم نوٹ:

پراکسی کا یہ فارم جو ہر طرح سے مکمل ہو لازماً کمپنی کے رجسٹرڈ آفس واقع کو پی جی ہاؤس 5/A بینک اسکورڈی مال لاہور میں اجلاس کے عہدہ وقت سے کم از کم ۴۸ گھنٹے قبل جمع کر دیا جائے۔

سی ڈی سی شیئرز ہولڈرز اور ان کی پراکسی سے درخواست ہے کہ ہر ایک اپنے کمپیوٹرائزڈ قومی شناختی کارڈ (سی این آئی سی) یا پاسپورٹ کی مصدقہ نقل کمپنی کو پراکسی فارم جمع کرانے سے قبل اس کے ساتھ منسلک کرے۔

سی ڈی سی شیئرز ہولڈرز یا ان کے پراکسی سے درخواست ہے کہ اپنے اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ بشمول پارٹیسپیٹ کا آئی ڈی نمبر اور ان کے اکاؤنٹ نمبر اپنی شناخت میں سہولت کی غرض سے سالانہ اجلاس عام میں شرکت کے وقت ہمراہ لائیں۔



PGI House, 5-A Bank Square, The Mall Road, Lahore.



+92-42-37324404, 37223224, 37352182



+92-42-37230895, 37230634



info@pgi.com.pk



www.pgi.com.pk

