

LIFE IS A BUBBLE, PROTECT BEFORE IT BURSTS!



ANNUAL
REPORT
2015

IGI | Life



Profile

IGI Life Insurance Limited has marked the entry of IGI Financial Services (part of Packages Group) into the Life Insurance arena through acquisition of controlling shares in American Life Insurance Company (Pakistan) Limited in April 2014. Acquisition by Packages Group makes IGI Life one of a kind life insurance provider in Pakistan as IGI Life's multinational heritage is now coupled with the experience of Packages group which is one of the most reputed business conglomerates having several joint ventures with leading global brands in the FMCG, Pharmaceutical and Packaging sectors. IGI Life's current product suite includes Life Insurance plans, Accident & Health Insurance and Employee Benefit Solutions. IGI Life is also amongst the first few companies who commenced Family Takaful business in 2015 under Window Takaful Operations enabling the Company to offer Shari'ah compliant solutions.

Believing in fair play and an adherence to high ethical standards, IGI Life continues to provide consumers and businesses with life insurance, accident and health insurance, retirement planning, family takaful and wealth management solutions.

At IGI Life, our covenant with the customers will always be to provide the best insurance solutions in Pakistan. Thus we continue to achieve success through a total commitment to customer satisfaction, a highly professional attitude toward prudent underwriting and sound management practices. We strive to create value for our customers and shareholders as we believe in a long term relationship built on strong foundations.



Innovation

Customer
Centricity

Teamwork

Care

Values

Integrity

Growth

Ownership

Vision

“Assure financial future today
for a better tomorrow”



What we do?

"IGI Life provides innovative life and health insurance as well as investment solutions through ground-breaking innovation and exemplary customer service, leveraging different distribution channels."



A close-up photograph of a hand watering a small green seedling. The hand is positioned on the right side of the frame, with water dripping from the fingers onto the soil. The seedling is on the left, with a single stem and two small leaves. The soil is dark brown and textured. The background is a soft, out-of-focus green.

Individual Insurance

Whatever your needs; our Insurance and Savings Products can help you get the best from your finances and life.



IGI Life Timeline

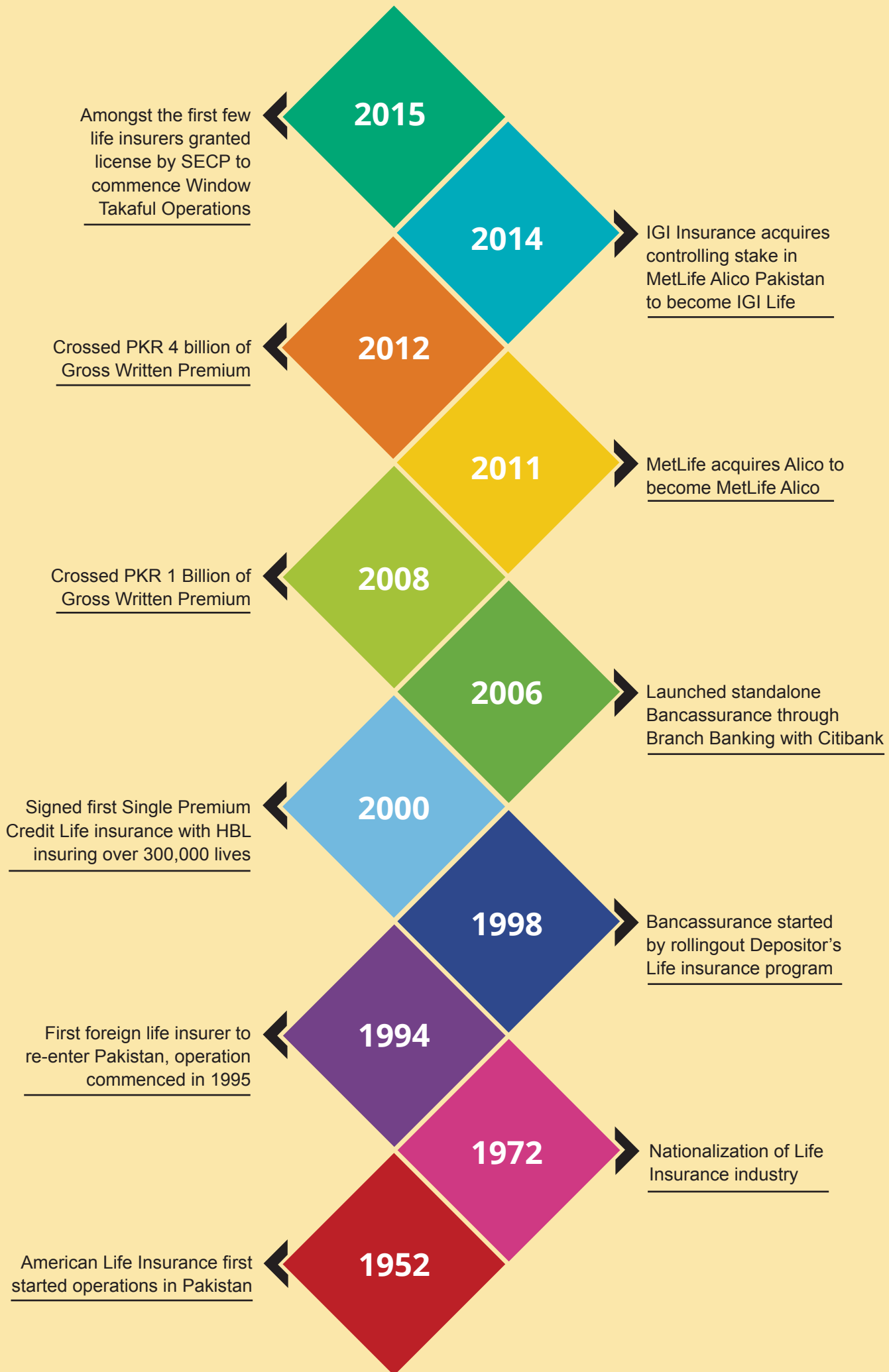


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Directors Report in Urdu

PROXY FORM

DIRECTORS' PROFILE

BOARD OF DIRECTORS



◀ Shamim Ahmad Khan *Chairman*

Shamim Ahmad Khan is the chairman and Non-executive Director of the Company. He has served various government organizations in different capacities namely Securities and Exchange Commission of Pakistan and Ministry of Commerce. He has also been engaged with consultancy assignments for Asian Development Bank and other organizations. Currently, Mr. Khan is director of Abbott Laboratories Pakistan Limited, IGI Insurance Limited, Packages Limited and Karandaaz (PVT) Limited (A non-profit company

sponsored by DFID) and also Member of Advisory Committee of CIPE (Centre for International Private Enterprise Pakistan) and Member of Board of Governors SDPI (Sustainable Development Policy Institute) - a nonprofit organization).



◀ Syed Hyder Ali *Chief Executive Officer*

Syed Hyder Ali is the Chief Executive Officer and Executive Director of the Company. He is also the Chief Executive and Managing Director, Packages Ltd., Lahore, Pakistan. He graduated from University of Michigan, USA with a Bachelor of Science degree in Chemical Engineering in 1979. He completed his Master of Science in June 1981, specializing in Paper Chemistry from The Institute of Paper Chemistry, Lawrence University of Wisconsin, USA. In 1997, Mr. Ali also attended the program for Management Development at the Harvard Business School, Boston, USA. Mr. Ali serves on the Board of a

number of companies like Bulleh Shah Packaging Private Ltd, IGI Insurance Ltd, Nestle Pakistan Ltd, Packages Limited, Packages Lanka Pvt. Ltd, Sanofi-Aventis Pakistan Ltd, Tetra Pak Pakistan Ltd, Tri-Pack Films Ltd, KSB Pumps Company Ltd, International Steels Ltd, Babar Ali Foundation, Pakistan Business Council, Pakistan Centre for Philanthropy, Syed Maratib Ali Religious & Charitable Trust Society, World Wide Fund for Nature, Ali Institute of Education, International Chamber of Commerce Pakistan and Lahore University of Management Sciences.

DIRECTORS'
PROFILE

BOARD OF DIRECTORS



◀ **Nadeem R. Malik**

Deputy Chief Executive Officer

Nadeem R. Malik has been appointed as Executive Director and Deputy CEO of IGI Life w.e.f. January 7, 2016. Mr. Malik is MBA in Marketing and also a Fellow of Life Management Institute (FLMI). He has been associated with the Company for the past 20 years and has held various position and assignments which included Recruitment & Training, Group Life and Health Underwriting and Pensions Administration. He has also attended Managed Care College by United Healthcare International USA. He possesses diverse local experience and international exposure of the life insurance industry. His last assignment was as Chief Marketing

Officer of the Company where he was heading the Agency, Bancassurance as well as Corporate businesses. During his tenure with the company he has won various awards including Employee of the Year award in 2002 and American International Group's GMD Masters Gold Award in 2005 conferred in Chicago, USA. He was also selected for prestigious 12 months General Management Executive Development Program which included strategic project assignments in USA, Thailand and France. During his career, he has also attended various technical, management & leadership trainings in UAE, Greece and Bangladesh.



◀ **Syed Yawar Ali**

Director

Syed Yawar Ali is associated with the Company as a Non – executive director. He was educated at Aitchison College Lahore and got his Bachelors in Chemical Engineering and Masters in Management Science from the Stevens Institute of Technology in New Jersey (USA). He also completed the Advance Management Program from Harvard Business School in 1992. He is currently the Chairman of Nestlé Pakistan Limited, Wazir Ali Industries Limited, Agricultural Development Bank of Pakistan, HY Enterprises (Pvt) Ltd Company and Amjad &

Afzal Foundation. He is also a Member of the Board of Directors of companies like Pakistan International Airline, IGI Insurance Limited, Pakistan Dairy Association and Dairy & Rural Development Foundation. He has also been on the Board of Directors of State Bank of Pakistan and Chairman of Lahore Electric Supply Company.

DIRECTORS' PROFILE

BOARD OF DIRECTORS



◀ **Khurram Raza Bakhtayari** *Director*

Khurram Raza Bakhtayari is associated with the Company as a Non – Executive director. He did his Bachelors in Commerce in 1997 from the Hailey College of Commerce, University of the Punjab, Lahore. He qualified his Chartered Accountancy in 2002 from the Institute of Chartered Accountants of Pakistan and became the fellow member of the Institute in January 2013. He is the Chief Financial Officer of Packages Limited. He holds directorship of Bulleh Shah Packaging (Private) Limited, DIC Pakistan Limited, Maxim Feeds

(Private) Limited, Packages Lanka (Private) Limited, IGI Investment Bank Limited and various other companies.



◀ **Muhammad Kamal Syed** *Director*

Mohammad Kamal Syed is associated with the Company as a Non – Executive Director. He is also the Managing Director of Coutts & Co. He has a breadth of international experience spanning Investment Banking and the Fund Management industry. Prior to Coutts, he was CEO and founder of hedge fund group Axiom, and CEO of a leading multi-family office, MaxCap Partners. He spent nearly two decades working in Investment Banking in senior roles including Managing Director and Regional Head of Asia- Pacific at Barclays Capital. He

was also Deputy Head of Global Derivatives and a member of the Management and Operations Committees of Barclays Capital. Subsequently, he ran Bank of Tokyo-Mitsubishi UFJ's investment bank and was Chairman of the Executive Committee and member of the Executive Board.

DIRECTORS'
PROFILE

BOARD OF DIRECTORS



◀ **Ehsan A. Malik**

Director

Mr. Ehsan A. Malik is associated with the Company as Non-Executive Independent Director. He is currently serving as the Chief Executive Officer of Pakistan Business Council. Prior to this Mr. Malik was the Chief Executive Officer of Unilever Pakistan Limited for nine years. His 24 year career with Unilever included five years as CEO of Unilever Sri Lanka and senior roles in Unilever's businesses spanning Egypt, Lebanon, Jordan, Syria and Sudan as well as Unilever's Head Office in UK. Before joining Unilever, he worked in media and served on the Boards of

businesses in hospitality, pharmaceutical and tractor assembly. Currently he is also a Member of the Board of Directors of Abbott Laboratories Pakistan Limited.

Mr. Malik is a Fellow of the Institute of Chartered Accountants of England and Wales and alumni of the Wharton and Harvard Business Schools.

CORPORATE INFORMATION

Financial Controller and Company Secretary

Muhammad Amin ACA, ACCA

Chief Financial Officer

Syed Fahad Subhan ACA

Appointed Actuary

Ali Nadim FSA

Head of Internal Audit and Compliance

Rashid Ahmed MBA, CICA

Head of Window Takaful Operations

Dr. Bakht Jamal

Shari'ah Advisor (for Window Takaful Operations)

Mufti Dr. Ismatullah

Shari'ah Compliance Officer (for Window Takaful Operations)

Mufti Muhammad Hanif

Legal Advisor

Surridge & Beecheno

Auditors

A.F. Ferguson & Co, Chartered Accountants,
Member firm of PricewaterhouseCoopers(PWC)

Internal Auditor

Ernst & Young Ford Rhodes
Sidat Hyder Chartered Accountants

Bankers

Standard Chartered Bank (Pakistan) Limited
Bank Al Habib Limited
Meezan Bank Limited
NIB Bank Limited
MCB Bank Limited
Habib Bank Limited
Faysal Bank Limited
Summit Bank Limited
Bank AlFalah Limited
Soneri Bank Limited

Share Registrar

FAMCO Associates (Pvt) Ltd
8-F, Next to Faran Hotel
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Registered Office

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CORPORATE INFORMATION

BOARD COMMITTEES

Claims Committee

Shamim Ahmad Khan	Chairman
Syed Yawar Ali	Member
Nadeem R. Malik	Member
Dr. Bakht Jamal	Member
Dr. Sabeeh Jaffery	Secretary

Underwriting Committee

Syed Hyder Ali	Chairman
Nadeem R. Malik	Member
Dr. Bakht Jamal	Member
Mr. Khaled S. Agha	Secretary

Investment Committee

M. Kamal Syed	Chairman
Syed Hyder Ali	Member
Syed Yawar Ali	Member
Nadeem R. Malik	Member
Khurram Raza Bakhtayari	Member
Ehsan A Malik	Member
Syed Fahad Subhan	Member
Ali Nadim	Member
Sajjad Iftikhar	Secretary

Audit Committee

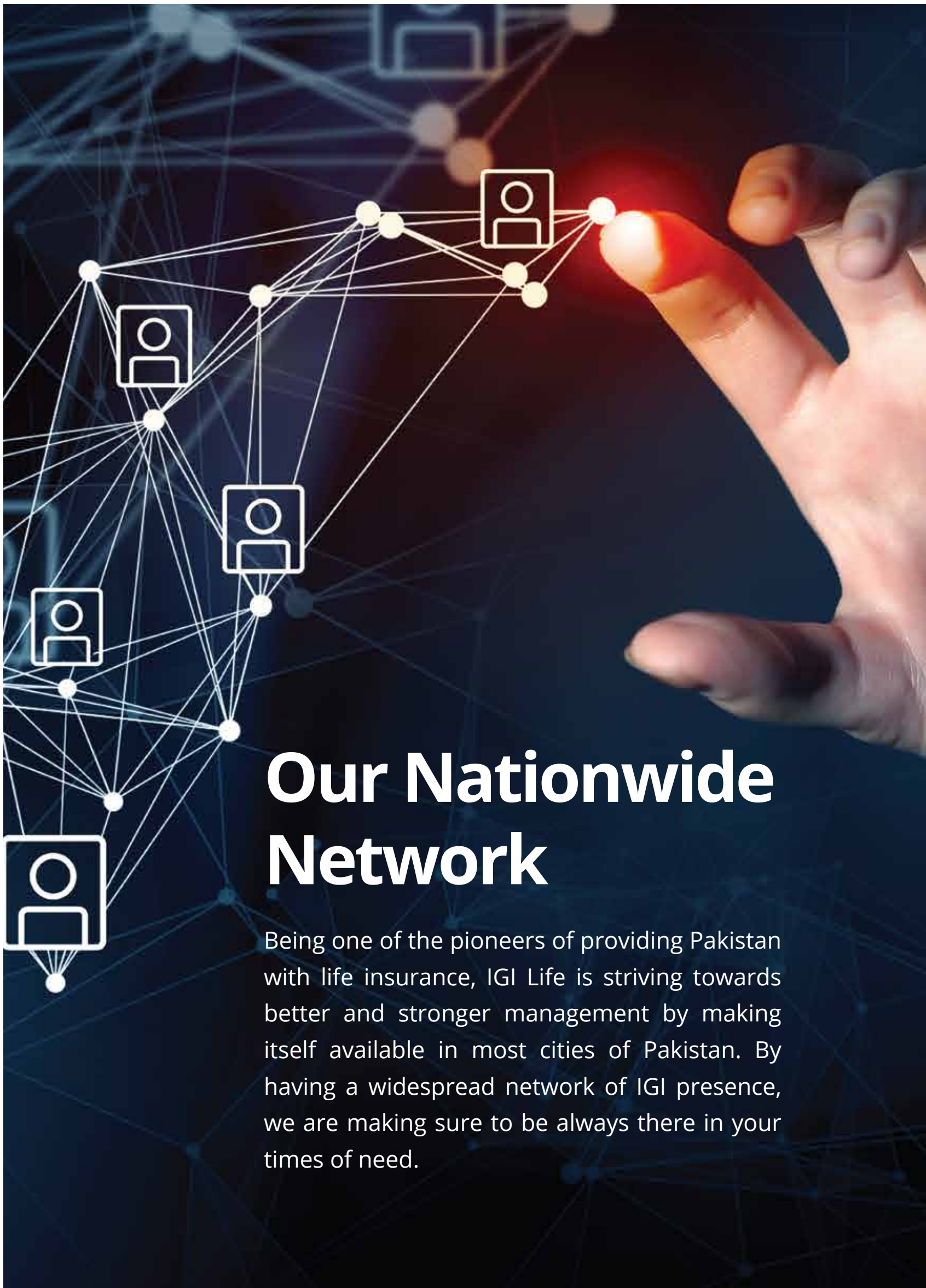
Ehsan A Malik	Chairman
Syed Yawar Ali	Member
Khurram Raza Bakhtayari	Member
M. Kamal Syed	Member
Muhammad Amin	Secretary

Reinsurance Committee

Syed Hyder Ali	Chairman
Nadeem R. Malik	Member
Muhammad Kamal Syed	Member
Dr. Bakht Jamal	Member
Yousuf Ansari	Secretary

Human Resources & Remuneration Committee

Syed Yawar Ali	Chairman
Syed Hyder Ali	Member
Khurram Raza Bakhtayari	Member
Ehsan A Malik	Member
HR Head	Secretary



Our Nationwide Network

Being one of the pioneers of providing Pakistan with life insurance, IGI Life is striving towards better and stronger management by making itself available in most cities of Pakistan. By having a widespread network of IGI presence, we are making sure to be always there in your times of need.

Head Office

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North Region

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Madina City Mall Branch

Direct Agency

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Multan Region

MULTAN

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Health Insurance

With health being the basis of performance, IGI Life looks after your health so that you can perform to the optimum for yourself and your loved ones.

DIRECTORS' REPORT TO THE MEMBERS

The Directors of your Company take pleasure in presenting to you the 21st Annual Report of the Company along with the audited financial statements for the year ended December 31, 2015.

COMPANY PERFORMANCE REVIEW

PROFITABILITY

During the year ended December 31, 2015 your Company generated a surplus of Rs. 135 million, 34% lower as compared to last year. After accounting for the Shareholders' Fund, your Company made a before tax profit of Rs. 230 million (2014: Rs 287 million), reflecting decline of 20% compared to last year. This decline is mainly due to prudent actuarial reserves and higher administrative expenses partly for purposes of investment for commencement of Window Takaful Operations.

Profit / Loss	2015	2014
	(Rs. in 000')	
Net Surplus of statutory funds	135,249	204,497
Profit before appropriation of surplus to Shareholders' Fund	94,645	82,615
Taxation	36,046	27,263

	(in Rupees)	
Earnings per share	1.53	1.11
Break-up value per share (including amount retained in the statutory funds to meet the requirement of Insurance Ordinance)	28.13	25.61

APPROPRIATIONS

In accordance with the recommendation of the appointed actuary, the Board has approved capital and surplus transfer from Statutory Funds to the Shareholders' Fund of Rs. 11.5 million and Rs. 18 million respectively. In addition, a transfer of Rs. 23.2 million has also been recommended to the Family Takaful funds from the capital of Rs. 50 million set aside for Takaful operations. Although the aggregate solvency margin before the said transfer is significantly higher than the required solvency margin, the Board's decision in this regard has been made keeping in view the fund wise solvency requirements as a prudent measure. It may be stated that Securities and Exchange Commission of Pakistan (SECP) had granted special exemption to your Company from maintaining fund wise solvency.

GROSS PREMIUMS

In 2015, first year individual life premium including takaful and renewals on individual policies increased by 31% and 7% respectively compared to last year. The Company's group business also registered a growth of 12% during the current year. Premium on investment linked single premium policies increased by 418% during the current period.

A brief overview of fund wise gross premiums is as follows:

Individual Life and Accident & Health (other than investment linked business and Takaful business)

During the current year, gross premium in respect of individual life increased by 5% compared to last year. First year premium on individual life business decreased by 3% during the current year. However, renewals registered an increase of 8% during the current year compared to last year.

DIRECTORS' REPORT TO THE MEMBERS

Group Business

Your Company's Group Life and Group Accident and Health business registered growth of 19% and 26% respectively during the current year compared to last year.

Investment Linked Business

First year premium on investment linked business registered growth of 66% during the current year. Renewals also registered an increase of 11% during the current year compared to last year. Furthermore, the premium from single premium investment linked policies increased by 424% during the current year. The Company maintained its focus on Individual Life – Investment Linked products through different channels and has also re-designed the Single Premium product in the last quarter of the year being more beneficial for the policyholders. Besides, due to its longevity, it should be more profitable for the Company in the future years.

Takaful

During the third quarter of the current year, your Company successfully launched its Window for Takaful Operations, and ventured into Individual Family Takaful, Group Family and Group Health Takaful line of businesses. Your Company has written gross premiums of Rs. 50.8 million, Rs. 0.285 million and Rs 2.2 million for Individual Family Takaful, Group Family and Group Health Takaful respectively.

CLAIMS

The Company places strategic focus on efficient settlement of claims. Over the years, your Company has been consistently improving its claims settlement processes by introducing better controls over claim administration and reducing turnaround time.

In the current year 2015, the Company paid death claims of Rs. 159 million (2014: Rs.142 million).

INVESTMENTS

Your Company maintains a strong balance sheet size with an investment portfolio of Rs. 12.1 billion (2014: Rs 10.3 billion) representing 89% (2014: 87%) of the total assets of the Company.

UNDERWRITING, REINSURANCE AND RISK MANAGEMENT

Your Company continues to follow its prudent underwriting policies. The Company has made significant investment in the underwriting function to further strengthen its Human Capital, Technology and Infrastructure.

Your Company follows a policy for optimizing retention of risk through a carefully designed program of reinsurance. The Company has put in place reinsurance treaties with reputable international reinsurers to protect the Company from losses above our risk appetite.

CAPITAL MANAGEMENT AND LIQUIDITY

The Company maintains adequate capital to support its existing and planned business activities. The Company's paid-up capital and equity stands at Rs. 500 million and Rs. 889 million respectively.

The Company also has a framework in place to ensure that adequate liquidity is available for payment of claims and meeting operating expenses. The Company's cash and cash equivalents as of December 31, 2015 amounts to Rs. 432.7 million (2014: Rs. 596.1 million).

RELATED PARTY TRANSACTIONS

At each Board meeting, the Board of Directors approves the Company's transactions made with associated companies and related parties, based on the recommendations of the Audit Committee. All such transactions are executed at arm's length basis.

DIRECTORS' REPORT TO THE MEMBERS

HUMAN RESOURCE MANAGEMENT

During the current year the Company strengthened its human capital through recruitment of professional and qualified personnel in various departments mainly Sales and Marketing, Underwriting, Claims, Finance, Actuarial, Human Resources and Customer Services. Also, during 2015, the Company carried out various training and development programs for staff and sales force.

INTERNAL AUDIT

Your Company has outsourced the internal audit function to a professional firm and has also appointed a Head of Internal Audit who is responsible for coordination.

AUDITORS

Based on the suggestion of the Audit Committee, the Board of Directors has recommended appointment of M/s. A.F. Ferguson and Co. Chartered Accountants as external auditors of the Company.

The financial statements of the company have been audited without any qualification.

MATERIAL EVENTS

As already mentioned, your company established Takaful window as a new line of business. The decision was taken after due diligence and with the approval of shareholders in an extraordinary general meeting.

FUTURE OUTLOOK

After acquisition, your company has been engaged in strengthening and is now well poised to meet market challenges. Its main focus is on customer service and building an efficient and productive field force. As part of its ongoing strategy, it closely monitors the market situation and believes that its business model and prudent risk management practice, coupled with a strong customer base and client relationship will give it a sustainable long term competitive advantage.

DIVIDEND

Final cash dividend of 10% (Rs. 1 per share) has been recommended by the Board of Directors for approval at the 21st Annual General Meeting of the Company's Shareholder. In addition to this, the Board of Directors have recommended increase in the Authorized share capital to PKR 1 billion for approval at the 21st Annual General Meeting of the Company's Shareholder. This will enable the company to increase its paid-up capital through issue of bonus shares to comply with the minimum capital requirement by June 30, 2017.

GRATITUDE

We take this opportunity to express our appreciation to the Ministry of Commerce, Government of Pakistan, and SECP for their invaluable assistance, support and guidance.


The Board of Directors would like to express its appreciation for the remarkable contribution made by the employees.

Lastly, our thanks go to our policyholders and shareholders whose continued support for the Company has been a source of encouragement and inspiration.

On behalf of the Board of Directors.



Syed Hyder Ali
Chief Executive Officer
Dated: February 23, 2016



Shamim Ahmad Khan
Chairman
Dated: February 23, 2016

DIRECTORS' REPORT TO THE MEMBERS

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

Statement under the Code of Corporate Governance

The Board and the management are fully committed to good corporate governance. As required under the Code of Corporate Governance issued by Securities and Exchange Commission of Pakistan (SECP), the Directors are pleased to state the following:

- a) The financial statements along with notes forming an integral part of these financial statements have been prepared by the management of your Company and present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
- b) Proper books of account of the Company have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures therefrom has been adequately disclosed and explained.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There are no significant doubts upon the Company's ability to continue as a going concern.
- g) There has been no material departure from the best practices of corporate governance, as detailed in Rule Book and Listing Regulations of the stock exchanges of Pakistan.
- h) There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as at December 31, 2015, except as those disclosed in the financial statements.
- i) The value of investments by the staff retirement fund operated as per their respective unaudited financial statements as at December 31, 2015 are as follows

Employee Provident Fund	Rs. 14.87 million
Employee Gratuity Fund	Rs. 66.31 million
- j) Except for two Directors, all others have obtained the training as required by the SECP. The training requirement for the remaining Director will be complied with by June 30, 2016. The chairman has received special exemption from SECP.
- k) Key operating and financial data for last six year are attached with the annual report.

As required under the Insurance Ordinance 2000, the Directors confirm that:

- In their opinion and to the best of their belief the annual statutory accounts of the Company set out in forms attached with this statement have been drawn up in accordance with Insurance Ordinance, 2000 and any rules made thereunder;
- The Company has at all times in the year complied with the provisions of the Ordinance and the rules made thereunder relating to the paid-up capital, solvency and re-insurance arrangements; and as at the date of the statement, the Company continues to be in compliance with provisions of the Ordinance and the rules thereunder as mentioned above.

DIRECTORS' REPORT TO THE MEMBERS

Board Meetings and Change in Directorships

During the year one casual vacancy arose due to resignation of one Director of your Company. The casual vacancy was filled within the stipulated timeframe.

Meetings of the Board of Directors, Audit, Underwriting, Reinsurance, Claims, Investment and Human Resources and Remuneration Committee were held according to schedule. The meetings held and attendance by each Director in the meeting of the Board and its sub-committees are as follows:

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

Board / Sub Committees	Board Committee	Audit Committee	Underwriting Committee	Reinsurance Committee	Claims Committee	Investment Committee	Human Resources & Remuneration Committee
No. of meetings held	5	4	4	3	4	4	5
Attendance							
Shamim Ahmad Khan	5	-	-	-	4	-	-
Syed Hyder Ali	5	-	4	3	-	4	5
Muhammad Am inuddin	5	-	4	3	4	4	5
Syed Yawar Ali	5	4	-	-	4	3	5
Tah ir Masaud <i>resigned w.e.f. 9 April 2015</i>	2	-	2	2	2	-	2
Khurram Raza Bakhtayari	5	4	-	-	-	4	5
Ehsan A. Malik <i>joined w.e.f. 9 April 2015</i>	2	2	-	-	-	3	2
M. Kamal Syed	3	4	-	2	-	4	-

Trade in shares by Directors, executives and their spouses and minor children

During the year, no trading in the shares of the Company was carried out by the Directors, executives and their spouses and minor children.

Pattern of shareholding

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

AUDIT COMMITTEE

The Audit Committee comprises of four non-executive Directors including two independent Directors. The term of reference of the Audit Committee are aligned with the Code of Corporate Governance. The Committee meets at least once in a quarter.

DIRECTORS' REPORT TO THE MEMBERS

CLAIM SETTLEMENT COMMITTEE

Besides formulating and updating claim settlement policy, the Claims Committee monitors progress of settlement of claims. It ensures that the claims are settled efficiently and expeditiously.

REINSURANCE COMMITTEE

This Committee ensures that adequate reinsurance arrangements are in place for its businesses. It evaluates the proposed reinsurance arrangements prior to execution, reviews the arrangements from time to time and subject to the consent of the participating reinsurer, makes appropriate adjustments as and when necessary. It also assesses the future effectiveness of the reinsurance program.

UNDERWRITING COMMITTEE

The Underwriting Committee formulates the underwriting policy of the Company. It sets out the criteria for assessing various types of insurance risks. It regularly reviews the underwriting policies with due regard to its business portfolio and the market development.

HUMAN RESOURCES AND REMUNERATION COMMITTEE:

The Human Resources and Remuneration Committee is responsible for formulating Human Resource policies of the Company. It also makes recommendations to the Board regarding selection, evaluation, compensation (including retirement benefits) of COO, CFO, Company Secretary and Head of Internal Audit and succession planning. It regularly reviews the Human Resource policies and set criteria for recruitment and selection. The Committee meets at least once in a year.


CODE OF CONDUCT

Your Company has been offering traditional life insurance, universal life and unit linked plans to its customers for their future financial security. We strictly comply with the Market Code of Conduct prescribed by SECP and accordingly disclose all the facts about our products to the prospective purchasers .

We adhere to the highest standards of business conduct and ethics at all times.

PATTERN OF SHAREHOLDING

The pattern of Shareholding as at December 31, 2015 as required under section 236 of the Companies Ordinance, 1984 and the requirement of Code of Corporate Governance is included in the report.



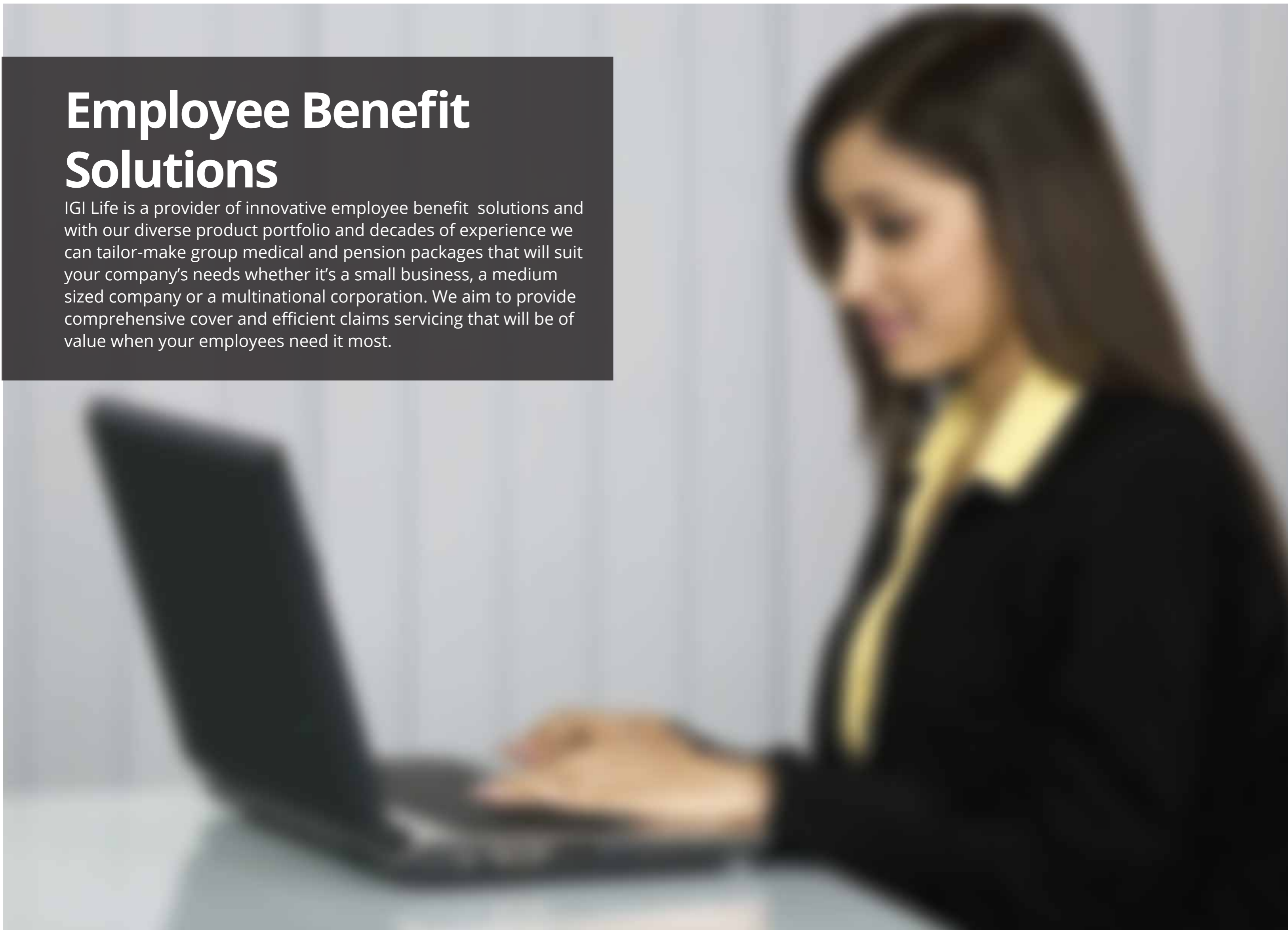
Syed Hyder Ali
Chief Executive Officer
Dated: February 23, 2016



Shamim Ahmad Khan
Chairman
Dated: February 23, 2016

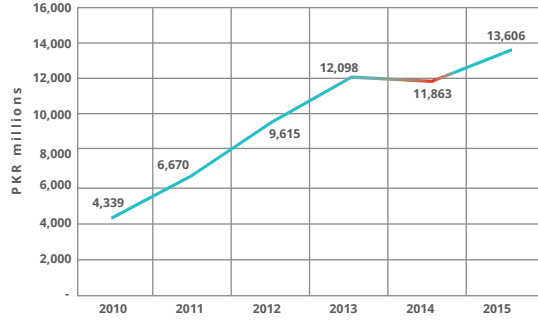
Employee Benefit Solutions

IGI Life is a provider of innovative employee benefit solutions and with our diverse product portfolio and decades of experience we can tailor-make group medical and pension packages that will suit your company's needs whether it's a small business, a medium sized company or a multinational corporation. We aim to provide comprehensive cover and efficient claims servicing that will be of value when your employees need it most.

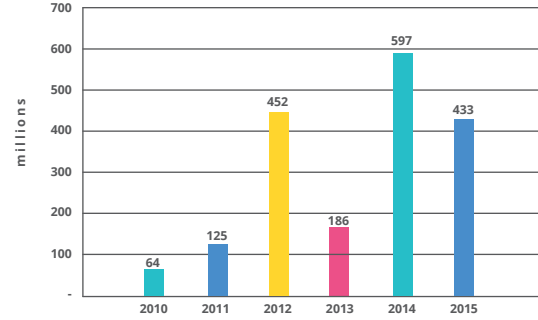


PERFORMANCE AT A GLANCE

Total Assets over the years



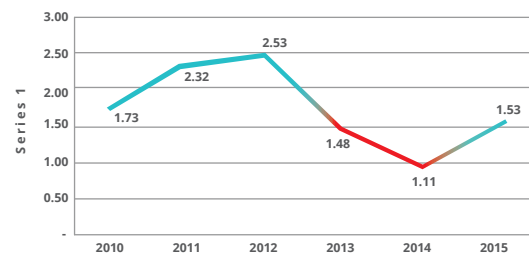
Cash & Bank Deposits



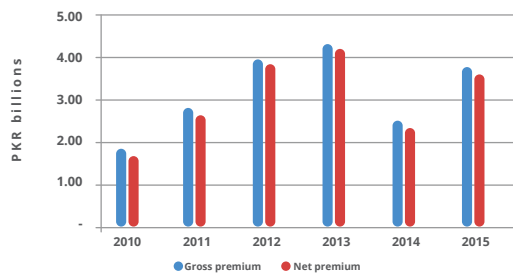
Profit before and after tax



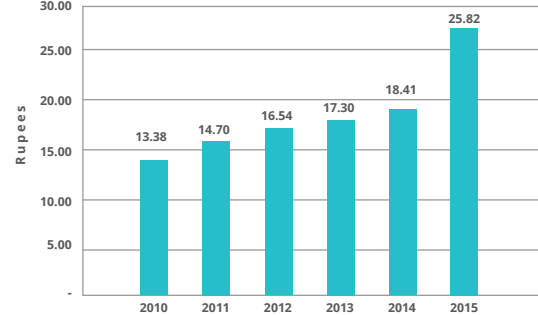
Earning Per Share (EPS)



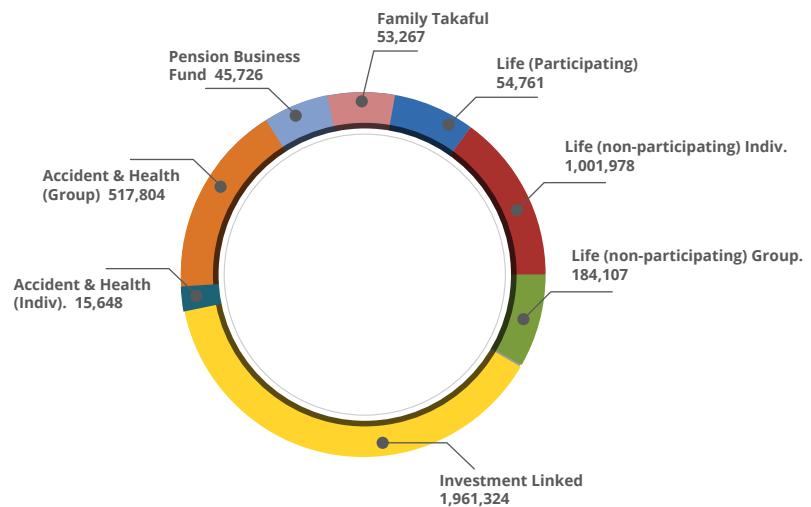
Gross and Net Premium



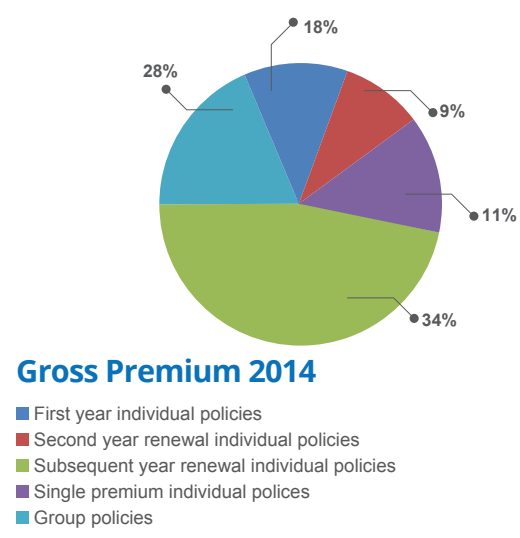
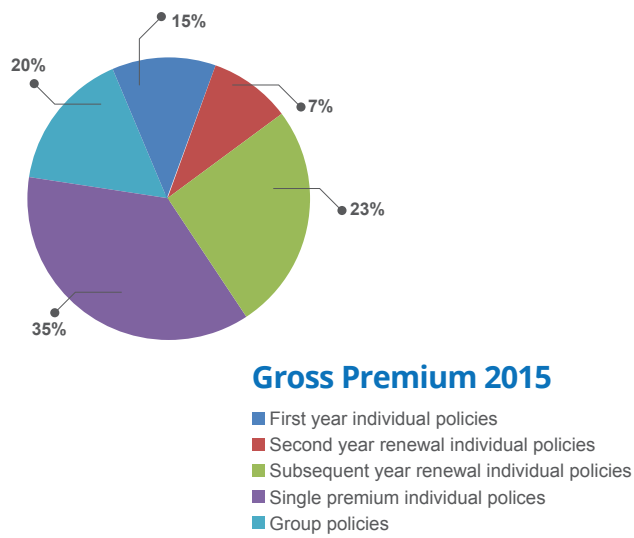
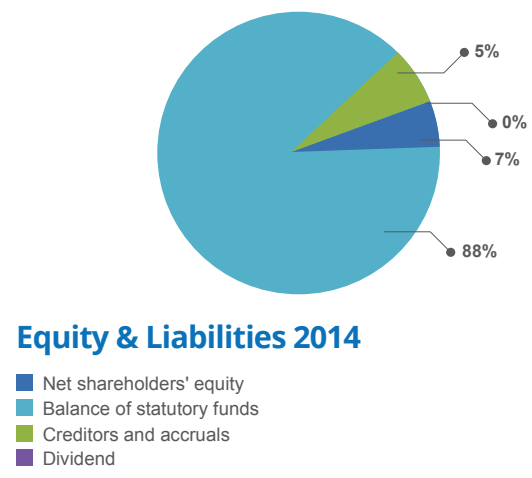
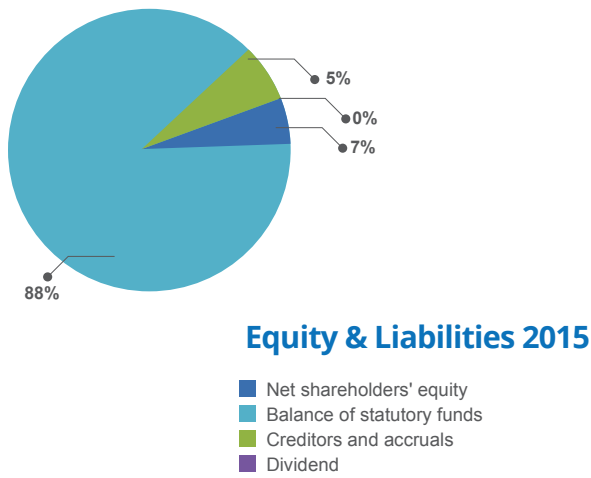
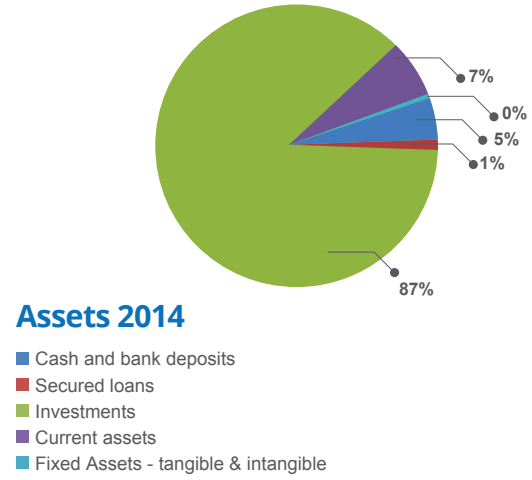
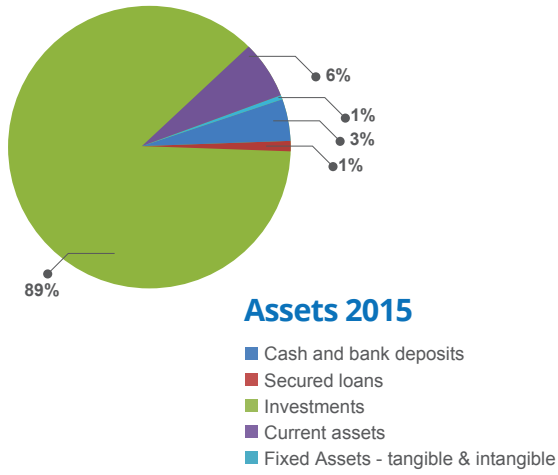
Net Asset Value



Composition of Premiums



PERFORMANCE AT A GLANCE



KEY FINANCIAL DATA

Six years at Glance

Financial ratios

Profitability / Return to shareholders		2015	2014	2013	2012	2011	2010
Profit before tax / gross premium	%	2.84%	3.26%	2.55%	4.71%	6.13%	7.04%
Expenses / Income	%	68.52%	104.10%	54.47%	40.09%	54.05%	64.91%
Return on assets	%	0.56%	0.47%	0.61%	1.31%	1.74%	2.00%
Return on equity	%	8.61%	6.71%	8.54%	15.28%	15.82%	12.96%
EPS	Rs.	1.53	1.11	1.48	2.53	2.32	1.73
Price earning ratio	times	90.16	145.34	24.53	13.26	6.03	10.38
Net assets per share	Rs.	17.80	16.51	17.30	16.54	14.70	13.38

Market data

Face value per share	Rs.	10	10	10	10	10	10
Market value per share at year end	Rs.	138.1	160.9	36.3	33.5	14	18
Highest share price during the year	Rs.	170.8	197.6	36.3	37.4	19	21.95
Lowest share price during the year	Rs.	109.0	36.3	18.3	14	13.5	13
Market capitalization	'000	6,906,500	8,047,500	1,815,000	1,675,000	700,000	900,000

Performance / Liquidity

Earning asset to total asset ratio	%	93.06%	94.61%	94.53%	94.09%	90.67%	90.85%
Net premium / gross premium ratio	%	96.77%	96.09%	97.82%	97.86%	97.06%	95.39%
Net claims / net premium ratio	%	88.62%	139.51%	88.72%	30.38%	21.67%	24.49%
Management expenses / net premium ratio	%	20.83%	32.79%	18.62%	25.11%	38.44%	49.72%
Current ratio	times	1.23	1.34	0.98	0.80	0.84	0.93
Total assets turnover	times	0.39	0.34	0.45	0.54	0.55	0.53
Fixed assets turnover	times	71.92	93.10	123.00	82.25	60.55	39.23
Equity / total assets	%	6.54%	6.96%	7.15%	8.56%	11.02%	15.42%

KEY FINANCIAL DATA

Six years at Glance

Financial data	2015	2014	2013	2012	2011	2010
	----- Rupees in ' 000 -----					
Paid-up capital	500,000	500,000	500,000	500,000	500,000	500,000
Net shareholders' equity	889,901	825,502	865,050	826,798	734,941	669,193
Investments	12,094,010	10,308,203	11,152,340	8,536,478	5,833,574	3,795,700
Cash and bank deposits	433,202	596,598	186,462	452,268	125,057	64,025
Total assets	13,606,156	11,862,586	12,097,502	9,658,168	6,670,453	4,338,682
Operating data						
Gross premium revenue	3,962,435	2,535,167	4,388,535	4,170,408	2,993,466	1,893,849
Net premium revenue	3,834,615	2,435,929	4,292,671	4,081,149	2,905,583	1,806,525
Investments and other income	1,345,524	1,607,984	1,143,591	1,026,345	644,910	396,720
Profit before taxation	112,645	82,615	111,897	196,429	183,560	133,403
Taxation	36,046	27,263	38,045	70,072	67,312	46,691
Profit after taxation	76,599	55,352	73,852	126,357	116,248	86,712
EPS	1.53	1.11	1.48	2.53	2.32	1.73
Cash flow summary						
Net cash flow from operating activities	279,454	(1,880,798)	1,258,411	2,095,960	1,596,738	590,201
Net cash flow from investing activities	(442,850)	2,290,936	(1,349,219)	(1,943,749)	(1,528,706)	(601,126)
Net cash flow from financing activities	-	-	-	-	-	(16,576)
Net cash flow from all activities	(163,396)	410,138	(90,808)	152,211	68,032	(34,501)
Cash and cash equivalents at the beginning of the year	596,598	186,460	277,268	125,057	57,025	91,526
Cash and cash equivalents at the end of the year	433,202	596,598	186,460	277,268	125,057	57,025

BALANCE SHEET AND PROFIT & LOSS ANALYSIS

Vertical

Balance Sheet	2015		2014	
	Rupees in '000	%	Rupees in '000	%
Net shareholders' equity	889,901	7%	825,502	7%
Balance of statutory funds	12,020,855	88%	10,455,853	88%
Creditors and accruals	695,373	5%	581,204	5%
Dividend	27	0%	27	0%
Total equity and liabilities	13,606,156	100%	11,862,586	100%
Cash and bank deposits	433,202	3%	596,598	5%
Secured loans	147,681	1%	134,711	1%
Investments	12,094,010	89%	10,308,203	87%
Current assets	852,161	6%	779,634	7%
Deferred asset	5,543	0%	-	0%
Fixed Assets - tangible & intangible	73,559	1%	43,440	0%
Total assets	13,606,156	100%	11,862,586	100%
Revenue and Profit & loss account				
Net Income	5,308,175	100%	4,044,378	100%
Claims and Expenditures	(3,624,728)	(68)%	(4,210,257)	(104)%
Movement in policy holders' liability	(1,435,553)	(27)%	452,991	11%
Surplus / Profit before tax	247,894	5%	287,112	7%
Taxation	(36,046)	(1)%	(27,263)	(1)%
Surplus / Profit after tax	211,848	4%	259,849	6%

Horizontal

Balance Sheet	2015	2014	2013	2012
	Rupees in '000			
Net shareholders' equity	889,901	825,502	865,050	826,798
Balance of statutory funds	12,020,855	10,455,853	10,609,447	8,208,597
Creditors and accruals	695,373	581,204	622,978	579,160
Dividend	27	27	27	27
Total equity and liabilities	13,606,156	11,862,586	12,097,502	9,614,582
Cash and bank deposits	433,202	596,598	186,460	452,268
Secured loans	147,681	134,711	107,033	99,963
Investments	12,094,010	10,308,203	11,152,340	8,536,478
Current assets	852,161	779,634	607,530	464,910
Fixed Assets - tangible & intangible	73,559	43,440	44,139	60,963
Total assets	13,606,156	11,862,586	12,097,502	9,614,582
Revenue and Profit & loss account				
Net Income	5,308,175	4,044,378	5,441,275	5,197,350
Claims and Expenditures	(3,624,728)	(4,210,257)	(2,964,128)	(2,117,265)
Movement in policy holders' liability	(1,435,553)	452,991	(2,215,599)	(2,904,302)
Surplus / Profit before tax	247,894	287,112	261,548	175,783
Taxation	(36,046)	(27,263)	(38,045)	(70,072)
Surplus / Profit after tax	211,848	259,849	223,503	105,711

BALANCE SHEET AND PROFIT & LOSS ANALYSIS

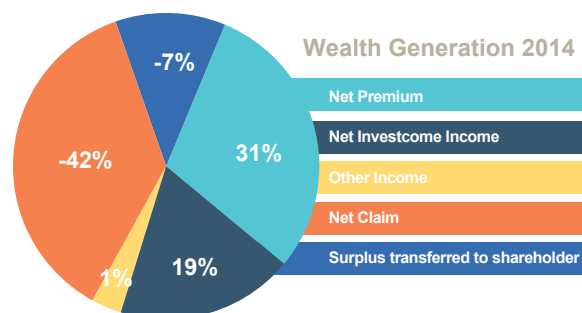
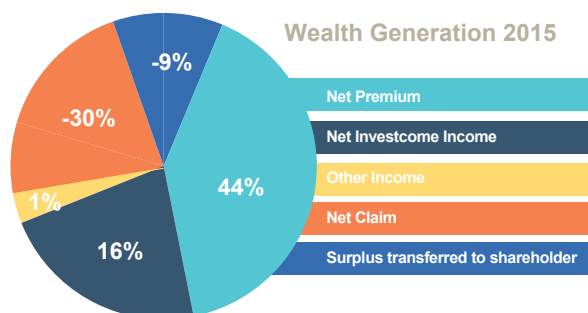
2013		2012		2011		2010	
Rupees in '000	%	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
865,050	9%	826,798	9%	734,941	11%	669,193	15%
10,609,447	85%	8,208,597	85%	5,269,066	79%	3,238,863	75%
622,978	6%	579,160	6%	666,419	10%	430,599	10%
27	0%	27	0%	27	0%	27	0%
12,097,502	100%	9,614,582	100%	6,670,453	100%	4,338,682	100%
186,460	2%	452,268	2%	125,057	5%	64,025	2%
107,033	1%	99,963	1%	90,096	1%	83,051	1%
11,152,340	92%	8,536,478	92%	5,833,574	89%	3,795,700	87%
607,530	5%	464,910	5%	561,509	5%	337,353	8%
-	0%	-	0%	-	0%	-	0%
44,139	0%	60,963	0%	60,217	1%	58,553	1%
12,097,502	100%	9,614,582	100%	6,670,453	100%	4,338,682	100%
5,441,275	100%	5,197,350	100%	3,646,437	100%	2,297,224	100%
(2,964,128)	(54)%	(2,117,265)	(41)%	(1,461,799)	(40)%	(1,241,684)	(54)%
(2,215,599)	(41)%	(2,904,302)	(56)%	(1,949,171)	(53)%	(878,836)	(38)%
261,548	5%	175,783	3%	235,467	6%	176,704	8%
(38,045)	(1)%	(70,072)	(1)%	(67,312)	(2)%	(46,691)	(2)%
223,503	4%	105,711	2%	168,155	5%	130,013	6%

2011	2010	2015	2014	2013	2012	2011	2010
% increase / (decrease) over preceding year							
734,941	669,193	8%	-5%	5%	12%	10%	15%
5,269,066	3,238,863	15%	-1%	29%	56%	63%	40%
666,419	430,599	20%	-7%	8%	-13%	55%	-1%
27	27	0%	0%	0%	0%	0%	0%
6,670,453	4,338,682	15%	-2%	26%	44%	54%	29%
125,057	64,025	-27%	220%	-59%	262%	95%	-40%
90,096	83,051	10%	26%	7%	11%	8%	22%
5,833,574	3,795,700	17%	-8%	31%	46%	54%	33%
561,509	337,353	9%	28%	31%	-17%	66%	32%
60,217	58,553	69%	-2%	-28%	1%	3%	-11%
6,670,453	4,338,682	15%	-2%	26%	44%	54%	29%
3,646,437	2,297,224	31%	-26%	5%	43%	59%	36%
(1,461,799)	(1,241,684)	-14%	42%	40%	45%	18%	13%
(1,949,171)	(878,836)	-417%	-120%	-24%	49%	122%	95%
235,467	176,704	-14%	10%	49%	-25%	33%	25%
(67,312)	(46,691)	32%	-28%	-46%	4%	44%	39%
168,155	130,013	-18%	16%	111%	-37%	29%	20%

STATEMENT OF VALUE ADDITION

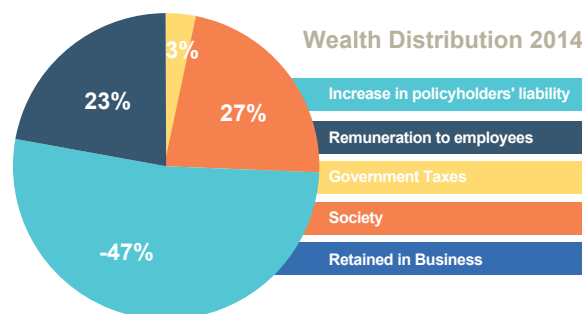
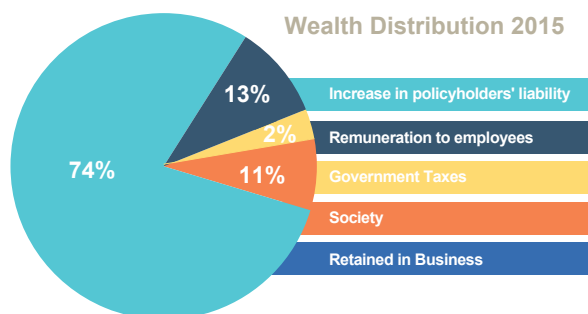
WEALTH GENERATION

	2015		2014	
	Amount	%	Amount	%
Net premium	3,834,615	72%	2,435,929	60%
Net investment income	1,380,316	26%	1,535,849	38%
Other income	74,743	1%	72,135	2%
Net claim	(2,598,090)	-77%	(3,398,383)	-85%
Surplus transferred to shareholder	18,000	1%	-	0%
Acquisition and Administrative Expenses (excl: remuneration & taxes)	(784,217)	-23%	(588,501)	-15%
Net wealth generated	1,925,367		57,029	



WEALTH DISTRIBUTION

	2015		2014	
	Amount	%	Amount	%
Increase in policyholders' liability	1,435,553	74.56%	(452,991)	-794.32%
Remuneration to employees	241,920	12.56%	222,558	390.25%
Government Taxes	36,046	1.87%	27,263	47.81%
Society	-	0.00%	350	0.61%
Retained in Business	211,848	11.00%	259,849	455.64%
1,925,367	100.00%	57,029	100.00%	



FINANCIAL / EVENT CALENDAR

Results/Events	Date
Financials for the three months ended March 31, 2015	21-Apr-15
Financials for the six months ended June 30, 2015	19-Aug-15
Financials for the nine months ended September 30, 2015	19-Oct-15
Financials for the year ended December 31, 2015	23-Feb-16
Extra Ordinary General Meeting	30-Jan-15
Notice to Shareholders with Financial Statements	29-Mar-16
Annual General Meeting	20-Apr-16

PATTERN OF SHAREHOLDING

AS AT DECEMBER 31, 2015

Number of Shareholders	Holding Shares		Total Number of Shares Held
	From	To	
522	1	100	14,119
140	101	500	56,435
48	501	1,000	40,499
76	1,001	5,000	174,919
18	5,001	10,000	144,584
7	10,001	15,000	87,428
4	15,001	20,000	69,437
1	20,001	25,000	20,500
5	25,001	30,000	135,805
2	35,001	40,000	76,461
1	40,001	45,000	43,000
1	60,001	65,000	61,538
1	65,001	70,000	68,000
1	80,001	85,000	82,900
1	125,001	130,000	126,000
1	135,001	140,000	136,019
1	205,001	210,000	206,015
1	1,020,001	1,025,000	1,024,382
1	1,230,001	1,235,000	1,230,500
1	2,495,001	2,500,000	2,500,000
1	2,720,001	2,725,000	2,720,769
1	6,145,001	6,150,000	6,145,503
1	34,835,001	34,840,000	34,835,187
836		TOTAL	50,000,000

Shareholders Category	Number of Shareholder	No. of Shares	Percentage%
Directors, Chief Executive Officer, and their spouse and minor childrens.	11	125,500	0.25
Associated Companies, undertakings and related parties.	3	40,983,190	81.97
NIT & ICP	-	-	-
Banks Development Financial Institutions, Non Banking Financial Institutions.	3	2,502,100	5.00
Insurance Companies	-	-	-
Modarabas and Mutual Funds	1	1,230,500	2.46
General Public :			
a. Local	810	5,126,063	10.25
b. Foreign			
Others	8	32,647	0.07
Total	836	50,000,000	100.00

PATTERN OF SHAREHOLDING

AS AT DECEMBER 31, 2015

Shareholder's category	Number of shareholder	Number of share held
i. Associated Companies, Undertakings and Related Parties		
IGI INSURANCE LIMITED	3	40,983,190
Total :	3	40,983,190
ii. Mutual Funds		
CDC - TRUSTEE FIRST DAWOOD MUTUAL FUND	1	1,230,500
Total :	1	1,230,500
iii. Directors and their spouse(s) and minor children		
M. KAMAL SYED	1	500
MR. EHSAN A. MALIK	1	500
MR. KHURRAM RAZA BAKHTAYARI	1	500
MR. SHAMIM AHMAD KHAN	1	500
SYED HYDER ALI	2	43,500
SYED YAWAR ALI	2	1,500
SYEDA NIGHAT ALI	1	68,000
Total :	9	115,000
iv. Executives		
	-	-
Total :	-	-
v. Public Sector Companies and Corporations		
	-	-
Total :	-	-
vi. Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds		
	3	2,502,100
Total :	3	2,502,100
vii. Shareholders Holding five percent or more Voting Rights in the Listed Company		
IGI INSURANCE LIMITED	1	40,983,190
GREGORY ALEXANDER	1	2,720,769
NATIONAL BANK OF PAKISTAN	1	2,500,000
Total :	3	46,203,959

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Year ended December 31, 2015

The Board of Directors of IGI Life Insurance Company (the Company) has always supported and reconfirms its commitment to continued support and implementation of the highest standards of Corporate Governance at all times.

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of Pakistan Stock Exchanges and Code of Corporate Governance applicable to listed insurance companies as issued by Securities and Exchange Commission of Pakistan (SECP), for the purpose of establishing a framework of good governance, whereby a listed Insurance company is managed in compliance with the best practices of corporate governance.

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

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

Category	Names
Independent Director	M. Kamal Syed Ehsan A. Malik
Executive Director	Syed Hyder Ali Nadeem Rehman Malik
Non-executive Directors	Shamim Ahmad Khan Syed Yawar Ali Khurram Raza Bakhtayari

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

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
3. All the resident directors of the Company have confirmed that they are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or Non-Banking Financial Institution. None of the directors or their spouses is engaged in business of stock exchange.
4. During the year, a casual vacancy occurred on the Board of Directors and was filled on the same date.
5. The Company has prepared a 'Code of Conduct' and has taken appropriate steps to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board/shareholders.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board has established a system of sound internal control, which is effectively implemented at all levels within the Company. The Company has adopted all the necessary aspects of internal control given in the Code.
10. The directors of the Company are individuals with vast diversified experience of the financial and corporate affairs and are acquaint with the Code, applicable laws, their duties, and responsibilities to enable them to effectively manage the affairs of the Company for and on behalf of shareholders. Except for two Directors, all others have obtained the training as required by the SECP. The training requirement for the remaining Directors will be complied with by June 30, 2016. The Chairman of the Board has obtained exemption from SECP as he is sufficiently experienced as per the criteria and requirement stated in the Code of Corporate Governance.
11. The appointment, remuneration and terms and conditions of employment of the Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit are approved by the Board of Directors. During the year, the Board approved appointment of a new Company secretary including terms of his remuneration and terms and conditions of employment.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Year ended December 31, 2015

12. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
13. The financial statements of the Company were duly endorsed by Chief Executive Officer and CFO before approval of the Board.
14. The Directors, Chief Executive Officer and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholdings.
15. The Company has complied with all the corporate and financial reporting requirements of the Code.
16. The Board has formed an Audit Committee. It comprises of four members; all of whom are non-executive directors, among non-executive directors, two of them are independent directors including the Chairman of the Committee.
17. The meetings of the Audit Committee were held at least once every quarter, prior to approval of interim and final results of the Company, as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
18. The Board has formed a Human Resources and Remuneration Committee. It comprises of five members, of whom three are non-executive directors including the Chairman.
19. The Board has outsourced the internal audit function to a firm of Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
20. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
21. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
22. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchanges.
23. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.
24. The Board has formed Underwriting, Claim and Reinsurance Committees in line with Code of Corporate Governance for Insurance Companies. The meetings of these committees were held at least once in each quarter.
25. The actuary appointed by the Company has confirmed that he or his spouse and minor children do not hold shares of the Company.
26. The Board ensures that the appointed Actuary complied with the requirements set out for him in the Code for Insurance Companies.
27. We confirm that all other material principles enshrined in the Code have been complied with.

On behalf of the Board of Directors.



Syed Hyder Ali
Chief Executive Officer
Dated: February 23, 2016



Shamim Ahmad Khan
Chairman
Dated: February 23, 2016



A. F. FERGUSON & CO.

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of IGI Life Insurance Limited ('the Company') for the year ended December 31, 2015 to comply with the requirements of Rule 5.19 of the Pakistan Stock Exchange Regulations issued by the Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited into which the Islamabad Stock Exchange Limited and the Lahore Stock Exchange Limited have merged) 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.

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

Chartered Accountants
Engagement Partner: **Shahbaz Akbar**
Dated: March 14, 2016
Karachi



AUDITORS' REPORT TO THE MEMBERS OF IGI LIFE INSURANCE LIMITED

We have audited the annexed financial statements comprising of:

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

of **IGI Life Insurance Limited** (the Company) as at December 31, 2015 together with the notes forming part thereof (here-in-after referred to as the 'financial statements') 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 approved accounting standards as applicable in Pakistan and the requirements of the Insurance Ordinance, 2000 (XXXIX of 2000), and the Companies Ordinance, 1984 (XLVII of 1984). Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any 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 presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000;
- (b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied except for the change as stated in note 2.2 to the financial statements with which we concur;
- (c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at December 31, 2015 and of the profit, its cash flows and changes in equity for the year ended December 31, 2015, in accordance with approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- (d) the apportionment of assets, liabilities, revenue and expenses between two or more funds has been performed in accordance with the advice of the appointed actuary; and
- (e) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The financial statements of the Company for the year ended December 31, 2014 were audited by another firm of Chartered Accountants who had expressed an unqualified opinion thereon vide their report dated February 24, 2015.

Chartered Accountants
Engagement Partner: **Shahbaz Akbar**
Dated: March 14, 2016
Karachi

Family Takaful

Where needs meet with belief - A Shari'ah compliant way of helping each other.



شریعه آڈٹ رپورٹ برائے بورڈ آف ڈائریکٹرز برائے مالیاتی سال 2015

نحمدہ ونصلی ونسلم علی رسولہ الکریم وعلی آلہ واصحابہ اجمعین ، وبعد!

الحمد للہ، میں نے ”آئی جی آئی لائف، ونڈونکافل آپریٹرز“ (آئینہ اسے، ونڈونکافل، کہا جائے گا) کے مالیاتی اسٹیٹمنٹس برائے سال 2015 کا شرعی نقطہ نظر سے جائزہ لیا۔

میں ”ونڈونکافل“ کے شریعہ ایڈوائزر کی حیثیت سے اس بات سے بخوبی باخبر ہوں کہ ”ونڈونکافل“ کے شرکاء ونکافل اور شیئرز ہولڈرز کے مابین تمام مالی معاملات اور مختلف عقود و معاہدات کو شرعی قواعد و ضوابط کے مطابق یقینی بنانا میری ذمہ داری ہے۔ اسی طرح ونڈونکافل کی منظمہ کمیٹی کی بھی یہ ذمہ داری ہے کہ وہ شریعہ ایڈوائزر کی طرف سے جاری کردہ اصول و ضوابط اور گائیڈ لائنز پر اہتمام کے ساتھ عمل کرنے کو یقینی بنائے۔ مزید برآں یہ کہ تمام ونکافل پالیسیاں اور خدمات شرعی قواعد و ضوابط کے مطابق اور باقاعدہ شریعہ ایڈوائزر سے منظور شدہ ہوں۔

یہ بات اہم ہے کہ ونڈونکافل نے ابتداء ہی سے اس بات کا اہتمام کیا ہے کہ شریعہ ایڈوائزر کی جانب سے جاری کردہ ہدایات پر اہتمام سے عمل کیا جائے اور تمام ونکافل پالیسیاں، خدمات اور مختلف فنڈز کی سرمایہ کاری شرعی قواعد و ضوابط کے مطابق انجام دی جائے اور یہ باقاعدہ شریعہ ایڈوائزر سے منظور شدہ بھی ہوں۔

بہر حال میری معلومات کے مطابق:

- 1 سال 2015 کے اختتام تک ونڈونکافل کی جانب سے کئے گئے تمام مالی معاملات شریعہ ایڈوائزر کی جانب سے دی گئی گائیڈ لائنز اور ونکافل رولز 2012 کے مطابق تھے۔
- 2 البتہ ونڈونکافل کے چند معاملات ایسے تھے، جو شریعت کی رو سے درست نہ تھے، کمپنی کی منظمہ کمیٹی سے ان معاملات پر بات چیت کر کے باقاعدہ ان کی اصلاح کر دی گئی اور شریعہ گائیڈ لائنز پر اہتمام سے عمل کرنے کی ہدایت کر دی گئی۔
- 3 الحمد للہ، بحیثیت مجموعی ونڈونکافل کے تمام معاملات کو شریعہ گائیڈ لائنز اور قواعد و ضوابط کے مطابق پایا، نیز ہم وقف فنڈ کے لئے اختیار کئے گئے اکاؤنٹنگ کے اصول و ضوابط جو کہ مالی اسٹیٹمنٹس کے لئے کلیدی حیثیت رکھتے ہیں، سے اتفاق کرتے ہیں۔

واللہ اعلم بالصواب وعلمہ اتم واعلم



ڈاکٹر مفتی عصمت اللہ
شریعی ایڈوائزر

SHARIAH AUDIT REPORT TO THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2015

الحمد لله رب العالمين والصلاة والسلام على سيدنا محمد وآله
الأمين وعلى آله وأصحابه أجمعين، وبعد!

I have examined the accompanying financial statement of IGI Life – Window Takaful Operations (hereafter referred to as “the Window Takaful”) for the year ended 31 December 2015.

I acknowledge that as Shariah Advisor of the Window Takaful, it is my responsibility to ensure that the financial arrangements, contracts and transactions entered into by the Window Takaful with its participants and stakeholders are in compliance with requirements of Shariah rules and principles. It is the responsibility of the Window Takaful’s management to ensure that the rules, principles and guidelines set by the Shariah Advisor are complied with, and that all policies and services being offered are duly approved by the Shariah Advisor.

The primary scope of Shariah Audit is to review the Window Takaful’s compliance with Shariah Guidelines, and includes the examination of the appropriate evidence of transactions undertaken by the Window Takaful during the year 2015.

It is the responsibility of the Shariah Advisor to express his opinion on the submitted financial statements. In my opinion, and to the best of my understanding based on the provided information and explanations, below are the findings:

- (i) Financial transactions undertaken by the Window Takaful for the year ended 31 December 2015 were in accordance with guidelines issued by Shariah Advisor as well as the requirements of Takaful Rules 2012.
- (ii) Few cases which had some irregularities from the Shariah perspective were discussed with the Management and duly resolved. Furthermore, the management of the Window Takaful has been advised to strictly follow Shariah compliance in future.
- (iii) Consequently, we have found that the Window Takaful is in accordance with the Shariah principles in all transactional aspects.

“And Allah Knows Best”



Dr. Mufti Ismatullah
Shariah Advisor

MANAGEMENT'S STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

YEAR ENDED DECEMBER 31, 2015

The financial arrangements, contracts and transactions, entered into by IGI Life Insurance Limited – Window Takaful Operations (the Company) for the period from July 1, 2015 to December 31, 2015 are in compliance with the Takaful Rules, 2012.

Further we confirm that:

- The Company has developed and implemented all the policies and procedures in accordance with the Takaful Rules, 2012 and rulings of the Shariah Advisor along with a comprehensive mechanism to ensure compliance with such rulings and Takaful Rules, 2012 in their overall operations with zero tolerance. Further, the governance arrangements including the reporting of events and status to those charged with relevant responsibilities, such as the Audit Committee / Shari'ah Advisor and the Board of Directors have been implemented;
- The Company has imparted trainings / orientations and ensured availability of all manuals / agreements approved by Shariah Advisor/ Board of Directors to maintain the adequate level of awareness, capacity and sensitization of the staff, management;
- All the products and policies have been approved by Shariah Advisor and the financial arrangements including investments made, policies, contracts and transactions, entered into by Window Takaful Operations are in accordance with the polices approved by Shariah Advisor.
- The assets and liabilities of Window Takaful Operations (Participant Takaful Fund and Operator's Sub Fund) are segregated from its other assets and liabilities, at all times in accordance with the provisions of the Takaful Rules, 2012.

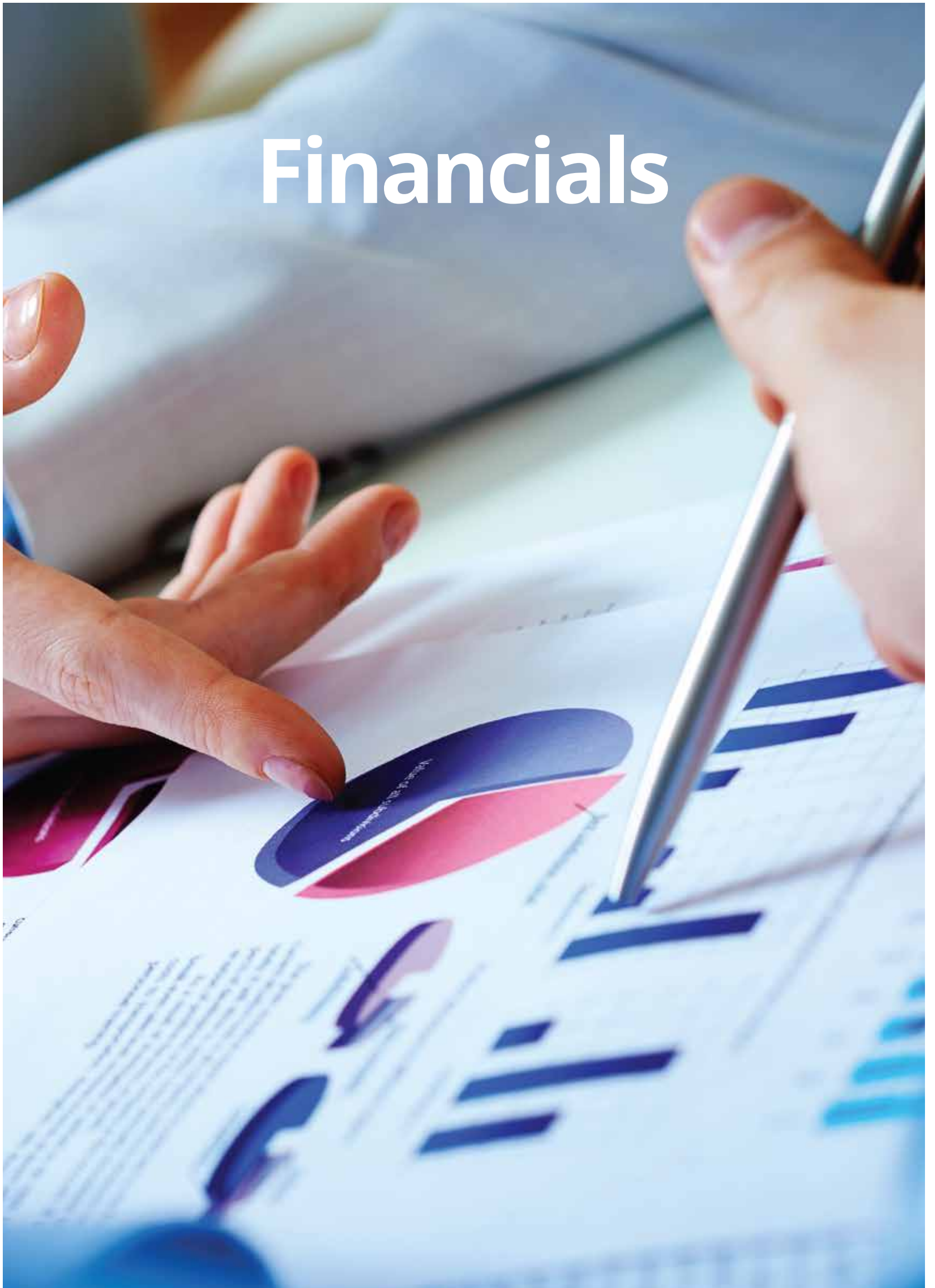
This has been duly confirmed by the Shari'ah Advisor of the Company.



Syed Hyder Ali
Chief Executive Officer

Dated: February 23, 2016

Financials



BALANCE SHEET

AS AT DECEMBER 31, 2015

Note	SHARE HOLDERS' FUND	CONVENTIONAL-STATUTORY FUNDS					TAKAFUL-STATUTORY FUNDS					AGGREGATE		
		Life (Participating)	Life (Non-participating) Individual	Investment Group	Linked	Accident & Health Individual	Group	Pension Business Fund	Individual Family	Group Family	Group Health	2015	2014	
(Rupees in '000)														
Share Capital and Reserves														
	Authorised share capital (50,000,000 ordinary shares of Rs. 10 each)	500,000	-	-	-	-	-	-	-	-	-	-	500,000	500,000
5	Issued, subscribed and paid-up share capital (50,000,000 ordinary shares of Rs. 10 each)	500,000	-	-	-	-	-	-	-	-	-	-	500,000	500,000
6	Accumulated surplus	389,901	-	-	-	-	-	-	-	-	-	-	389,901	325,502
	Net Shareholders' Equity	889,901	-	-	-	-	-	-	-	-	-	-	889,901	825,502
Balance of Statutory Fund														
	[including policyholders' liabilities Rs. 11,030.095 million (2014: Rs. 9,594.542 million)]													
7	Statutory fund	-	1,615,110	4,810,553	123,716	5,015,356	26,289	300,344	103,094	23,955	392	2,046	12,020,855	10,455,853
Deferred Liabilities														
	Staff retirement benefits	-	-	-	-	-	-	-	-	-	-	-	-	7,738
Creditors and Accruals														
	Outstanding claims	-	18,346	65,174	107,410	19,031	4,219	851	-	-	-	-	215,031	210,214
	Premiums / contribution received in advance	-	1,630	21,200	-	41,869	989	-	-	3,828	-	-	69,516	41,045
	Amount due to other insurers / reinsurers / retakaful	-	13,264	-	-	20,423	-	5,129	-	42	-	-	38,858	24,169
	Amount due to agents	-	93	30,226	-	22,658	1,090	-	-	9,826	-	-	63,893	63,725
	Experience refund payable	-	-	-	39,576	-	-	-	-	-	-	-	39,576	41,749
	Accrued expenses	6,038	5,553	41,774	11,268	15,793	854	17,311	140	-	-	-	98,731	70,228
10	Other creditors and accruals	50,565	2,584	14,866	1,276	64,523	67	28,711	199	5,292	20	1,665	169,768	122,336
		56,603	41,470	173,240	159,530	184,297	7,219	52,002	339	18,988	20	1,665	695,373	573,466
Other liabilities														
	Unclaimed dividend	27	-	-	-	-	-	-	-	-	-	-	27	27
TOTAL LIABILITIES														
		56,630	1,656,580	4,983,793	283,246	5,199,653	33,508	352,346	103,433	42,943	412	3,711	12,716,255	11,037,084
TOTAL EQUITY AND LIABILITIES														
		946,531	1,656,580	4,983,793	283,246	5,199,653	33,508	352,346	103,433	42,943	412	3,711	13,606,156	11,862,586

CONTINGENCIES AND COMMITMENTS

11

The annexed notes from 1 to 31 form an integral part of these financial statements.

S. Anwar

CHAIRMAN

H. I.

DIRECTOR

M. H.

DIRECTOR

S. H.

CHIEF EXECUTIVE OFFICER

BALANCE SHEET

AS AT DECEMBER 31, 2015

Note	SHARE HOLDERS' FUND	CONVENTIONAL-STATUTORY FUNDS						TAKAFUL-STATUTORY FUNDS			AGGREGATE		
		Life (Participating)	Life (Non-participating) Individual	Group	Investment Linked	Accident & Health Individual Group		Pension Business Fund	Individual Family	Group Family	Group Health	2015	2014
----- (Rupees in '000) -----													
Cash and Bank Deposits													
	494	-	-	-	-	-	-	-	-	-	-	494	463
	49,885	-	5,500	-	347,371	-	-	5,500	22,524	-	1,928	432,708	596,135
	50,379	-	5,500	-	347,371	-	-	5,500	22,524	-	1,928	433,202	596,598
Loans secured against Life Insurance Policies													
	-	76,859	70,088	-	-	-	-	-	-	-	-	146,947	134,350
Loans secured against other assets													
	-	-	-	-	-	-	-	-	-	-	-	-	92
	734	-	-	-	-	-	-	-	-	-	-	734	269
Deferred Assets													
	-	288	2,280	758	949	45	1,212	11	-	-	-	5,543	-
Investments													
	591,106	1,247,295	4,123,371	199,100	3,078,527	27,047	214,543	90,904	-	-	-	9,571,893	8,161,280
	134,843	136,631	582,623	43,505	1,555,079	6,245	49,161	-	14,030	-	-	2,522,117	2,146,923
	725,949	1,383,926	4,705,994	242,605	4,633,606	33,292	263,704	90,904	14,030	-	-	12,094,010	10,308,203
Current Assets - Others													
	-	-	-	29,419	-	-	88,757	-	-	285	27	118,488	120,806
	-	-	8,037	9,998	-	1,103	-	-	-	-	-	19,138	50,578
	-	2	553	-	414	20	-	-	-	-	-	989	1,409
	-	1,306	9,824	2,650	3,714	201	4,071	33	-	17	144	21,960	31,185
	(124,866)	131,303	(22,976)	(5,937)	76,967	(1,837)	(61,474)	2,018	6,389	110	303	-	-
	4,650	1,501	6,080	92	6,416	20	39,235	131	-	-	1,309	59,434	23,997
	16,060	58,864	193,853	3,133	129,553	595	7,476	4,722	-	-	-	414,256	389,712
	-	-	-	-	-	-	9,029	-	-	-	-	9,029	23,316
	208,867	-	-	-	-	-	-	-	-	-	-	208,867	138,631
	104,711	192,976	195,371	39,355	217,064	102	87,094	6,904	6,389	412	1,783	852,161	779,634
Fixed Assets													
Tangible													
	55,758	2,531	4,560	528	663	69	336	114	-	-	-	64,559	39,808
	7,938	-	-	-	-	-	-	-	-	-	-	7,938	2,003
Intangible													
	1,062	-	-	-	-	-	-	-	-	-	-	1,062	1,629
	64,758	2,531	4,560	528	663	69	336	114	-	-	-	73,559	43,440
TOTAL ASSETS	946,531	1,656,580	4,983,793	283,246	5,199,653	33,508	352,346	103,433	42,943	412	3,711	13,606,156	11,862,586

The annexed notes from 1 to 31 form an integral part of these financial statements.

S. Anurag

CHAIRMAN

hali

DIRECTOR

M. Anurag

DIRECTOR

Sudhakar

CHIEF EXECUTIVE OFFICER

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2015

Investment income not attributable to statutory funds

Income from non-trading investments

Return on government securities
Amortisation of premium on government securities
Dividend Income

Gain on sale of investments

Net investment income

Return on savings accounts and term deposits
Interest income on loans to employees / agents
Expenses not attributable to statutory funds

Profit before appropriation of surplus to shareholders' fund

Surplus appropriated to Shareholders' Fund from Ledger Account D

Profit before taxation

Taxation

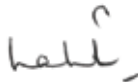
Profit after taxation

Earnings per share - basic and diluted

The annexed notes from 1 to 31 form an integral part of these financial statements.



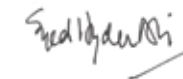
CHAIRMAN



DIRECTOR



DIRECTOR



CHIEF EXECUTIVE OFFICER

Note	2015	2014
	(Rupees in '000)	
	70,141	86,294
	(649)	(264)
	1,933	-
	<u>71,425</u>	<u>86,030</u>
	34,196	3,359
	<u>105,621</u>	<u>89,389</u>
	3,902	5,880
	12	13
18	(14,890)	(12,667)
	<u>94,645</u>	<u>82,615</u>
	18,000	-
	<u>112,645</u>	<u>82,615</u>
20	(36,046)	(27,263)
	<u>76,599</u>	<u>55,352</u>
	----- (Rupees) -----	
21	<u>1.53</u>	<u>1.11</u>

STATEMENT OF COMPREHENSIVE INCOME

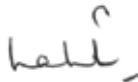
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015 (Rupees in '000)	2014 (Rupees in '000)
Profit after taxation for the year	76,599	55,352
Other comprehensive income	-	-
Total comprehensive income for the year	<u>76,599</u>	<u>55,352</u>

The annexed notes from 1 to 31 form an integral part of these financial statements.



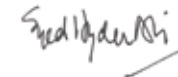
CHAIRMAN



DIRECTOR



DIRECTOR



CHIEF EXECUTIVE OFFICER

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2015

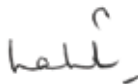
	Share capital *	Accumulated surplus	Capital contributed to statutory funds	Net accumulated surplus	Total
Note	----- (Rupees in '000) -----				
Balance as at January 1, 2014	500,000	741,602	(376,552)	365,050	865,050
Profit for the year	-	55,352	-	55,352	55,352
Comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	55,352	-	55,352	55,352
Transaction with owners recorded directly in equity					
Capital contributed during the year	7	-	(94,900)	(94,900)	(94,900)
Balance as at December 31, 2014	<u>500,000</u>	<u>796,954</u>	<u>(471,452)</u>	<u>325,502</u>	<u>825,502</u>
Balance as at January 1, 2015	500,000	796,954	(471,452)	325,502	825,502
Profit for the year	-	76,599	-	76,599	76,599
Comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	76,599	-	76,599	76,599
Transaction with owners recorded directly in equity					
Capital contributed during the year	7	-	(12,200)	(12,200)	(12,200)
Balance as at December 31, 2015	<u>500,000</u>	<u>873,553</u>	<u>(483,652)</u>	<u>389,901</u>	<u>889,901</u>

* This include an amount of Rs. 50 million set aside by the Company in respect of Takaful operations.

The annexed notes from 1 to 31 form an integral part of these financial statements.



CHAIRMAN



DIRECTOR



DIRECTOR



CHIEF EXECUTIVE OFFICER

STATEMENT OF CASH FLOWS


FOR THE YEAR ENDED DECEMBER 31, 2015

Note	SHARE HOLDERS' FUND	CONVENTIONAL-STATUTORY FUNDS					TAKAFUL-STATUTORY FUNDS				AGGREGATE		
		Life (Participating)	Life (Non-participating)		Investment	Accident & Health		Pension Business Fund	Individual Family	Group Family	Group Health	2015	2014
		Individual	Group	Linked	Individual	Group							
----- (Rupees in '000) -----													
Operating Cash Flows													
a) Underwriting activities													
	-	64,981	1,038,586	240,130	2,002,414	21,035	523,495	45,726	54,696	-	2,161	3,993,224	2,454,392
	-	-	(62,762)	(70,223)	(29,502)	(8,643)	(1,252)	-	-	-	-	(172,382)	(119,717)
	-	(32,472)	(8,747)	(108,021)	(5,493)	(28,759)	(388,783)	-	-	-	(354)	(572,629)	(525,281)
	-	(69,023)	(384,454)	-	(1,542,736)	-	-	(26,230)	-	-	-	(2,022,443)	(2,907,077)
	-	8,529	14,879	12,435	1,816	6,937	757	-	-	-	-	45,353	63,015
	-	(889)	(176,745)	(28,499)	(177,234)	(7,477)	(28,297)	-	(10,657)	(3)	(89)	(429,890)	(291,742)
	-	4,427	25,105	28,089	11,801	3,457	501	-	-	-	-	73,380	47,887
Net cash (outflow) / inflow from underwriting activities	-	(24,447)	445,862	73,911	261,066	(13,450)	106,421	19,496	44,039	(3)	1,718	914,613	(1,278,523)
b) Other operating activities													
	(106,282)	-	-	-	-	-	-	-	-	-	-	(106,282)	(100,325)
	-	(36,130)	(266,312)	(43,290)	(109,050)	(5,398)	(93,384)	(1,122)	(23,562)	(84)	(461)	(578,793)	(506,994)
	28,361	7,008	7,206	(99)	782	783	17,659	670	516	-	-	62,886	32,722
	(373)	(47,543)	-	-	-	-	-	-	-	-	-	(47,916)	(28,053)
	-	-	34,946	-	-	-	-	-	-	-	-	34,946	375
	92,225	(131,303)	26,766	(20,502)	(76,967)	1,837	116,764	(2,018)	(6,389)	(110)	(303)	-	-
Net cash (outflow) / inflow from other operating activities	13,931	(207,968)	(197,394)	(63,891)	(185,235)	(2,778)	41,039	(2,470)	(29,435)	(194)	(764)	(635,159)	(602,275)
Total cash (outflow) / inflow from all operating activities	13,931	(232,415)	248,468	10,020	75,831	(16,228)	147,460	17,026	14,604	(197)	954	279,454	(1,880,798)
Investment activities													
	74,282	147,795	426,007	22,784	301,671	3,832	31,322	8,464	-	-	-	1,016,157	869,891
	(317,958)	(83,001)	(1,507,856)	(65,731)	(1,427,788)	(8,922)	(228,452)	(23,492)	(13,995)	-	-	(3,677,195)	(6,900,347)
	308,029	134,598	587,180	50,165	1,114,464	9,257	63,042	-	-	-	-	2,266,735	8,339,678
	(28,233)	-	(7,051)	(2,257)	(3,782)	(137)	(3,418)	-	(585)	(3)	(26)	(45,492)	(23,501)
	(5,935)	-	-	-	-	-	-	-	-	-	-	(5,935)	(2,003)
	-	299	1,210	19	1,276	4	46	26	-	-	-	2,880	7,218
Total cash inflow / (outflow) from investing activities	30,185	199,691	(600,510)	4,980	(14,159)	4,034	(137,460)	(15,002)	(14,580)	(3)	(26)	(442,850)	2,290,936
Financing activities													
	(23,200)	-	-	-	-	-	-	-	-	-	-	(23,200)	(94,900)
	(500)	-	-	-	-	-	-	-	500	-	-	-	-
	-	-	-	-	-	-	-	-	22,000	200	1,000	23,200	94,900
	11,500	-	-	-	-	(1,500)	(10,000)	-	-	-	-	-	-
	18,000	-	-	(15,000)	-	(3,000)	-	-	-	-	-	-	-
Total cash flow from financing activities	5,800	-	-	(15,000)	-	(4,500)	(10,000)	-	22,500	200	1,000	-	-
Net cash inflow / (outflow) from all activities	49,916	(32,724)	(252,042)	-	61,672	(16,694)	-	2,024	22,524	-	1,928	(163,396)	410,138
Cash and cash equivalents at the beginning	463	32,724	257,542	-	285,699	16,694	-	3,476	-	-	-	596,598	186,460
Cash and cash equivalents at the end of the period	24	50,379	5,500	-	347,371	-	-	5,500	22,524	-	1,928	433,202	596,598


CHAIRMAN


DIRECTOR


DIRECTOR


CHIEF EXECUTIVE OFFICER

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2015

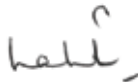
Reconciliation to Profit and Loss Account

	2015	2014
Operating cash flows	279,454	(1,880,798)
Depreciation and amortization expenses	(20,741)	(19,812)
Gain on disposal of fixed assets	2,313	827
Increase in assets other than cash	66,496	79,417
Decrease / (increase) in liabilities	(1,549,723)	494,765
Investment income	1,380,316	1,535,849
Profit received on bank deposits	35,733	49,601
Surplus of statutory funds	(135,249)	(204,497)
Surplus appropriated to Shareholders' fund	18,000	-
Profit after taxation	76,599	55,352

The annexed notes from 1 to 31 form an integral part of these financial statements.



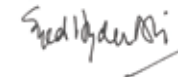
CHAIRMAN



DIRECTOR



DIRECTOR



CHIEF EXECUTIVE OFFICER

REVENUE ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2015

Note	CONVENTIONAL-STATUTORY FUNDS						TAKAFUL-STATUTORY FUNDS				AGGREGATE	
	Life (Participating)	Life (Non-participating)		Investment	Accident & Health		Pension Business	Individual Family	Group Family	Group Health	2015	2014
		Individual	Group	Linked	Individual	Group						
	(Rupees in '000)											
Income												
Premiums / contribution less reinsurance / retakaful	54,761	1,001,978	184,107	1,961,324	15,648	517,804	45,726	50,794	285	2,188	3,834,615	2,435,929
Policy transfers from other statutory funds	501	-	-	-	-	-	-	-	-	-	501	465
Net investment income	166,180	510,941	27,624	529,143	4,950	26,548	9,274	35	-	-	1,274,695	1,446,460
Other income - net	7,248	14,761	1,470	12,001	1,157	32,985	691	516	-	-	70,829	66,242
Total net income	228,690	1,527,680	213,201	2,502,468	21,755	577,337	55,691	51,345	285	2,188	5,180,640	3,949,096
Claims and expenditure												
Claims, including bonuses, net of reinsurance / retakaful recoveries	85,771	406,957	110,486	1,560,490	7,131	400,671	26,230	-	-	354	2,598,090	3,398,383
Policy transfers to other statutory funds	-	501	-	-	-	-	-	-	-	-	501	465
Management expenses less recoveries	33,195	423,979	66,885	311,389	11,325	113,035	668	49,890	93	788	1,011,247	798,742
Total claims and expenditure	118,966	831,437	177,371	1,871,879	18,456	513,706	26,898	49,890	93	1,142	3,609,838	4,197,590
Excess of income over claims and expenditure	109,724	696,243	35,830	630,589	3,299	63,631	28,793	1,455	192	1,046	1,570,802	(248,494)
Add: Policyholders' liabilities at beginning of the year	1,098,827	3,936,955	65,374	4,253,665	22,770	146,692	70,259	-	-	-	9,594,542	10,047,533
Less: Policyholders' liabilities at end of the year	(1,140,823)	(4,623,900)	(69,789)	(4,878,865)	(16,027)	(176,391)	(99,599)	(22,772)	(278)	(1,651)	(11,030,095)	(9,594,542)
Movement in policyholders' liabilities	(41,996)	(686,945)	(4,415)	(625,200)	6,743	(29,699)	(29,340)	(22,772)	(278)	(1,651)	(1,435,553)	452,991
Surplus / (deficit)	67,728	9,298	31,415	5,389	10,042	33,932	(547)	(21,317)	(86)	(605)	135,249	204,497
Movement in policyholders' liabilities	41,996	686,945	4,415	625,200	(6,743)	29,699	29,340	22,772	278	1,651	1,435,553	(452,991)
Transfers (to) or from shareholders' fund												
- Capital contributions from shareholders' fund	-	-	-	-	-	-	-	22,000	200	1,000	23,200	94,900
- Cede money - Waqf	-	-	-	-	-	-	-	500	-	-	500	-
- Capital returned to shareholders' fund	-	-	-	-	(1,500)	(10,000)	-	-	-	-	(11,500)	-
- Surplus appropriated to shareholders' fund	-	-	(15,000)	-	(3,000)	-	-	-	-	-	(18,000)	-
	-	-	(15,000)	-	(4,500)	(10,000)	-	22,500	200	1,000	(5,800)	94,900
Balance of statutory fund at beginning of the year	1,505,386	4,114,310	102,886	4,384,767	27,490	246,713	74,301	-	-	-	10,455,853	10,609,447
Balance of statutory fund at end of the year	1,615,110	4,810,553	123,716	5,015,356	26,289	300,344	103,094	23,955	392	2,046	12,020,855	10,455,853
Represented by:												
Capital contributed by shareholders' fund	-	257,552	-	117,100	-	79,300	6,000	22,500	200	1,000	483,652	471,452
Policyholders' liabilities	1,140,823	4,623,900	69,789	4,878,865	16,027	176,391	99,599	22,772	278	1,651	11,030,095	9,594,542
Retained earnings attributable to policyholders (Ledger Account A)	431,231	-	-	-	-	-	-	-	-	-	431,231	363,503
Retained earnings on par business attributable to shareholders - undistributable (Ledger Account B)	43,056	-	-	-	-	-	-	-	-	-	43,056	43,056
Retained earnings on par business (Ledger Account C)	-	-	-	-	-	-	-	-	-	-	-	-
Retained earnings on other than participating business (Ledger Account D)	-	(70,899)	53,927	19,391	10,262	44,653	(2,505)	(21,317)	(86)	(605)	32,821	(16,700)
BALANCE OF STATUTORY FUND	1,615,110	4,810,553	123,716	5,015,356	26,289	300,344	103,094	23,955	392	2,046	12,020,855	10,455,853

The annexed notes from 1 to 31 form an integral part of these financial statements.

S. Anwar

CHAIRMAN

hali

DIRECTOR

M. H. Khan

DIRECTOR

S. H. Khan

CHIEF EXECUTIVE OFFICER

STATEMENT OF PREMIUMS

FOR THE YEAR ENDED DECEMBER 31, 2015

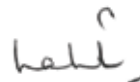
	CONVENTIONAL-STATUTORY FUNDS						TAKAFUL-STATUTORY FUNDS			AGGREGATE		
	Life (Participating)	Life (Non-participating) Individual	Investment Group	Linked	Accident & Health Individual	Accident & Health Group	Pension Business Fund	Individual Family	Group Family	Group Health	2015	2014
----- (Rupees in '000) -----												
Gross premiums												
Regular premium / contribution individual policies*												
First year	-	263,654	-	253,712	20,834	-	-	44,400	-	-	582,600	444,901
Second year renewal	-	168,745	-	92,420	-	-	-	-	-	-	261,165	228,413
Subsequent year renewal	63,598	603,490	-	244,915	-	-	-	-	-	-	912,003	868,719
Single premium / contribution individual policies	-	4,940	-	1,386,065	-	-	-	6,468	-	-	1,397,473	269,900
Group policies without cash values	-	-	237,256	-	-	523,739	45,726	-	285	2,188	809,194	723,234
Total gross premiums / contributions	63,598	1,040,829	237,256	1,977,112	20,834	523,739	45,726	50,868	285	2,188	3,962,435	2,535,167
Less: Reinsurance premiums / retakaful contribution ceded												
On individual life / family takaful first year business	-	24,579	-	4,601	-	-	-	74	-	-	29,254	10,811
On individual life / family takaful second year business	-	3,119	-	3,065	-	-	-	-	-	-	6,184	6,185
On individual life / family takaful subsequent renewal business	8,837	11,153	-	8,122	-	-	-	-	-	-	28,112	29,463
On individual accident and health first year	-	-	-	-	5,186	-	-	-	-	-	5,186	6,089
On group policies	-	-	53,149	-	-	5,935	-	-	-	-	59,084	46,690
	8,837	38,851	53,149	15,788	5,186	5,935	-	74	-	-	127,820	99,238
Net premiums / contributions	54,761	1,001,978	184,107	1,961,324	15,648	517,804	45,726	50,794	285	2,188	3,834,615	2,435,929

* Individual policies are those underwritten on an individual basis, and includes joint life policies underwritten as such.

The annexed notes from 1 to 31 form an integral part of these financial statements.



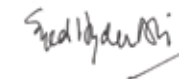
CHAIRMAN



DIRECTOR



DIRECTOR



CHIEF EXECUTIVE OFFICER

STATEMENT OF CLAIMS

FOR THE YEAR ENDED DECEMBER 31, 2015

	CONVENTIONAL-STATUTORY FUNDS						TAKAFUL-STATUTORY FUNDS			AGGREGATE		
	Life (Participating)	Life (Non-participating)		Investment	Accident & Health		Pension Business Fund	Individual Family	Group Family	Group Health	2015	2014
	Individual	Group	Linked	Individual	Group							
----- (Rupees in '000) -----												
Gross claims												
Claims under individual policies												
by death	11,437	24,539	-	19,570	3,394	-	-	-	-	-	58,940	60,518
by insured event other than death	-	-	-	-	6,901	-	-	-	-	-	6,901	7,592
by maturity	8,013	-	-	-	-	-	-	-	-	-	8,013	9,507
by surrender	69,023	384,454	-	1,542,736	-	-	-	-	-	-	1,996,213	2,858,677
Total gross individual policy claims	88,473	408,993	-	1,562,306	10,295	-	-	-	-	-	2,070,067	2,936,294
Claims under group policies												
by death	-	-	99,929	-	-	-	-	-	-	-	99,929	81,135
by insured event other than death	-	-	327	-	-	392,429	-	-	-	354	393,110	329,628
by surrender	-	-	-	-	-	26,230	-	-	-	-	26,230	48,400
experience refund	-	-	14,425	-	-	8,242	-	-	-	-	22,667	34,351
Total gross group policy claims	-	-	114,681	-	-	400,671	26,230	-	-	354	541,936	493,514
Total gross claims	88,473	408,993	114,681	1,562,306	10,295	400,671	26,230	-	-	354	2,612,003	3,429,808
Less: Re-insurance recoveries												
On individual life / family takaful first year business claims	-	1,288	-	1,816	-	-	-	-	-	-	3,104	8,536
On individual life / family takaful second year business claims	-	165	-	-	-	-	-	-	-	-	165	2,497
On individual life / family takaful renewal business claims	2,702	583	-	-	-	-	-	-	-	-	3,285	9,493
On individual accident and health business claims	-	-	-	-	3,164	-	-	-	-	-	3,164	(1,629)
On group business claims	-	-	4,195	-	-	-	-	-	-	-	4,195	12,528
	2,702	2,036	4,195	1,816	3,164	-	-	-	-	-	13,913	31,425
Net claims	85,771	406,957	110,486	1,560,490	7,131	400,671	26,230	-	-	354	2,598,090	3,398,383

The annexed notes from 1 to 31 form an integral part of these financial statements.

S. Anwar

CHAIRMAN

hali

DIRECTOR

M. H. Khan

DIRECTOR

Syed H. Ali

CHIEF EXECUTIVE OFFICER

STATEMENT OF EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2015

Note (Participating)	CONVENTIONAL-STATUTORY FUNDS						TAKAFUL-STATUTORY FUNDS			AGGREGATE		
	Life	Life (Non-participating)		Investment	Accident & Health		Pension	Individual	Group	Group	2015	2014
		Individual	Group	Linked	Individual	Group	Business	Family	Family	Health		
----- (Rupees in '000) -----												
Acquisition costs												
Remuneration to insurance / takaful intermediaries on individual policies:												
- Commission on first year premiums / contribution	-	142,443	-	119,032	6,152	-	-	20,483	-	-	288,110	226,565
- Commission on second year premiums / contribution	-	9,281	-	5,197	-	-	-	-	-	-	14,478	10,522
- Commission on subsequent renewal premiums / contribution	525	18,887	-	3,668	-	-	-	-	-	-	23,080	24,709
- Commission on single premiums / contribution	-	-	-	54,601	-	-	-	-	-	-	54,601	9,609
- Other benefits to insurance / takaful intermediaries	6,233	53,956	-	52,969	970	-	-	13,178	-	-	127,306	72,449
	6,758	224,567	-	235,467	7,122	-	-	33,661	-	-	507,575	343,854
Remuneration to insurance / takaful intermediaries on group policies:												
- Commission	-	-	22,482	-	-	27,635	-	-	3	89	50,209	41,251
- Other benefits to insurance / takaful intermediaries	-	-	1,771	-	-	3,039	-	-	-	-	4,810	960
	-	-	24,253	-	-	30,674	-	-	3	89	55,019	42,211
Branch overheads :												
- Salaries and other benefits	2,405	13,191	52	2,626	374	192	-	-	-	-	18,840	18,580
- Other Operational cost	4,447	24,387	96	4,855	692	355	-	-	-	-	34,832	38,097
	6,852	37,578	148	7,481	1,066	547	-	-	-	-	53,672	56,677
Other acquisition cost :												
- Policy stamps	-	1,722	-	2,562	136	-	-	-	-	-	4,420	1,753
	13,610	263,867	24,401	245,510	8,324	31,221	-	33,661	3	89	620,686	444,495
Administration expenses												
Salaries, allowances & other benefits	10,282	85,108	31,138	37,272	1,586	49,702	455	7,188	40	309	223,080	203,978
Travelling expenses	317	2,420	634	948	49	950	5	1,352	8	58	6,741	4,776
Directors' fees	240	2,281	802	1,117	37	1,145	9	-	-	-	5,631	1,772
Auditors' remuneration	82	780	274	382	13	392	3	-	-	-	1,926	1,737
Actuary's fees	637	6,060	2,131	2,969	99	3,043	25	-	-	-	14,964	9,857
Medical fees	28	453	207	-	-	-	-	-	-	-	688	580
Legal and professional charges	55	481	142	220	9	202	2	-	-	-	1,111	2,263
Advertisement and publicity	417	3,242	775	1,223	67	1,120	8	753	4	32	7,641	11,519
Computer expenses	154	1,357	677	622	24	987	5	-	-	-	3,826	3,886
Printing and stationery	822	5,759	1,314	2,008	127	1,942	5	31	-	1	12,009	14,826
Depreciation and amortisation	1,082	8,934	2,496	3,836	168	3,582	29	585	3	26	20,741	19,812
Rental	1,515	11,520	3,649	4,497	236	5,326	38	-	-	-	26,781	22,671
	15,631	128,395	44,239	55,094	2,415	68,391	584	9,909	55	426	325,139	297,677
Other management expenses												
	16	3,954	32,911	9,260	12,618	586	13,478	84	6,352	35	79,551	71,048
Gross management expenses												
	33,195	425,173	77,900	313,222	11,325	113,090	668	49,922	93	788	1,025,376	813,220
Commission from reinsurers												
	-	(1,194)	(11,015)	(1,833)	-	(55)	-	(32)	-	-	(14,129)	(14,478)
Net management expenses												
	33,195	423,979	66,885	311,389	11,325	113,035	668	49,890	93	788	1,011,247	798,742

The annexed notes from 1 to 31 form an integral part of these financial statements.

S. Anwar

CHAIRMAN

Haidi

DIRECTOR

M. Anwar

DIRECTOR

S. H. Khan

CHIEF EXECUTIVE OFFICER

STATEMENT OF INVESTMENT INCOME

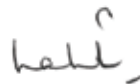
FOR THE YEAR ENDED DECEMBER 31, 2015

	CONVENTIONAL-STATUTORY FUNDS					TAKAFUL-STATUTORY FUNDS				AGGREGATE		
	Life (Participating)	Life (Non-participating) Individual	Investment Group	Linked	Accident & Health Individual	Accident & Health Group	Pension Business Fund	Individual Family	Group Family	Group Health	2015	2014
----- (Rupees in '000) -----												
Investment income												
Return on government securities	151,095	454,756	21,614	289,280	3,857	20,539	9,544	-	-	-	950,685	976,719
Amortisation of premium	(756)	(7,571)	(43)	(983)	(11)	(1,310)	(270)	-	-	-	(10,944)	(5,691)
	150,339	447,185	21,571	288,297	3,846	19,229	9,274	-	-	-	939,741	971,028
Unrealized gain / (loss) on revaluation of investments	1,557	(899)	-	134,097	-	-	-	35	-	-	134,790	398,086
Dividend Income	3,542	10,283	613	1,371	91	262	-	-	-	-	16,162	-
Gain on sale of investments	10,742	54,372	5,440	105,378	1,013	7,057	-	-	-	-	184,002	77,346
Net investment income	166,180	510,941	27,624	529,143	4,950	26,548	9,274	35	-	-	1,274,695	1,446,460

The annexed notes from 1 to 31 form an integral part of these financial statements.



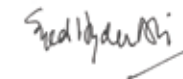
CHAIRMAN



DIRECTOR



DIRECTOR



CHIEF EXECUTIVE OFFICER

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

1. STATUS AND NATURE OF BUSINESS

- 1.1** IGI Life Insurance Limited ("the Company") was incorporated in Pakistan on October 9, 1994 as a public limited company under the Companies Ordinance, 1984. Its shares are quoted on the Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited). The Company commenced its operations on May 25, 1995 after registration with the Controller of Insurance on April 30, 1995. The registered office of the Company is situated at 7th Floor, The Forum, Suite No. 701-713, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi which is also the principal office of the Company.
- 1.2** The Company is a subsidiary of IGI Insurance Limited that holds 81.97% (2014: 69.667%) share capital of the Company.
- 1.3** In pursuance of the Share Purchase Agreement dated January 21, 2013 between IGI Insurance Limited (IGI) and American Life Insurance Company – USA (a company incorporated under the laws of the State of Delaware, United States of America) (ALICO USA); IGI Insurance Limited obtained control of American Life Insurance Company (Pakistan) Limited on April 10, 2014 by acquiring 34,838,687 ordinary shares (representing 69.677% of the issued and paid up capital) of the Company from its majority shareholder ALICO USA. As a consequence of this change, the Board of Directors resigned in the meeting held on April 10, 2014 and in their place, the new directors joined the Board of the Company. As part of the change in major shareholding, effective from June 12, 2014, the name of the Company was changed to 'IGI Life Insurance Limited'. During the year, in pursuant to the share purchase agreement IGI has acquired an additional 6,145,503 shares (representing 12.28% of the issued and paid up capital) of the Company from ALICO USA, thereby increasing the cumulative shareholding to 81.97%.
- 1.4** The Company is engaged in life insurance business, carrying on both participating and non-participating businesses. During the year, the Board of Directors in their meeting held on January 07, 2015 approved the launching of Window Family Takaful Operations by the Company. The shareholders approved the Board's decision in the extra ordinary general meeting held on January 30, 2015. The application of the Company to launch Window Family Takaful operations was approved by the Securities and Exchange Commission of Pakistan (SECP) vide their letter ID/PRDD/048-WTO/2015/1438 dated July 02, 2015.
- 1.5** Issuance of policies under this Fund commenced from July 2, 2015, after getting the approval of the products from the SECP. In accordance with the requirements of Takaful Rules, 2012 read with SECP Circular no. 8 of 2014, the Company has transferred Rs. 50 million in a separate islamic bank account for Window Takaful business maintained with a scheduled bank. For the purpose of carrying takaful business, the Company has established a Waqf namely IGI Life Insurance Limited - Window Takaful Operation Waqf Fund (here-in-after referred to as Participant Takaful Fund) on April 3, 2015 under a Waqf deed executed by the Company with a cede amount of Rs. 0.5 million.
- 1.6** In accordance with the requirements of the Insurance Ordinance, 2000, the Company has established a Shareholders' Fund and Separate Statutory Funds, in respect of each class of life insurance and family takaful business. The Statutory Funds established by the Company, in accordance with the advice of the Appointed Actuary are as follows:
- Life (participating)
 - Life (non-participating) – Individual
 - Life (non-participating) – Group
 - Investment Linked
 - Accident & Health – Individual
 - Accident & Health – Group
 - Pension Business Fund
 - Individual Family Takaful
 - Group Family Takaful
 - Group Health Takaful
- 1.7** The Board of Directors in their meeting held on January 07, 2015 approved the launching of Window Family Takaful Operations by the Company. The shareholders approved the Board's decision in the extra ordinary general meeting held on January 30, 2015. The application of the Company to launch Window Family Takaful operations was approved by Securities and Exchange Commission of Pakistan vide their letter ID/PRDD/048-WTO/2015/1438 dated July 02, 2015. The Company has allocated Rs. 50.5 million to the Family Takaful Fund. Issuance of policies under this fund commenced from July 2, 2015, after getting the approval of the products from the SECP.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

2 BASIS OF PRESENTATION

These financial statements have been presented in accordance with the requirements of S.R.O. 938 (I)/2002 dated December 12, 2002 issued by the Securities and Exchange Commission of Pakistan (SECP) through Securities and Exchange Commission (Insurance) Rules, 2002 [SEC (Insurance) Rules, 2002].

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984, the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002, Takaful Rules, 2012 and directives issued by the SECP. Wherever the requirements of the Companies Ordinance, 1984, the Insurance Ordinance, 2000 the SEC (Insurance) Rules, Takaful Rules, 2012 or directives issued by the SECP differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984, the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002, Takaful Rules, 2012 or the said directives

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

IFRS 13 'Fair Value Measurement' (effective for annual periods beginning on or after 1 January 2015) establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 'Financial Instruments: Disclosures'. Accordingly, the Company has included an additional disclosure in this regard in note 26.2.2 to the financial statements. Notwithstanding the above, the change had no impact on the measurements of the Company's assets and liabilities.

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

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

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

3 BASIS OF MEASUREMENT

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

3.1 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

3.2 Use of estimates and judgments

The preparation of financial statements in conformity with the requirements of approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984, the Insurance Ordinance, 2000, SEC (Insurance) Rules, 2002 and Takaful Rules, 2012 requires management to make judgments / estimates and associated assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The judgments / estimates and associated assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making estimates about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected in accordance with the requirements of International Accounting Standard - 8, "Accounting Policies, Changes in Accounting Estimates and Errors".

Significant areas where assumptions and estimates were exercised in application of accounting policies, otherwise that are disclosed in these financial statements, relate to:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

3.2.1 Policyholders' liabilities

Mortality, Morbidity and Interest Bases adopted

SECP vide its circular 17/2013 dated September 13, 2013 has stipulated that SLIC(2001-05) Individual Life Mortality Table published by Pakistan Society of Actuaries be used as the minimum valuation basis prescribed under SECP's notification S.R.O 16(1)/2012. A test was previously conducted to compare the existing valuation basis i.e. EFU (1961-66) mortality table with the minimum valuation basis SLIC (2001-05) for the relevant reserves. The test revealed that the existing valuation basis was more prudent than the minimum valuation basis and therefore it was considered to be more appropriate to continue with the existing valuation basis.

The rate of discount was taken as 3.75% in line with the requirements under SECP's notification S.R.O 16(1)/2012, for determining reserves of traditional products and supplementary coverage. Any differential between the assumed rate and the actual rate is intended to be available to the Company for meeting its administrative expenses.

General Principles adopted for valuation

The general principles adopted in the actuarial valuation to estimate policyholders' liabilities as at December 31, 2015 are as follows:

- a) Reserves for Endowment Policies with term not less than 20 years have been calculated using Full Preliminary Term Method with EFU (1961 - 66) Ultimate Mortality Table at 3.75%.
- b) Reserves for Endowment Policies with term less than 20 years have been calculated using combination of Full Preliminary Term Method and Net Level Premium Method with EFU (1961 - 66) Ultimate Mortality Table at 3.75%.
- c) Term Policies are calculated using Net Level Premium Method with EFU (1961 - 66) Ultimate Mortality Table at 3.75%.
- d) Reduced Paid-ups and Extended Term insurances have been valued by Net Single Premium Method with EFU (1961 - 66) Ultimate Mortality Table at 3.75%.
- e) Bonus Reserves have been valued by Net Single Premium Method with EFU (1961 - 66) Ultimate Mortality Table at 3.75%.
- f) Loyalty Bonus Reserves have been valued by Net Single Premium Method at 3.75% for active policies.
- g) In respect of Unit Linked policies, the reserve for bid value of allocated units is calculated using the latest bid value of units and the total number of units belonging to policyholders' accounts as at the valuation date. The amount is held as a reserve since it represents the current value of amounts that will be payable to policyholders at the time when a maturity, death or surrender claim is filed. The latest bid value is the last "announced" bid price before the valuation date.
- h) Universal Life business has been valued using full Account values. No deduction has been made for surrender charges.
- i) Group Life Insurance, Individual Accident & Health Insurance and Group Accident & Health Insurance have been valued using Unearned Gross Premium.
- j) Pension business has been valued using full Account values.
- k) Unearned premium reserves have been maintained for all riders except Level Term rider reserve which is calculated using Net Level Premium Method with EFU (1961 - 66) Ultimate Mortality Table at 3.75%.
- l) Reinsurance premium reserves have been maintained on an unearned premium basis.
- m) Reserves have been maintained for Incurred But Not Reported (IBNR) claims, based on the claims lag pattern experienced over the past few years.
- n) Reserves for claims payable in installments have been kept at 3.75%.
- o) Unearned Premium Reserve is kept as half month of Cost of Insurance (COI) for Cost of Insurance (COI) of Universal Life and Unit Linked Policies.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

- p) No policy is treated as an asset and in the system if the reserve is negative, the negative value is excluded and the reserves for the policies is set equal to zero.
- q) The Company does not have any insurance policy which is denominated in foreign currency.

The principles adopted in the previous valuation as at December 31, 2014, were the same as those followed in this valuation. Hence there is no impact of any change in valuation basis.

Surrenders

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

Claims provision

- a) Reserves have been made in respect of all intimated claims. Most claims require lump sum payments, and reserves have been maintained in each Statutory Fund, where applicable. In a small number of cases, claims are payable in installments over a period of more than twelve months after the valuation date. In respect of all such claims, reserves have been calculated using the minimum valuation basis.
- b) Adequate reserves have also been maintained for Incurred But Not Reported (IBNR) claims. The IBNR is determined based on statistical method that analyses the time lag between the claim occurrence date and claim reported date from the Company's own experience.

3.2.2 Classification of investment and provisions for impairment there against

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

Shareholders' investments which are not classified as held for trading or held to maturity are classified as 'available for sale'. Whereas investments for Investment linked business are classified as 'available for sale'.

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

The Company has determined fair value of certain investment by using quotations from active market. Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matter of judgment (e.g. valuation, interest rates, etc.) and therefore, can not be determined with precision.

3.2.3 Income tax

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

3.2.4 Tangible and intangible assets, depreciation and amortisation

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

The carrying amounts are reviewed at each balance sheet date to assess whether these are recorded in excess of their recoverable amounts, and where carrying values exceed estimated recoverable amount, assets are written down to their estimated recoverable amounts.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

3.2.5 Defined benefits plans and other benefits

Liability / asset is determined on the basis of actuarial valuation carried out using the Projected Unit Credit Method.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below:

4.1 Insurance / Takaful contracts

Conventional Business

Insurance contracts represent contracts with policy holders and reinsurers.

Those contracts including riders where the Company (the insurer) accepts significant insurance risk from another party i.e. group and individual policyholders by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders are insurance policy contracts.

Those insurance contracts that are issued by one insurer (the reinsurer) to compensate another insurer (the cedant) for losses on one or more contracts issued by the cedant are reinsurance contracts. The Company enters into reinsurance contracts with foreign reinsurers in the normal course of business in order to limit the potential for losses arising from certain exposures.

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.

The Company enters into insurance contracts with policyholders which are divided into following major categories:

Group Insurance contracts

The Company offers group life, group accident & health and pension business to its clients. The Company also underwrites business for consumer banking related schemes. The risk underwritten is mainly death, hospitalization and disability. The group insurance contracts are issued typically on Yearly Renewable Term basis (YRT). This business is written through direct sales force as well as bancassurance.

Individual Insurance Contracts

The Company offers Individual Life (Participating), Individual Life (Non-Participating), Individual Accident & Health and Investment Unit Linked Plans which provide the financial protection; protection against the financial consequences of death, disease and disability caused by accidents, sickness or old age and a substantial return at maturity. Investment Unit Linked policies are regular life policies, where policy value is determined as per the underlying assets' value. Various types of riders (Accidental Death, Income Benefit, etc.) are also sold along with the basic policies. Some of these riders are charged through deduction from policyholders' fund value, while others are conventional i.e., additional premium is charged thereagainst. This business is written through direct sales force as well as bancassurance.

Takaful Business

The takaful contracts are based on the principles of Wakala Waqf Model. Takaful is a programme based on Shariah compliant, approved concept funded on the principles of mutual cooperation, solidarity and brotherhood. The obligation of Waqf for Waqf participants' liabilities is limited to the amount available in the Waqf fund. In the event where there are insufficient funds in Waqf to meet their current payments less receipts, the deficit is funded by way of an interest free loan (Qard-e-Hasna) from the operators' sub fund to the statutory fund (Takaful Business Statutory Funds). The amount of Qard-e-Hasna is refundable to the operators' sub fund.

Technical reserves are stated at a value determined by the appointed actuary through an actuarial valuation carried out as at each balance sheet date, in accordance with section 50 of the Insurance Ordinance, 2000.

Group Takaful Contracts

The Company offers Group Family, Group Accident and Health takaful policies to its clients. The group takaful contracts are issued typically on yearly renewable term basis.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

Individual Family Takaful Contracts

The Company offers Unit Linked Takaful Plans which provide Shariah compliant financial protection and investment vehicle to individual participants. These plans carry cash value which is determined as per the underlying asset's value. The death benefit design is based on Constant Sum Risk approach i.e. the sum cover is paid in addition to the cash value. The plans offer investment choices to the customer to direct their investment related contribution based on their risk / return objectives. No investment guarantees are offered. The investment risk is borne by the participants. Various type of supplemental benefits (accidental death, disability, income benefit, etc) are also sold along with basic policies.

4.1.1 Premiums / Contributions

Conventional Business

- First year individual life premium is recognised when the policy is issued after receipt of that premium. Subsequent premiums falling due under the policy are recognised if received before expiry of the grace period, or if advanced by the Company under the Automatic Premium Loan (APL). Single premiums and top-up premiums are recognised once the related policies are issued against the receipt of premium.
- Group premiums are recognised when due.

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

Takaful Business

- First year individual life contribution is recognised when the policy is issued after receipt of that contribution. Subsequent contributions falling due under the policy are recognised if received before expiry of the grace period, or if advanced by the Company under the Automatic Contribution Loan (ACL). Single contributions and top-up contributions are recognised once the related policies are issued against the receipt of contribution.
- Group contributions are recognised when due.

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

4.1.2 Reinsurance / Retakaful contracts held

Conventional Business

Reinsurance premiums are recognised in accordance with pattern of recognition of related premium. It is measured in line with the terms and condition of the reinsurance treaty.

Reinsurance liabilities represent balances due to reinsurance companies. Balances 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 as required by Insurance Ordinance, 2000.

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 it as impairment loss.

Takaful Business

These contracts are entered into by the Company with retakaful operator under which the "Waqf Fund" cedes the takaful risk assumed during normal course of its business and according to which Waqf is compensated for losses on contracts issued by it are classified as retakaful contracts held.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

Retakaful Contribution

Retakaful contribution is recorded at the time the retakaful is ceded. Surplus from retakaful operator is recognised in the revenue account.

Retakaful Expenses

Retakaful expenses are recognised as a liability in accordance with the pattern of recognition of related contribution.

Retakaful Assets and Liabilities

Retakaful assets represent balances due from retakaful operator. Recoverable amounts are estimated in a manner consistent with the associated retakaful treaties.

Retakaful liabilities represent balances due to retakaful operator. Amounts payable are calculated in a manner consistent with the associated retakaful treaties.

Retakaful assets are not offset against related retakaful liabilities. Income or expenses from retakaful contract are not offset against expenses or income from related retakaful contracts as required by Insurance Ordinance, 2000.

4.1.3 Receivables and payables related to insurance contract

Receivables and payables are recognised when due. These include amounts due to and from agents and policyholders.

4.1.4 Claims

Conventional Business

Claim expense

Insurance claims include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims and any adjustments to claims outstanding from previous years. Claims are recognised earlier of the policy ceases to participate in the earnings of the fund or insured event occurs.

The outstanding claims liability includes amounts relating to unpaid reported claims and expected claims settlement costs. Full provision is made for the estimated cost of claims incurred to the date of the balance sheet. The liability for claims expenses relating to "Incurred But Not Reported"(IBNR) is included in policyholders' liabilities.

Claim recoveries

Claims recoveries receivable from reinsurers are recognised as assets at the same time when the corresponding claims are recorded in accordance with the terms of the re-insurance contracts.

Experience refund of premium

Experience refund of premium payable / receivable to / from Group policyholders is presented in the balance sheet.

Takaful Business

Claims expense include all claims occurring during the year, whether reported or not. Internal and external claim handling costs that are directly related to the processing and settlement of claims and other recoveries, and any adjustments to claims outstanding from previous years.

The outstanding claims liability includes amounts relating to unpaid reported claims and expected claims settlement costs. Full provision is made for the estimated cost of claims incurred to the date of the balance sheet. The liability for claims expenses relating to "Incurred But Not Reported"(IBNR) is included in technical reserves.

4.1.5 Policyholders' liabilities

Policyholders' liabilities including IBNR are stated at a value determined by the appointed actuary through an actuarial valuation / advice carried out at each balance sheet date, in accordance with section 50 of the Insurance Ordinance, 2000. In determining the value both acquired policy values as well as estimated values which will be payable against risks which the Company underwrites are considered. The basis used are applied consistently from year to year.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

4.1.6 Acquisition cost

These comprise commission and other costs incurred in acquiring and maintaining insurance policies and include without limitation all forms of remuneration paid to insurance intermediaries.

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

4.1.7 Takaful Operator's Fee

The shareholders of the Company manage the family takaful operations for the participants and act as Wakeel of the Waqf fund. The Company is entitled for the wakala fee for the management of takaful operation under Waqf fund to meet its management expenses.

4.2 Staff retirement benefits

4.2.1 Defined benefit plan

The Company operates an approved defined benefit gratuity scheme for all its permanent employees who attain the minimum qualification period for entitlement to gratuity. Contributions to the Fund are made based on in-house actuarial valuation. The most recent in-house actuarial valuation was carried out for the year ended December 31, 2015 using the Projected Unit Credit Method.

Actuarial gains and losses, past service costs, gains or losses on settlements, and net interest income (expense) are recognised in revenue account in the period in which they occur.

In case the benefits paid under the scheme are reduced, it is treated as past service cost in the period in which change takes place.

4.2.2 Defined contribution plan

The Company operates an approved contributory provident fund which covers all permanent employees. Equal monthly contributions are made both by the Company and the employees to the Fund at the rate of 10 percent of basic salary.

During the year, Rs.11.167 million (2014: Rs. 12.785 million) has been recognised in the revenue account in respect of defined contribution plan.

4.3 Employees' compensated absences

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

4.4 Cash and cash equivalents

For the purposes of cash flow statement cash and cash equivalents include the following:

- cash and stamps in hand
- cash at bank in current and other accounts
- deposits with original maturity of three months or less

4.5 Loans secured against life insurance policies

Interest bearing loans are available to policyholders of the Company to the extent of ninety percent of cash values built in their policies. These are recognised on disbursement.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

4.6 Investments

4.6.1 Classification

Investments with fixed or determinable payments and fixed maturity, where the Company has positive intent and ability to hold to maturity, are classified as Held-to-Maturity. Investments which are intended to be held for an indefinite period but may be sold in response to the need for liquidity or change in mark-up / interest rates are classified as available for sale. Investment designated at fair value through profit and loss are measured at fair value and changes in market value are recognised immediately in profit and loss / revenue account.

4.6.2 Initial recognition

All investments are initially recognised at cost, being the fair value of the consideration given and includes transaction costs except for investments designated at fair value through profit and loss.

4.6.3 Subsequent measurement

Held to maturity

Subsequently, these are measured at amortised cost less provision for impairment, if any. Any premium paid or discount availed on acquisition of held to maturity investment is deferred and amortised over the term of investment using the effective interest method.

Available-for-sale

Shareholder's fund and statutory funds other than investment linked fund and Individual Family Takaful Fund

Investments classified as available-for-sale are subsequently measured at lower of cost or market value (market value being taken as lower if the reduction is other than temporary) in accordance with the requirements of the Securities and Exchange Commission (Insurance) Rules, 2002 and the difference if any, is recognised as provision for impairment in value of investment. Any change in the provision for impairment in value of an investment is recognised in the profit and loss account / revenue account.

Investment linked fund and Individual Family Takaful Fund

Investments classified as available for sale are marked to their market values. Any gain or loss on such available-for-sale investments is recognised in revenue account of the fund.

International Accounting Standard - 39 (IAS-39) "Financial Instruments - Recognition and Measurement" had been revised effective January 1, 2005. In the revised IAS-39 the option of taking the revaluation gain / loss on the available for sale securities to income / revenue account had been deleted and all such gain / loss was to be taken to equity. Further, after revision of IAS-1, this unrealised gain / loss is to be routed through Other Comprehensive Income (OCI). SECP through Insurance Rules, 2002 had prescribed the format of presentation and disclosure of financial statements, according to which the Statutory Funds have no equity or OCI accounts. Resultantly, the changes in IAS-39 and IAS-1 were not implemented.

Fair value through profit and loss

Investment classified 'at fair value through profit and loss' category at inception, are subsequently measured at their fair value and gains and losses arising from changes in fair value are included in the profit and loss / revenue account.

Fair / market value measurement

For investment in Government securities, fair / market value is determined by reference to quotations obtained from Financial Market Association of Pakistan (FMAP)(PKRV) where applicable. The fair / market value of mutual fund units is determined as per the rates announced by the Mutual Funds Association of Pakistan (MUFAP).

Date of recognition

Regular way purchases and sales of investments that require delivery within the time frame established by regulations or market convention are recognised at the settlement date. Settlement date is a date on which a trade (bonds, equities, foreign exchange, commodities, etc.) settles i.e. the actual day on which transfer of cash or assets is completed.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

4.7 Taxation

Income tax comprises current and deferred tax. Income tax expense is recognised in the profit and loss account except to the extent that it relates to the items recognised directly in equity in which case it is recognised in equity.

4.7.1 Current

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

4.7.2 Deferred

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

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

4.8 Fixed assets

4.8.1 Tangibles

These are initially stated at cost and subsequently at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged over the estimated useful life of the asset on a systematic basis to income applying the straight line method at the rates specified in note 14 to the financial statements, after taking into account residual value and charged to revenue account.

Depreciation on additions is charged from the month in which the asset is available for use and on disposal, upto the month the asset is in use.

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

An item of tangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the revenue account in the year the asset is derecognised.

The assets residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date.

4.8.2 Capital work in progress

Capital work in progress is stated at cost less any impairment in value. It includes advances to suppliers in respect of tangible fixed assets.

4.8.3 Intangibles

These are stated at cost less accumulated amortisation and impairment loss, if any. Amortisation is charged over the estimated useful life of the asset on a systematic basis to income applying the straight line method at the rates specified in note 14 to the financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

Amortisation on additions is charged from the month in which the asset is acquired or capitalised and on disposal up to the month the asset is in use.

Software development costs are only capitalised to the extent that future economic benefits are expected to be derived by the Company.

4.9 Impairment of non-financial assets

The carrying amount of assets (other than deferred tax asset) are reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit and loss account or revenue account, as appropriate. An impairment loss is reversed if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

4.10 Provisions

A provision is recognised when the Company has a legal or constructive obligation as a result of past events, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

4.11 Investment income

- Income from held to maturity / available for sale investments is recognised using effective interest method. The difference between the redemption value and the purchase price of the held to maturity investments is amortised over the term of the investment and is taken to the profit and loss account and revenue account, for investments relating to shareholders fund and statutory funds respectively.
- Revaluation gain on investments held for available-for-sale in the investment linked fund is recognised as income in the revenue account.
- Dividend income on investments is recognised when the Company's right to receive the payment is established.
- Gain or loss on sale of investments is included in profit and loss account and revenue account, for investments relating to shareholders fund and statutory funds respectively.
- Return on bank deposits, loans to employees and loans to policyholders are recognised on a time proportionate basis taking into account the effective yield.
- Revaluation gain / loss on investment held 'at fair value through profit and loss' in statutory fund is recognised as income / expense in the profit and loss account and revenue account, for measurements relating to shareholder fund and statutory funds respectively.

4.12 Earnings per share

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

4.13 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 Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

The Company presents segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002 and the Takaful Rules, 2012. The reported operating segments are also consistent with the internal reporting provided to Strategy Committee and Board of Directors which are responsible for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of excess of income over claims and expenditure of each segment. The Company operates in Pakistan only.

The Company accounts for segment reporting using the classes or sub-classes of business (Statutory Funds) as specified under the Insurance Ordinance 2000, SEC (Insurance) Rules, 2002 and the Takaful Rules, 2012 as the primary reporting format.

- The Life (participating) segment provides life insurance coverage to individuals under individual life policies that are entitled to share in the surplus earnings of the statutory fund to which they are referable.
- The Life (non-participating) segment provides life insurance coverage to individuals under individual life policies that are not entitled to share in the surplus earnings of the statutory fund to which they are referable.
- The Life (non-participating) Group segment provides life insurance coverage to employer-employee (and similar) groups of employees / members under a single life policy issued to the employer. The Group policy is not entitled to share in the surplus earnings of the statutory fund to which it is referable.
- The Investment Linked business segment provides life insurance coverage to individuals, whereby the benefits are expressed in terms of units, the value of which is related to the market value of specified assets.
- The Accident and Health - Individual segment provides fixed pecuniary benefits or benefits in the nature of indemnity or a combination of both in case of accident or sickness to individuals.
- The Accident and Health - Group segment provides fixed pecuniary benefits or benefits in the nature of indemnity or a combination of both in case of accident or sickness to employer-employee (and similar) groups of employees / members under a single policy issued to the employer.
- The Pension Fund segment provides coverage for the purposes of a pension or a retirement scheme with or without the payments being guaranteed for a minimum period.

Family Takaful

- The individual family takaful business segment provides family takaful coverage to individuals under unit-linked policies issued by the Company.
- The Group Family Takaful business segments provides family takaful coverage to members of business enterprises, corporate entities and common interest groups under group family takaful scheme operated by the Company.
- The Group Health Takaful provides fixed pecuniary benefits or benefits in the nature of indemnity or a combination of both in case of accident or sickness to employer-employee (and similar) groups of employees / members under a single policy issued to the employer.

Actuarial valuation of life insurance business is required to be carried out annually at the balance sheet date. Policyholders' liabilities included in the statutory funds are based on the actuarial valuation carried out by the Appointed Actuary as at December 31, 2015.

The Company reviews the basis of estimation used in respect of allocation of assets, liabilities, income and expenses not referable to specific fund with the consultation of Company's appointed actuary.

4.14 Foreign currency transactions and translations

Foreign currency transactions are translated into Pak Rupees at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the exchange rates prevailing at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined. Exchange gains or losses are included in income currently.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

4.15 Statutory funds

The Company maintains statutory funds in respect of each class of life insurance business. Assets, liabilities, revenues, and expenses of the Company are usually referable to respective statutory funds, however, where these are not referable to statutory funds, these are allocated to shareholders' fund.

Apportionment of assets, liabilities, revenues and expenses, wherever required, between funds are made on a fair and equitable basis in accordance with the written advice of the appointed actuary.

4.16 Financial instruments

Financial instruments carried on the balance sheet include cash and bank deposits, loans secured against other assets, investment in government securities and listed mutual funds, premiums due but unpaid, amount due from / to agents, sundry receivables, accrued interest, accrued expenses, other creditors and accruals, and dividend payable.

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and derecognised when the Company loses control of contractual rights that comprises the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. At the time of initial recognition all financial assets and financial liabilities are measured at cost, which is the fair value of the consideration given or received for it. These financial assets and liabilities are subsequently measured at fair market value or amortised cost as the case may be. Any gain or loss on derecognition of financial assets and financial liabilities is taken to profit and loss account or revenue account, as appropriate.

4.17 Offsetting of financial assets and liabilities

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

4.18 Share capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4.19 Dividend and appropriation of reserve

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

5 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2015	2014		2015	2014
(Number of shares in '000)			(Rupees in '000)	
<u>50,000</u>	<u>50,000</u>	Ordinary Shares of Rs. 10 each fully paid in cash	<u>500,000</u>	<u>500,000</u>

IGI Insurance Limited held 40,986,690 (December 31, 2014 : 34,838,687) shares representing 81.97% (December 31, 2014 : 69.677%) of the Company's shares as at December 31, 2015.

6	ANALYSIS OF ACCUMULATED SURPLUS AS SHOWN IN THE BALANCE SHEET	2015	2014
		(Rupees in '000')	
	Accumulated surplus in the statement of changes in equity ignoring effect of capital transfers at beginning of the year	796,954	741,602
	Add: Surplus in profit and loss account for the year	<u>76,599</u>	<u>55,352</u>
	Accumulated surplus in statement of changes in equity ignoring effect of capital transfers at end of the year	873,553	796,954
	Less: Accumulated net capital transfers to statutory funds (note 7)	<u>(483,652)</u>	<u>(471,452)</u>
	Accumulated surplus	<u><u>389,901</u></u>	<u><u>325,502</u></u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

6.1 In order to achieve compliance with the requirements of the Insurance Ordinance, 2000 relating to i) solvency; and ii) return of capital from statutory funds to shareholders' fund, the Company as at December 31, 2015 has retained an amount of Rs. 516.473 million (December 31, 2014: Rs. 454.75 million) in the statutory funds. This has resulted in the shareholders' equity being lower by this amount.

7 MOVEMENT IN EQUITY OF STATUTORY FUNDS

	CONVENTIONAL-STATUTORY FUNDS					TAKAFUL- STATUTORY FUNDS				AGGREGATE		
	Life (Participating)	Life (Non-participating)		Investment	Accident & Health		Pension Business Fund	Individual Family	Group Family	Group Health	2015	2014
----- (Rupees in '000) -----												
Policyholders' liabilities												
Balance at the beginning of the year	1,098,827	3,936,955	65,374	4,253,665	22,770	146,692	70,259	-	-	-	9,594,542	10,047,533
Increase/(decrease) during the year	41,996	686,945	4,415	625,200	(6,743)	29,699	29,340	22,772	278	1,651	1,435,553	(452,991)
Balance at end of the year	1,140,823	4,623,900	69,789	4,878,865	16,027	176,391	99,599	22,772	278	1,651	11,030,095	9,594,542
Retained earnings on participating business attributable to participating policyholders - Ledger Account A												
Balance at the beginning of the year	363,503	-	-	-	-	-	-	-	-	-	363,503	289,988
Surplus allocated during the year (note 7.1)	166,708	-	-	-	-	-	-	-	-	-	166,708	177,415
Surplus Adjustment	-	-	-	-	-	-	-	-	-	-	-	-
10% surplus transfer to Ledger Account B	-	-	-	-	-	-	-	-	-	-	-	-
Bonus allocated during the year	(98,980)	-	-	-	-	-	-	-	-	-	(98,980)	(103,900)
Closing balance at end of the year	431,231	-	-	-	-	-	-	-	-	-	431,231	363,503
Retained earnings on participating business attributable to shareholders but not distributable - Ledger Account B												
Balance at the beginning of the year	43,056	-	-	-	-	-	-	-	-	-	43,056	43,056
Surplus adjustment	-	-	-	-	-	-	-	-	-	-	-	-
10% surplus transfer from Ledger Account A	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance at end of the year	43,056	-	-	-	-	-	-	-	-	-	43,056	43,056
Retained earnings on other than participating business - Ledger Account D												
Balance at the beginning of the year	-	(80,197)	37,512	14,002	3,220	10,721	(1,958)	-	-	-	(16,700)	(147,682)
(Deficit) / surplus allocated during the year	-	9,298	31,415	5,389	10,042	33,932	(547)	(21,317)	(86)	(605)	67,521	130,982
Surplus appropriated to shareholders' Fund	-	-	(15,000)	-	(3,000)	-	-	-	-	-	(18,000)	-
Closing balance at end of the year	-	(70,899)	53,927	19,391	10,262	44,653	(2,505)	(21,317)	(86)	(605)	32,821	(16,700)
Capital contributed by shareholders' fund												
Balance at the beginning of the year	-	257,552	-	117,100	1,500	89,300	6,000	-	-	-	471,452	376,552
Capital contributed during the year	-	-	-	-	-	-	-	22,000	200	1,000	23,200	94,900
Cede money - Waqf	-	-	-	-	-	-	-	500	-	-	500	-
Capital withdrawn during the year	-	-	-	-	(1,500)	(10,000)	-	-	-	-	(11,500)	-
Balance at end of the year	-	257,552	-	117,100	-	79,300	6,000	22,500	200	1,000	483,652	471,452
Balance of statutory fund at year end	1,615,110	4,810,553	123,716	5,015,356	26,289	300,344	103,094	23,955	392	2,046	12,020,855	10,455,853

7.1 This represents surplus earned in life (participating) statutory fund before allocation of bonus. Amount of surplus appearing in the revenue account is net off bonus allocated during the year.

8 POLICYHOLDERS' LIABILITIES

As per actuary's advice, the policyholders' liabilities as at December 31, 2015 are as follows:

	CONVENTIONAL-STATUTORY FUNDS					TAKAFUL- STATUTORY FUNDS				AGGREGATE		
	Life (Participating)	Life (Non-participating)		Investment	Accident & Health		Pension Business Fund	Individual Family	Group Family	Group Health	2015	2014
----- (Rupees in '000) -----												
Gross of reinsurance												
Actuarial liability relating to future events	1,141,203	4,625,318	44,602	4,875,242	14,471	118,072	99,599	22,627	267	1,497	10,942,898	9,506,441
Provision for outstanding reported claims payable over a period exceeding twelve months	-	11,553	4,267	-	2,519	686	-	-	-	-	19,025	20,207
Provision for incurred but not reported claims	3,790	3,431	47,987	4,205	1,180	59,650	-	150	11	154	120,558	101,183
Total	1,144,993	4,640,302	96,856	4,879,447	18,170	178,408	99,599	22,777	278	1,651	11,082,481	9,627,831
Net of reinsurance												
Actuarial liability relating to future events	1,137,613	4,609,648	27,453	4,874,660	12,364	116,055	99,599	22,622	267	1,497	10,901,778	9,477,855
Provision for outstanding reported claims payable over a period exceeding twelve months	-	11,553	4,267	-	2,519	686	-	-	-	-	19,025	19,426
Provision for incurred but not reported claims	3,210	2,699	38,069	4,205	1,144	59,650	-	150	11	154	109,292	97,261
Total	1,140,823	4,623,900	69,789	4,878,865	16,027	176,391	99,599	22,772	278	1,651	11,030,095	9,594,542

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

9 Defined benefit plan - approved gratuity fund

9.1 Salient features

The Company offers an approved gratuity fund for all employees. Annual contributions are made to the fund on the basis of actuarial recommendations. The gratuity scheme is governed under the Trust Act, 1882, Trust Deed and Rules of Fund, Companies Ordinance, 1984, the Income Tax Ordinance, 2001 and the Income Tax Rules, 2002.

The Company faces the following risks on account of gratuity fund:

Final salary risks

The risk that the final salary at the time of cessation of service is greater than what was assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Asset volatility

Most assets are invested in risk free investments. However, investments in shares, are subject to adverse fluctuation as a result of change in market price.

Discount rate fluctuation

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plan's bond holdings.

Investment risks

The risk of the investment underperforming and not being sufficient to meet the liabilities. The risk is mitigated by closely monitoring the performance of investment.

Mortality risks

The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service / age distribution and the benefit.

Withdrawal risks

The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

9.2 Valuation results

The Company operates an approved funded gratuity scheme for all eligible employees. Actuarial valuation is carried out every year and the latest valuation was carried out as at December 31, 2015. The information provided in notes 9.3 to 9.14 has been obtained from the actuarial valuation carried out as at December 31, 2015. The following significant assumptions have been used for valuation of this scheme:

	2015	2014
	Per annum	
a) Expected rate of increase in salary level	9.0%	10.5%
b) Discount rate	9.0%	10.5%
c) Expected return on plan assets	9.0%	10.5%
d) Normal retirement age	65 years	65 years
e) Assumptions regarding future mortality experience are based on actuarial recommendations and published statistics.		

9.3 Amounts recognised in the balance sheet:

	Note	2015	2014
		(Rupees in '000)	
Present value of defined benefit obligation	9.5	78,182	87,269
Less: Fair value of plan assets	9.5	(83,725)	(79,531)
		<u>(5,543)</u>	<u>7,738</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

	2015	2014
	----- (Rupees in '000) -----	
9.7 Actual return on plan assets		
Expected return on assets	8,351	10,358
Actuarial loss	1,509	(1,729)
	<u>9,860</u>	<u>8,629</u>

9.8 Analysis of present value of defined benefit obligation		
Split by vested / non-vested		
(i) Vested benefits	75,000	85,820
(ii) Non-vested benefits	3,182	1,449
	<u>78,182</u>	<u>87,269</u>

9.9 Sensitivity analysis

Particulars	----- As at December 31, 2015 -----			----- As at December 31, 2014 -----		
	Change in assumption	Increase / (decrease) in present value of defined benefit obligation		Change in assumption	Increase / (decrease) in present value of defined benefit obligation	
		(%)	Rupees in '000		(%)	Rupees in '000
Discount rate	+1%	-1.29%	(1,005)	0.5%	-0.12%	(104)
	-1%	1.60%	1,249	-0.5%	0.14%	121
Salary increase rate	+1%	1.50%	1,176	0.5%	0.14%	121
	-1%	-1.24%	(969)	-0.5%	-0.12%	(104)
Life expectancy / withdrawal rate	+0.5%	-0.03%	(22)	+0.5%	0.06%	52
	-1.5%	0.03%	20	-1.5%	-0.06%	(51)

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

9.10 Plan assets comprise of the following:

	2015		2014	
	(Rupees '000)	Percentage composition	(Rupees '000)	Percentage composition
Cash and bank deposits	15,021	17.94%	13,998	17.60%
Government Securities	68,704	82.06%	65,533	82.40%
Fair value of plan assets	<u>83,725</u>	<u>100.00%</u>	<u>79,531</u>	<u>100.00%</u>

9.11 As per the actuarial recommendations, the expected return on plan assets was taken as 9% (2014:10.5%), which is representative of yields on long-term Government bonds.

9.12 Based on actuarial advice, the Company intends to charge an amount of Rs 9.027 million in the financial statements for the year ending December 31, 2016.

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

At December 31, 2015	Less than a year	Between 1-2 Years	Between 2-5 years	Over 5 years	Total
	----- (Rupees in '000) -----				
Gratuity	1,261	10,108	15,133	330,519	357,021

9.14 5 year data on the deficit / (surplus) of the plan is as follows:

	2015	2014	2013	2012	2011
	----- (Rupees in '000) -----				
Present value of defined benefit obligation	78,182	87,268	99,916	83,297	66,333
Fair value of plan assets	(83,725)	(79,530)	(98,649)	(51,469)	(34,685)
Deficit / (surplus)	<u>(5,543)</u>	<u>7,738</u>	<u>1,267</u>	<u>31,828</u>	<u>31,648</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

10 OTHER CREDITORS AND ACCRUALS

SHARE HOLDERS' FUND	CONVENTIONAL-STATUTORY FUNDS					TAKAFUL- STATUTORY FUNDS				AGGREGATE		
	Life (Participating)	Life (Non-participating) Individual	Investment Group	Linked	Accident & Health Individual	Accident & Health Group	Pension Business Fund	Individual Family	Group Family	Group Health	2015	2014
----- (Rupees in '000) -----												
Withholding tax payable	6,783	-	-	-	-	-	-	-	-	-	6,783	6,868
Payable to workers' welfare fund	12,759	-	-	-	-	-	-	-	-	-	12,759	10,827
Compensated absences	-	331	2,616	870	1,088	51	1,390	13	-	-	6,359	7,998
Others	31,023	2,253	12,250	406	63,435	16	27,321	186	5,292	20	143,867	96,643
	50,565	2,584	14,866	1,276	64,523	67	28,711	199	5,292	20	169,768	122,336

11 CONTINGENCIES AND COMMITMENTS

	2015	2014
	(Rupees in '000)	
11.1 Commitments in respect of capital expenditure		
Not later than one year	3,650	-

11.2 While finalising the tax assessment for the accounting years ended December 31, 2012 (Tax Year 2013) and December 31, 2011 (Tax Year 2012) the taxation officer raised additional tax demand of Rs. 1.029 million and Rs. 6.910 million respectively on the Company on non-deduction of withholding tax under section 151(d) of the Income Tax Ordinance, 2001 on the amount of surrenders paid during the respective years.

The Company filed appeal before Commissioner Inland Revenue Appeals (CIRA) in respect of said tax years which were decided in favour of the Company. The Commissioner Inland Revenue has now filed before Appellate Tribunal (ATIR) challenging the order passed by CIRA. The management of the Company is of the view that the matter would be settled in its favour and hence no provision is required.

12 INVESTMENTS

12.1 Government securities

SHARE HOLDERS' FUND	CONVENTIONAL-STATUTORY FUNDS					TAKAFUL- STATUTORY FUNDS				AGGREGATE		
	Life (Participating)	Life (Non-participating) Individual	Investment Group	Linked	Accident & Health Individual	Accident & Health Group	Pension Business Fund	Individual Family	Group Family	Group Health	2015	2014
----- (Rupees in '000) -----												
Available for sale - lower of cost or market value												
Pakistan Investment Bonds (note 12.1.1)	591,106	1,247,295	4,123,371	180,264	-	27,047	203,798	90,904	-	-	6,463,785	5,457,150
Treasury bills	-	-	-	18,836	-	-	10,745	-	-	-	29,581	-
	591,106	1,247,295	4,123,371	199,100	-	27,047	214,543	90,904	-	-	6,493,366	5,457,150
Available for sale - at fair value												
Pakistan Investment Bonds (note 12.1.1)	-	-	-	-	3,028,160	-	-	-	-	-	3,028,160	2,704,130
Treasury bills	-	-	-	-	50,367	-	-	-	-	-	50,367	-
	-	-	-	-	3,078,527	-	-	-	-	-	3,078,527	2,704,130
	591,106	1,247,295	4,123,371	199,100	3,078,527	27,047	214,543	90,904	-	-	9,571,893	8,161,280

12.1.1 Particulars of Government Securities

	Tenure	Maturity Year	Rate of Return (%)	Profit Payment	2015	2014
					(Rupees in '000)	
Available for sale - lower of cost or market value						
Pakistan Investment Bonds	5 years	2019	11.50	Half Yearly	429,378	-
Pakistan Investment Bonds	10 years	2019	12.00	Half Yearly	331,218	329,496
Pakistan Investment Bonds	15 years	2019	9.00	Half Yearly	42,919	42,304
Pakistan Investment Bonds	5 years	2020	9.25	Half Yearly	895,716	-
Pakistan Investment Bonds	10 years	2020	12.00	Half Yearly	519,526	515,070
Pakistan Investment Bonds	10 years	2021	12.00	Half Yearly	497,605	495,409
Pakistan Investment Bonds	15 years	2021	10.00	Half Yearly	734,778	730,266
Pakistan Investment Bonds	15 years	2023	12.50	Half Yearly	33,829	33,748
Pakistan Investment Bonds	10 years	2024	12.00	Half Yearly	2,936,092	2,782,832
Pakistan Investment Bonds	20 years	2031	13.00	Half Yearly	42,724	528,025
Treasury Bills	6 months	2016	6.37	On maturity	29,581	-
					6,493,366	5,457,150

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

	Tenure	Maturity Year	Rate of Return (%)	Profit Payment	2015 (Rupees in '000)	2014
Available for sale - at fair value						
Pakistan Investment Bonds	3 years	2016	11.25	Half Yearly	61,544	461,435
Pakistan Investment Bonds	5 years	2018	11.50	Half Yearly	1,212,432	1,159,481
Pakistan Investment Bonds	10 years	2019	12.00	Half Yearly	142,194	135,073
Pakistan Investment Bonds	10 years	2024	12.00	Half Yearly	138,506	-
Pakistan Investment Bonds	5 years	2020	9.25	Half Yearly	470,843	-
Pakistan Investment Bonds	10 years	2020	12.00	Half Yearly	1,002,641	948,141
Treasury Bills	6 months	2016	6.37	On maturity	50,367	-
					3,078,527	2,704,130
					9,571,893	8,161,280

12.1.2 As per the Company's accounting policy and SECP's accounting regulations for life insurance companies, certain available-for-sale investments are stated at lower of cost or market value (market value being taken as lower if the reduction is other than temporary). However, International Accounting Standard (IAS) 39, "Financial Instruments: Recognition and Measurements" dealing with the recognition and measurement of financial instruments requires that these instruments should be measured at fair value. Accordingly, had these investments been measured at fair value, their carrying value as on December 31, 2015 would have been higher by Rs. 851.797 million (2014:

12.1.3 The Company has deposited 15 years Pakistan Investment Bond amounting to Rs. 50 million (2014: Rs. 50 million) with State Bank of Pakistan under section 29 of Insurance Ordinance, 2000.

12.2 Listed Mutual Funds

SHARE HOLDERS' FUND	CONVENTIONAL-STATUTORY FUNDS					TAKAFUL- STATUTORY FUNDS				AGGREGATE	
	Life (Participating)	Life (Non-participating Individual Group)	Investment Linked	Accident & Health Individual Group	Pension Business Fund	Individual Family	Group Family	Group Health	2015	2014	
(Rupees in '000)											
Available for sale - at fair value											
Listed Mutual Funds (Note 12.2.1)	-	-	-	1,555,079	-	-	-	14,030	-	1,569,109	1,375,991
Available for sale - lower of cost or market value											
Listed Mutual Funds (Note 12.2.1)	134,843	-	-	43,505	-	6,245	49,161	-	-	233,754	130,005
Fair value through profit and loss											
Listed Mutual Funds (Note 12.2.1)	-	136,631	582,623	-	-	-	-	-	-	719,254	640,927
	134,843	136,631	582,623	43,505	1,555,079	6,245	49,161	-	14,030	2,522,117	2,146,923

12.2.1 Particulars of Listed Mutual Funds

SHARE HOLDERS' FUND	CONVENTIONAL-STATUTORY FUNDS					TAKAFUL- STATUTORY FUNDS				AGGREGATE	
	Life (Participating)	Life (Non-participating Individual Group)	Investment Linked	Accident & Health Individual Group	Pension Business Fund	Individual Family	Group Family	Group Health	2015	2014	
(Rupees in '000)											
Available for sale - at fair value											
NAFA Stock Fund	-	-	-	72,811	-	-	-	-	-	72,811	11,625
NAFA Islamic Asset Allocation Fund	-	-	-	-	-	-	-	-	-	-	5,022
MCB - Arif Habib Savings Pakistan Income Fund	-	-	-	5,055	-	-	-	-	-	5,055	13,821
MCB - Arif Habib Savings Pakistan Stock Market Fund	-	-	-	79,831	-	-	-	-	-	79,831	114,294
MCB - Arif Habib Savings Pakistan International Element Islamic Asset Allocation Fund	-	-	-	-	-	-	-	-	-	-	3,677
United Growth and Income Fund	-	-	-	1,968	-	-	-	-	-	1,968	2,394
United Stock Advantage Fund	-	-	-	114,726	-	-	-	-	-	114,726	199,299
Al-Ameen Islamic Aggressive Income Fur	-	-	-	42,248	-	-	-	-	-	42,248	141,862
Faysal Money Market Fund	-	-	-	99,590	-	-	-	-	-	99,590	387,083
UBL Money Market Fund	-	-	-	161,695	-	-	-	-	-	161,695	452,090
ABL Stock Fund	-	-	-	72,581	-	-	-	-	-	72,581	44,824
ABL Government Securities Fund	-	-	-	23,930	-	-	-	-	-	23,930	-
ABL Income Fund	-	-	-	173,079	-	-	-	-	-	173,079	-
MCB Cash Management Optimizer	-	-	-	77,668	-	-	-	-	-	77,668	-
MCB DCF Income Fund	-	-	-	55,522	-	-	-	-	-	55,522	-
MCB Pakistan Sovereign Fund	-	-	-	117,415	-	-	-	-	-	117,415	-
Faysal Savings Growth Fund	-	-	-	30,997	-	-	-	-	-	30,997	-
Faysal Islamic Savings Growth Fund	-	-	-	16,885	-	-	-	-	-	16,885	-
Alfalah GHP Stock Fund	-	-	-	73,153	-	-	-	-	-	73,153	-
HBL Income Fund	-	-	-	23,904	-	-	-	-	-	23,904	-
Meezan Cash Fund	-	-	-	30,381	-	-	-	-	-	30,381	-
NAFA Income Opportunity Fund	-	-	-	55,628	-	-	-	-	-	55,628	-
NAFA Islamic Aggressive Income Fund	-	-	-	42,305	-	-	-	-	-	42,305	-
UBL Government Securities Fund	-	-	-	155,013	-	-	-	-	-	155,013	-
Al Ameen Islamic Cash Fund	-	-	-	28,694	-	-	-	397	-	29,091	-
Al Ameen Islamic Sovereign Fund	-	-	-	-	-	-	-	7,641	-	7,641	-
Al Ameen Islamic Shariah Stock Fund	-	-	-	-	-	-	-	5,992	-	5,992	-
	-	-	-	1,555,079	-	-	-	14,030	-	1,569,109	1,375,991

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

SHARE HOLDERS' FUND	CONVENTIONAL-STATUTORY FUNDS						TAKAFUL- STATUTORY FUNDS				AGGREGATE	
	Life (Participating)	Life (Non-participating) Individual	Investment Group	Linked	Accident & Health Individual	Group	Pension Business Fund	Individual Family	Group Family	Group Health	2015	2014
----- (Rupees in '000) -----												
Available for sale												
- at lower of cost or market value												
Al Ameen Islamic Principal Preservation Fund - IV	18,346	-	-	5,821	-	867	2,483	-	-	-	27,517	26,000
Meezan Financial Planning Fund of Funds - MCPPI	17,340	-	-	5,502	-	819	2,347	-	-	-	26,008	26,000
Alfalah GHP Capital Preservation Fund	12,106	-	-	3,841	-	572	1,639	-	-	-	18,158	17,335
MCB Pakistan Stock Market Fund	24,677	-	-	8,013	-	1,134	11,208	-	-	-	45,032	15,600
NAFA Stock Fund	11,182	-	-	3,727	-	497	9,194	-	-	-	24,600	15,600
Meezan Islamic Fund	12,242	-	-	3,884	-	578	1,657	-	-	-	18,361	-
ABL Stock Fund	24,004	-	-	7,800	-	1,102	11,117	-	-	-	44,023	-
Alfalah GHP Stock Fund	14,946	-	-	4,917	-	676	9,516	-	-	-	30,055	5,200
UBL Stock Advantage Fund	-	-	-	-	-	-	-	-	-	-	-	15,600
Al Ameen Islamic Principal Preservation Fund - V	-	-	-	-	-	-	-	-	-	-	-	8,670
	134,843	-	-	43,505	-	6,245	49,161	-	-	-	233,754	130,005

Fair value through profit and loss - at fair value

Al Ameen Islamic Principal Preservation Fund - IV	-	36,012	97,879	-	-	-	-	-	-	-	133,891	127,074
Meezan Financial Planning Fund of Funds - MCPPI	-	36,237	98,496	-	-	-	-	-	-	-	134,733	127,821
Alfalah GHP Capital Preservation Fund	-	24,818	67,455	-	-	-	-	-	-	-	92,273	85,718
MCB Pakistan Stock Market Fund	-	12,340	95,677	-	-	-	-	-	-	-	108,017	78,431
NAFA Stock Fund	-	-	15,855	-	-	-	-	-	-	-	15,855	78,241
Meezan Islamic Fund	-	11,318	72,840	-	-	-	-	-	-	-	84,158	-
ABL Stock Fund	-	11,814	92,069	-	-	-	-	-	-	-	103,883	-
Alfalah GHP Stock Fund	-	4,092	42,352	-	-	-	-	-	-	-	46,444	25,620
UBL Stock Advantage Fund	-	-	-	-	-	-	-	-	-	-	-	76,689
Al Ameen Islamic Principal Preservation Fund - V	-	-	-	-	-	-	-	-	-	-	-	41,333
	-	136,631	582,623	-	-	-	-	-	-	-	719,254	640,927

12.2.2 The aggregate market value of the units of open-end mutual funds carried at cost as at December 31, 2015 was Rs. 233.612 million (2014: Rs. 134.251 million).

12.2.3 Had the Company adopted International Accounting Standard (IAS) 39 "Financial Instruments: Recognition and Measurement" the investments of the Company would have been lower by Rs.0.14 million (2014: Rs. 4.251 million) and net equity would have been lower by the same amount.

12.2.4 The aggregate cost of the above units of open-end mutual funds in investment linked fund as at December 31, 2015 was Rs. 1,539.928 million (2014: Rs. 924.42 million)

13 SUNDRY RECEIVABLES

SHARE HOLDERS' FUND	CONVENTIONAL-STATUTORY FUNDS						TAKAFUL- STATUTORY FUNDS				AGGREGATE	
	Life (Participating)	Life (Non-participating) Individual	Investment Group	Linked	Accident & Health Individual	Group	Pension Business Fund	Individual Family	Group Family	Group Health	2015	2014
----- (Rupees in '000) -----												
Advances to employees against expenses	-	31	127	2	134	-	5	3	-	-	302	308
- executives	-	96	387	6	409	1	15	8	-	-	922	236
- others	-	127	514	8	543	1	20	11	-	-	1,224	544
Deposits	-	714	2,892	44	3,052	10	110	62	-	-	6,884	7,954
Receivable against claim administration services	-	-	-	-	-	-	39,003	-	-	-	39,003	13,354
Others	4,650	660	2,674	40	2,821	9	102	58	-	1,309	12,323	2,145
	4,650	1,501	6,080	92	6,416	20	39,235	131	-	1,309	59,434	23,997

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

	Note	2015 (Rupees in '000)	2014
14 FIXED ASSETS			
Tangible assets	14.1	64,559	39,808
Intangible assets	14.2	1,062	1,629
Capital work in progress		7,938	2,003
		<u>73,559</u>	<u>43,440</u>

14.1 Tangible assets

	Leasehold Improvements	Computers			Motor Vehicles	Furniture & Fixtures	Office Equipment	Total
		AS400	Personal Computers	Sub total				
----- (Rupees in '000) -----								
As at January 01, 2014								
Cost	38,041	23,769	19,714	43,483	40,904	28,389	14,928	165,745
Accumulated depreciation	(27,341)	(21,045)	(18,744)	(39,789)	(24,701)	(21,221)	(8,998)	(122,050)
Net book value	<u>10,700</u>	<u>2,724</u>	<u>970</u>	<u>3,694</u>	<u>16,203</u>	<u>7,168</u>	<u>5,930</u>	<u>43,695</u>
Year ended December 31, 2014								
Opening net book value	10,700	2,724	970	3,694	16,203	7,168	5,930	43,695
Additions	4,013	-	2,892	2,892	9,778	2,585	2,424	21,692
Disposals								
- Cost	8,031	-	913	913	13,085	4,536	2,340	28,905
- Accumulated depreciation	(5,481)	-	(828)	(828)	(11,221)	(3,587)	(1,397)	(22,514)
	2,550	-	85	85	1,864	949	943	6,391
Depreciation charge	(2,673)	(1,275)	(1,478)	(2,753)	(10,669)	(1,908)	(1,185)	(19,188)
Closing net book value	<u>9,490</u>	<u>1,449</u>	<u>2,299</u>	<u>3,748</u>	<u>13,448</u>	<u>6,896</u>	<u>6,226</u>	<u>39,808</u>
As at December 31, 2014								
Cost	34,023	23,769	21,693	45,462	37,597	26,438	15,012	158,532
Accumulated depreciation	(24,533)	(22,320)	(19,394)	(41,714)	(24,149)	(19,542)	(8,786)	(118,724)
Net book value	<u>9,490</u>	<u>1,449</u>	<u>2,299</u>	<u>3,748</u>	<u>13,448</u>	<u>6,896</u>	<u>6,226</u>	<u>39,808</u>
Year ended December 31, 2015								
Opening net book value	9,490	1,449	2,299	3,748	13,448	6,896	6,226	39,808
Additions	4,785	6,628	3,785	10,413	24,852	287	5,055	45,392
Disposals								
- Cost	-	-	129	129	4,246	38	143	4,556
- Accumulated depreciation	-	-	(129)	(129)	(3,765)	(36)	(59)	(3,989)
	-	-	-	-	481	2	84	567
Depreciation charge	(2,471)	(844)	(2,099)	(2,943)	(11,241)	(1,988)	(1,431)	(20,074)
Closing net book value	<u>11,804</u>	<u>7,233</u>	<u>3,985</u>	<u>11,218</u>	<u>26,578</u>	<u>5,193</u>	<u>9,766</u>	<u>64,559</u>
As at December 31, 2015								
Cost	38,808	30,397	25,349	55,746	58,203	26,687	19,924	199,368
Accumulated depreciation	(27,004)	(23,164)	(21,364)	(44,528)	(31,625)	(21,494)	(10,158)	(134,809)
Net book value	<u>11,804</u>	<u>7,233</u>	<u>3,985</u>	<u>11,218</u>	<u>26,578</u>	<u>5,193</u>	<u>9,766</u>	<u>64,559</u>
Annual rate of depreciation (%)	<u>10</u>	<u>20</u>	<u>33</u>		<u>33</u>	<u>10</u>	<u>10</u>	

14.1.1 The cost of fully depreciated tangibles assets still in use amounts to Rs. 83.731 million (2014: Rs. 64.046 million).

14.2 Intangible assets

	Cost		Accumulated Amortisation			Carrying value as at December 31, 2015	Amortisation rate (%)	
	January 01, 2015	Additions	December 31, 2015	January 01, 2015	For the year			December 31, 2015
----- (Rupees in '000) -----								
Computer software	6,071	100	6,171	4,729	553	5,282	889	33
Licences	1,808	-	1,808	1,521	114	1,635	173	33
2015	<u>7,879</u>	<u>100</u>	<u>7,979</u>	<u>6,250</u>	<u>667</u>	<u>6,917</u>	<u>1,062</u>	
2014	<u>6,070</u>	<u>1,809</u>	<u>7,879</u>	<u>5,626</u>	<u>624</u>	<u>6,250</u>	<u>1,629</u>	33

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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	2015		2014
	Computer software	Licenses	Total
	(Rupees in '000)		
Net book value as at January 1	1,342	287	1,629
Addition	100	-	100
Amortisation	(553)	(114)	(667)
Net book value as at December 31	889	173	1,062

14.2.1 Movement of net book value

14.3 Disposal of fixed assets

Disposal of fixed assets during the year 2015 are as follows:

	Cost	Accumulated Depreciation	Net book Value	Sale proceeds	Gain/ (loss)	Mode of sale	Name of buyer
----- (Rupees in '000) -----							
Assets having full WDV greater than Rs.50,000							
Office equipment	81	(9)	72	72	-	Company policy	Muhammad Aminuddin Ex-employee
Motor vehicles - Corolla GLI	1,673	(1,533)	140	1,326	1,186	Company policy	Irfan Amir Ex-employee
Motor vehicles - Corolla GLI	1,538	(1,196)	342	1,212	870	Company policy	Danial Khan Ex-employee
	3,292	(2,738)	554	2,610	2,056		
Assets having full WDV lower than Rs.50,000							
Furniture and fixtures	38	(36)	2	3	1	Negotiation	Various
Office equipment	61	(50)	11	5	(6)	Negotiation	Various
Computer equipments	129	(129)	-	12	12	Negotiation	Various
Motor vehicles - Suzuki Liana	1,036	(1,036)	-	250	250	Company policy	Samir Mir
	1,264	(1,251)	13	270	257		
2015	4,556	(3,989)	567	2,880	2,313		
2014	28,905	(22,514)	6,391	7,218	827		

15 AUDITORS' REMUNERATION

	2015	2014
	(Rupees in '000)	
Audit fee	1,225	1,225
Fee for review of half yearly financial information	230	230
Certifications and other services	132	132
Out of pocket expenses	339	150
	1,926	1,737

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

16 OTHER MANAGEMENT EXPENSES

	CONVENTIONAL-STATUTORY FUNDS						TAKAFUL- STATUTORY FUNDS			AGGREGATE		
	Life (Participating)	Life (Non-participating) Individual	Investment Group	Linked	Accident & Health Individual	Accident & Health Group	Pension Business Fund	Individual Family	Group Family	Group Health	2015	2014
----- (Rupees in '000) -----												
Vehicles and general repair and maintenance	700	4,542	808	1,389	108	1,197	8	33	-	1	8,786	6,570
Utilities-electricity, water and gas	437	3,380	1,074	1,349	68	1,569	11	-	-	-	7,888	7,895
Transportation	310	2,592	934	1,202	47	1,360	8	199	1	9	6,662	6,433
Communication	591	4,511	988	1,770	92	1,440	7	1	-	-	9,400	5,371
Consultancy fee	349	3,321	2,180	1,627	54	3,186	14	4,919	28	212	15,890	22,472
Training and workshop	65	517	99	170	10	145	1	585	3	25	1,620	3,384
Furniture and household appliances	27	254	99	120	4	150	1	-	-	-	655	239
Insurance	45	426	150	209	7	214	2	-	-	-	1,053	309
Interest on premium deposit in advance	-	2,748	-	-	-	-	-	-	-	-	2,748	683
Social security	63	567	122	366	10	193	2	8	-	-	1,331	1,027
Entertainment	133	1,029	172	444	21	249	1	41	-	2	2,092	970
Books and subscriptions	6	44	12	18	1	17	-	-	-	-	98	73
Miscellaneous expenses	1,228	8,980	2,622	3,954	164	3,758	29	566	3	24	21,328	15,622
	3,954	32,911	9,260	12,618	586	13,478	84	6,352	35	273	79,551	71,048

17 OTHER INCOME - NET

Return on savings accounts with banks	-	7,234	1,452	10,700	360	14,287	-	-	-	-	34,033	43,721
Gain on disposal of fixed assets	240	972	15	1,025	3	37	21	-	-	-	2,313	827
Interest on policy loans	6,955	6,342	-	-	-	-	-	-	-	-	13,297	11,227
Fee for claim administration services (note 17.1)	-	-	-	-	-	18,653	-	-	-	-	18,653	8,539
Others	53	213	3	276	794	8	670	516	-	-	2,533	1,928
	7,248	14,761	1,470	12,001	1,157	32,985	691	516	-	-	70,829	66,242

17.1 This represents claim administrative services provided to various clients.

	Note	2015 (Rupees in '000)	2014
18 EXPENSES NOT ATTRIBUTABLE TO STATUTORY FUND			
Donation	18.1	-	350
Workers' welfare fund		1,932	1,693
Regulators fee		9,471	8,916
Legal and professional		-	18
Fee and subscription		3,487	1,690
		<u>14,890</u>	<u>12,667</u>

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

19 DEFINED CONTRIBUTION PLAN - PROVIDENT FUND

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

	Note	2015 (Rupees in '000)	2014
Size of the fund - total assets		45,214	43,461
Cost of investments made	19.1	14,866	14,683
Percentage of investments made		-	-
Fair value of investments		15,466	15,449

19.1 Breakup of investments

Pakistan Investment Bonds	<u>14,866</u>	<u>14,683</u>
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19.2 Number of employees

Number of employees at the end of the year	<u>126</u>	<u>104</u>
Average number of employees during the year	<u>126</u>	<u>105</u>

19.3 During the year, Rs.11.167 million (2014: Rs. 12.785 million) has been recognised in the revenue account in respect of defined contribution plan.

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20 TAXATION	2015	2014
	(Rupees in '000)	
Current		
- for the year	<u>36,046</u>	<u>27,263</u>
20.1 Relationship between tax expense and accounting profit		
Profit before tax	<u>112,645</u>	<u>82,615</u>
Tax at the applicable rate of 32% (2014: 33%)	<u>36,046</u>	<u>27,263</u>
20.2 Assessments upto assessment year 2002-2003 and tax year 2007 have been finalised. The income tax returns of the Company filed for tax years 2003 to 2006 and 2007 to 2014 are deemed to be assessed in accordance with section 120 of the Income Tax Ordinance, 2001.		
20.3 There are no taxable / deductible temporary differences between the tax bases and the carrying amounts of respective assets and liabilities, therefore, as such there is no deferred tax.		

21 EARNINGS PER SHARE - basic and diluted	2015	2014
	(Rupees in '000)	
Profit after tax	<u>76,599</u>	<u>55,352</u>
	(Number of shares)	
Weighted average number of ordinary shares	<u>50,000,000</u>	<u>50,000,000</u>
	(Rupees)	
Earnings per share - basic and diluted (note 20.1)	<u>1.53</u>	<u>1.11</u>

21.1 There were no convertible potential ordinary shares in issue as at December 31, 2014 and December 31, 2015.

22 REVENUE ACCOUNT - WINDOW TAKAFUL OPERATIONS

22.1 Participants' Investment Fund (PIF)

	Individual Family Takaful	Group Takaful		AGGREGATE	
		Family	Health	2015	2014
Income					
Allocated Contribution	19,405	-	-	19,405	-
Net Investment Income	35	-	-	35	-
Other Income	16	-	-	16	-
Total Net Income	19,456	-	-	19,456	-
Less: Claims and Expenditure					
Surrenders / Partial Surrenders	-	-	-	-	-
Risk Contributions	341	-	-	341	-
Waqalat-ul-Istismar	51	-	-	51	-
Policy admin fee	132	-	-	132	-
Other expenses	2	-	-	2	-
	526	-	-	526	-
Excess of Income over Claims and expenditure	18,930	-	-	18,930	-
Add: Technical reserves at the beginning of the period	-	-	-	-	-
Less: Technical reserves at the end of the period	(18,930)	-	-	(18,930)	-
	(18,930)	-	-	(18,930)	-
Surplus / (Deficit)	-	-	-	-	-
Movement in technical reserves	18,930	-	-	18,930	-
Balance of PIF at the beginning of the period	-	-	-	-	-
Balance of PIF at the end of the period	<u>18,930</u>	<u>-</u>	<u>-</u>	<u>18,930</u>	<u>-</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

22.2 Participants' Takaful Fund (PTF)

				AGGREGATE	
	Individual	Group Takaful		2015	2014
	Family Takaful	Family	Health		
Income					
Contribution net of retakaful	164	237	1,686	2,087	-
Cede money	500	-	-	500	-
Net investment income	-	-	-	-	-
Other income	32	-	-	32	-
	696	237	1,686	2,619	-
Less: Claims and Expenditure					
Claims	-	-	354	354	-
Wakala fee	-	-	-	-	-
	-	-	354	354	-
Excess of Income over Claims and expenditure	696	237	1,332	2,265	-
Add : Technical reserves at the beginning of the period	-	-	-	-	-
Less : Technical reserves at the end of the period	(255)	(209)	(1,327)	(1,791)	-
	(255)	(209)	(1,327)	(1,791)	-
Surplus / (Deficit)	441	28	5	474	-
Movement in technical reserves	255	209	1,327	1,791	-
Balance of PTF at the beginning of the period	-	-	-	-	-
Balance of PTF at the end of the period	696	237	1,332	2,265	-

22.3 Operators' Sub Fund (OSF)

Income					
Takaful operators' fee	31,463	49	502	32,014	-
Investment income	-	-	-	-	-
Other income	-	-	-	-	-
Wakala fee - PTF	-	-	-	-	-
Policy admin fee	132	-	-	132	-
Takaful operator fee	103	-	-	103	-
Wakalat-ul-istismar	51	-	-	51	-
	31,749	49	502	32,300	-
Less: Expenses					
Acquisition cost	33,661	3	89	33,753	-
Administration expenses	16,259	91	699	17,049	-
	49,920	94	788	50,802	-
Excess of (expenditure)/over income	(18,171)	(45)	(286)	(18,502)	-
Add : Technical reserves at the beginning of the period	-	-	-	-	-
Less : Technical reserves at the end of the period	(3,146)	(42)	(318)	(3,506)	-
	(3,146)	(42)	(318)	(3,506)	-
Surplus / (Deficit)	(21,317)	(87)	(604)	(22,008)	-
Movement in technical reserves	3,146	42	318	3,506	-
Capital Contribution during the period	22,500	200	1,000	23,700	-
Balance of OSF at the beginning of the period	-	-	-	-	-
Balance of OSF at the end of the period	4,329	155	714	5,198	-
Balance of Family Takaful statutory fund	23,955	392	2,046	26,393	-

23 Assets and liabilities of Share Holder's Fund

	Conventional	Takaful	Total
	(Rupees in '000)		
LIABILITIES			
Accrued expenses	-	6,038	6,038
Other creditors and accruals	50,026	539	50,565
Unclaimed dividend	27	-	27
Total liabilities	50,053	6,577	56,630
ASSETS			
Cash and others	494	-	494
Current and other accounts	-	49,885	49,885
Loans secured against other assets			
To employees	-	-	-
To agents	734	-	734
Government securities	591,106	-	591,106
Listed mutual funds	134,843	-	134,843
Inter-fund balances	(118,214)	(6,652)	(124,866)
Sundry receivables	4,650	-	4,650
Accrued interest	16,060	-	16,060
Taxation - payments less provision	208,576	291	208,867
Fixed Assets			
Tangible	62,153	1,543	63,696
Intangible	1,062	-	1,062
Total assets	901,464	45,067	946,531

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24 CASH AND CASH EQUIVALENTS

SHARE HOLDERS' FUND	CONVENTIONAL-STATUTORY FUNDS					TAKAFUL-STATUTORY FUNDS				AGGREGATE			
	Life (Participating)	Life (Non-participating) Individual	Investment Group	Linked	Accident & Health Individual	Accident & Health Group	Pension Business	Individual Family	Group Family	Group Health	2015	2014	
------(Rupees in '000)-----													
Cash and stamps in hand	494	-	-	-	-	-	-	-	-	-	494	463	
Current and other accounts (note 24.1)	49,885	-	5,500	-	347,371	-	-	5,500	22,524	-	1,928	432,708	596,135
	50,379	-	5,500	-	347,371	-	-	5,500	22,524	-	1,928	433,202	596,598

24.1 This includes deposits and savings accounts that carry mark-up rates ranging from 4% to 6.25% (2014: 6% to 8.25%).

25 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND OTHER EXECUTIVES

	2015			2014		
	Chief Executive	Executives	Total	Chief Executive	Executives	Total
------(Rupees in '000)-----						
Managerial remuneration	13,169	164,704	177,873	14,031	149,254	163,285
Bonus and housing	1,725	5,374	7,099	9,061	4,127	13,188
Retirement benefits	691	14,274	14,965	1,398	16,974	18,372
Utilities / Telephone	-	350	350	45	360	405
Other benefits	-	1,340	1,340	131	828	959
	15,585	186,042	201,627	24,666	171,543	196,209
------(Number)-----						
Number of persons, including those who worked part of the year	1	104	105	2	87	89

25.1 In addition to the above remuneration, the Deputy Chief Executive, and two executives have been provided with Company maintained cars. One executive has been provided with free furnished accommodation and one executive has been provided with house rent. Twenty two executives have been provided with Company cars maintained by them.

26 MANAGEMENT OF INSURANCE AND FINANCIAL RISK

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

26.1 Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim although the later one is not significant due to pre-determined amount of insurance in most of the cases or at least maximum limits.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits may be greater than estimated. Insurance events are random, and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. The Company has developed its insurance underwriting strategy for careful selection of the risk and diversified the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Categories of insurance contracts

Insurance contracts issued by the Company are divided into:

- Short term insurance contracts
- Long term insurance contracts

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26.1.1 Short term Insurance contracts

(a) Frequency and severity of claims

These contracts mostly pay a pre-determined amount on death and disability without any maturity or surrender values. These contracts are issued to individuals and also to employers to ensure their commitments to their employees in terms of their employees' benefit plans.

The risk is affected by several factors e.g. age, occupation, benefit structure and life style. The Company attempts to manage this risk through its underwriting, claims handling and reinsurance policy.

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

Other than for testing of adequacy of the liability representing the unexpired risk at the end of the reporting period, there is no need to estimate mortality rates or morbidity rates for future years because these contracts have short duration. However, for incurred disability income claims, it is necessary to estimate the rates of recovery from disability for future years. Standard recovery tables produced by reinsurers are used as well as the actual experience of the Company. The influence of economic circumstances on the actual recovery rate for individual contracts is the key source of uncertainty for these estimates.

(c) Process used to decide on assumptions

The assumptions used for the insurance contracts are as follows:

Mortality

An appropriate base table of standard mortality is chosen depending on the type of contract. An investigation into Company's experience is conducted from time to time. Where data is sufficient to be statistically credible, the statistics generated by the data are used without reference to an industry table.

Morbidity

The rate of recovery from disability is derived from industry experience studies, adjusted where appropriate for the Company's own experience.

(d) Changes in assumptions

There has been no change in the assumptions during the year.

26.1.2 Long-term insurance contracts

(a) Frequency and severity of claims

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency of claims are epidemics or widespread changes in lifestyle, such as eating, smoking and exercise habits, resulting in earlier or more claims than expected. For contracts where survival is the insured risk, the most significant factor is continued improvement in medical science and social conditions that would increase longevity.

At present, these risks do not vary significantly in relation to the location of the risk insured by the Company. However, undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

For contracts with fixed and guaranteed benefits and fixed future premiums, there are no mitigating terms and conditions that reduce the insurance risk accepted. For contracts with discretionary participation feature (DPF), the participating nature of these contracts results in a significant risk with the insured party.

The Company charges for mortality risk on reporting dates for all insurance contracts. It has the right to alter these charges based on its mortality experience and hence minimise its exposure to mortality risk. Delays in implementing in restraints over the extent of the increases may reduce its mitigating effect. The Company manages these risks through its underwriting strategy and reinsurance arrangements.

The underwriting strategy is intended to ensure that the risks underwritten are well diversified in terms of type of risk and the level of insured benefits. The Company balances death risk and survival risk across its portfolio. The Company reinsures the excess of the insured benefit through an excess of loss reinsurance arrangement.

Insurance risk for contracts is also affected by the contract holders' right to pay reduced or no future premiums, to terminate the contract completely, or to exercise a guaranteed annuity option. On the assumption that contract holders will make decisions rationally, overall insurance risk can be assumed to be aggravated by such behaviour.

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

Uncertainty in the estimation of future benefit payments and premium receipts for long-term insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and the variability in contract holder behaviour.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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The Company uses appropriate base tables of standard mortality according to the type of contract being written and the territory in which the insured person resides. An investigation into the actual experience of the Company is carried out and statistical methods are used to adjust the crude mortality rates to produce a best estimate of expected mortality for the future. Where data is sufficient to be statistically credible, the statistics generated by the data are used without reference to an industry table. Where this is not based on standard industry tables adjusted for the Company's overall experience, for contracts that insure survival, an adjustment is made for future mortality improvements based on trends identified in the data and in the continuous mortality investigation bodies. The impact of any historical evidence of selective termination behaviour will be reflected in this experience. The Company maintains voluntary termination statistics to investigate the deviation of actual termination experience against assumptions. Statistical methods are used to determine appropriate termination rates. An allowance is then made for any trends in the data to arrive at a best estimate of future termination rates.

(c) *Process used to decide on assumptions*

For long-term insurance contracts with fixed and guaranteed terms and with DPF, estimates are made in two stages. At inception of the contract, the Company determines assumptions in relation to future deaths, voluntary terminations, investment returns and administration expenses. These assumptions are used for calculating the liabilities during the life of the contract. A margin for risk and uncertainty is added to these assumptions. These assumptions are 'locked in' for the duration of the contract.

Subsequently, new estimates are developed at each reporting date to determine whether liabilities are adequate in the light of the latest current estimates. The initial assumptions are not altered if the liabilities are considered adequate. If the liabilities are not adequate, the assumptions are altered ('unlocked') to reflect the latest current estimates; no margin is added to the assumptions in this event. Improvements in estimates have no impact on the value of the liabilities and related assets, while significant enough deteriorations in estimates have an impact.

The assumptions used for the insurance contracts are as follows:

Mortality

An appropriate base table of standard mortality is chosen depending on the type of contract. An investigation into Company's experience is performed from time to time, and statistical methods are used to adjust the rates reflected in the table to a best estimate of mortality for that year. Where data is sufficient to be statistically credible, the statistics generated by the data are used without reference to an industry table. For contracts insuring survivorship, an allowance is made for future mortality improvements based on trends identified in the data and in the continuous mortality investigations performed by independent actuarial bodies.

Morbidity

The rate of recovery from disability is derived from industry experience studies, adjusted where appropriate for the Company's own experience.

Persistency

A review of the Company's experience from time to time is made to determine an appropriate persistency rate. Persistency rates vary by product type and policy duration. An allowance is then made for any trends in the data to arrive at a best estimate of future persistency rates that takes into account the effective contract holders' behaviour.

Investment returns

Investment returns affect the assumed level of future benefits due to the contract holders and the selection of the appropriate discount rate. The Company's investment return assumptions are generally based on medium to long term expected rate of return on government fixed income securities e.g. PIBs with some margins.

Renewal expense level and inflation

The current level of expenses is taken as an appropriate expense base. Expense inflation assumption is based on general inflation. For some products, the Company also adjusts its expense assumptions considering significant growth in volume of business due to which expense ratio will be adjusted.

Tax

It has been assumed that current tax legislation and rates continue unaltered.

(d) *Change in assumptions*

There has been no significant change in the assumptions during the year.

(e) *Sensitivity analysis*

The liabilities under Universal Life, Unit Linked, Group Life, Group Accident and Health, Individual Accident and Health and Pension business are not dependent on assumptions related to mortality, persistency, expense or interest rates because the liabilities under these lines of business are either based on actual account values or unearned premium reserve. For the traditional endowment plans, no sensitivity testing is carried out because the liability basis prescribed by the regulations are too conservative and the liability under these plans are less than 5% of total liabilities.

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26.1.3 Concentration of insurance risk

A concentration of risk may arise from a single insurance contract issued to a particular type of policyholder, within a geographical location or to types of commercial business. The Company minimises its exposure to significant losses by obtaining reinsurance from foreign reinsurers.

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 risks e.g. financial underwriting ensuring a reasonable relationship between the income and insurance amount of insured, determination of insurance amount through some mechanism which precludes individual choices and anti-selection.

The concentration of risk by type of contracts is summarised below by reference to liabilities.

	Gross sum insured		Reinsurance		Net	
	2015	2014	2015	2014	2015	2014
	(Rupees in million)					
Life (participating)	9,610	10,733	3,032	3,474	6,578	7,259
Life (non-participating) – Individual	33,509	32,278	11,950	10,754	21,559	21,524
Life (non-participating) – Group	71,142	73,109	35,890	26,512	35,252	46,597
Investment Linked	19,541	16,390	14,377	12,319	5,164	4,071
Accident & Health – Individual	12,233	12,601	2,924	2,462	9,309	10,139
Family Takaful - Individual	587	-	312	-	275	-
Family Takaful - Group	89	-	-	-	89	-
	<u>146,711</u>	<u>145,111</u>	<u>68,485</u>	<u>55,521</u>	<u>78,226</u>	<u>89,590</u>

26.1.4 Claims development tables

The following table shows the development of claims over a period of time on gross basis. For each class of business the uncertainty about the amount and timings of claims payment is usually resolved within a year. Further, claims with significant uncertainties are not outstanding as at December 31, 2015 therefore claim development table is not required to be presented. However, aging of outstanding claims and movement of outstanding claims is presented below:

	2015	2014
	(Rupees in '000)	
Aging of outstanding claims		
Upto 1 year	63,001	78,991
1-2 years	24,356	40,332
2-3 years	35,666	9,967
Over 3 years	92,008	80,924
Total	<u>215,031</u>	<u>210,214</u>
Movement of outstanding claims		
Opening balance	210,214	209,432
Total gross claims	2,589,336	3,395,457
Claims paid /settled	<u>(2,584,519)</u>	<u>(3,394,675)</u>
Closing balance	<u>215,031</u>	<u>210,214</u>

26.1.5 Unclaimed insurance benefit

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

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

	Age-wise Breakup					
	Total Amount	1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months
	Rs in '000					
Unclaimed maturity benefits	1,384	1,224	-	-	160	-
Unclaimed death benefits	-	-	-	-	-	-
Unclaimed disability benefits	-	-	-	-	-	-
Claims not encashed	2,410	-	-	-	586	1,824
Others unclaimed benefits	-	-	-	-	-	-
Total	<u>3,794</u>	<u>1,224</u>	<u>-</u>	<u>-</u>	<u>746</u>	<u>1,824</u>

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26.1.6 Assets - liabilities matching

	2015								
	Fixed and guaranteed insurance and investment contracts	Contract with DPF		Unit-linked contracts			Corporate		Total
		Insurance contract	Investment contract	Insurance contract	Investment contract	Short-term insurance contracts	Other financial assets and liabilities	Other assets and liabilities	
	(Rupees in '000)								
Debt securities									
Available for sale - unlisted securities	4,654,965	1,247,295	-	-	3,078,527	-	591,106	-	9,571,893
Equity securities									
Available for sale - listed securities	98,911	-	-	-	1,569,109	-	134,843	-	1,802,863
Fair value through profit and loss listed securities	582,623	136,631	-	-	-	-	-	-	719,254
Loans and receivables									
-Loans secured against life insurance policies	70,088	76,859	-	-	-	-	-	-	146,947
-Others at amortised cost	-	-	-	-	-	-	734	-	734
Reinsurance assets	19,138	-	-	-	-	-	-	-	19,138
Cash and cash equivalents	11,000	-	-	-	371,823	-	50,379	-	433,202
Other assets	319,601	195,795	-	-	227,260	-	20,710	148,759	912,125
Total assets	5,756,326	1,656,580	-	-	5,246,719	-	797,772	148,759	13,606,156
Long-term insurance contracts and investment contracts with DPF:									
-Insurance contracts	4,623,900	1,140,823	-	-	4,903,566	-	-	-	10,668,289
Short-term insurance contracts	361,806	-	-	-	-	-	-	-	361,806
Amounts due to related parties, trade payables, and other provisions at amortised cost	107,792	18,910	-	-	58,874	-	-	-	185,576
Other liabilities	662,828	496,847	-	-	284,279	-	56,630	-	1,500,584
Total liabilities	5,756,326	1,656,580	-	-	5,246,719	-	56,630	-	12,716,255

	2014								
	Fixed and guaranteed insurance and investment contracts	Contract with DPF		Unit-linked contracts			Corporate		Total
		Insurance contract	Investment contract	Insurance contract	Investment contract	Short-term insurance contracts	Other financial assets and liabilities	Other assets and liabilities	
	(Rupees in '000)								
Debt securities									
Available for sale - unlisted securities	3,620,719	1,244,728	-	-	2,704,130	-	591,703	-	8,161,280
Equity securities									
Available for sale - listed securities	43,328	-	-	-	1,375,991	-	86,677	-	1,505,996
Fair value through profit and loss listed securities	468,540	172,387	-	-	-	-	-	-	640,927
Loans and receivables									
-Loans secured against life insurance policies	105,034	29,316	-	-	-	-	-	-	134,350
-Others at amortised cost	-	-	-	-	-	-	361	-	361
Reinsurance assets	44,751	5,827	-	-	-	-	-	-	50,578
Cash and cash equivalents	277,712	32,724	-	-	285,699	-	463	-	596,598
Other assets	408,461	64,422	-	-	142,415	-	20,618	136,580	772,496
Total assets	4,968,545	1,549,404	-	-	4,508,235	-	699,822	136,580	11,862,586
Long-term insurance contracts and investment contracts with DPF:									
-Insurance contracts	3,936,955	1,098,827	-	-	4,253,665	-	-	-	9,289,447
Short-term insurance contracts	305,095	-	-	-	-	-	-	-	305,095
Amounts due to related parties, trade payables, and other provisions at amortised cost	98,174	2,784	-	-	57,164	-	-	-	158,122
Other liabilities	628,321	447,793	-	-	197,406	-	10,900	-	1,284,420
Total liabilities	4,968,545	1,549,404	-	-	4,508,235	-	10,900	-	11,037,084

26.2 Financial risk management

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

Risk management framework

The Board meets frequently throughout the year for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse 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.

The 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 Company Audit Committee is assisted in its oversight role by Internal Audit function. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

26.2.1 Credit risk

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

26.2.1.1 Exposure to credit risk

Credit risk of the Company arises principally from the investments (except for government securities), premium due but unpaid, amount due from other insurers / reinsurers, reinsurance recoveries. To reduce the credit risk the Company has developed a formal approval process whereby credit limits are applied to its policyholders and other insurers / reinsurers. The management continuously monitors the credit exposure towards the policyholders and other insurers / reinsurers and makes provision against those balances considered doubtful of recovery.

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

	2015	2014
	(Rupees in '000)	
Bank deposits	432,708	596,135
Loans - secured		
against life insurance policies	146,947	134,350
to employees	-	92
to agents	734	269
Premiums / contribution due but unpaid	118,488	120,806
Amount due from other insurers / reinsurers / retakaful	19,138	50,578
Amounts due from agents	989	1,409
Sundry receivables	59,434	23,997
Experience refund receivable	9,029	23,316
	<u>787,467</u>	<u>950,952</u>

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

	Rating		Rating Agency
	Short term	Long term	
Bank Alfalah Limited	A1+	AA	PACRA
Bank Al-Habib Limited	A1+	AA+	PACRA
Faysal Bank Limited	A-1+	AA	PACRA
Habib Bank Limited	A-1+	AAA	JCR-VIS
Bank Islami Pakistan Limited	A1	A+	PACRA
MCB Bank Limited	A1+	AAA	PACRA
Meezan Bank Limited	A-1+	AA	JCR-VIS
National Bank of Pakistan Limited	A-1+	AAA	PACRA
NIB Bank Limited	A1+	AA-	PACRA
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA
Summit Bank Limited	A-1	A	PACRA
Tameer Microfinance Bank Limited	A-1	A+	PACRA
United Bank Limited	A-1+	AA+	JCR-VIS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

Premiums / contribution due but unpaid

Concentration of credit risk

Concentration of credit risk occurs when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would effect their ability to meet contractual obligations in similar manner. Sector-wise analysis of premium due but unpaid at the reporting date was:

	December 31, 2015		December 31, 2014	
	(Rupees in '000)	%	(Rupees in '000)	%
Banks	33,643	28.39	41,004	33.94
Insurance	1,761	1.49	458	0.38
Textiles	124	0.10	6,260	5.18
Food and allied industries	24,307	20.51	12,118	10.03
Chemical and pharmaceuticals	2,256	1.90	5,780	4.78
Technology & Communication	17,882	15.10	11,058	9.15
Oil and gas	19,725	16.65	27,945	23.13
Miscellaneous	18,790	15.86	16,183	13.40
	<u>118,488</u>	<u>100</u>	<u>120,806</u>	<u>100</u>

The age of premium due but unpaid at the reporting date is less than one year.

Amount due from other insurers / reinsurers / retakaful

The Company enters into re-insurance arrangements with re-insurers having sound credit ratings accorded by reputed credit rating agencies. The Company is required to comply with the requirements of Circular No. 32 / 2009 dated 27 October 2009 issued by SECP which requires an insurance company to place at least 80% of their outward treaty cessions with reinsurers rated 'A' or above by Standard & Poors with the balance being placed with entities rated at least 'BBB' by reputable ratings agency. All reinsurance assets relating to outward treaty cessions are with reinsurer with rating of "A" or above.

The age of amount due from other insurers / reinsurers at the reporting date is less than one year.

In respect of the insurance and reinsurance assets, the Company takes in to account its past history / track record of recoveries and financial position of the counterparties while creating provision for impairment. Further, reinsurance recoveries are made when corresponding liabilities are settled.

The carrying value of the financial assets which are neither past due nor impaired are as under:

	2015	2014
	(Rupees in '000)	
Bank deposits	432,708	596,135
Loans secured against life insurance policies	146,947	134,350
Loans secured against other assets	734	361
Premiums / contribution due but unpaid	92,270	84,157
Amount due to other insurers / reinsurers / retakaful	19,138	50,578
Amount due from agents	989	1,409
Sundry receivables	59,434	23,997
Experience refund receivable	9,029	23,316

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

The carrying value of the financial assets which are past due but not impaired are as under:

	2015	2014
	(Rupees in '000)	
Premiums / contribution due but unpaid	<u>26,218</u>	<u>36,649</u>

26.2.2 Fair value of financial instruments

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

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

Fair value of investments is determined as follows:

- Fair value of listed equity securities is determined on the basis of closing market prices quoted on the respective stock exchange.
- Fair values of Treasury Bills are derived using the PKRV rates (Reuters page).
- The fair value of all other financial assets and financial liabilities of the Company approximate their carrying amounts due to short term maturities of these instruments.

26.2.2.1 Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Company to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Fair value measurements using quoted price (unadjusted) in an active market for identical assets or liabilities.
- Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at December 31, 2015, the Company held the following financial instruments measured at fair value:

	As at December 31, 2015		
	Level 1	Level 2	Level 3
	----- Rupees in '000 -----		
Assets carried at fair value			
Available-for-sale investments	<u>4,647,636</u>	<u>-</u>	<u>-</u>
Fair value through profit and loss investments	<u>719,254</u>	<u>-</u>	<u>-</u>
	As at December 31, 2014		
	Level 1	Level 2	Level 3
	----- Rupees in '000 -----		
Assets carried at fair value			
Available-for-sale investments	<u>4,080,121</u>	<u>-</u>	<u>-</u>
Fair value through profit and loss investments	<u>640,927</u>	<u>-</u>	<u>-</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

26.2.3 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 difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. 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 ensures that it has sufficient cash on demand to meet expected operational requirements. The Company also manages this risk by investing in deposit accounts that can be readily encashed. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

The following are the contractual maturities of financial liabilities:

	2015		2014	
	Carrying Amount	Contractual cash flows upto one year	Carrying Amount	Contractual cash flows upto one year
----- (Rupees in '000) -----				
Non-derivative financial liabilities				
Outstanding claims	215,031	215,031	210,214	210,214
Staff gratuity	-	-	7,738	7,738
Amount due to other insurers / reinsurers / retakaful	38,858	38,858	24,169	24,169
Amount due to agents	63,893	63,893	63,725	63,725
Experience refund	39,576	39,576	41,749	41,749
Accrued expenses	98,731	98,731	70,228	70,228
Other creditors and accruals	150,226	150,226	104,641	104,641
Unclaimed dividend	27	27	27	27
	<u>606,342</u>	<u>606,342</u>	<u>522,491</u>	<u>522,491</u>

26.2.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All transactions are carried in Pak Rupees therefore, the Company is not exposed to any significant foreign exchange risk and equity price risk. However, the Company is exposed to interest rate risk and other price risk.

26.2.4.1 Interest 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. Majority of the interest rate exposure arises from balances held in profit and loss sharing accounts with reputable banks. At the balance sheet date the interest rate profile of the Company's interest-bearing financial instruments is:

	2015	2014	2015	2014
	Effective interest rate (in %)		(Rupees in '000)	
Fixed rate instruments				
- Government securities	(7.50 to 14.47)	(7.50 to 14.47)	<u>9,571,893</u>	<u>8,161,280</u>
Variable rate instruments				
- Savings accounts & deposit	(4 to 6.25)	(6 to 8.25)	<u>432,708</u>	<u>574,297</u>

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for 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

The Company is not exposed to significant cash flow interest rate risk in respect of its variable rate instruments.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

26.2.4.2 Interest rate profile

At the balance sheet date the interest rate profile of the Company's interest-bearing financial instruments based on their maturities is:

	2015						
	Effective Yield / Interest rate %	Total	Upto one year	Over one year upto five years	Over five years upto ten years	Over ten years	Non-interest bearing financial instrument
(Rupees in '000)							
Balance sheet - financial instruments							
Financial Assets							
Cash and others		494	-	-	-	-	494
Current and other accounts	4 - 6.25	432,708	432,708	-	-	-	-
Loans - secured							
against life insurance policies		146,947	146,947	-	-	-	-
to employees	9	-	-	-	-	-	-
to agents	9	734	734	-	-	-	-
Investments - Government securities	7.50 - 14.47	9,571,893	79,948	5,108,411	4,340,810	42,724	-
Investments - Listed mutual funds		2,522,117	-	-	-	-	2,522,117
Premiums / contribution due but unpaid		118,488	-	-	-	-	118,488
Amount due from other insurers / reinsurers / retakaful		19,138	-	-	-	-	19,138
Amount due from agents		989	-	-	-	-	989
Sundry receivables		59,434	-	-	-	-	59,434
Accrued interest		414,256	-	-	-	-	414,256
Experience refund receivable		9,029	-	-	-	-	9,029
		13,296,227	660,337	5,108,411	4,340,810	42,724	3,143,945
Financial Liabilities							
Outstanding claims		215,031	-	-	-	-	215,031
Amount due to other insurers / reinsurers / retakaful		38,858	-	-	-	-	38,858
Amount due to agents		63,893	-	-	-	-	63,893
Experience refund payable		39,576	-	-	-	-	39,576
Accrued expenses		98,731	-	-	-	-	98,731
Other creditors and accruals		150,226	-	-	-	-	150,226
Unclaimed dividend		27	-	-	-	-	27
		606,342	-	-	-	-	606,342
Balance sheet gap		12,689,885	660,337	5,108,411	4,340,810	42,724	2,537,603
Total yield / interest rate risk sensitivity gap			660,337	5,108,411	4,340,810	42,724	
Cumulative yield / interest rate risk sensitivity gap			660,337	5,768,748	10,109,558	10,152,282	

	2014						
	Effective Yield/Interest rate %	Total	Upto one year	Over one year upto five years	Over five years upto ten years	Over ten years	Non-interest bearing financial instrument
(Rupees in '000)							
Balance sheet - financial instruments							
Financial Assets							
Cash and others		463	-	-	-	-	463
Current and other accounts	6- 8.25	596,135	574,297	-	-	-	21,838
Loans - secured							
against life insurance policies		134,350	134,350	-	-	-	-
to employees	9	92	92	-	-	-	-
to agents	9	269	269	-	-	-	-
Investments - Government securities	7.5 - 14.7	8,161,280	-	2,127,789	505,466	528,025	5,000,000
Investments - Listed mutual funds		2,146,923	-	-	-	-	2,146,923
Premiums / contribution due but unpaid		120,806	-	-	-	-	120,806
Amount due from other insurers / reinsurers / retakaful		50,578	-	-	-	-	50,578
Amount due from agent		1,409	-	-	-	-	1,409
Sundry receivables		23,997	-	-	-	-	23,997
Accrued interest		389,712	-	-	-	-	389,712
Experience refund receivable		23,316	-	-	-	-	23,316
		11,649,330	709,008	2,127,789	505,466	528,025	7,779,042
Financial Liabilities							
Outstanding claims		210,214	-	-	-	-	210,214
Amount due to other insurers / reinsurers / retakaful		24,169	-	-	-	-	24,169
Amount due to agents		63,725	-	-	-	-	63,725
Experience refund payable		41,749	-	-	-	-	41,749
Accrued expenses		70,228	-	-	-	-	70,228
Staff gratuity		7,738	-	-	-	-	7,738
Other creditors and accruals		104,641	-	-	-	-	104,641
Unclaimed dividend		27	-	-	-	-	27
		522,491	-	-	-	-	522,491
Balance sheet gap		11,126,839	709,008	2,127,789	505,466	528,025	7,256,551
Total yield / interest rate risk sensitivity gap			709,008	2,127,789	505,466	528,025	
Cumulative yield / interest rate risk sensitivity gap			709,008	2,836,797	3,342,263	3,870,288	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

26.3 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets and financial liabilities

2015 2014
(Rupees in '000)

Financial assets

Loans and receivables - amortised cost

Cash and bank deposits

Cash and other equivalents
Current and other accounts

494	463
432,708	596,135
433,202	596,598

Loans secured against Life Insurance Policies

146,947 134,350

Loans - secured
against life insurance policies
to employees
to agents

-	92
734	269
734	361

Current assets - others

Premiums / contribution due but unpaid
Amount due from other insurers / reinsurers / retakaful
Amount due from agents
Sundry receivables
Accrued interest
Experience refund receivable

118,488	120,806
19,138	50,578
989	1,409
59,434	23,997
414,256	389,712
9,029	23,316
621,334	609,818

Investments - fair value through profit and loss

719,254 640,927

Investments - available for sale

11,374,756 9,667,276

Financial Liabilities

Amortised cost

Outstanding claims
Amount due to other insurers / reinsurers / retakaful
Amount due to agents
Experience refund payable
Accrued expenses
Staff gratuity payable
Other creditors and accruals
Unclaimed dividend

215,031	210,214
38,858	24,169
63,893	63,725
39,576	41,749
98,731	70,228
-	7,738
150,226	104,641
27	27
606,342	522,491

27 CAPITAL MANAGEMENT

The Company's objective when managing capital is to safe guard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares.

The Company currently meets the paid up capital requirement prescribed by Securities and Exchange Commission of Pakistan.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

28 TRANSACTIONS WITH RELATED PARTIES

28.1 Related parties comprise of holding company, associated companies, retirement benefit funds, directors and key management personnel. Remuneration to the key personnel are determined in accordance with the terms of their appointments. All transactions involving related parties arise in the normal course of business. Transactions with the key management personnel are made under their terms of employment / entitlements. Contributions to the employee retirement benefits are made in accordance with the terms of employee retirement benefit schemes and actuarial advice. There are few companies with certain common directors but not considered as related parties in accordance with requirements of IAS 24 Related party Disclosures. Accordingly, transactions with such companies have not been disclosed here

28.2 The details of transactions with related parties, other than those which have been specifically disclosed elsewhere in the financial statements are as follows:

	Holding Company		Post employment benefit plans		Key Management personnel		Other related parties	
	2015	2014	2015	2014	2015	2014	2015	2014
	(Rupees in '000)		(Rupees in '000)		(Rupees in '000)		(Rupees in '000)	
Transactions								
Premium underwritten	3,376	585	-	-	19	19	34,572	13,081
Premium paid for general insurance	1,121	371	-	-	-	-	-	-
Claims paid	1,257	-	-	-	-	-	17,755	-
Charges for administrative services received	11,825	6,140	-	-	-	-	-	-
Charges for administrative services provided	8,000	-	-	-	-	-	1,103	-
Rent expense	5,146	-	-	-	-	-	-	-
Brokerage charges	-	-	-	-	-	-	20	245
Net book value of fixed assets disposed	-	-	-	-	342	2,772	-	-
Mark-up on loan	-	-	-	-	2	13	-	-
Remuneration paid	-	-	-	-	90,878	97,896	-	-
Contribution to gratuity fund	-	-	10,009	11,512	-	-	-	-
Contribution to provident fund	-	-	11,030	12,785	-	-	-	-
Purchase of fixed assets	89	-	-	-	-	-	-	-
Balances								
Payable for administrative services received	5,059	701	-	-	-	-	-	-
Payable for premises rental	5,146	-	-	-	-	-	-	-
Payable for general insurance premium	776	-	-	-	-	-	-	-
Receivable against administrative services provided	8,000	-	-	-	-	-	4,429	-
Premium receivable	-	-	-	-	-	-	2,188	5,686
Claims payable	-	-	-	-	-	-	1,001	-
Loans receivable	-	-	-	-	-	92	-	-

29 GENERAL

All figures have been rounded off to the nearest of thousand, except otherwise stated.

30 DATE OF AUTHORISATION FOR ISSUE

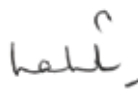
These financial statements were authorised for issue on February 23, 2016 by the Board of Directors of the Company.

31 EVENTS AFTER BALANCE SHEET DATE

The Board of Directors has proposed a final dividend for the year ended December 31, 2015 of Rs. 1.0 per share (2014: Nil), amounting to Rs 50 million (2014: Nil) in its meeting held on February 23, 2016 for the approval of the members at the annual general meeting. The financial statements for the year ended December 31, 2015 do not include the effect of this appropriation which will be accounted for in the financial statements for the year ending December 31, 2016.



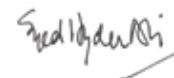
CHAIRMAN



DIRECTOR



DIRECTOR



CHIEF EXECUTIVE OFFICER

STATEMENT OF DIRECTORS

(As per the requirement of section 46(6) and section 52 (2) of Insurance Ordinance, 2000)

Section 46 (6)

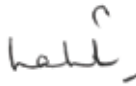
- a) In our opinion the annual statutory accounts of the IGI Life Insurance Limited set out in the forms attached to the statement have been drawn up in accordance with the Ordinance and any rules made thereunder;
- b) IGI Life Insurance Limited has at all times in the year complied with the provisions of the Ordinance and the rules made thereunder relating to paid-up capital, solvency and reinsurance arrangements; and
- c) As at December 31, 2015, IGI Life Insurance Limited continues to be in compliance with the provisions of the Ordinance and the rules made thereunder relating to paid-up capital, solvency and reinsurance arrangements.

Section 52 (2)

- d) In our opinion each statutory fund of IGI Life Insurance Limited complies with the solvency requirements of Insurance Ordinance, 2000 and the Insurance Rules, 2002.



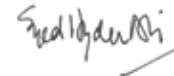
CHAIRMAN



DIRECTOR



DIRECTOR



CHIEF EXECUTIVE OFFICER

STATEMENT OF ACTUARY

[As per the requirement of section 52(2) (a) & (b) of the Insurance Ordinance, 2000]

In my opinion:

- a) the policyholder liabilities included in the balance sheet of IGI Life Insurance Limited (formerly American Life Insurance Company (Pakistan) Limited) as at December 31, 2015 have been determined in accordance with the provisions of the Insurance Ordinance, 2000; and
- b) Each Statutory fund of the IGI Life Insurance Limited (American Life Insurance Company (Pakistan) Limited) complies with the solvency requirements of the Insurance Ordinance, 2000 as on December 31, 2015.

Date : February 23, 2016
Karachi

Ali Nadim
Appointed Actuary
IGI Life Insurance Limited

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 21st Annual General Meeting of IGI Life Insurance Limited (the "Company") will be held on Wednesday, 20th April 2016 at 12:00 pm, at The Institute of Chartered Accountant of Pakistan (ICAP), Chartered Accountants Avenue, Clifton, Karachi-75600 to transact the following business: -

ORDINARY BUSINESS

1. To confirm the minutes of the last Annual General Meeting of the Company held on 21st April 2015.
2. To receive, consider and adopt the annual audited financial statements of the Company together with the Directors' and Auditors' report thereon for the year ended 31st December 2015.
3. To consider and approve the payment of Final cash dividend @ Rs 1/- per share (10 %) for the financial year ended December 31, 2015 as recommended by the Board of Directors (the "Board") of the Company.
4. To appoint auditors for the year ended December 31, 2016 and fix their remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit to increase the authorized share capital of the Company and, for that purpose, to pass a special resolution, to make requisite alterations to the Memorandum and Articles of Association of the Company.
6. To consider and if thought fit, to pass a special resolution to amend the Articles of Association of the Company to set out therein, the members' right to exercise their voting rights in General Meetings by E-Voting.
7. To consider and if thought fit, to pass, a special resolution to amend the Articles of Association of the Company to set out therein the members' right to attend General Meetings of the Company through video conferencing.

ANY OTHER BUSINESS

8. To consider any other business with the permission of the Chairman.

28th March 2016
Karachi

By order of the Board

Muhammad Amin
Company Secretary

(Attached to this Notice is a Statement of Material Facts covering the above mentioned special business, as required under Section 160(1)(b) of the Companies Ordinance, 1984.)

NOTES:

1. The Share Transfer Books of the Company will remain closed from 14th to 20th April 2016 (both days inclusive).
2. Any member entitled to attend, speak and vote at the Annual General Meeting is entitled to appoint another member as a proxy to attend, speak and vote on his/her behalf. A corporation being a member may, by means of a resolution of its directors, appoint a person who need not be a member, as proxy or as its representative under section 162 of the Companies Ordinance 1984.
3. The instrument appointing a proxy, in order to be valid, must be deposited at the office of Share Registrar "M/s FAMCO Associates (Pvt.) Limited", at 8-F, Next to Faran Hotel, Nursery, Block-6, P.E.C.H.S. Sharah-e-Faisal, Karachi, duly signed, stamped and witnessed, not less than forty-eight (48) hours before the time of the Meeting. A member shall not be entitled to appoint more than one proxy. If more than one instrument of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

NOTICE OF ANNUAL GENERAL MEETING

4. Members whose shares are deposited with Central Depository Company of Pakistan Limited (CDC) are requested to bring their original Computerized National Identity Cards (CNIC) along with the participant's I.D. number and their account numbers in CDC to facilitate identification at the time of Annual General Meeting and in case of proxy, must enclose an attested copy of his/her CNIC. In case of a corporate entity, the Board of Directors resolution/power of attorney with specimen signature of the nominee and /or all such other documents, as are required under Circular No.1 dated 26th January 2000 issued by the Securities and Exchange Commission of Pakistan ("SECP") for the purpose, shall be produced at the time of the meeting (unless it has been provided earlier).
5. Members (Non-CDC) are requested to promptly notify to M/s FAMCO Associates (Pvt) Limited of any change in their address to ensure delivery of mail.
6. Pursuant to Para 3(a) of SRO 634(1)/2014 dated July 10, 2014 issued by the SECP the financial statements and reports have been placed on website of the Company.
7. The SECP has vide SRO No. 787(1)2014 dated September 8, 2014 allowed companies to circulate annual balance sheet, profit and loss account, auditors report and directors' report along with notice of annual general meeting to its members through email. Members who wish to avail this facility can give their consent to Company Secretary at the following email address m.amin@igi.com.pk.
8. The Government of Pakistan through Finance Act, 2015 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 rates are as under:
 - For filers of income tax returns 12.5%
 - For non-filers of income tax returns 17.5%

To enable the Company to make tax deductions on the amount of cash dividend @12.5% instead of 17.5% all the shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into the ATL before the book closure of the Company, otherwise tax on their cash dividend will be deducted @ 17.5% instead of 12.5%.

For shareholders holding their shares jointly as per the clarification issued by the Federal Board of Revenue, withholding tax will be determined separately on "Filer / Non-Filer" status of the principal shareholder as well as joint-holder(s) based on their shareholding proportions. Therefore, all shareholders who hold shares jointly are required to provide shareholding proportions of the principal shareholder and Joint-holder(s) in respect of shares held by them to the Share Registrar above-mentioned, in writing as follows:

Company Name	Folio / CDC Account No.	Total shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC No.	Shareholding Proportion (No. of Shares)	Name and CNIC No.	Shareholding Proportion (No. of Shares)

9. Clause 1(b) of SRO No.1027(I)2014 dated 13th November 2014 issued by the SECP states "The company may provide video conference facility to its members for attending the general meeting at places other than the town in which general meeting is taking place after considering the geographical dispersal of its members: Provided that if members, collectively holding 10% or more shareholding residing at a geographical location, provide their consent to participate in the meeting through video conference at least 10 days prior to date of meeting the company shall arrange video conference facility in that city subject to availability of such facility in that city".

If you wish to take benefit of this facility, please fill the form appearing below and submit it to the Company at its registered address at least 10 days prior to the holding of the Meeting.

NOTICE OF ANNUAL GENERAL MEETING

The Company will intimate members regarding venue of video conference facility at least 5 days before the date of the Annual General Meeting along with complete information necessary to enable them to access the facility.

I/We, _____ of _____ being a member of IGI Life Insurance Limited, holder of _____ Ordinary shares as per Register Folio No. _____ hereby opt for video conference facility at _____.
_____ Signature of member

10. Members who have not yet submitted photocopy of their Computerized National Identity Cards to the Company are requested to send the same at the earliest.
11. The Company is in the process of setting up the e-voting facility as required by the SECP by the Companies (E-Voting) Regulations, 2016, and in this connection, a special resolution for alteration of the Company's Articles of Association to allow for e-voting is proposed to be passed. However, the e-voting facility cannot be made available to the Members for this meeting because all the conditions required to be satisfied for providing e-voting facility could not be satisfied.

STATEMENT OF MATERIAL FACTS

Item No. 5

Amendment of Memorandum and Articles of Association for increase of the Authorized Share Capital of the Company

The Securities and Exchange Commission of Pakistan ("SECP") have vide S.R.O. 828 (I)/2015 dated 18th August 2015 inserted a new Rule 9 in the Securities and Exchange Commission (Insurance) Rules, 2002, increasing the mandatory minimum paid-up capital requirements applicable to insurance companies. The current authorized share capital of the Company is Rs. 500 Million. This amount is required to be increased by the Company in order to comply with the new Rule 9 above mentioned.

For the purposes aforesaid, it is proposed that the authorized share capital of the Company be increased to Rs. 1000 Million and to pass the following special resolution to amend the Memorandum and Articles of Association of the Company to effect the said increase:

"RESOLVED THAT:

- a. **Clause V of the Memorandum of Association of the Company be and is hereby substituted by the following revised clause:**

'The authorized capital of the Company is Rs. 1,000,000,000 (Rupees One Billion) divided into 100,000,000 (One Hundred Million) Ordinary Shares of Rs. 10/-(Rupees Ten) each with the rights, privileges and conditions attaching thereto as are provided by the Articles of Association of the Company for the time being, with power to increase and reduce the capital of the Company and to divide the shares in the capital for the time being into several classes.'

- b. **Clause (a) of Article 3 of the Articles of Association of the Company be and is hereby substituted by the following revised clause:**

'The authorized capital of the Company is Rs. 1,000,000,000 (Rupees One Billion) divided into 100,000,000 (One Hundred Million) Ordinary Shares of Rs. 10/-(Rupees Ten) each with power to the Company from time to time, to increase or reduce its capital and to divide the shares in the capital for the time being into several classes, subject to any permission required by law.'

NOTICE OF ANNUAL GENERAL MEETING

Item No. 6

Amendment of Articles of Association regarding E-Voting

The SECP has issued the Companies (E-Voting) Regulations, 2016. These Regulations provide members with the right to vote at general meetings by electronic means, subject to the satisfaction of certain conditions, including the amendment of the Articles of Association so as to stipulate that in case of E-Voting both members and non-members can be appointed as proxy.

For the purpose of incorporating the facility of e-voting in the Articles of Association of the Company, and for making certain consequential changes, it is proposed that the following special resolution be passed to amend Articles 2, 49 and 51, to insert a new Article 55A in the Articles of Association and to make a general change across the Articles:

“RESOLVED THAT:

- a. **The definition of the term “Authority” appearing in paragraph (b) of Article 2 of the Articles of Association of the Company be and is hereby substituted by the following new definition:**

“Commission” means the Securities and Exchange Commission of Pakistan established under Section 3 of the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997).”

- b. **the term “Authority” wherever appearing in the Articles of Association of the Company (other than in paragraph (b) of Article 2) be and is hereby substituted by the term “Commission”;**

- c. **the following new Clause (c) be and is hereby inserted after the existing Clause (b) in Article 49 of the Articles of Association of the Company:**

‘A member may exercise his right to vote at any general meeting by electronic means through e-voting, in the manner provided in the regulations notified by the Commission for this purpose, subject to the satisfactions of the conditions precedent to e-voting set out in such regulations;’

- d. **Article 51 of the Articles of Association of the Company be and is hereby amended as follows:**

‘Any person may be appointed as a proxy for the purpose of attending and voting at a General Meeting in person or by video conferencing or by e-voting. A proxy need not be a member. A corporation or a company being a member of the Company may also appoint as proxy or as its representative under Section 162 of the Ordinance any of its officers or any other person though not a member of the Company, to act as its proxy or representative at any General Meeting of the Company and the person so appointed shall be entitled to represent and vote at such General Meeting in person or by video conferencing or by e-voting on behalf of that member company or corporation, if so authorized, and be entitled to exercise the same powers on behalf of the member company or corporation which he represents, as that member company or corporation could exercise if it were an individual member of the Company;’ and

- e. **the following new Article 55A be and is hereby inserted after Article 55 of the Articles of Association of the Company:**

‘Notwithstanding Article 55, an instrument appointing a proxy for e-voting purpose shall be in the following form, and shall be deposited in writing with the Company at its registered office or through email at the secured email address of the Company provided for this purpose, in advance at least ten (10) days prior to the date of the General Meeting:

NOTICE OF ANNUAL GENERAL MEETING

IGI LIFE INSURANCE LIMITED

I/ We _____ of _____, being a member of IGI Life Insurance Limited, holder of _____ ordinary shares(s) as per Register Folio No. _____ hereby opt for e-voting through Intermediary and hereby consent to the appointment of the execution officer, _____, as proxy and will exercise e-voting as per the Companies (E-Voting) Regulations, 2016, and hereby demand for poll for resolutions.

My/Our secured email address is _____, please send login details, password and electronic signature through email.

Signature

Signed in the presence of:

Signature of Witness

Signature of Witness

Item No. 7

Amendment of Articles of Association regarding Video Conferencing

By Clause 1(b) of SRO No. 1027(I)/2014 dated November 13, 2014 issued by the SECP, companies may provide video conference facilities to their members for attending general meeting at places other than the town in which general meeting is taking place, provided that consent for video conferencing is given by members collectively holding 10% or more shareholding residing at a geographical location, at least 10 days prior to date of meeting and subject to availability of such facility in that city.

To incorporate the option of video conferencing in the Articles of Association of the Company, it is proposed that the following special resolution be passed to insert a new Article 38A in the Articles of Association after the existing Article 38:

“RESOLVED THAT the following new Article 38A be and is hereby inserted after Article 38 of the Articles of Association of the Company:

‘The Company may provide video conference facility to its members for attending the General Meeting at places other than the town in which the General Meeting is taking place after considering the geographical dispersal of the Members: Provided that if Members, collectively holding 10% or more shareholding residing at a geographical location, provide their consent to participate in the Meeting through video conference at least ten (10) days prior to date of Meeting, the Company shall arrange video conference facility in that city subject to availability of such facility in that city.’”

ڈائریکٹر رپورٹ برائے ممبران

کلیم سٹیٹمنٹ کمیٹی

کلیم سٹیٹمنٹ پالیسی بنانے اور اس کو بہتر کرنے کے علاوہ یہ کمیٹی کلیم کی ادائیگی میں پیش رفت کی نگرانی بھی کرتی ہے۔ یہ کمیٹی کلیم کو تیزی اور موثر انداز میں ادائیگی کو یقینی بناتی ہے۔

ری انشورنس کمیٹی

یہ کمیٹی اس امر کو یقینی بناتی ہے کہ کمپنی کے انشورنس کاروبار کے لئے ری انشورنس کے لئے مناسب انتظامات کئے گئے ہیں۔ یہ مجوزہ ری انشورنس کے معاہدوں سے قبل ان کا تنقیدی نگاہ سے مشاہدہ کرتی ہے، وقتاً فوقتاً کئے جانے والے انتظامات کا جائزہ لیتی رہتی ہے اور شرکت کرنے والے ری انشورنس سے اتفاق رائے حاصل کرنے کی ذمہ دار ہوتی ہے اس کے علاوہ مارکیٹ کے اتار چڑھاؤ کی روشنی میں ان انتظامات کے لئے موزوں ترین اقدامات کرتی ہے۔ علاوہ ازیں مستقبل کے حوالے سے ری انشورنس پروگرام کے موثر ہونے کی جانچ بھی کرتی رہتی ہے۔

انڈر رائٹنگ کمیٹی

انڈر رائٹنگ کمیٹی آپ کی کمپنی کی انڈر رائٹنگ پالیسی تشکیل دیتی ہے۔ یہ انشورنس میں ممکنہ طور پر پیش آنے والے مختلف اقسام کے خطرات کا جائزہ لیتی ہے۔ اس کے لئے معیارات کا تعین کرتی ہے اور مختلف انشورنس کورز کی پریئم پالیسی طے کرتی ہے، کمیٹی باقاعدگی سے کمپنی کی انڈر رائٹنگ اور پریئم پالیسیوں کا جائزہ، متعلقہ عناصر مثلاً کاروباری پورٹ فولیو اور مارکیٹ میں ہونے والی تبدیلیوں کو مد نظر رکھتے ہوئے لیتی ہے۔

ہیومن ریورس اور ریویو نیشن کمیٹی

یہ کمیٹی بورڈ کو کمپنی کی ہیومن ریورس مینجمنٹ پالیسیوں کے لئے سفارشات دینے کے ساتھ ساتھ انتخاب، کارکردگی کا جائزہ لینے اور کمپنی کے اہم افسران کے مشاہروں کے تعین میں مشاورت کی ذمہ دار ہے۔ کمیٹی سال میں کم از کم 1 بار مینٹنگ منعقد کرتی ہے۔

ضابطہ اخلاق

آپ کی کمپنی روایتی بیہ، یونیورسل لائف اور یونٹ لکڈ پلانز کے تحت اپنے کسٹمرز کو مستقبل کی مالیاتی سکیورٹی فراہم کرتی ہے۔ ہم ایس ای سی پی (SECP) کے جاری کردہ ضابطہ اخلاق پر سختی سے عمل پیرا ہیں اور اپنی پراڈکٹ کے متعلق تمام حقائق سے کسٹمرز کو آگاہ کرتے ہیں۔

ہم ہر وقت کاروباری طرز عمل اور اخلاقیات کے اعلیٰ ترین معیار پر عمل پیرا ہیں۔

شیر ہولڈنگ کا طرز

31 دسمبر 2015، کمپنی آرڈیننس 1984 اور کارپوریٹ گورننس کی ضرورت کی دفعہ 236 کے تحت شیر ہولڈنگ کی طرز سالانہ مالیاتی رپورٹ میں شامل کیا ہے۔

Sankhan

شہیم احمد خان

چیئر مین

تاریخ: 23 فروری 2016

Syed Haidar Ali

سید حیدر علی

چیئر ایگزیکٹو آفیسر

تاریخ: 23 فروری 2016

ڈائریکٹر پورٹ برائے ممبران

ڈائریکٹر شپ کی تبدیلی اور بورڈ میٹنگ

دوران سال کمپنی کے ڈائریکٹر کے استعفیٰ کی وجہ سے اسامی خالی ہوئی جہاں مقرر وقت میں ہی نیا ڈائریکٹر تعینات کر دیا۔

بورڈ آف ڈائریکٹرز کی میٹنگ شیڈول کے مطابق ہوئی جس میں بورڈ کمیٹی، آڈٹ، انڈر رائٹنگ، ری انشورنس، کلیمز، انویسٹمنٹ، ہیومن ریسورس اور ریویو نیریشن کمیٹی ڈائریکٹر اور ڈیلی میٹیز کے ممبران کی حاضری کی تفصیلات مندرجہ ذیل ہیں۔

بورڈ میٹنگ میں ڈائریکٹرز کی عدم موجودگی پر بورڈ نے انہیں غیر حاضر قرار دے دیا۔

بورڈ / ڈیلی میٹیز	بورڈ کمیٹی	آڈٹ کمیٹی	انڈر رائٹنگ کمیٹی	ری انشورنس کمیٹی	کلیمز کمیٹی	انویسٹمنٹ کمیٹی	ہیومن ریسورس اور ریویو نیریشن کمیٹی
میٹنگز کی تعداد	5	4	4	3	4	4	5
حاضری							
شہید احمد خان	5	-	-	-	4	-	-
سید حیدر علی	5	-	4	3	-	4	5
محمد امین الدین	5	-	4	3	4	4	5
سید یاد علی	5	4	-	-	4	3	5
طاہر مسعود (ستمبر 2015ء تا اپریل 2015ء)	2	-	2	2	2	-	2
خرم رضا بختیاری	5	4	-	-	-	4	5
احسان علی ملک (ستمبر 2015ء تا اپریل 2015ء)	2	2	-	-	-	3	2
محمد کمال سید	3	4	-	2	-	4	-

ڈائریکٹرز، ایگزیکٹو، ان کی شریک حیات اور نابالغ بچوں کی طرف سے حصص کی تجارت

ڈائریکٹرز، ایگزیکٹو، ان کی شریک حیات اور نابالغ بچوں کی جانب سے دوران سال کمپنی کے حصص میں کوئی تجارت نہیں ہوئی۔

شیررز ہولڈنگ کا طرز

شیررز ہولڈنگ کا طرز اس سالانہ مالیاتی رپورٹ کے ساتھ منسلک ہے۔

آڈٹ کمیٹی

آڈٹ کمیٹی 4 نان ایگزیکٹو ڈائریکٹرز پر مشتمل ہے جس میں 2 آزاد ڈائریکٹرز بھی شامل ہیں۔ آڈٹ کمیٹی کے ڈرم آف ریفرنس، کارپوریٹ گورننس کے قواعد و ضوابط کے ساتھ مربوط ہیں۔ کمیٹی سال میں کم از کم 4 بار میٹنگ منعقد کرتی ہے۔

ڈائریکٹر رپورٹ برائے ممبران

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

کوڈ آف کارپوریٹ گورننس کے تحت

بورڈ اور مینجمنٹ مکمل طور پر اچھی کارپوریٹ گورننس کے لئے پرعزم ہیں۔ پاکستان سکیورٹیز اینڈ ایکسچینج کمیشن (ایس ای سی پی) کی طرف سے جاری کردہ کارپوریٹ گورننس کوڈ کے تحت ڈائریکٹرز مندرجہ ذیل بیان کرتے ہیں۔

- (ا) کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی اسٹیٹمنٹ اس کی تمام جملہ امور، اس کے آپریشنز کے نتائج، نقد کی آمدورفت اور ایکویٹی میں تبدیلیوں کو صاف و شفاف انداز میں پیش کرتے ہیں۔
- (ب) اکاؤنٹس کی کتابیں جملہ قواعد و ضوابط کے مطابق تیار کی گئی ہیں۔
- (ج) موزوں اکاؤنٹنگ پالیسیز، مالیاتی اسٹیٹمنٹ اور اکاؤنٹنگ تخمینہ جات کی تیاری کے لئے مسلسل اپنائی جاتی ہیں اور اکاؤنٹنگ تخمینے موزوں اور محتاط اندازوں پر مبنی ہیں۔
- (د) انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز (IFRS) پر، جیسا کہ پاکستان میں نافذ العمل ہے، مالیاتی اسٹیٹمنٹ کی تیاری کی جاتی ہے اور کہیں اس سے انحراف کیا گیا ہو تو اس کو واضح طور پر ظاہر کر دیا ہے۔
- (ه) داخلی کنٹرول کا نظام مستحکم طور پر ترتیب دیا گیا ہے اور موثر طور پر عملدرآمد کے ساتھ اس کی نگرانی بھی کی جاتی ہے۔
- (و) کمپنی کو یہ کاروبار جاری رکھنے کے لئے اس کی قابلیت کے متعلق کوئی واضح شکوک و شبہات نہیں ہیں۔
- (ز) کارپوریٹ گورننس کے بہترین طریقہ کار سے جیسا کہ لسٹنگ ریگولیشنز میں درج ہے کوئی قابل اثر اندازی انحراف نہیں کیا گیا۔
- (ح) کمپنی پر کوئی قانونی ادائیگی، ٹیکس، لیویز، الزامات 31 دسمبر 2015 پر عائد نہیں علاوہ اس کے جو مالیاتی اسٹیٹمنٹس میں بیان کی گئی ہیں۔
- (ط) پراویڈنٹ فنڈ اور گریجویٹ فنڈز کی سرمایہ کاریوں کی مالیت ان کے غیر آڈٹ شدہ حسابات بمطابق 31 دسمبر 2015 درج ذیل ہیں:

پراویڈنٹ فنڈ 14.87 ملین روپے

گریجویٹ فنڈ 66.31 ملین روپے

- (ی) علاوہ 2 ڈائریکٹرز کے تمام ڈائریکٹرز نے تربیت حاصل کر لی ہے جو کہ SECP کی ضرورت کے مطابق ہے۔ بقایا 2 ڈائریکٹرز 30 جون 2016 تک تربیت حاصل کر لیں گے۔
- چیئرمین کو SECP سے خاص اسٹیٹمی حاصل ہے۔

- (ک) گزشتہ 6 سال کے لئے نمایاں آپریٹنگ اور فنانشل اعداد و شمار اس مالیاتی سالانہ رپورٹ کے ساتھ منسلک ہیں۔

انشورنس آرڈیننس 2000 کی ضرورت کے مطابق، ڈائریکٹرز تصدیق کرتے ہیں کہ:

- ہماری رائے کے مطابق کمپنی کے سالانہ اکاؤنٹس اور اس سے منسلک اسٹیٹمنٹس، انشورنس آرڈیننس اور تمام متعلقہ قوانین کے مطابق بنائے گئے ہیں۔
- کمپنی نے تمام سال کے دوران ادہ شدہ سرمایہ، سولویٹنس اور ری انشورنس معاہدے سے متعلق آرڈیننس کی تمام دفعات اور متعلقہ قوانین کے مطابق عمل درآمد کیا ہے۔ کمپنی آرڈیننس کی تمام دفعات اور متعلقہ قوانین پر عمل پیرا ہیں۔

ڈائریکٹر رپورٹ برائے ممبران

گروپ بزنس

آپ کی کمپنی کی گروپ لائف، گروپ حادثاتی وصحت بزنس کی شرح نمو پچھلے سال کے مقابلے میں موجودہ سال بالترتیب 19 فیصد اور 26 فیصد ریکارڈ کی گئی ہے۔

انویسٹمنٹ لنڈ بزنس

موجودہ سال کے دوران انویسٹمنٹ لنڈ بزنس کے پہلے سال کے پرییمیم کی شرح نمو 66 فیصد رہی ہے۔ پچھلے سال کے مقابلے میں اس سال کے دوران ریٹیل بزنس میں 11 فیصد اضافہ ہوا ہے۔ اس کے علاوہ سنگل پرییمیم انویسٹمنٹ لنڈ پالیسیز کے پرییمیم میں موجودہ سال میں 4.18 فیصد اضافہ ہوا ہے۔ موجودہ مالی سال میں انویسٹمنٹ لنڈ بزنس کمپنی کی توجہ کا مرکز رہا ہے اور سال کے آخری سہ ماہی میں انفرادی زندگی سنگل پرییمیم پروڈکٹ کو پالیسی ہولڈرز کے فائدے کو مد نظر رکھتے ہوئے تشکیل دیا گیا ہے۔ اس کے علاوہ یہ طویل دورانیہ کی بنیاد پر مستقبل میں کمپنی کے لئے زیادہ منافع بخش ہوگی۔

تکافل

موجودہ سال کی تیسری سہ ماہی کے دوران آپ کی کمپنی نے ونڈو تکافل آپریشنز کا کامیابی سے آغاز کیا ہے جس میں انفرادی، فیملی تکافل اور گروپ فیملی ڈگروپ؛ ساتھ تکافل کو بزنس میں شامل کیا ہے۔ آپ کی کمپنی نے بالترتیب 50.8 ملین روپے، 0.285 ملین روپے اور 2.2 ملین روپے انفرادی فیملی تکافل، گروپ فیملی اور گروپ وصحت تکافل کا پرییمیم حاصل کیا ہے۔

کلیمز

کئی سالوں سے آپ کی کمپنی نے مسلسل کلیمز انتظامیہ پر بہتر کنٹرول کو متعارف کروانے اور ٹرن اراؤنڈ وقت کو کم کر کے اپنے کلیمز کے سیٹلمنٹ کے عمل کو بہتر بنایا ہے۔ موجودہ سال 2015 میں کمپنی نے 159 ملین روپے (142 ملین روپے: 2014) کے ڈیٹہ کلیم ادا کیے ہیں۔

سرمایہ کاری

آپ کی کمپنی کی بیلس شیٹ 12.1 ملین روپے سرمایہ کاری پورٹ فولیو کے ساتھ مستحکم ہے۔ جو کہ مجموعی اثاثے کا 89% (87 فیصد: 2014) ہے۔

انڈر رائٹنگ، ری انشورنس اور رسک مینجمنٹ

آپ کی کمپنی محتاط انڈر رائٹنگ پالیسیوں پر عمل جاری رکھے ہوئے ہے۔ کمپنی نے انسانی وسائل و ٹیکنالوجی اور بنیادی ڈھانچے کو مضبوط کرنے کے لئے اہم سرمایہ کاری کی ہے۔ آپ کی کمپنی ایک جامع ری انشورنس پروگرام کے تحت اپنے رسک کی برقراری کی اصلاح کرتی ہے۔

آپ کی کمپنی نے اپنی استعداد سے زیادہ نقصان سے بچنے کیلئے معروف بین الاقوامی ری انشورنس کمپنی کے ساتھ معاہدے کیے ہوئے ہیں۔

کمپیٹل مینجمنٹ اور لیکویڈیٹی

کمپنی اپنے موجودہ اور مستقبل کے کاروباری سرگرمیوں کو مد نظر رکھتے ہوئے خاطر خواہ سرمائے کو برقرار رکھے ہوئے ہے۔ کمپنی کا ادا شدہ سرمایہ اور ایکویٹی بالترتیب 500 ملین روپے اور 889 ملین روپے ہے۔

کمپنی مناسب لیکویڈیٹی کو یقینی بنانے کے لئے ایک فریم ورک بھی رکھتی ہے تاکہ کلیمز اور آپریٹنگ اخراجات بروقت ادا کئے جاسکیں۔ کمپنی کے 31 دسمبر 2015 کے نقد اور نقد کے مساوی اثاثے 432.7 ملین روپے (596.1 ملین روپے: 2014) کے ہیں۔

متعلقہ پارٹی کے ساتھ لین دین

ہر بورڈ میننگ میں بورڈ آف ڈائریکٹرز متعلقہ کمپنیوں اور متعلقہ فریقین کے ساتھ کی جانے والی کمپنی کے لین دین کو آڈٹ کمیٹی سفارشات کی بنیاد پر منظوری دیتی ہے۔ ایسے تمام لین دین آرمز لینتھ (arm's length) کی بنیاد پر طے کیے جاتے ہیں۔

ڈائریکٹر رپورٹ برائے ممبران

آپ کی کمپنی کے ڈائریکٹر سالانہ اختتام 31 دسمبر 2015 کے لئے آڈٹ شدہ مالیاتی اسٹیٹمنٹ کے ساتھ کمپنی کی 21 ویں سالانہ رپورٹ آپ کو پیش کرنے میں خوشی محسوس کرتے ہیں۔

کمپنی کی کارکردگی کا جائزہ منافع

سال اختتام 31 دسمبر 2015 کے دوران آپ کی کمپنی نے 135 ملین روپے کا سرپلس کیا ہے جو پچھلے سال کے مقابلے میں 34 فیصد کم ہے۔ شیئر ہولڈرز منافع شامل کرنے کے بعد آپ کی کمپنی نے 230 ملین روپے (2014:287 ملین روپے) کا بعد از ٹیکس منافع بنایا ہے جو کہ آخری سال کے مقابلے میں 20 فیصد کم ہے۔ یہ کمی زیادہ تر محتاط اکیچو ریل ذخائر اور انتظامی اخراجات میں اضافے کی وجہ سے ہوئی جس میں ونڈ وٹکافل آپریشنز کے آغاز کے لئے سرمایہ کاری بھی شامل ہے۔

2014	2015	منافع/خسارہ
	(روپے "000" میں)	
204,497	135,249	قانونی فنڈز کے نیٹ سرپلس
82,615	94,645	شیئر ہولڈرز کے فنڈ کو سرپلس سے پہلے منافع
27,263	36,046	ٹیکس

	(روپے میں)	آمدنی فی شیئر
1.11	1.53	بریک اپ ویلیو فی شیئر (بشمول اس رقم کے جو کہ قانونی فنڈ
25.61	28.13	میں انشورنس آرڈیننس کی ضروریات کے مطابق برقرار ہیں)

تصرفات

مقررہ اکیچوری کی سفارش کے مطابق بورڈ نے قانونی فنڈ سے شیئر ہولڈرز فنڈ میں سرمایہ ٹرانسفر اور سرپلس ٹرانسفر بالترتیب 11.5 ملین روپے اور 18 ملین روپے منظور کیا ہے۔ اس کے علاوہ ٹکافل آپریشن کے لئے الگ کیے گئے 50 ملین روپے کے سرمائے میں سے 23.2 ملین روپے کا ٹرانسفر بھی ٹکافل فنڈ میں منظور کیا جا چکا ہے۔ اگرچہ کئے گئے ٹرانسفر سے مجموعی سولویٹنسٹی مارجن مطلوبہ سولویٹنسٹی مارجن سے نمایاں طور پر زیادہ ہے، یہ فیصلہ بورڈ کے محتاط نظریہ کی بنیاد پر کیا گیا ہے۔ ایس ای سی پی (SECP) نے کمپنی کو خاص اجازت دی ہے کہ وہ سولویٹنسٹی مارجن کو مجموعی بنیاد پر برقرار رکھیں۔

مجموعی پریمئیم

2015 میں، پہلے سال انفرادی لائف پریمئیم بشمول ٹکافل اور انفرادی لائف پالیسیز کے ریونیول پریمئیم میں پچھلے سال کے مقابلے میں 31 فیصد اور 7 فیصد سے اضافہ ہوا ہے۔ موجودہ سال کے دوران کمپنی کے گروپ برنس میں 12 فیصد اضافہ کیا گیا ہے۔ موجودہ سال کے دوران انویسٹمنٹ لیکڈ سنڈل پریمئیم پالیسیز سے منسلک پریمئیم میں 418 فیصد اضافہ ہوا ہے۔

فنڈ وائز مجموعی پریمئیم کا مختصر جائزہ مندرجہ ذیل ہے:

انفرادی زندگی اور حادثات وصحت (علاوہ انویسٹمنٹ لیکڈ اور ٹکافل برنس)
موجودہ سال کے دوران، انفرادی بیمہ زندگی پالیسیز کے مجموعی پریمئیم میں پچھلے سال کے مقابلے میں 5 فیصد اضافہ ہوا ہے۔ موجودہ سال کے دوران انفرادی زندگی بیمہ کے لئے برنس میں 3 فیصد سے کمی ہوئی ہے۔ تاہم پچھلے سال کے مقابلے میں ریونیول برنس میں 8 فیصد اضافہ ریکارڈ کیا گیا ہے۔

تشکیل نیابت داری (پراسی فارم)
سالانہ اجلاس عام

میں / ہم _____ ساکن _____
بطور آئی جی آئی لائف انشورنس لمیٹڈ کے رکن و حامل _____ عام حصص برطانیہ سینٹر رجسٹرڈ فو لوبو نمبر _____
اور یا سی ڈی سی کے شراکتی آئی ڈی نمبر _____ اور ذیلی کھاتہ نمبر _____ ساکن _____
یا بصورت دیگر _____

کو اپنی جگہ بروز بدھ مورخہ 20 اپریل 2016 بوقت 12:00 بجے دوپہر بمقام انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کے آڈیٹوریم میں منعقد یا ملتوی ہونے والے سالانہ اجلاس عام میں رائے دہندگی کیلئے اپنا نمائندہ مقرر کرتا / کرتی ہوں۔

براہ کرم پانچ روپے مالیت کے
ریونیونکٹ چسپاں کریں۔
دستخط

(دستخط کھینی میں درج نمونہ کے دستخط کے مطابق ہونے چاہئے)

گواہان: _____
دستخط: _____
نام: _____
پتہ: _____
شاختی کارڈ یا _____
پاسپورٹ نمبر: _____

نوٹ:

1. پراسیور کے موثر ہونے کیلئے لازم ہے کہ وہ اجلاس سے 48 گھنٹہ قبل رجسٹرار (FAMCO Associates Pvt. Ltd.) کو موصول ہوں۔
2. رائے دہندگی ڈالنے کے لیے نمائندے (Member) کا ہونا زوری نہیں بلکہ یا غیر نمائندہ (Non-Member) بھی رائے دہندگی استعمال کر سکتا ہے اور کارپوریشن بھی اپنا کوئی بھی نمائندہ (Member) رائے دہندگی کے لیے نامزد کر سکتی ہے، چاہے وہ کھینی کا نمائندہ (Member) ہو یا نہیں۔

PROXY FORM

Annual General Meeting

Shareholder's Folio No. _____ Number of shares held _____
I/We _____ of (full address) _____
_____ being a member of IGI Life Insurance Limited, hereby appoint.

Mr./Ms. _____ of (full address) _____ or
failing him/her Mr./ Ms. _____ of (full address)
_____.

as my/our proxy in my/our absence to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Wednesday, 20th April, 2016 at 12:00 pm. The Institute of Chartered Accountant of Pakistan (ICAP), Chartered Accountants Avenue, Clifton, Karachi-75600 and at any adjournment thereof.

Signed this _____ day of _____ 2016

Please affix
Rupee Five
Revenue Stamp

Signature of Member

Signed by the members in the presence of;

Witness : _____

Address : _____




1. The Proxy Form, duly completed, to be effective, should be deposited at the Registrar of the Company "FAMCO Associates (Pvt) Ltd", at 8-F, next to hotel Faran, Nursery, Block - 6, P.E.C.H.S, Shahrah-e-Faisal, Karachi as soon as possible but not later than 48 hours before the time of holding the Meeting.
2. Both member and non-member can be appointed as a proxy and qualified to vote, and corporation being a member may also appoint as its proxy any officer of such corporation whether a member of the Company or not.



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