

Organisation  
development  
through  
*self development*



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## **Vision**

A first class insurance company that provides the highest level of quality service to its policyholders.

## **Mission**

To stay in the forefront of innovation and technological developments, continue to achieve corporate success, provide its policyholders quality products and service to their satisfaction, promote interest of all the stakeholders - employees, shareholders, reinsurers and business associates equitably fulfilling demand of overall social responsibility.



## Corporate Strategy

Our strategy is designed to deliver sustainable and profitable growth in a dynamic and a competitive business environment in accordance with the highest ethical, legal and professional standards

Focus on building long lasting relationships with our customers

Create value for the stakeholders by maintaining and improving our competitive position in the market

Adding value in our skills and services through training and development of our employees

Promoting a culture of transparency and accountability through honesty, integrity and diligence in dealing with people connected with the company business

Focus on career development of employees by coaching and by helping them to achieve their goals and providing working environment of trust and mutual respect

Competence and knowledge management to focus on human excellence using professional methodologies with strategic planning following the concept of "Management By Objective"

Monitoring performances of processes and taking timely action for their standardization and optimization



## Core Values

### Integrity and Ethics

The Company places high value on the integrity of employees and ethical practices in its business dealings. We endeavor to establish the best professional and personal standards by adopting the path leading to the highest level of integrity

### Value of Time

We believe that time is the most precious resource and should be utilized in the most effective and efficient manner possible and performance excellence in true sense is managing time to deliver the most in the shortest period

### Respect, Recognition and Reward

The human resource policy is built on Respect, Recognition and Reward (3R's) concept for all levels of employees

### Organization Development through Self Development

Every member is encouraged and motivated with a vision and purpose to continuously strive for excellence, taking pride in the Atlas motto 'Organization Development through Self Development'

### Team Work

We believe that long term sustainability and growth of an organization is based on strong team work and every employee is committed to work as a team to deliver the best results

### Fairness

The Company strongly emphasizes on fair dealing with employees, stakeholders, business partners and clients through adherence to ethical values, Company policies, applicable laws, regulations and high standard of moral behavior





## Code of Conduct

### Standard of Conduct

We conduct our operations with honesty, integrity and openness, and with respect for the human rights and interests of all stake holders including employees.

### Obeying the Law

Company is committed to comply with all the legal requirements, laws and regulations of Pakistan.

### Employees

- Company is committed to create the working environment where there is mutual trust and respect and everyone feels the responsibility for the improved performance and reputation of the Company.
- It recruits, employs and rewards employees purely on merit and on the basis of the qualification, experience and abilities needed for the work to be performed.
- It is committed to provide safe, healthy and pleasant working environment to all employees. Company will not use any form of forced, compulsory or child labor.
- It is committed to work with employees to develop and enhance each individual's skills and capabilities, provide training to groom them on the basis of their Training Needs Assessment analysis.
- It respects the dignity of employees and the right of individual to express freely.
- Company maintains good communication link with employees through Company based information and consultation procedures.

### Insured

It is committed to provide prompt and efficient services to its clients by properly insuring their risk, doing risk assessment and by issuing insurance policies to meet various requirements of the clients. It endeavors to provide peace of mind and security to its clients pursuing ethical and professional practices.

### Shareholders

Company will conduct its operations in accordance with principles of good corporate governance. It will provide timely, regular and reliable information on its activities, structure, financial situation and performance to all the shareholders.



### Business Partners

- Company is committed to establish mutually beneficial relations with its insured, reinsurers and business partners.
- In the business dealings, the Company expects its partners to adhere to business principles and ethical practices consistent with its own.

### Community Involvement

Company strives to be a trusted corporate citizen and, as integral part of society, to fulfill its responsibilities to society and communities where it operates.

### Public Activities

- Company will to promote and defend its legitimate business interests.
- It will co-operate with the government and other organizations, both directly and through bodies such as Insurance Association of Pakistan, in the development of proposed legislation and other regulations that may affect legitimate business interests.
- Company neither supports any political group or party nor contributes to the funds of any group whose activities are aimed at, directly or indirectly, to promote party interests.

### The Environment

- Company is committed to making continuous improvement in the management of environmental impact and to the long term goal of developing a sustainable business.
- Company will work in partnership with others to promote environmental care, increase understanding of environmental issues and disseminate good practice.

### Competition

Company and its employees will conduct their operations in accordance with the principles of fair competition and all applicable regulations without compromising on ethical practices.

### Business Integrity

- Company does not give or receive, whether directly or indirectly, bribe or other improper advantages for business or financial gains. No employee may offer, give or receive any gift or payment, which is, or may be construed as being, a bribe. Any demand for, or offer of, a bribe must be rejected immediately and reported to the management.
- Its accounting records and supporting documents must accurately describe and reflect the nature of the underlying transactions transparently. No undisclosed or unrecorded account, fund or asset will be established or maintained.

### Conflict of Interests

Company's employees are expected to avoid personal activities and financial interests that could conflict with their responsibilities to the Company. They must not seek gain for themselves or for others through misuse of their positions.

### Compliance-Monitoring-Reporting

- Compliance with these principles is an essential element in our business success. The Company's Board of Directors (the Board) is responsible for ensuring that these principles are communicated to, and understood and observed by, all employees.
- Responsibilities are properly delegated to the senior management. They are responsible for implementing these principles, if necessary through more detailed guidance tailored to local needs.
- Assurance of compliance is given and monitored each year. Compliance with the Code is subject to review by the Board and supported by the Audit Committee of the Board.
- Any breaches of the Code must be reported in accordance with the procedure specified by the management.
- The Board of the Company expects employees to bring to their attention, or to that of senior management, any breach or suspected breach of these principles.
- Provision has been made for employees to be able to report in confidence and no employee will suffer as a consequence of doing so.

## Risk Identification and Management

Risk management ensures an integrated pre-emptive approach to mitigate existing and emerging business risks. The Company is committed to effectively manage its risk through formulation of risk management policy and system. The management continuously monitors and controls risks to the business. Following are the major risks faced by the Company and their mitigating factors:

### Economic and Political Risk

Volatile economic, political and financial market conditions coupled with power shortage in the country may cause hurdle in overall business scenario of the country. The insurance sector will also face challenges arising from the economic and political scenario.

The Company has cautious underwriting and marketing approach to deal with such risks and keeps working on developing innovative products to maintain and increase its market share without compromising its underwriting profitability.

### Insurance Risk

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

The Company's risk exposure is mitigated by employing a comprehensive framework to identify, manage and monitor risk under the insurance contracts. This framework includes implementation of underwriting strategies which aim to ensure that the underwriting risks are well diversified in terms of type and amount of the risk, control heavy accumulation and provide adequate spread. Suitable reinsurance is arranged to mitigate the effect of potential loss to the Company from individual to large or catastrophic insured events.

### Credit Risk

Credit risk represents the accounting loss that would be recognized if counter parties failed completely to perform as contracted.

The Company monitors exposure to credit risk through regular review of credit exposure, undertaking transactions with a large number of counter parties in several industries and by continually assessing the credit worthiness of the counter parties.

### Liquidity Risk

To avoid any possibility of encountering difficulty at any point of time in meeting obligations associated with insurance and reinsurance contracts, the Company ensures that it has sufficient liquidity available to meet its claim and other liabilities when due under both normal and stressed conditions. It includes measuring and monitoring of future cash flows on daily, monthly and quarterly basis, maintaining sufficient cash reserves in bank accounts and a portfolio of highly marketable financial assets that can be easily liquidated in the event of an unforeseen interruption to cash flows.

### Market Risk

The changes in interest rates and stock market trends may possibly affect future cash flows.

The Company limits investment risk by maintaining a diversified portfolio and by continuous monitoring of developments in debt and equity markets. In addition, the Company actively keeps a close watch on the key factors that could affect the underlying value of these securities.

### Reinsurance Risk

Reinsurance ceded does not relieve the Company from its obligation to the insured and as a result the Company remains liable for the portion of claims reinsured in case of any delay or possible problem of any reinsurer to discharge its obligation in time.

The Company has diversified reinsurance arrangements. It is neither dependent on a single reinsurer nor the operations of the Company are substantially dependent upon any single reinsurance contract. The Company obtains reinsurance cover only from companies with sound financial health with good international rating. Reinsurance arrangements in place include treaty and facultative arrangements, on proportional and non-proportional basis and including cover of any catastrophic event.





## Safety, Health and Environment

At Atlas Insurance Limited, health and safety are core corporate values, driven by the goal of "no accident and no harm to people". The Company is totally committed to continuously improving the safety and well-being of all the people who work with it, or come into contact with the operations or products. The aim is to ensure a healthy and productive environment, free from incident, injury or illness.

The Company maintains the programs that provide reasonable assurance of the following:

- Compliance has been made of all government and internal health, safety and environmental requirements.
- Design facilities and conduct operations in a way that avoids risk to human health, safety and the environment.
- To examine and communicate the known hazards of operations with relevant health, safety and environmental protection information to potentially affected persons.
- Actively seeks to minimize the environmental impact of the activities.
- Systematically manages environmental performance in all phases of activities.
- Continuously improves the Company's overall environmental performance.
- Foster open communication, internally and externally about the Company's environmental performance.

## Whistle Blowing Policy

The Company is committed creating an atmosphere ensuring accountability and integrity in its conduct. A Whistle Blowing policy has been in place as part of Company's effort to provide a mechanism for raising alert against any wrongdoing, malpractice or impropriety. This is intended to further improve governance and service quality. The policy sets out the procedures for lodging of concerns by the employees, handling of concerns by the organization, reporting requirements, protection of whistleblower and periodic monitoring of the policy. The employees are encouraged to use the guidance provided by the program.



## Policy and Procedures for Engagement of Stakeholders

### Institutional Investors

Annual General Meetings are convened in accordance with the Companies Ordinance, 1984. Financial reports of the Company are published in every quarter and are timely placed on Company's website for the benefit of existing shareholders and potential investors.

Dates of the Board meetings and closed periods, financial results and any material information is being timely communicated to the Stock Exchange in the manner prescribed by the Code of Corporate Governance and the listing regulations of the Stock Exchange, which helps the shareholders to remain connected with the Company.

### Customers

Customers' trust and satisfaction has been management's upmost priority over the years. Feedback from customers is sought on regular basis to further improve customers service and to meet their expectations. The Company has come a long way in continuously strengthening its image in terms of policyholder services and will continue to strive to win the customer minds through its efficient service levels.

### Banks

Company understands the importance of relationship with banks and other financial institutions and ensures continuous interaction with them to cement this ever growing relationship.

### Media

Company believes in development of robust relationship with the media, which includes representation through print, online and social media. Key information is shared with the media to deepen understanding of the Company's business.

### Regulators

It includes regulatory authorities both at federal and provincial levels and the Stock Exchange. In order to maintain compliance with applicable laws and regulations, statutory returns and assessments are timely filed with regulatory bodies, federal and provincial authorities including taxation authorities.

## Company's Profile - History of Success

### *Performance par excellence*

The Company was founded in 1934 by Dr. Sir Muhammad Iqbal, the founder thinker of Pakistan, and is one of the oldest insurance companies of Pakistan.

The Company was taken over by the Atlas Group in 1980. From making loss in 1979, the Company has made steady progress and had since been making profits. The equity of the Company has grown from Rs. 1.6 million in 1979 to over Rs. 1.846 billion in 2015, total assets having grown to over Rs. 3.797 billion and investments from Rs. 4.594 million to over Rs. 2.124 billion. Atlas Insurance Limited has very sound reinsurance arrangements with the leading reinsurers of the world including Swiss Re from Switzerland, Hannover Re from Germany, Tokio Fire & Nichido Marine and Sompo from Japan among others.

Acknowledging the financial strength of the Company, the Pakistan Credit Rating Agency Limited (PACRA) has maintained Insurer Financial Strength (IFS) rating of the Company at "AA-" which denotes a very strong capacity to meet policyholders and contract obligations. At the same time risk factors are considered modest, and the impact of any adverse business and economic factors is expected to be very limited.

Atlas Insurance a financially sound and professional managed Company, has been seven times awarded the Top Five Companies "Best Corporate Report Award" 2003, 2006, 2007, 2008, 2009, 2010 and 2011 by the joint committee of the institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost and Management Accountants of Pakistan (ICMAP). Atlas Insurance Limited has been awarded South Asian Federation of Accountants - SAFA "Best Presented Accounts Award" continuously for six years from 2006 to 2011. Atlas Insurance is also recipient of "KSE Top 25 Companies Award". During the year 2015 Atlas Insurance was awarded the "Insurance Journal Performance Awards" for the "Highest Underwriting Profit as Percentage of Written Premium" on the basis of results for the years 2012, 2013 and 2014 by the Insurance Journal. This award reflects the fundamental strength of the Company and its prudent underwriting policies.

The Company's results have consistently been improving yielding handsome profit earnings. These were only made possible by excellent operating performance through professional and efficient service to clients, good management practices and cost controls, scaling new heights. Consistency, hard work, dedication, adherence to Company policies and procedures and code of ethics has contributed significantly towards the growth of the Company.

The Company has always sought to offer unique solutions to its clients and has the ability to offer creative alternatives to meet the challenges associated with the ever changing needs of its clients by offering specially designed policies. The Company follows sound underwriting policies and provides highest quality services to its valued clients. Atlas Insurance has the privilege of having many blue chip companies and large groups amongst its valued customers whom it serves through a strong branch network throughout the country backed by advanced computerized information and control system. Wide range of products is offered by Atlas which includes:

- Fire & allied perils
- Marine
- Motor
- Personal accident
- Contractors all risk
- Erection all risk
- Machinery breakdown
- Boiler & pressure vessel
- Product liability
- Fidelity guarantee
- Cash in transit / cash in safe
- Bankers' blanket bond
- Loss of profit
- Computer all risk
- Travel insurance
- Credit insurance
- Crop insurance
- Health insurance





### Fire & Allied Perils

This covers property and assets; it provides coverage against fire and lightning and can be extended to provide coverage for perils including impact damage, earthquake fire & shock, atmospheric damage, malicious damage, riot & strike damage and burglary etc.



### Marine

Marine cargo insurance covers risk of transportation of goods for imports and exports including inland transportation.



### Motor

Motor insurance provides comprehensive coverage i.e. accidental damage to vehicle, theft and third party liability etc. to our corporate and individual customers.



### Personal Accident

Personal accident insurance provides cover against death and disability of a person due to an accident.





**Contractors' All Risk (CAR)**

Covers accidental damage to civil works and contractor plant and equipments in the course of construction carried out by contractors and can be extended to include third party liability cover.

**Erection All Risk (EAR)**

Similar cover to CAR insurance but while CAR cover refers mainly to building and civil engineering work, EAR is used for coverage of loss or damage to machinery in the course of erection etc.

**Machinery Breakdown**

Machinery insurance is to grant cover for plant and machinery against mechanical / electrical breakdowns.



**Fidelity Guarantee**

Fidelity guarantee insurance protects employers against direct pecuniary loss which they may suffer due to fraud or any other act of dishonesty committed by their employee against them.

**Cash in Transit / Cash in Safe**

Covers cash against snatching or robbery while in transit from one premise to another in a given location or lying in the safe at assured premises.

**Bankers' Blanket Bond**

Covers banks and provide protection which includes loss due to theft and fidelity guarantee risks etc.

**Loss of Profit**

Provides protection against business interruptions and its consequential losses followed by incident of fire etc.



**Boiler & Pressure Vessel**

Covers damage to boilers and pressure vessels due to explosion or collapse caused by internal pressure and vacuum.



**Crop Insurance**

Covers financial loss due to damage to crop caused by natural calamities.



### Product Liability

This policy covers liability to third parties arising out of faulty products supplied by the manufacturers.



### Travel Insurance

This policy provides protection like personal accident, medical, loss of luggage and money while insured is traveling out of home country.



### Computer All Risk

This insurance is specially designed to cover delicate and high value computer equipment on all risk basis covering sudden and unforeseen losses including various insured perils like fire, burglary and accidental damage. With rapid improvements in technology the useful lives of computers are reducing creating demand for early changes in such sensitive equipment resulting in increased requirement for this insurance.



### Health Insurance

Atlas Insurance health plan - 'Atlas Care' provides coverage against hospitalization, maternity, critical illness, OPD and specialized investigations etc.

Health Insurance relieves insured from the worries of unexpected diseases ailments, surgery, operations and out patients care. The group medical insurance curtails the administrative burden and financial pressures.

## Board of Directors

The Board of directors acknowledges the significance of efficient discharge of duties imposed by corporate law and stands firmly committed in its objectives to add value through effective participation and contribution towards achievement of Company's business objectives.

The Board further recognizes its responsibilities for protection and efficient utilization of Company assets for business objectives and compliance with laws and regulations at all Company levels with the ultimate objective of safeguarding the interests of the shareholders so as to increase shareholders wealth and promoting market confidence.

The Board has approved all the significant policies of the Company including but not limited to policies relating to human resource, risk management, business operations, investments, donations and signature mandate etc.

The Board is conscious to the need of maintaining balance between the interests of the equity holders and sustenance of growth in net earnings. Recognized for best governance practices, financial reporting and disclosure excellence, Atlas Insurance believes in timeliness and accuracy to enable informed decision making by our investors and their confidence in the Board.

All the directors represent rich exposure of diverse fields of business and professions and possess all the necessary skills and understanding to deal with the various business and corporate issues and have the ability to review, analyze and challenge the management performance.

During the year, six meetings of the Board were held to review and approve all issues and matters referred to it by the audit and other committees of the Board including periodical and financial statements, corporate and financial reporting framework, budget and forecasts including their analysis with actual, cash flow projections, compliance with relevant laws and regulations including amendments during the year, acquisition and disposal of assets, review of risks identified and their mitigation, accounting and internal control systems and such other matters considered to be significant enough for the Board's attention by the Audit Committee or the management.

For all the Board meetings the agenda and details of each item of agenda were circulated to all the members of the Board at least seven days before the meeting. The minutes of all Board meetings were timely circulated. An actions item list was also prepared and status of each action item was provided to the Board in the next meeting.

## The Roles of the Chairman and the Chief Executive Officer

The roles of the Chairman and Chief Executive Officer are segregated and they have distinct responsibilities. Chairman of the Board has responsibilities and powers vested in him by law and the Articles of Association of the Company, as well as role assigned by the Board. In particulars, the Chairman coordinates the activities of the directors and various committees of the Board, and presides over the meetings of the Board.

Chief Executive Officer is responsible for the operations of the Company and conduct of its business, in accordance with the powers vested in him by law, the Articles of Association of the Company and authorities delegated to him through a general power of attorney and Board resolutions from time to time. Chief Executive Officer recommends policies and strategic directions, financial statements, annual business plans and budget for the Board approval and is responsible for exercising the overall control, direction, administration and supervision for sound and efficient management and conduct of the business of the Company.

## Chief Executive Officer Performance Review

The Board assumes the monitoring role, giving full authority to the Chief Executive Officer to manage the Company, implement strategic decisions and policies of the Board and align the Company's direction with vision and objectives set by the directors for continuous development and progress. The Chief Executive Officer is present in every meeting of the Board and provides detailed explanation on each item of the agenda and addresses any specific questions by the Board members. The performance of Chief Executive Officer is assessed through the evaluation system which takes into account various parameters including financials, employees, clients and stakeholders.



## Board Committees

As envisaged by the Code of Corporate Governance, Audit, Human Resource & Remuneration, Underwriting, Claims Settlement and Reinsurance & Co-insurance Committees have been formed by the Board. Each Committee consists of at least two directors. In addition to the regulatory requirements the Board has also formed the Investment Committee and Information Technology Committee. A Management Committee comprising of all departmental heads headed by the Chief executive Officer is also in place for operational coordination.

### Audit Committee

The Audit Committee is responsible for assisting the Board in discharging its responsibilities in relation to the disclosure of the financial affairs of the Company. The Committee focuses in particular on compliance with accounting policies and ensuring that an effective system of internal financial control is maintained. The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports, remains with the Board. The terms of reference of the Audit Committee have been determined by the Board in accordance with the Code of Corporate Governance consisting on the following:

- Review of quarterly, half yearly and annual financial statements before their consideration by the Board.
- Detailed review of the management letters issued by the external auditors and the management's response thereto.
- Review of compliance with all relevant laws and regulations and other statutory requirements.
- Compliance with the best practices of corporate governance.
- Determination of appropriate measures to safeguard company's assets.
- Review of action items from the previous meetings.
- Review of company's statement on internal control systems prior to endorsement by the Board of directors.
- Review scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company.
- Consider major findings of internal investigations and management's response thereto.
- Facilitate the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight.
- Institute special projects, value for money studies or other investigations on any matter specified by the Board of directors, in consultation with the Chief Executive Officer and to consider remittance of any matter to the external auditors or to any other external body.

### Human Resource and Remuneration Committee

The Remuneration Committee is responsible for setting and oversight of the remuneration policy for the Company. The Committee is also responsible for considering remuneration, recommending and monitoring the level and structure of remuneration for the management and implementation of succession planning of key management personnel. The Committee is also responsible to review human resource policies and procedures of the Company.

The Committee consists of three members. Majority of the members including the Chairman are non-executive directors. One meeting of the Committee was held during the year, which was attended by all the members.

### Underwriting Committee

The Committee has been established pursuant to the Code of Corporate Governance by the Board of directors to perform the following functions:-

- Advise the Board and management concerning the establishment and review of the Company's underwriting policies and guidelines.
- Oversee the Company's underwriting processes and procedures.
- Monitor the Company's underwriting performance.
- Oversee the Company's underwriting risk management exposure.
- Approve the Company's underlying policies with regard to maximum line size and approve any exceptions thereto.
- Perform such other functions as the Board may from time to time assign to the Committee.

The Committee consists of three members including the Chairman of the Committee. Four meetings of the Committee were held during the year, which were attended by all the members.

### Claims Settlement Committee

Claims Settlement Committee devises the claims settling policies of the Company. It oversees the claims position of the Company and ensures that adequate claims reserves are made. It pays attention to significant claims cases, which may give rise to a series of claims. The Committee determines the circumstances under which the claims disputes shall be brought to its attention and decides how to deal with such claims disputes.

The Committee consists of three members including the Chairman of the Committee. Four meetings of the Committee were held during the year, which were attended by all the members.

### Reinsurance & Co-insurance Committee

Reinsurance & Co-insurance Committee ensures that adequate reinsurance arrangements are made for the Company business. It pursues the proposed reinsurance arrangements prior to their execution, reviews the arrangements from time to time and subject to the consent of the participating reinsurers, suggests appropriate adjustments to those arrangements in the light of the market development. It also assesses the effectiveness of the reinsurance program for future reference.

The Committee consists of three members including the Chairman of the Committee. Four meetings of the Committee were held during the year, which were attended by all the members.

### Investment Committee

The Committee consists of three members including two directors. The primary responsibility of the Committee is to assist the Board in discharging the Board's responsibilities in overseeing Company's investment portfolio, including:-

- Developing, reviewing and recommending to the Board investment strategies and guidelines.
- Monitoring management's compliance with the Company's investment strategies and guidelines.
- Monitoring compliance of the Company's investment policies and practices with applicable legal and regulatory requirements.
- Reviewing and approving all investment transactions made by the Company.

Four meetings of the Committee were held during the year, which were attended by all the members.

### Information Technology (IT) Committee

IT Committee has been formed to assist the Board in over viewing Company's information technology projects and initiatives. The term of reference of the Committee included:

- Identify strategic directions, capabilities and objectives for Company's IT support identify opportunities where IT can help achieve Company's goals and recommend priorities.
- Ensure a coordinated implementation of Company's IT projects.
- Review significant IT investments and expenditures.
- Review and, as appropriate, make recommendations to the Board regarding significant IT investments in support of Company's IT strategy.
- Review and discuss with management, Company's risk management and risk assessment guidelines and policies regarding IT security including disaster recovery capabilities.

The Committee consists of three members including the Chairman of the Committee. One meeting of the Committee was held during the year, which was attended by all the members.

### Management Committee

The Management Committee acts at the operating level in an advisory capacity to the CEO, providing recommendations relating to the business and other corporate affairs. The Committee is responsible for reviewing and forwarding short / long term plans, capital and expense budget development and stewardship of business plans. The Committee is also responsible for maintaining a healthy environment within the Company as well as outside the Company through channeling its financing and investment to different projects. It contributes to further strengthen the team work to achieve Company's objectives, effectively & efficiently.

The foundation upon which our team is created is based upon the premise that motivates people and long standing relationships are the ultimate tools of success and creativity, energy perseverance and loyalty and are just as important as a platinum resume.

We have a team of highly qualified and experienced professionals with proven problem solving ability, consulting and analytical skills. Our team consists of insurance experts and technical specialists to provide the best services to our clients.

## Board of Directors



### Mr. Yusuf H. Shirazi

#### Chairman

Mr. Shirazi is a Law graduate (LLB) with BA (Hons) and JD (Diploma in Journalism) from Punjab University and AMP Harvard. He served in the financial services of the Central Superior Services of Pakistan for eight years. He is the author of five books including "Aid or Trade" adjudged by the Writers Guild as the best book of the year and continues to be a columnist, particularly on economy. Mr. Shirazi is the Chairman of Atlas Group, which, among others, has joint ventures with Honda, GS Yuasa, MAN and Denso to name a few. He has been the President of Karachi Chamber of Commerce and Industry for two terms. He has been the founder member of Karachi Stock Exchange, Lahore Stock Exchange and International Chamber of Commerce and Industry. He has been on the Board of Harvard Business School Alumni Association and is the Founder President of Harvard Club of Pakistan and Harvard Business School Club of Pakistan. He has been a visiting faculty member at National Defense University, Navy War College and National School of Public Policy. He has been on the Board of Governors of LUMS, GIK and FC College. Previously, he also served, among others, on the Board of Fauji Foundation Institute of Management and Computer Sciences (FFIMCS) and Institute of Space Technology - Space & Upper Atmosphere Research Commission (SUPARCO).



### Mr. Feroz Rizvi

#### Director

Mr. Feroz Rizvi qualified as a Chartered Accountant from England & Wales. On returning to Pakistan he joined ICI Pakistan Limited as Internal Audit Manager and subsequently moved to a number of senior positions within the company including a period of secondment to UK at the ICI head office in London. He retired from ICI Pakistan Limited as Finance Director. He also serves on the Board of Engro Polymer & Chemicals Limited.



### Mr. Isphanyar M. Bhandara

#### Director

Mr. Isphanyar M. Bhandara is the Chief Executive of Murree Brewery Company Limited, Rawalpindi, one of the oldest public limited companies of the sub-continent. He has been associated with Murree Brewery Group of Companies since 1997. He is an MBA from School of Business and Commerce, Islamabad. He has attended various business workshops at LUMS. He is the President of Rawalpindi Parsi Anjuman. He is also the Chief Executive of D.P. Edujji & Co (Private) Limited. He is Member of the National Assembly of Pakistan. He occasionally writes for the English newspapers and contribute to many charities and other philanthropic work.

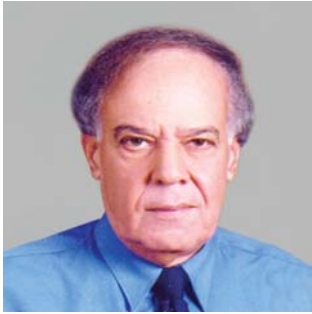


### Mr. Ali H. Shirazi

#### Director

Mr. Ali H. Shirazi graduated in Political Science from Yale University, U.S.A. in 2000 and thereafter completed his Masters in Law from Bristol University, U.K. in 2005. He has worked with the Bank of Tokyo-Mitsubishi in New York as well as American Honda in Torrance, California. He is member of the Group Executive Committee, responsible for Group's financial services. He is on the Board of Atlas Asset Management Limited, Atlas Engineering Limited, Atlas Insurance Limited, Atlas Metals (Private) Limited, Ghulam Ishaq Khan Institute of Engineering Sciences and Technology (as alternate director), National Clearing Company of Pakistan Limited, National Management Foundation (sponsoring body of LUMS) and Techlogix International Limited. He is a 'Certified Director' from the Pakistan Institute of Corporate Governance.





**Mr. Tariq Amin**  
Director

Mr. Tariq Amin is the Chairman of Orkila Pakistan (Private) Limited, a leading company dealing in chemicals. He is also on the Boards of Pakistan Gum and Chemicals Limited, the Salim Habib Education Foundation and the Education City. He has varied experience both in private and public sectors. He is a law graduate from the University of Karachi. He also holds a Masters degree in English from the University of Karachi and a Post Graduate Diploma in Development Administration from the University of Leeds.

Mr. Amin has been past Chairman of the Privatization Commission, Sind. He has also been President of the Overseas Investors Chambers of Commerce & Industry (OICCI) and also the Chairman of SITE Association of Industry for four years. Mr. Amin was conferred the civil award of Chevalier De L'ordre National Du Merite by the Government of France in 2001.



**Mr. Jawaid Iqbal Ahmed**  
Director

Mr. Ahmed is an AMP from Harvard Business School, Boston USA, and IPBM from IMD Lussanne, Switzerland. He is also MBA from IBA Karachi University. He has been working in Atlas Group in various capacities. He has about 50 years of experience in the field of industrial and financial markets of Pakistan. He spearheaded joint venture partnerships of Atlas Group with Honda Japan, JSB Japan, Bank of Tokyo, Asian Development Bank and ING.



**Mr. Arshad P. Rana**  
Chief Executive and Director

Mr. Arshad P. Rana has been affiliated with Atlas Insurance Limited since 1991; as General Manager and Chief Operating Officer before being appointed as the Chief Executive Officer of the Company in March, 2004. He is a graduate from Government College, Lahore; B.S. in Insurance & Economics from Iran and MBA from USA. In his professional career that spans over 40 years, he has worked in Iran, USA and Middle East. Since his appointment to this position, Mr. Rana has been managing the Company affairs with a professional approach having the vision to make Atlas Insurance Limited one of the best performing companies in the market. Under his leadership, Atlas Insurance Limited has won several awards in the financial sector. He is also on the Board of Atlas Asset Management Limited.

Mr. Rana has been the Chairman, Insurance Association of Pakistan (IAP), Lahore Regional Committee in 2002-2003 and Vice Chairman, Central Committee (IAP) in the year 2004-2005 prior to becoming the Chairman, Insurance Association of Pakistan in 2005-2006.

## Company Information



### Board of Directors

Yusuf H. Shirazi  
Chairman

Feroz Rizvi  
Director

Isphanyar M. Bhandara  
Director

Tariq Amin  
Director

Ali H. Shirazi  
Director

Jawaid Iqbal Ahmed  
Director

Arshad P. Rana  
Chief Executive

Muhammad Afzal  
Company Secretary

### Audit Committee

Feroz Rizvi  
Chairman

Ali H. Shirazi  
Member

Jawaid Iqbal Ahmed  
Member

Muhammad Afzal  
Secretary

Saleem Mahmood Akhtar  
Chief Internal Auditor

### Human Resource & Remuneration Committee

Isphanyar M. Bhandara  
Chairman

Ali H. Shirazi  
Member

Arshad P. Rana  
Member

Qudsia Naheed  
Secretary

## Investment Committee

Ali H. Shirazi  
Chairman

Arshad P. Rana  
Member

Rashid Amin  
Member

Muhammad Afzal  
Secretary

## Information Technology (IT) Committee

Ali H. Shirazi  
Chairman

Arshad P. Rana  
Member

Abdul Razzaq Ghauri  
Secretary

## Underwriting Committee

Ali H. Shirazi  
Chairman

Arshad P. Rana  
Member

Muhammad Saeed  
Member

Syed Irtiza Kazmi  
Secretary

## Claims Settlement Committee

Ali H. Shirazi  
Chairman

Arshad P. Rana  
Member

Syed Irtiza Kazmi  
Member

Muhammad Saeed  
Secretary

## Reinsurance & Co-insurance Committee

Ali H. Shirazi  
Chairman

Arshad P. Rana  
Member

Syed Irtiza Kazmi  
Member

Syed Nasir Hussain  
Secretary

## Management Committee

Arshad P. Rana  
Chief Executive

Nisar Zaman Khan  
Head of Marketing & Sales

Rashid Amin  
Chief Financial Officer

Muhammad Saeed  
Head of Claims

Qudsia Naheed  
Vice President (Admin & HR)

Abdul Razzaq Ghauri  
Vice President (IT)

## Auditors

Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants

## Legal Advisors

Mohsin Tayebaly & Co.  
Agha Faisal Barrister at Law  
RIAA Barker Gillette

## Tax Advisor

Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants

## Share Registrar

Hameed Majeed Associates (Pvt.) Limited  
H. M. House, 7-Bank Square,  
Shahrah-e-Quaid-e-Azam, Lahore  
Tel: (92-42) 37235081-82  
Fax: (92-42) 37358817

## Bankers

Allied Bank Limited  
Askari Bank Limited  
Bank Alfalah Limited  
Faysal Bank Limited  
Habib Bank Limited  
MCB Bank Limited  
National Bank of Pakistan  
NIB Bank Limited  
Sindh Bank Limited  
Summit Bank Limited  
The Bank of Punjab

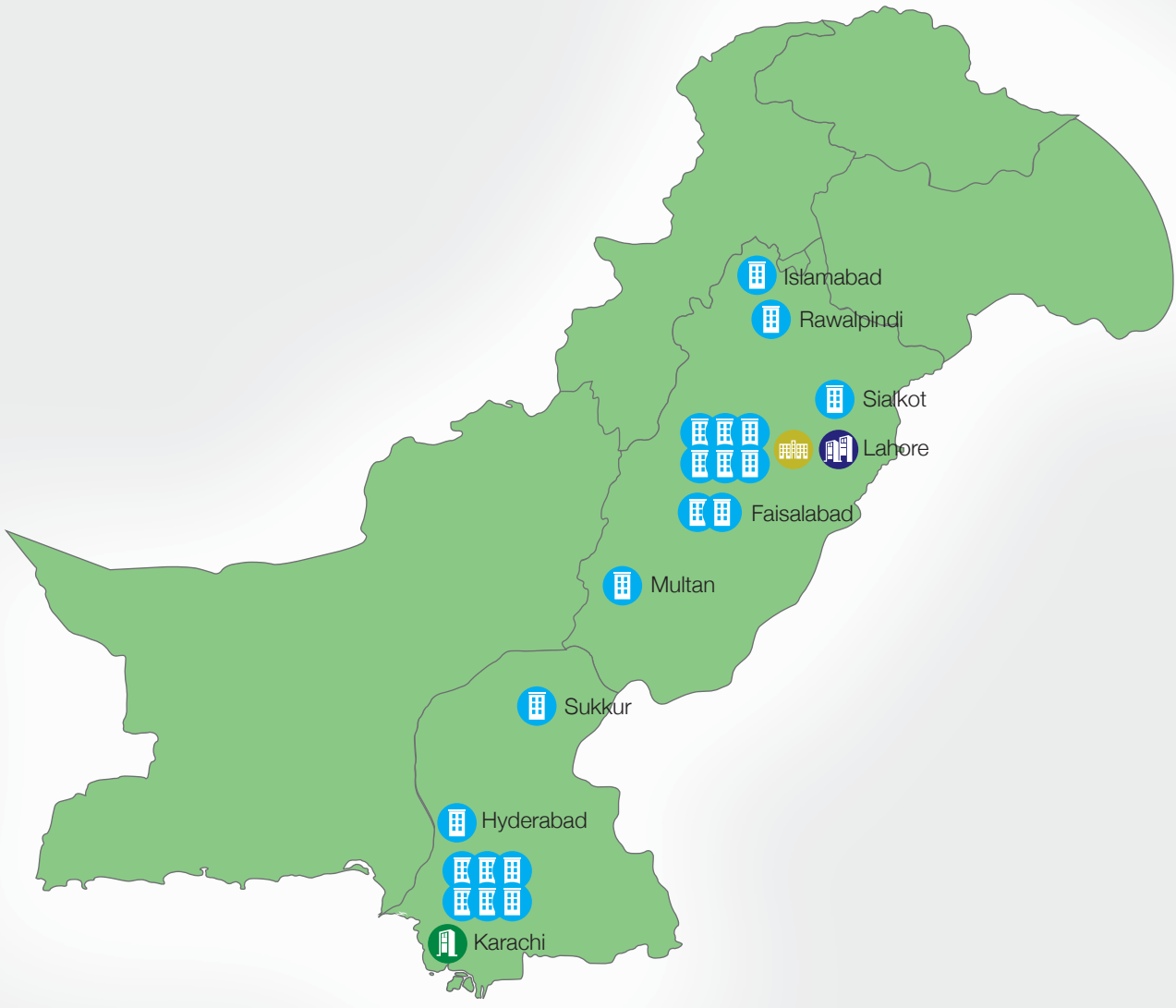
## Registered & Head Office

3 - Bank Square,  
Shahrah-e-Quaid-e-Azam, Lahore  
Tel: (92-42) 37320542-43,  
37322271, 73, 37310658  
Fax: (92-42) 37234742  
Email: info@atlasinsurance.com.pk  
Website: www.atlasinsurance.com.pk

# Geographical Presence

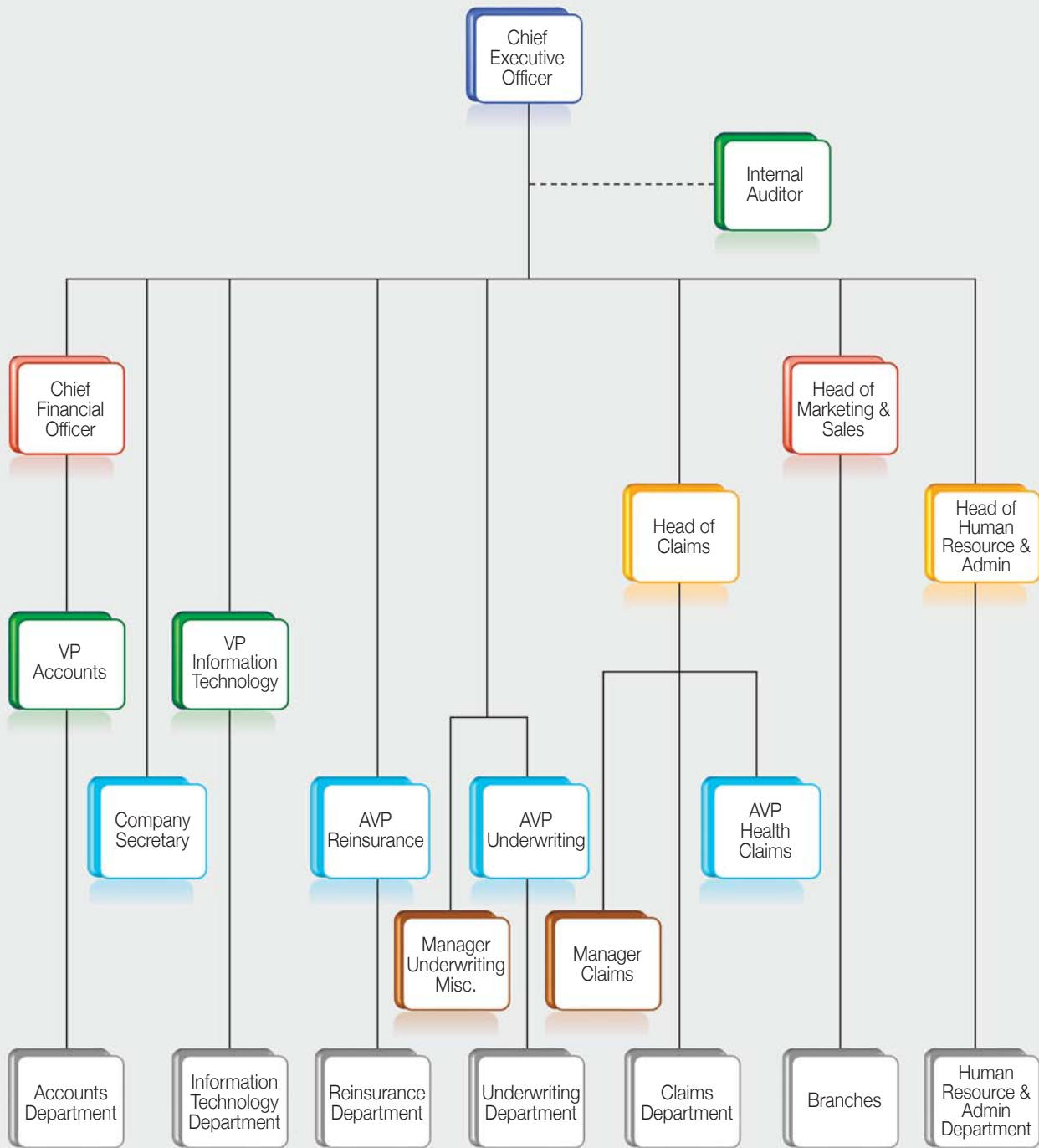
## Branch Network

The complete branch network of the Company is available at [www.atlasinsurance.com.pk](http://www.atlasinsurance.com.pk)



-  Head Office
-  Zonal Office
-  Registered Office
-  Branch Office

# Organogram



## Major Events

### January

#### **BOD Meeting for Approval of Annual Budget 2015**

The Board of directors in their meeting held on January 08, 2015 considered and approved Budget for the year ending December 31, 2015.

#### **Annual Sales Conference**

Annual Sales Conference was held on January 30 and 31, 2015 in Lahore and was attended by all the filed executives of the Company.

### February

#### **BOD Meeting for the year ended December 31, 2014**

The meeting was held on February 27, 2015 to consider and adopt the audited financial statements of the Company for the year ended December 31, 2014.

### April

#### **Annual General Meeting**

80th Annual General Meeting of the members of the Company was held on April 10, 2015 at the registered office of the Company.

#### **Election of Directors**

Election of directors was held on April 10, 2015 and shareholders elected seven directors for the next term of three years.

#### **BOD Meeting for 1st Quarter**

Board of directors meeting for the 1st quarter ended March 31, 2015 was held on April 27, 2015 to approve the unaudited first quarter financial statements of the Company.

#### **Cash Dividend**

Cash dividend @ 60% (Rs. 6 per share) was disbursed on April 20, 2015.

### August

#### **Mid Year Sales Conference**

Mid year Sales Conference was held on August 01, 2015 in Lahore and was attended by all the filed executives of the Company.

#### **BOD Meeting for 2nd Quarter**

Board of directors meeting was held on August 26, 2015 for approval of the unaudited half year financial statements of the Company, reviewed by the auditors, for the period ended June 30, 2015.

### October

#### **BOD Meeting for 3rd Quarter**

The meeting was held on October 27, 2015 for approval of the unaudited financial statements of the Company for the nine months period ended September 30, 2015.

### December

#### **Insurance Journal Performance Awards**

The Company was awarded for the "Highest Underwriting Profit as Percentage of Written Premium" for the years 2012, 2013 and 2014.

#### **Insurer Financial Strength Rating**

The Pakistan Credit Rating Agency Limited maintained Insurer Financial Strength rating of the Company to 'AA-' which denotes a very strong capacity to meet policyholders and contract obligations.

#### **BOD Meeting for Approval of Annual Budget 2016**

The Board of directors in their meeting held on December 23, 2015 considered and approved Budget for the year ending December 31, 2016.



## Notice of Annual General Meeting

Notice is hereby given that the 81st Annual General Meeting of the members of Atlas Insurance Limited will be held on Friday, April 15, 2016 at 3:00 p.m. at 3-Bank Square Shahrah-e-Quaid-e-Azam, Lahore to transact the following business:

### Ordinary Business

1. To confirm the minutes of the last Annual General Meeting held on April 10, 2015.
2. To receive consider and adopt the audited financial statements of the Company for the year ended December 31, 2015, together with the Directors' and Auditors' Reports thereon.
3. To consider and approve cash dividend @ 60% for the year ended December 31, 2015, as recommended by the Board of directors.
4. To appoint auditors and fix their remuneration for the year ending December 31, 2016.

### Special Business

5. To consider and, if thought fit, to pass with or without modification the following resolution as ordinary resolution:

#### Resolved:

"that the remuneration of the Chief Executive Officer of the Company as fixed by the Board for the financial year ending December 31, 2016 be and is hereby approved."

### Other Business

6. To consider any other business with the permission of the Chair.

**The Statement under Section 160(1) (b) of the Companies Ordinance, 1984, pertaining to the special business referred to above is being circulated to the members along with the Notice of the Meeting.**

By Order of the Board



Muhammad Afzal  
Company Secretary

Lahore: March 24, 2016

### Notes:

1. The share transfer books of the Company will remain closed from April 8, 2016 to April 15, 2016 (both days inclusive) when no transfer of shares will be accepted for registration. Transfers in good order, received at the office of Company's share registrar, Hameed Majeed Associates (Pvt.) Limited, 7 - Bank Square Sharah-e-Quaid-e-Azam, Lahore by the close of business on April 7, 2016 will be treated in time for the purpose of transfer of shares to the transferees.
2. The individual members who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC), are once again reminded to send the same at the earliest directly to the Company's share registrar at the above address at the earliest. The corporate entities are requested to provide their National Tax Number (NTN). Please give folio number with the copy of CNIC / NTN details.

3. A member of the Company, entitled to attend, speak and vote at the Annual General Meeting is entitled to appoint another person as his / her proxy to attend, speak and vote instead of him / her and a proxy so appointed shall have such rights, as respects attending, speaking and voting at the Annual General Meeting as are available to the member.
4. Duly completed instrument of proxy, and the other authority under which it is signed, or a notarially certified copy thereof, in order to be valid, must be received at the registered office of the Company not less than 48 hours before the time of the meeting.
5. Any change of address of members should be immediately notified to the Company's share registrar.
6. CDC Account Holders will further have to follow the guidelines laid down in Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan (SECP).

#### **Availability of audited financial statements at the Company's website**

The audited financial statements of the Company for the year ended December 31, 2015 have been made available at the Company's website [www.atlasinsurance.com.pk](http://www.atlasinsurance.com.pk) in addition to the annual and quarterly financial statements of the prior years.

#### **Minutes of previous AGM**

Copies of the minutes of the Annual General Meeting held on April 10, 2015 will be available to the members on request.

#### **Consent for the Video Conference Facility**

Members can also avail video conference facility in (name of cities where facility can be provided keeping in view geographical dispersal of members). In this regard, please fill the following and submit at the registered address of the Company 10 days before holding of the Annual General Meeting:

"I/we, \_\_\_\_\_ of \_\_\_\_\_, being a member of Atlas Insurance Limited, holder of \_\_\_\_\_ ordinary share(s) as per register folio no. \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_."

#### **Submission of CNIC (Mandatory)**

Pursuant to the directive of the SECP, CNIC numbers of shareholders are mandatorily required to be mentioned on dividend warrants. Shareholders are therefore requested to submit a copy of their CNIC (if not already provided) to the share registrar.

#### **Dividend Mandate - Payment of Cash Dividend Electronically (Optional)**

In compliance with the SECP's Circular No 18 of 2012 dated June 6, 2012, the Company wishes to inform its shareholders, that under the law they are also entitled to receive their cash dividend directly in their bank accounts instead of receiving it through dividend warrants. Shareholders, wishing to exercise this option, may submit their application to the Company's share registrar, giving particulars relating to their name, folio number, bank account number, title of account and complete mailing address of the bank, CDC account holders should submit their request directly to their broker (participant) / CDC.

#### **Electronic Transmission of Annual Financial Statements and Notices**

Pursuant to Notification vide SRO 787(1)/2014 of September 8, 2014, the SECP has directed to facilitate the members of the company receiving annual financial statements and notices through electronic mail system (e-mail). We are pleased to offer this facility to our members who desire to receive annual financial statements and notices of the Company through email in future. In this respect members are hereby requested to convey their consent via email on a standard request form which is available at the Company website i.e. [www.atlasinsurance.com.pk](http://www.atlasinsurance.com.pk). Please ensure that your email has sufficient rights and space available to receive such email which may be larger than 1 MB file in size. Further, it is the responsibility of the member to timely update the share registrar of any change in the registered email address.

### **Deduction of Withholding Tax on the Amount of Dividend**

Pursuant to SECP directives vide Circular No. 19/2014 dated October 24, 2014, the SECP has directed all companies to inform shareholders about changes made in Section 150 of the Income Tax Ordinance, 2001, we hereby advise shareholder as under:

The government of Pakistan through Finance Act, 2014 has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

- a) For filers of income tax returns 12.50%
- b) For non-filers of income tax returns 17.50%

To enable the Company to make tax deduction on the amount of cash dividend @12.50% instead of 17.50%, 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 ATL for future payment of dividend if any. For any query/problem/information, the investors may contact the Company and / or the share registrar at the following address:

#### **Company's Registered Office**

3-Bank Square, Shahrah-e-Quaid-e-Azam, Lahore  
Tel: (92-42) 37320542-43, 37322271, 73, 3731068  
Fax: (92-42) 37234742

#### **Share Registrar**

M/s. Hameed Majeed Associates (Pvt.) Limited  
H.M. House, 7-Bank Square,  
Shahrah-e-Quaid-e-Azam, Lahore  
Tel: (92-42) 37235081-82  
Fax: (92-42) 37358817

The corporate shareholders having CDC account are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or its share registrar. The shareholders while sending NTN or NTN certificates, as the case may be, must quote Company name and their respective folio numbers.

#### **Statement under Section 160(1) (b) of the Companies Ordinance, 1984**

This Statement is annexed to the Notice of the 81st Annual General Meeting of Atlas Insurance Limited to be held on April 15, 2016, at which special business is to be transacted. The purpose of this Statement is to set forth the material facts concerning such special business.

#### **Item No 5 of the Agenda**

Approval is being sought for the annual increase in the remuneration of the Chief Executive, as fixed by the Board, working whole time with the Company. The Chief Executive is interested only in the remuneration payable to him.

## Corporate Information

### Registered Office

3 - Bank Square,  
Shahrah-e-Quaid-e-Azam, Lahore  
Tel: (92-42) 37320542-43  
(92-42) 373222271, 73  
(92-42) 37310658  
Fax: (92-42) 37234742

### Listing on Stock Exchange

Atlas Insurance Limited is listed on Pakistan Stock Exchange (formerly Karachi Stock Exchange and Lahore Stock Exchange).

### Stock Symbol

The stock symbol for Atlas Insurance Limited at the Pakistan Stock Exchange is ATIL.

### Listing Fees

The annual listing fee for the financial year 2015-16 was paid to the Karachi Stock Exchange, Lahore Stock Exchange and Central Depository Company within the prescribed time.

### Statutory Compliance

During the year, the Company complied with all applicable provisions of the Companies Ordinance, 1984, the Insurance Ordinance, 2000, the Code of Corporate Governance, listing requirements and regulations prescribed by the Securities and Exchange Commission of Pakistan (SECP).

### 81st Annual General Meeting

Date: April 15, 2016  
Time: 3:00 p.m.  
Venue: Registered Office

### Financial Calendar

Audited annual results for year ended  
December 31, 2015

- Second half of February

Mailing of annual reports

- Second half of March

Annual General Meeting

- 1st half of April

Unaudited first quarter financial results

- Second half of April

Unaudited half year financial results

- Second half of August

Unaudited nine months financial results

- Second half of October

### Dividend Announcement

The Board of directors of the Company has proposed a final cash dividend of Rs. 6 per share for the financial year ended December 31, 2015, subject to approval by the shareholders of the Company at the Annual General Meeting.

60% cash dividend was paid to the shareholders for the year ended December 31, 2014.

### Dates of Book Closure

The share transfer books of the Company shall remain closed from April 8, 2016 to April 15, 2016 (both days inclusive).

### Payment of Dividends

Cash dividend for the year ended December 31, 2015, subject to the approval of the shareholders of the Company at the Annual General Meeting, will be disbursed on or before April 30, 2016.

Last year, the Company dispatched the cash dividend within 10 days from the date of approval.

### CNIC Requirements for Dividend Warrants

As per directives to all listed companies by the SECP vide S.R.O. 779(1) / 2011 dated August 18, 2011, the 'Dividend Warrant(s)' should bear the Computerized National Identity Card (CNIC) number of the registered member(s), except in the case of minor(s) and corporate members, and dividend warrant can not be issued without inserting the CNIC number of the member(s) or their authorized person(s).

The shareholders are, therefore, requested to provide by mail or fax, photocopy of their CNIC and in case of a foreigner copy of passport, unless provided earlier.

### Dividend Mandate (Optional)

Shareholders of the Company are informed that under Section 250 of the Companies Ordinance, 1984, a shareholder may advise the Company for disbursement of dividend through his / her bank account.

In pursuance of the directives of the SECP vide Circular No. 18 of 2012 dated June 5, 2012, shareholders of the Company can give their dividend mandate authorizing the Company to directly credit the their cash dividend into their bank accounts.

Please note that this dividend mandate is optional and not compulsory, in case if any shareholder does not wish his / her dividend to be directly credited into bank account, the same shall be paid through the dividend warrants as usual.

### Share Transfer System

Transfer of non-CDC shares is executed / completed within 30 days and that of CDC within 5 working days from the date of receipt, provided documents received with transfer requests are complete in all respects.

### Annual General Meetings

Pursuant to Section 158 of the Companies Ordinance, 1984, Annual General Meetings of the shareholders are held at least once every year. Every shareholder has a right to attend these meetings. The notice of such meetings is sent to all shareholders at least 21 days before the meetings and also published in one English and one Urdu newspaper having circulation both in Karachi and Lahore.

### Proxies

Pursuant to Section 161 of the Companies Ordinance, 1984 and according to the Memorandum and Articles of Association of the Company, every shareholder of the Company who is entitled to attend and vote at general meetings of the Company can appoint another person as his / her proxy to attend and vote on his / her behalf. Procedure for appointment of proxies is stated in every notice of such meetings. The instrument appointing a proxy (duly signed by the shareholder) must be received at the registered office of the Company not later than forty eight hours before the meeting.

### Website

Updated information regarding the Company can be accessed at [www.atlasinsurance.com.pk](http://www.atlasinsurance.com.pk). The website contains information about Company's financials, history, types of insurance, list of reinsurers etc.

An online complaint system is also available to improve the efficiency.

Annual, half yearly and quarterly financial statements of the Company are available at the website.

### Communication

Address of the share registrar for correspondence and other relevant matters is as follows:

M/s. Hameed Majeed Associates (Pvt.) Limited

H. M. House, 7 - Bank Square,  
Shahrah-e-Quaid-e-Azam, Lahore.  
Tel: (92-42) 37235081-82  
Fax: (92-42) 37358817

### Share Price at the Karachi Stock Exchange

Month-wise share price movement of the Company, at the Karachi Stock Exchange, during the year 2015 was as follows:

Months	High	Low	Volume
January	81.98	74.51	241,500
February	80.15	74.00	239,000
March	77.70	62.89	251,000
April	69.30	60.25	398,000
May	70.50	67.15	139,500
June	71.99	66.21	219,000
July	74.25	70.00	78,500
August	76.99	72.00	69,500
September	75.40	70.00	153,500
October	75.76	70.15	108,500
November	76.00	72.50	110,500
December	75.50	73.00	87,000



## Report of the Board Audit Committee

The Committee is chaired by an independent director and it comprises of three non-executive directors. The Board has delegated the Committee function of review of the effectiveness of Company's internal controls and risk management systems. During the year, the Committee discharged this responsibility and reports the following:

- Composition of the Audit Committee meets all applicable independence requirements.
- Each member of the Committee is equipped with professional qualification and experience and two members have expert knowledge of finance and accounting.
- Four meetings of the Audit Committee were held during the year.
- The Company's internal audit function which reports to the Audit Committee, performed independent audits of selected controls through desktop reviews and on-site re-performance of tests to ensure compliance with pre-defined policies and procedures. The Chief Internal Auditor reports directly to the Audit Committee, functionally.
- The Committee approved the annual audit plan for the internal audit function. The Committee reviewed internal audit reports and issued necessary instructions to establish better controls over the areas highlighted in such reports.
- The Committee reviewed all interim and annual financial statements and recommended the same for consideration and approval of the Board.
- The Committee reviewed preliminary announcements of financial results prior to publication.
- The Committee ensured that the financial statements were prepared in accordance with the requirements of the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002, the Companies Ordinance, 1984 and approved accounting standards as applicable in Pakistan.
- The Committee monitored the effectiveness of the internal controls, including risk management and proactively proposed improvement measures.
- The Committee reviewed the related party transactions in each quarter and recommended the same for consideration and approval of the Board.
- The external auditors have been allowed direct access to the Audit Committee to ensure their effectiveness, independence and objectivity.
- The Committee had met external auditors with and without presence of the management and has reviewed and discussed points of improvements highlighted by the external auditors.
- The Committee reviewed Board Letters issued by the external auditors.

## Access to Reports and Enquiries

### Annual Reports

Annual Reports can be downloaded from the Company's website, [www.atlasinsurance.com.pk](http://www.atlasinsurance.com.pk) or printed copies can be obtained by writing to:

The Company Secretary  
Atlas Insurance Limited  
3-Bank Square,  
Sharah-e-Quaid-e-Azam,  
Lahore.

### Quarterly Reports

The interim reports are published after the end of first, second and third quarters of the financial year. The interim reports for the year 2015 can be accessed at the Company's website or printed copies can be obtained by writing to the Company Secretary.

### Shareholders' Enquiries

Shareholders' enquiries regarding status of their shareholdings, dividends, bonus or any other matter may be directed to share registrar at the following address:

Hameed Majeed Associates (Pvt.) Limited  
H. M. House, 7 - Bank Square,  
Sharah-e-Quaid-e-Azam, Lahore.  
Tel: 042-37235081-82

## Decisions Taken at the Last Annual General Meeting

No significant issues were raised by the shareholders during the last Annual General Meeting held on April 10, 2015. As per agenda following matters were approved in the meeting and the decisions taken were implemented in due course:

1. Approval of the minutes of the last Annual General Meeting.
2. Approval of the audited financial statements for the year ended December 31, 2014 alongwith Directors' and Auditors' reports.
3. Approval of 60% cash dividend for the year ended December 31, 2014.
4. Seven directors of the Company were elected for the period of three years.
5. Appointment of Ernst & Young Ford Rhodes Sidat Hyder as auditors of the Company for the year 2015 and fixation of their remuneration.
6. Approval of the remuneration of the Chief Executive Officer of the Company for the year 2015.
7. Approval of the amendments in the Object Clause of the Memorandum of Association of the Company for commencement of Window Takaful Operations.

# Share Price Sensitivity Analysis

## Key Sensitivities

Company's financial performance has a positive correlation with its share price. As such the factors that influence Company's performance can also be expected to have an impact on its share price. Following factors can be considered as sensitive to affect Company's share price:

### Earnings

News released on earnings, profits and future estimated earnings develop investor interest in the stock of the Company.

### Dividend Announcement

Consistency in dividend pay outs will reflect the expectations of shareholders and this affects the share price.

### Introduction of New Insurance Products

This could lead to positive topline growth which could have an impact on bottom line affecting the share price.

### Industry Performance

Government policies specific to industry like Takaful business could result in movement of the share price.

### Investor Confidence

Positive economic reforms can attract investors.

### Economic Indicators

An economic outlook could include expectations for inflation, productivity growth, unemployment and balance of trade. Changes around the world can affect both the economy and share price.

### Law and Order

Unstable law and order situation impacts disturbance and interruptions in business process. An act of terrorism can also lead to a downturn in economic activity and a fall in share price.

### Change in Government Policies

Government policies could be perceived as positive or negative for businesses. The policies may lead to changes in inflation and interest rates, which in turn may affect share price.

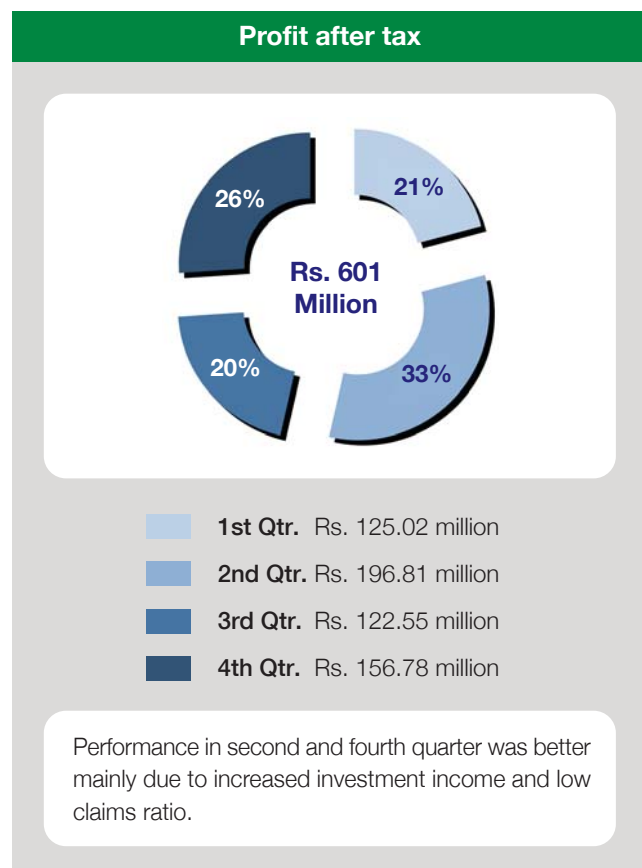
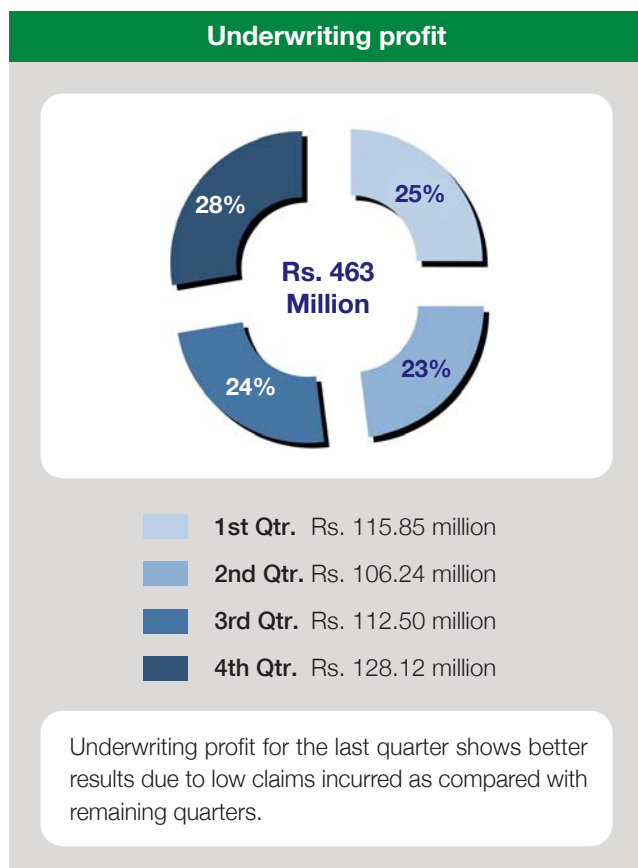
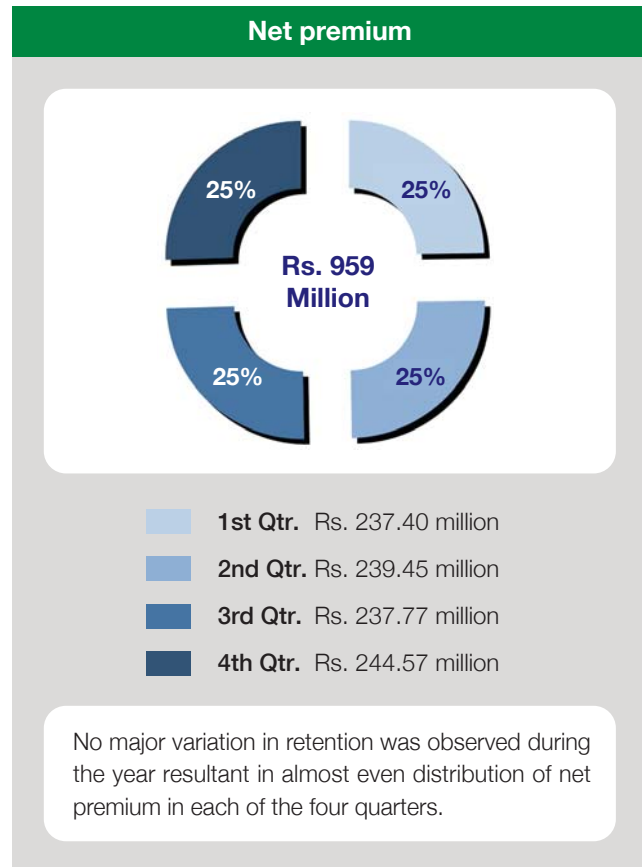
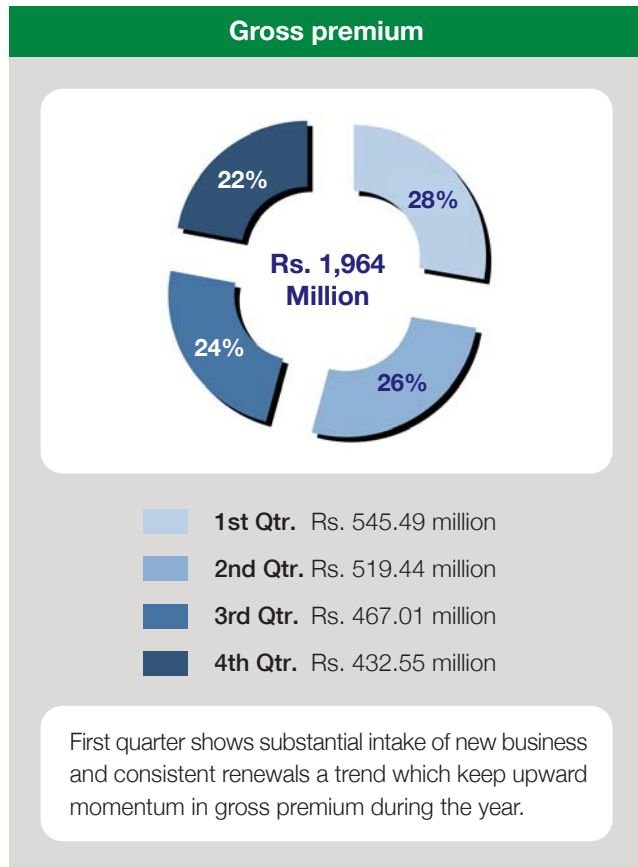
### Investor Sentiment

Investor sentiment or confidence can cause the stock market to go up or down, which can cause share prices to rise or fall. The general direction that the stock market takes can affect the value of a stock:

- Bull market - a strong market where stock prices are rising and investor confidence is growing. It is often tied to economic recovery or an economic boom, as well as investor optimism.
- Bear market - a weak market where stock prices are falling and investor confidence is fading. It often happens when an economy is in recession and unemployment is high with rising inflation.



## Quarterly Performance Analysis



# Ten Years at a Glance

(Rupees in million)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Financial Data</b>										
Paid-up capital	701.6	701.6	637.8	531.5	442.9	369.1	335.6	268.4	206.5	158.8
General & capital reserves	1,144.3	965.9	800.2	666.9	567.0	487.3	412.4	357.6	763.7	512.7
Equity	1,845.9	1,667.5	1,438.0	1,198.4	1,010.0	856.4	748.0	626.0	970.2	671.5
Underwriting provisions	1,347.9	1,057.2	1,105.3	1,044.5	749.0	759.6	685.6	540.7	535.0	375.8
Investments - at cost	2,124.5	1,868.6	1,550.4	1,255.9	1,089.3	772.0	558.3	494.2	1,010.7	674.8
Total assets - at book value	3,797.0	3,344.0	3,014.7	2,702.7	2,078.1	2,034.7	1,905.1	1,340.0	1,733.4	1,191.5
Fixed assets - net	56.2	51.9	56.1	66.4	46.9	43.9	47.4	49.3	42.8	21.9
Cash and bank deposits	428.3	433.2	162.2	282.0	54.6	492.6	660.2	195.9	200.8	75.6
Advances, deposits and prepayments	426.3	407.9	547.6	554.2	268.6	237.1	242.6	208.4	179.2	182.2
<b>Operating Data</b>										
Gross premium	1,964.5	1,651.3	1,400.2	1,500.3	1,120.3	1,024.9	910.7	861.4	784.5	668.8
Net premium	959.2	878.4	755.7	603.6	591.3	530.3	443.5	507.9	447.0	348.7
Net claims	203.9	210.5	163.4	133.2	153.3	176.5	192.4	231.4	215.1	133.2
Underwriting profit	462.7	406.7	342.9	295.3	253.6	199.9	104.5	158.4	144.6	155.0
Investment income	357.0	294.7	246.4	180.7	133.6	102.6	118.2	(305.2)	314.7	190.2
Profit / (loss) before tax	797.8	690.8	587.6	467.8	400.1	327.1	237.2	(141.0)	467.4	358.7
Income tax	196.7	145.8	131.6	101.4	98.9	84.5	48.1	58.6	57.5	58.0
Profit / (loss) after tax	601.2	545.0	456.0	366.4	301.2	242.7	189.1	(199.6)	409.9	300.7
<b>Cash Flow Summary</b>										
Operating activities	300.0	592.1	100.7	399.7	(139.2)	30.2	357.8	2.1	175.4	26.5
Investing activities	104.8	(11.0)	(14.2)	1.0	(153.8)	(66.2)	172.6	137.9	56.4	(54.5)
Financing activities	(409.7)	(310.0)	(206.3)	(173.3)	(145.0)	(131.6)	(66.1)	(144.8)	(106.6)	(82.3)
Cash & cash equivalents at the year end	428.3	433.2	162.2	282.0	54.6	492.6	660.2	195.9	200.8	75.6
<b>Financial Ratios</b>										
<b>Profitability</b>										
Profit / (loss) before tax / gross premium (%)	40.6	41.8	42.0	31.2	35.7	31.9	26.0	(16.4)	59.6	53.6
Profit / (loss) before tax / net premium (%)	83.2	78.6	77.8	77.5	67.7	61.7	53.5	(27.8)	104.6	102.9
Profit / (loss) after tax / gross premium (%)	30.6	33.0	32.6	24.4	26.9	23.7	20.8	(23.2)	52.2	45.0
Profit / (loss) after tax / net premium (%)	62.7	62.0	60.3	60.7	50.9	45.8	42.6	(39.3)	91.7	86.2
Underwriting profit / net premium (%)	48.2	46.3	45.4	48.9	42.9	37.7	23.6	31.2	32.3	44.4
Management expenses / gross premium (%)	18.1	18.8	21.7	15.3	20.3	19.3	19.9	17.9	15.5	15.2
Management expenses / net premium (%)	37.2	35.4	40.3	38.1	38.5	37.3	40.8	30.3	27.1	29.2
Commission / net premium (%)	6.7	5.7	7.3	9.1	7.3	8.3	7.8	7.0	7.6	11.8
Net claims / net premium (%)	21.3	24.0	21.6	22.1	25.9	33.3	43.4	45.6	48.1	38.2
Combined ratio (%)	58.4	59.4	61.9	60.2	64.4	70.6	84.2	75.9	75.3	67.4



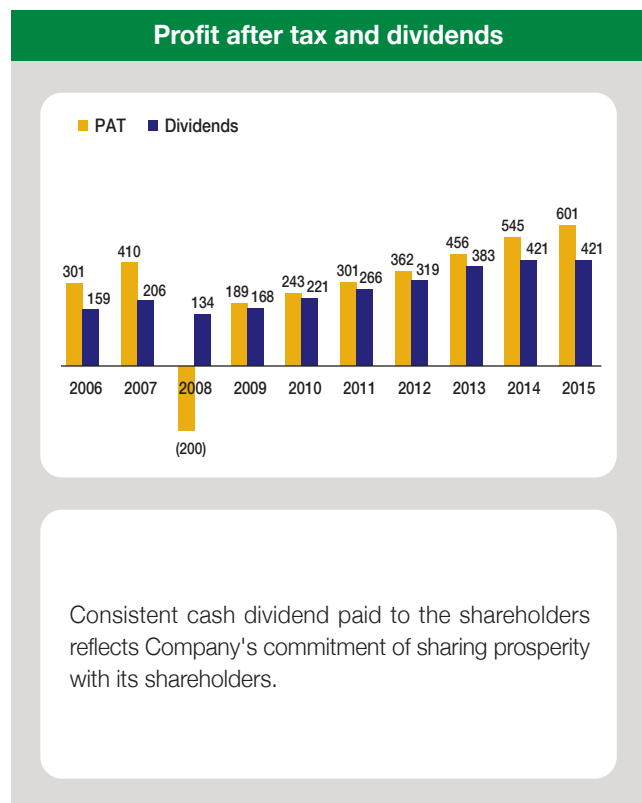
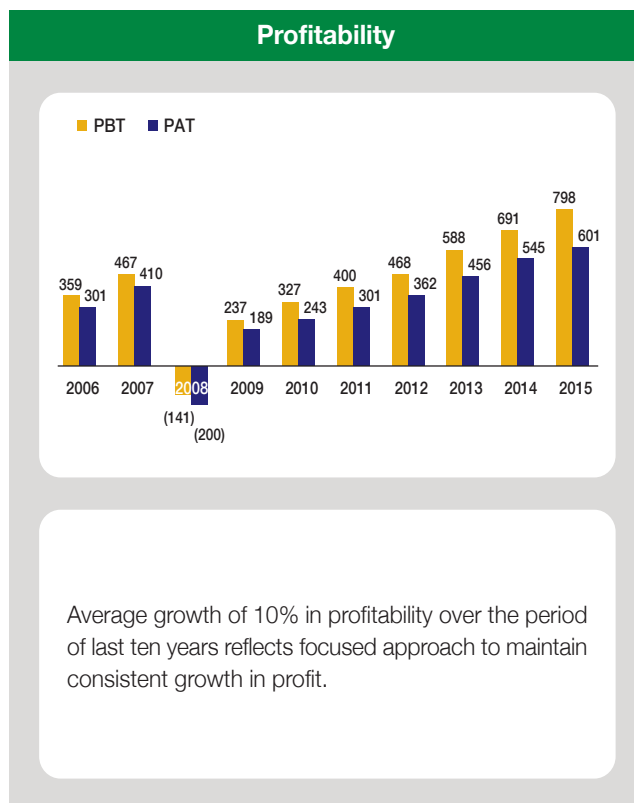
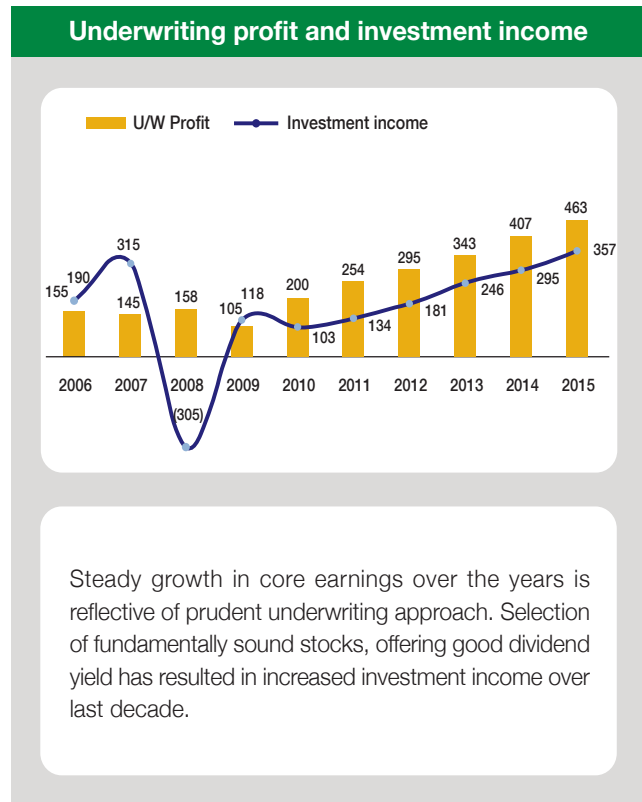
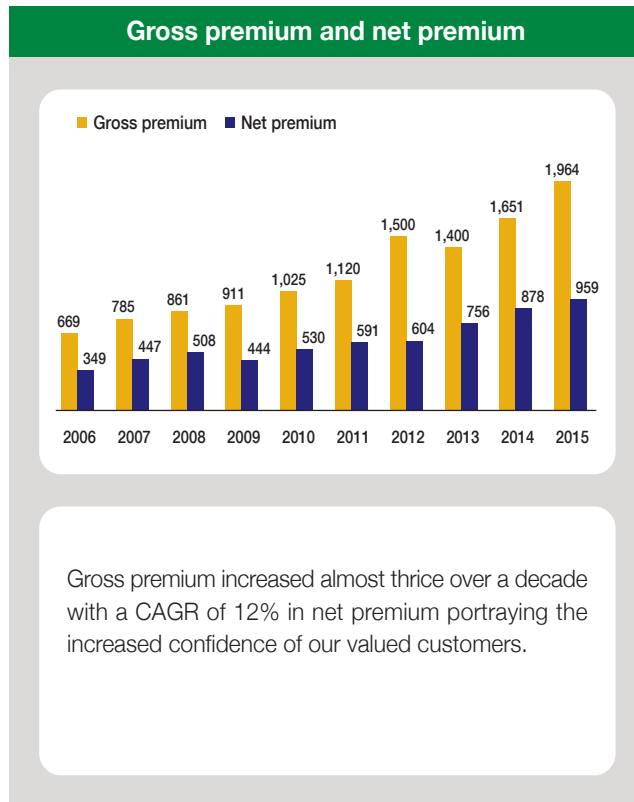
# Ten Years at a Glance

(Rupees in million)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Financial Ratios</b>										
<b>Return to Shareholders</b>										
Return on equity - PBT (%)	43.2	41.4	40.9	39.0	39.6	38.2	31.7	(22.5)	48.2	53.4
Return on equity - PAT (%)	32.6	32.7	31.7	30.6	29.8	28.3	25.3	(31.9)	42.3	44.8
Earnings growth (%)	10.3	19.5	24.5	21.6	24.1	28.4	194.7	(148.7)	36.3	18.4
Earning per share (Rs.)	8.6	7.8	7.1	6.9	6.8	6.6	5.6	(7.4)	19.9	18.9
Price earning ratio (times)	8.8	9.8	8.7	6.6	5.3	5.9	7.5	(5.9)	7.0	6.2
Market value per share (Rs.)										
Market value at the end of the year	75.0	75.8	62.5	45.5	36.1	38.5	42.3	43.9	138.0	117.9
Highest value during the year	82.0	87.9	65.1	42.9	42.9	47.8	57.9	169.0	143.9	162.1
Lowest value during the year	60.3	55.5	35.1	26.0	26.0	25.8	23.3	43.9	77.5	78.0
Cash dividend per share (Rs.)	6.0	6.0	5.0	4.0	4.0	4.0	4.0	2.5	7.0	7.0
Stock dividend per share (Rs.)	-	-	1.0	2.0	2.0	2.0	1.0	2.5	3.0	3.0
Dividend yield (%)	8.0	7.9	8.0	8.8	11.1	10.4	9.5	5.7	5.1	5.9
Dividend pay out (%)	70.0	77.2	83.9	87.1	88.2	91.3	88.7	(67.3)	50.4	52.8
Net assets per share (times)	26.3	23.8	22.5	22.5	22.8	23.2	22.3	23.3	47.0	42.3
Return on assets (%)	16.8	17.1	16.0	15.3	14.6	12.3	11.7	(13.0)	28.0	28.7
Breakup value per share (Rs.)	26.3	23.8	22.5	22.5	22.8	23.2	22.3	23.3	47.0	42.3
<b>Liquidity / Leverage</b>										
Current ratio (times)	1.4	1.6	1.8	2.1	1.6	1.7	1.8	1.9	1.6	1.9
Cash / current liabilities (times)	0.4	0.5	0.2	0.4	0.1	0.7	0.9	0.5	0.5	0.3
Total assets turnover (times)	0.6	0.5	0.5	0.6	0.5	0.5	0.6	0.6	0.5	0.6
Earnings assets / total assets (%)	67.2	68.8	56.8	56.9	55.0	62.2	64.0	51.5	69.9	63.0
Fixed assets turnover (times)	36.4	30.6	22.8	26.5	24.7	22.4	18.8	18.7	24.2	32.7
Total liabilities / equity (times)	1.1	1.0	1.1	1.3	1.1	1.4	1.5	1.1	0.8	0.8
Return on capital employed (%)	22.3	22.3	20.4	17.9	20.1	18.4	16.0	(21.4)	31.2	32.2
Paid-up capital / total assets (%)	18.5	21.0	21.2	19.7	21.3	18.1	17.6	20.0	11.9	13.3
Equity / total assets (%)	48.6	49.9	47.7	44.3	48.6	42.1	39.3	46.7	56.0	56.4
Price to book ratio (Rs.)	2.9	3.2	2.8	2.0	1.6	1.7	1.9	1.9	2.9	2.8
<b>Distribution</b>										
Cash dividend (Rs.)	421.0	421.0	318.9	212.6	177.2	147.6	134.2	67.1	144.5	111.2
Cash dividend (%)	60%	60%	50%	40%	40%	40%	40%	25%	70%	70%
Bonus shares (Rs.)	-	-	63.8	106.3	88.6	73.8	33.6	67.1	61.9	47.7
Bonus shares (%)	0%	0%	10%	20%	20%	20%	10%	25%	30%	30%
Total distribution (%)	60%	60%	60%	60%	60%	60%	50%	50%	100%	100%

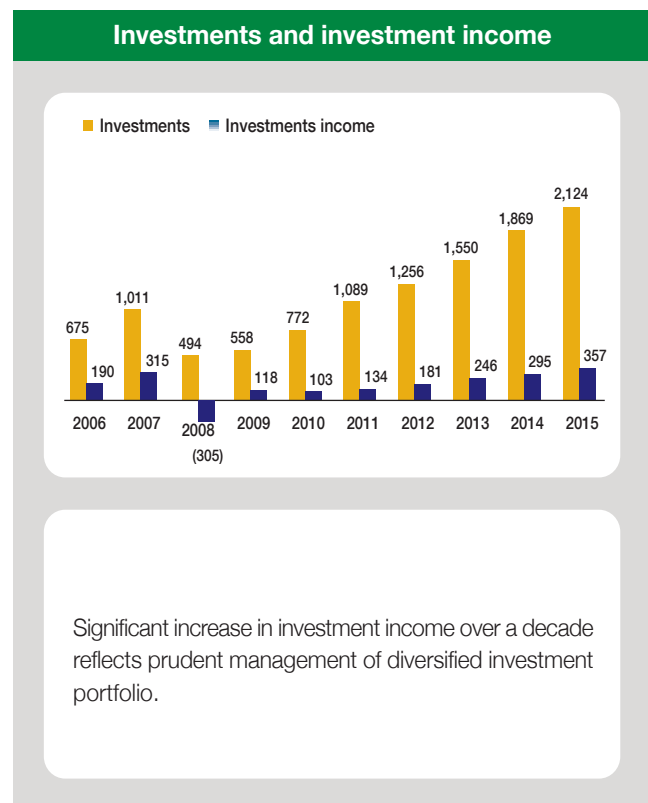
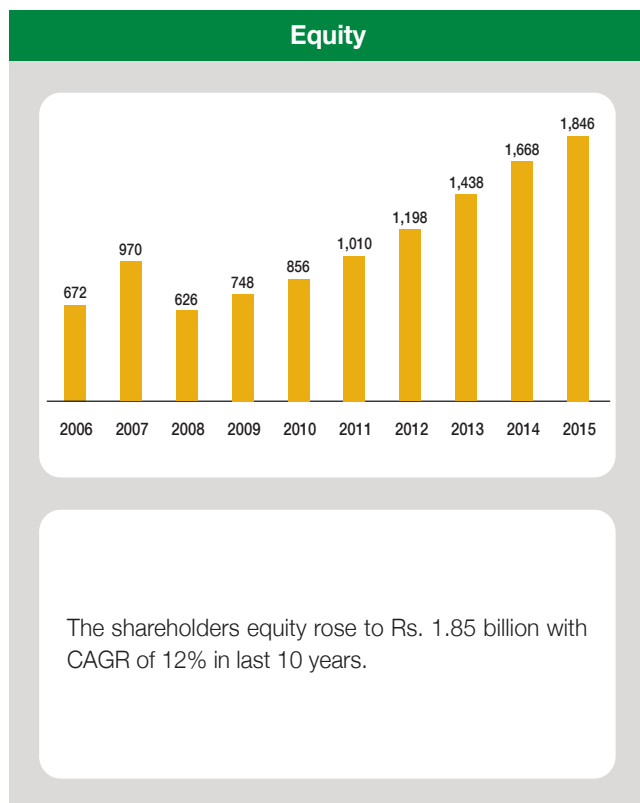
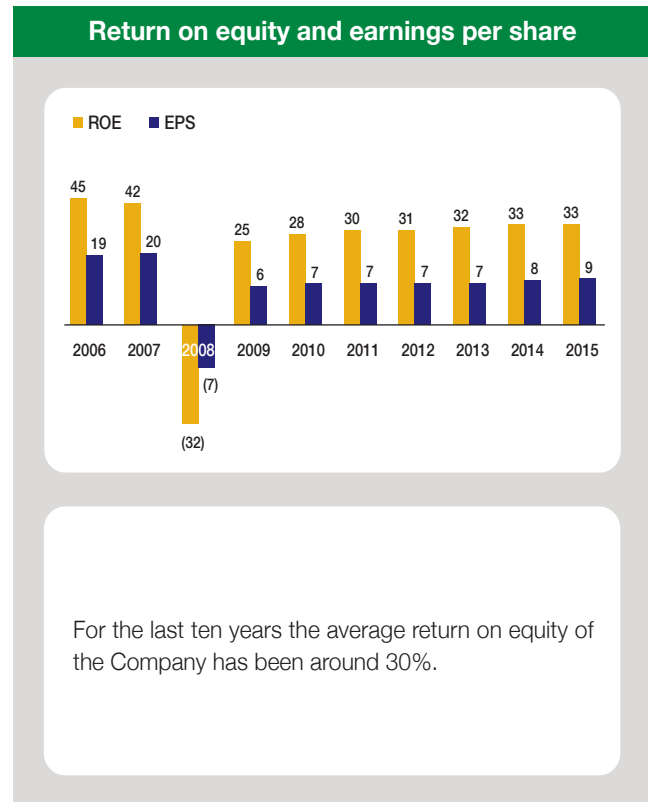
# Performance at a Glance (Graphical Presentation)

(Rupees in million)



# Performance at a Glance (Graphical Presentation)

(Rupees in million)



# Analysis of Financial Statements

## Balance Sheet

Particulars	2015						Vertical Analysis Composition of Balance Sheet						Horizontal Analysis % Change Year to Year					
	2015	2014	2013	2012	2011	2010	2015	2014	2013	2012	2011	2010	2015 Vs 2014	2014 Vs 2013	2013 Vs 2012	2012 Vs 2011	2011 Vs 2010	2010 Vs 2009
	(Rupees in thousand)						%	%	%	%	%	%	%	%	%	%	%	%
<b>Current Assets</b>																		
Cash and bank balances	428,284	433,170	162,163	282,013	54,591	492,581	26.9	30.8	11.7	20.6	5.9	40.6	(1.1)	167.1	(42.5)	416.6	(88.9)	(25.4)
Premiums due but unpaid	148,090	145,497	260,165	229,835	313,944	142,059	9.3	10.3	18.7	16.8	33.7	11.7	1.8	(44.1)	13.2	(26.8)	121.0	38.1
Amounts due from other insurers / reinsurers	107,278	179,594	110,557	98,884	113,388	118,121	6.7	12.8	8.0	7.2	12.2	9.7	(40.3)	62.4	11.8	(12.8)	(4.0)	20.8
Salvage recoveries accrued	4,110	5,685	6,810	8,535	3,370	9,985	0.3	0.4	0.5	0.6	0.4	0.8	(27.7)	(16.5)	(20.2)	153.3	(66.2)	(25.4)
Accrued investment income	4,142	3,807	348	2,783	1,328	3,254	0.3	0.3	0.0	0.2	0.1	0.3	8.8	994.0	(87.5)	109.6	(59.2)	(24.3)
Reinsurance recoveries against outstanding claims	400,562	179,685	236,457	121,248	153,484	192,769	25.2	12.8	17.0	8.8	16.5	15.9	122.9	(24.0)	95.0	(21.0)	(20.4)	20.2
Deferred commission expense	70,325	50,608	63,673	67,320	22,896	16,318	4.4	3.6	4.6	4.9	2.5	1.3	39.0	(20.5)	(5.4)	194.0	40.3	7.8
Prepayments	419,221	381,794	533,695	533,080	253,308	223,233	26.4	27.2	38.5	38.9	27.2	18.4	9.8	(28.5)	0.1	110.4	13.5	(4.3)
Taxation - provision less payments	881	-	-	6,387	-	-	0.1	-	-	0.5	-	-	10.0	-	(100.0)	100.0	-	-
Sundry receivables	7,095	26,126	13,937	21,164	15,256	13,881	0.4	1.9	1.0	1.5	1.6	1.1	(72.8)	87.5	(34.1)	38.7	9.9	48.7
<b>Total Current Assets</b>	<b>1,589,988</b>	<b>1,405,966</b>	<b>1,387,805</b>	<b>1,371,249</b>	<b>931,565</b>	<b>1,212,201</b>	<b>41.9</b>	<b>42.0</b>	<b>46.0</b>	<b>50.7</b>	<b>44.8</b>	<b>59.6</b>	<b>13.1</b>	<b>1.3</b>	<b>1.2</b>	<b>47.2</b>	<b>(23.2)</b>	<b>(6.5)</b>
<b>Non Current Assets</b>																		
Fixed assets	55,237	49,247	53,856	65,576	45,492	43,916	2.5	2.5	3.3	4.9	4.0	5.3	12.2	(8.6)	(17.9)	44.1	3.6	(7.4)
Intangible assets	994	2,605	2,284	851	1,417	-	0.0	0.1	0.1	0.1	0.1	-	(61.8)	14.1	168.4	(60.0)	100.0	-
Long term loans - to employees	150	194	162	170	117	177	0.0	0.0	0.0	0.0	0.0	0.0	(22.7)	19.8	(4.7)	45.3	(33.9)	(11.9)
Investments	2,124,477	1,868,597	1,550,372	1,255,886	1,089,256	772,048	96.3	96.4	95.3	94.3	95.0	93.9	13.7	20.5	23.4	15.3	41.1	38.3
Deferred taxation	26,168	17,410	20,257	8,941	10,238	6,392	1.2	0.9	1.2	0.7	0.9	0.8	50.3	(14.1)	126.6	(12.7)	60.2	-
<b>Total Non Current Assets</b>	<b>2,207,026</b>	<b>1,938,053</b>	<b>1,626,931</b>	<b>1,331,424</b>	<b>1,146,520</b>	<b>822,533</b>	<b>58.13</b>	<b>57.96</b>	<b>53.97</b>	<b>49.26</b>	<b>55.17</b>	<b>40.42</b>	<b>13.9</b>	<b>19.1</b>	<b>22.2</b>	<b>16.1</b>	<b>39.4</b>	<b>35.0</b>
<b>Total Assets</b>	<b>3,797,014</b>	<b>3,344,019</b>	<b>3,014,736</b>	<b>2,702,673</b>	<b>2,078,085</b>	<b>2,034,734</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>13.5</b>	<b>10.9</b>	<b>11.5</b>	<b>30.1</b>	<b>2.1</b>	<b>6.8</b>
<b>Equity &amp; Liabilities</b>																		
Share Capital & Reserves																		
Share capital	701,614	701,614	637,831	531,526	442,938	369,115	38.0	42.1	44.4	44.4	43.9	43.1	-	10.0	20.0	20.0	20.0	10.0
Reserves	545,064	421,064	344,064	301,064	265,064	244,064	29.5	25.3	23.9	25.1	26.2	28.5	29.4	22.4	14.3	13.6	8.6	9.9
Retained earnings	599,221	544,824	456,136	365,835	301,917	243,218	32.5	32.7	31.7	30.5	29.9	28.4	10.0	19.4	24.7	21.2	24.1	(27.8)
<b>Total Share Capital and Reserves</b>	<b>1,845,899</b>	<b>1,667,502</b>	<b>1,438,031</b>	<b>1,198,425</b>	<b>1,009,919</b>	<b>856,397</b>	<b>48.6</b>	<b>49.9</b>	<b>47.7</b>	<b>44.3</b>	<b>48.6</b>	<b>42.1</b>	<b>10.7</b>	<b>16.0</b>	<b>20.0</b>	<b>18.7</b>	<b>17.9</b>	<b>14.5</b>
<b>Underwriting Provisions</b>	<b>1,347,868</b>	<b>1,057,228</b>	<b>1,105,302</b>	<b>1,044,520</b>	<b>749,033</b>	<b>759,565</b>	<b>35.5</b>	<b>31.6</b>	<b>36.7</b>	<b>38.6</b>	<b>36.0</b>	<b>37.3</b>	<b>27.5</b>	<b>(4.3)</b>	<b>5.8</b>	<b>39.4</b>	<b>(1.4)</b>	<b>10.8</b>
<b>Current and Other Liabilities</b>																		
Premium received in advance	51,695	56,429	8,052	5,572	2,758	47,004	8.6	9.1	1.7	1.2	0.9	11.2	(8.4)	600.8	44.5	102.0	(94.1)	(3.6)
Amounts due to other insurers / reinsurers	266,036	315,070	236,671	257,751	169,757	223,694	44.1	50.9	50.2	56.1	53.2	53.4	(15.6)	33.1	(8.2)	51.8	(24.1)	(16.0)
Accrued expenses	107,672	83,726	77,023	55,042	51,581	49,238	17.8	13.5	16.3	12.0	16.2	11.8	28.6	8.7	39.9	6.7	4.8	25.0
Taxation - provision less payments	-	16,648	30,488	-	11,193	152	-	2.7	6.5	-	3.5	0.0	(100.0)	(54.6)	100.0	(100.0)	7,363.8	(98.9)
Other creditors and accruals	106,110	92,842	77,869	113,880	61,199	79,511	17.6	15.0	16.5	24.8	19.2	19.0	14.3	19.2	(31.6)	86.1	(23.0)	(9.2)
Other liabilities	71,734	54,574	41,300	27,483	22,645	19,173	11.9	8.8	8.8	6.0	7.1	4.6	31.4	32.1	50.3	21.4	18.1	19.9
<b>Total Current and Other Liabilities</b>	<b>603,247</b>	<b>619,289</b>	<b>471,403</b>	<b>459,728</b>	<b>319,133</b>	<b>418,772</b>	<b>15.89</b>	<b>18.52</b>	<b>15.64</b>	<b>17.01</b>	<b>15.36</b>	<b>20.58</b>	<b>(2.6)</b>	<b>31.4</b>	<b>2.5</b>	<b>44.1</b>	<b>(23.8)</b>	<b>(11.2)</b>
<b>Total Liabilities</b>	<b>3,797,014</b>	<b>3,344,019</b>	<b>3,014,736</b>	<b>2,702,673</b>	<b>2,078,085</b>	<b>2,034,734</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>13.5</b>	<b>10.9</b>	<b>11.5</b>	<b>30.1</b>	<b>2.1</b>	<b>6.8</b>

## Analysis of Financial Statements

### Profit and Loss Account

Particulars	2015 2014 2013 2012 2011 2010						Vertical Analysis Composition of Profit & Loss Account						Horizontal Analysis % Change Year to Year					
	(Rupees in thousand)																	
	2015	2014	2013	2012	2011	2010	2015	2014	2013	2012	2011	2010	2015 Vs 2014	2014 Vs 2013	2013 Vs 2012	2012 Vs 2011	2011 Vs 2010	2010 Vs 2009
						%	%	%	%	%	%	%	%	%	%	%	%	
<b>Gross Premium</b>	1,964,485	1,651,321	1,400,230	1,500,344	1,120,290	1,024,858	100.0	100.0	100.0	100.0	100.0	100.0	19.0	17.9	(6.7)	33.9	9.3	12.5
<b>Revenue Account</b>																		
Net premium revenue	959,230	878,381	755,684	603,616	591,289	530,269	48.8	53.2	54.0	40.2	52.8	51.7	9.2	16.2	25.2	2.1	11.5	19.6
Net claims	(203,946)	(210,525)	(163,418)	(133,237)	(153,294)	(176,504)	(21.3)	(24.0)	(21.6)	(22.1)	(25.9)	(33.3)	(3.1)	28.8	22.7	(13.1)	(13.1)	(8.2)
Expenses	(356,523)	(311,040)	(304,545)	(229,957)	(227,494)	(197,839)	(37.2)	(35.4)	(40.3)	(38.1)	(38.5)	(37.3)	14.6	2.1	32.4	1.1	15.0	9.2
Net commission	63,947	49,897	55,172	54,894	43,084	43,998	6.7	5.7	7.3	9.1	7.3	8.3	28.2	(9.6)	0.5	27.4	(2.1)	27.7
<b>Underwriting Results</b>	462,708	406,713	342,893	295,316	253,585	199,924	48.2	46.3	45.4	48.9	42.9	37.7	13.8	18.6	16.1	16.5	26.8	91.4
Investment income	357,016	294,682	246,399	180,692	133,572	102,634	44.7	42.7	41.9	38.6	33.4	31.4	21.2	19.6	36.4	35.3	30.1	(13.2)
Rental and other income	19,119	24,622	31,779	17,553	38,306	47,519	2.4	3.6	5.4	3.8	9.6	14.5	(22.3)	(22.5)	81.0	(54.2)	(19.4)	40.4
Financial charges	(559)	(435)	(437)	(467)	(424)	(411)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	28.5	(0.5)	(6.4)	10.1	3.2	(25.3)
General and administration expenses	(40,465)	(34,767)	(33,062)	(25,331)	(24,955)	(22,536)	(5.1)	(5.0)	(5.6)	(5.4)	(6.2)	(6.9)	16.4	5.2	30.5	1.5	10.7	19.8
	335,111	284,102	244,679	172,447	146,499	127,206	42.0	41.1	41.6	36.9	36.6	38.9	18.0	16.1	41.9	17.7	15.2	(4.2)
<b>Profit Before Taxation</b>	797,819	690,815	587,572	467,763	400,084	327,130	40.61	41.83	41.96	31.18	35.71	31.92	15.5	17.6	25.6	16.9	22.3	37.9
Taxation	(196,662)	(145,847)	(131,599)	(101,407)	(98,916)	(84,472)	(24.65)	(21.11)	(22.40)	(21.68)	(24.72)	(25.82)	34.8	10.8	29.8	2.5	17.1	75.5
<b>Profit After Taxation</b>	601,157	544,968	455,973	366,356	301,168	242,658	30.6	33.0	32.6	24.4	26.9	23.7	10.3	19.5	24.5	21.6	24.1	28.4

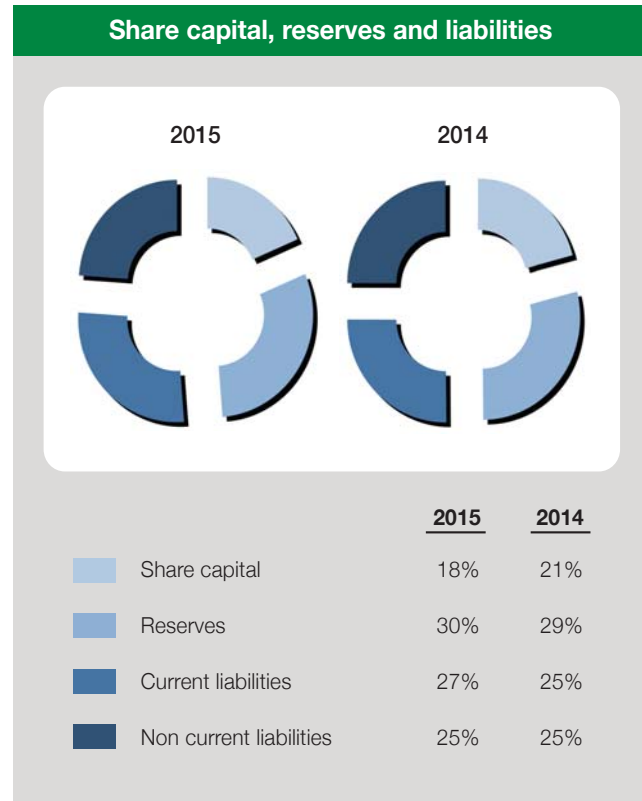
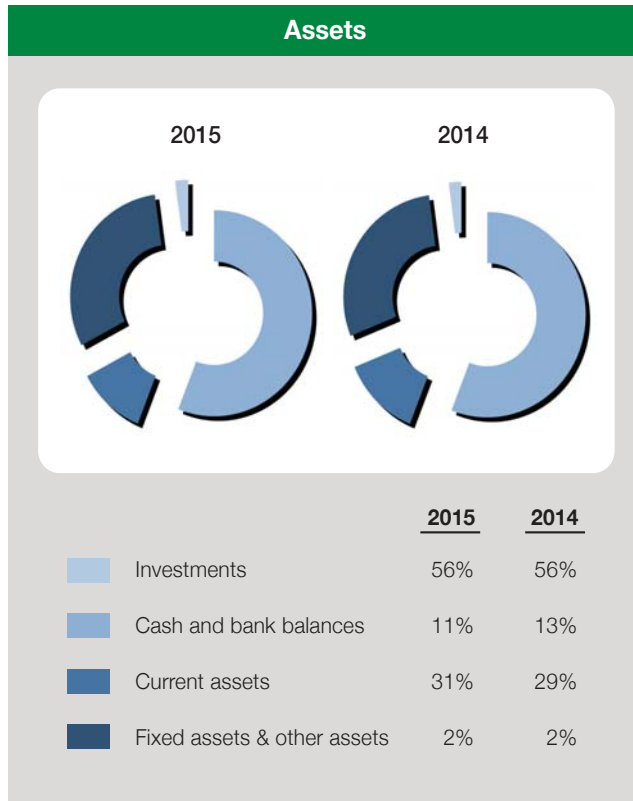
## Cash Flow Statement

Particulars	2015 2014 2013 2012 2011 2010						Vertical Analysis Composition of Cash Flow						Horizontal Analysis % Change Year to Year					
	(Rupees in thousand)																	
	2015	2014	2013	2012	2011	2010	2015	2014	2013	2012	2011	2010	2015 Vs 2014	2014 Vs 2013	2013 Vs 2012	2012 Vs 2011	2011 Vs 2010	2010 Vs 2009
						%	%	%	%	%	%	%	%	%	%	%	%	
Cash flow from operating activities	299,951	592,054	100,698	399,670	(139,230)	30,156	(6,139.0)	218.5	(84.0)	175.7	31.8	(18.0)	(49.3)	488.0	(74.8)	387.1	(561.7)	(91.6)
Cash flow from investing activities	104,847	(11,019)	(14,226)	1,030	(153,766)	(66,210)	(2,145.9)	(4.1)	11.9	0.5	35.1	39.5	1,051.5	22.5	(1,481.2)	100.7	(132.2)	(138.4)
Cash flow from financing activities	(409,684)	(310,028)	(206,322)	(173,278)	(144,994)	(131,556)	8,384.9	(114.4)	172.2	(76.2)	33.1	78.5	(32.1)	(50.3)	(19.1)	(19.5)	(10.2)	(99.0)
(Decrease) / increase in cash & cash equivalents	(4,886)	271,007	(119,850)	227,422	(437,990)	(167,610)	100.0	100.0	100.0	100.0	100.0	100.0	(101.8)	326.1	(152.7)	151.9	(161.3)	136.1

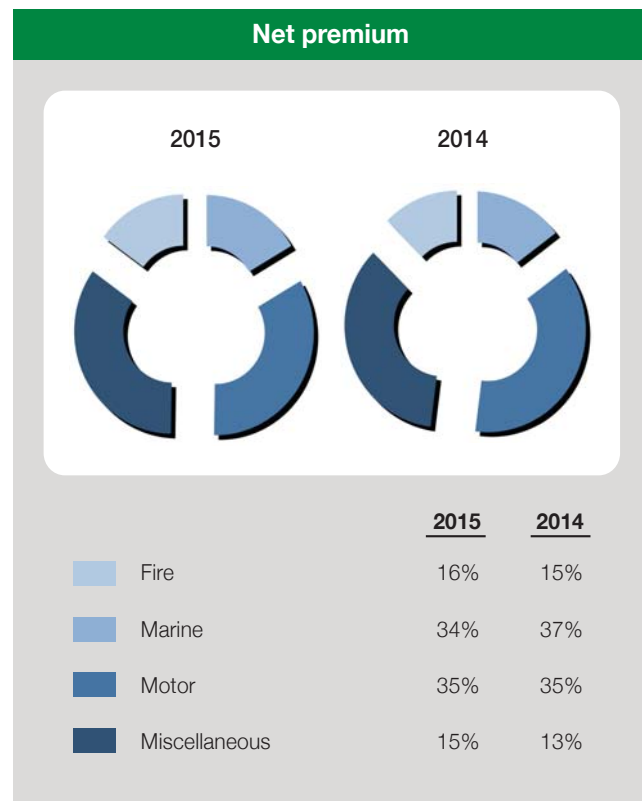
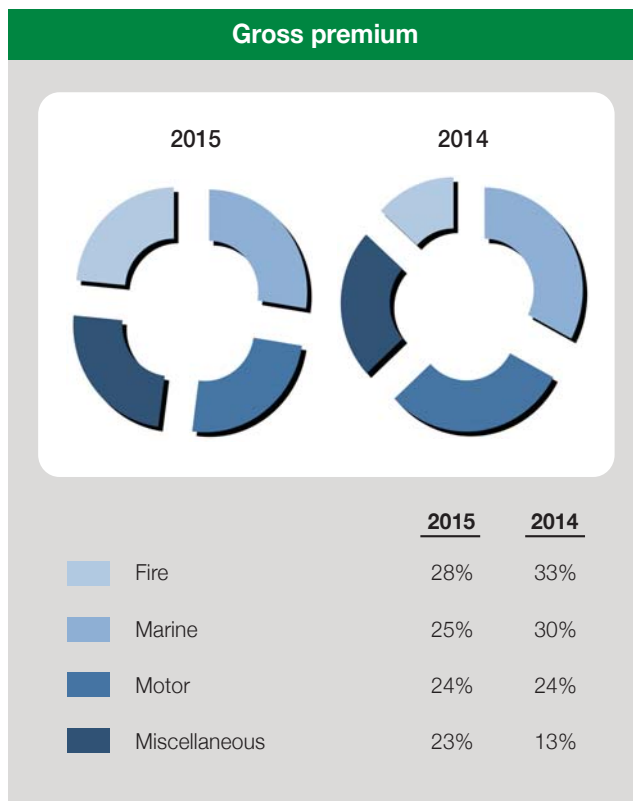


## Analysis of Financial Statements

### Graphical Presentation (Balance Sheet)

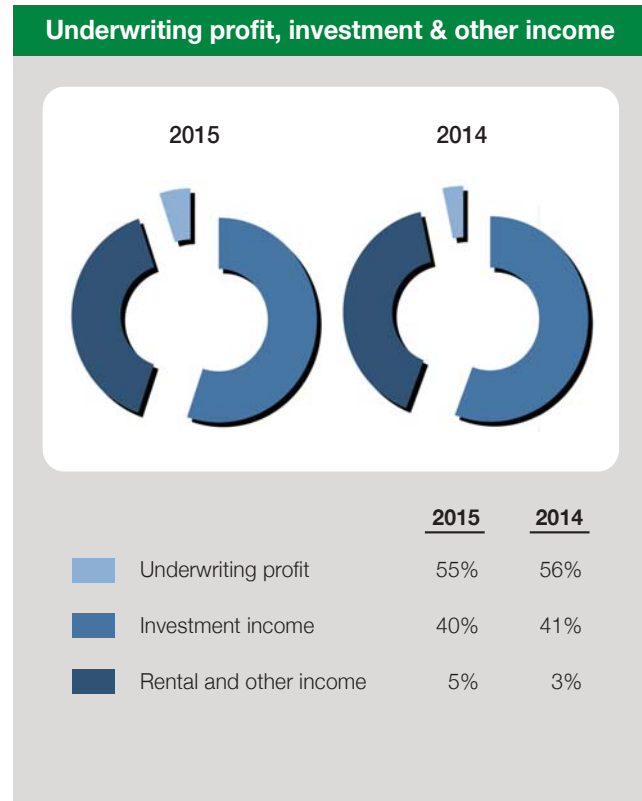
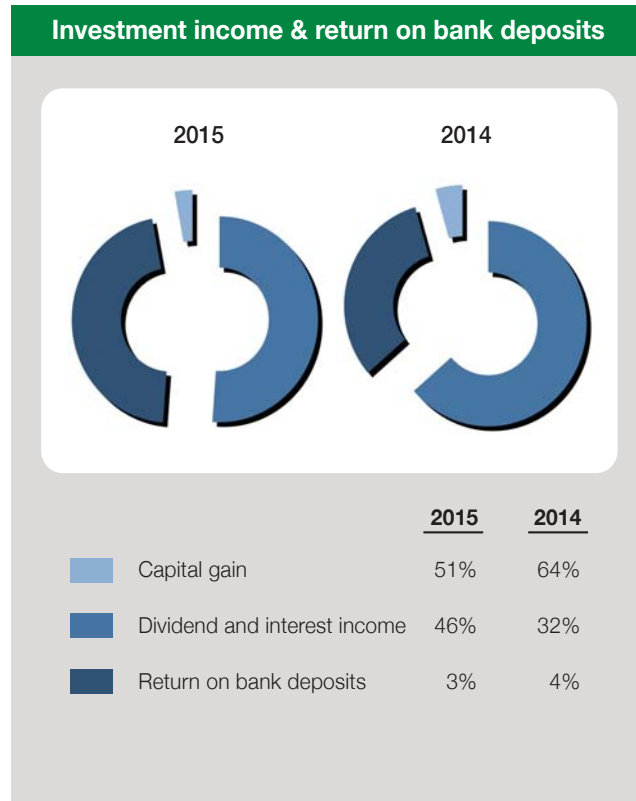


### Graphical Presentation (Profit and Loss Account)

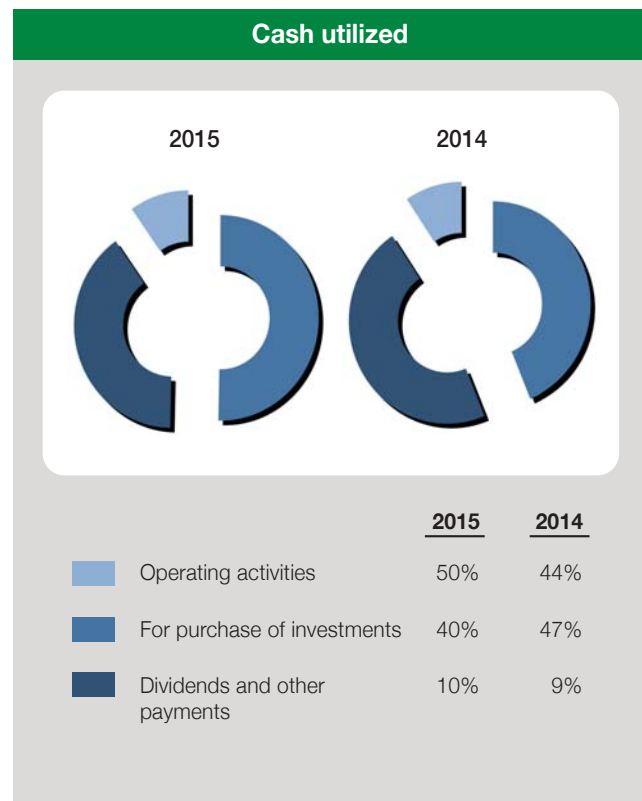
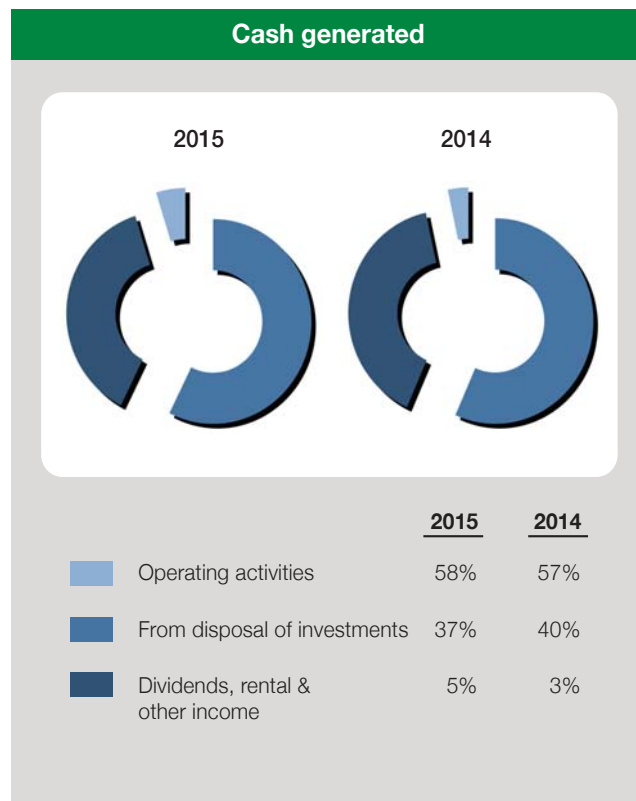


## Analysis of Financial Statements

### Graphical Presentation (Profit and Loss Account)

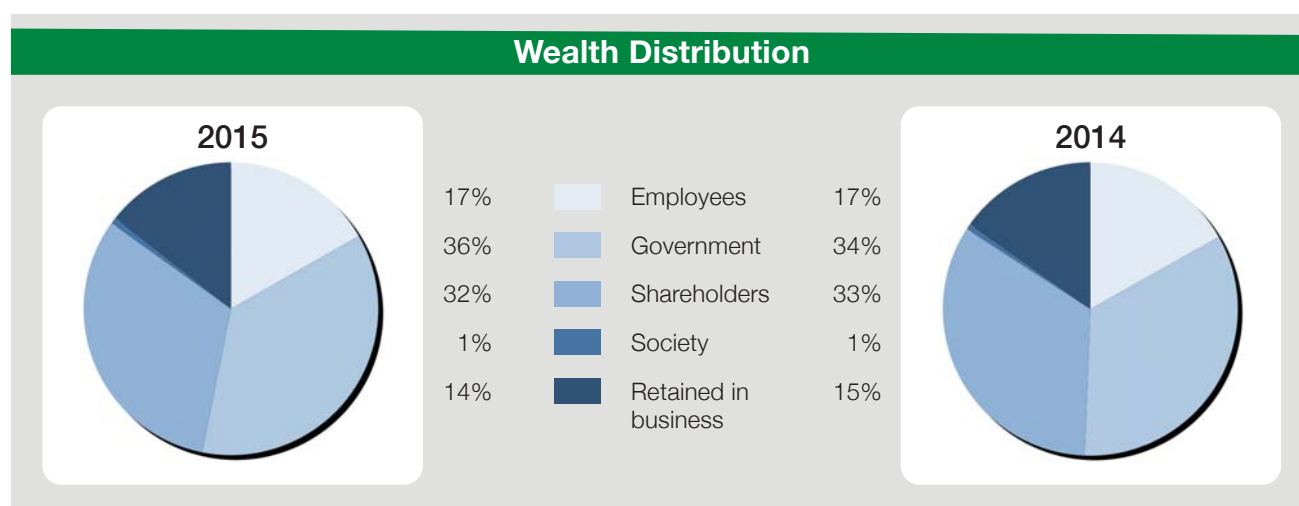


### Graphical Presentation (Cash Flow)



## Statement of Value Addition

	2015		2014	
	(Rupees in thousand)	%	(Rupees in thousand)	%
<b>Wealth Generated</b>				
Gross premium (including FED and FIF)	2,249,414		1,890,754	
Commission income	63,947		49,897	
Income from investment	357,016		294,682	
Rental and other income	19,119		24,442	
	2,689,496		2,259,775	
Management and other expenses	1,367,755		1,119,757	
	<u>1,321,741</u>	<u>100.00%</u>	<u>1,140,018</u>	<u>100.00%</u>
<b>Wealth Distributed</b>				
<b>To Employees</b>				
Salaries, wages and other benefits	221,388	16.75%	191,864	16.83%
<b>To Government</b>				
Company taxation	196,662	14.88%	145,847	12.79%
Levies (Including FED and FIF)	284,929	21.56%	239,433	21.00%
	481,591	36.44%	385,280	33.79%
<b>To Shareholders</b>				
Cash dividend	420,968	31.85%	318,916	27.97%
Stock dividend	-	0.00%	63,783	5.59%
	420,968	31.85%	382,699	33.57%
<b>Financial Charges</b>				
To providers of finance	-	-	-	-
<b>To Society</b>				
Endowment, donation etc.	7,930	0.60%	6,919	0.61%
<b>Retained in Business</b>				
Depreciation and amortization	11,611	0.88%	10,987	0.96%
General reserves	124,000	9.38%	77,000	6.75%
Retained profit / (loss)	54,253	4.10%	85,269	7.48%
	189,864	14.36%	173,256	15.20%
	<u>1,321,741</u>	<u>100.00%</u>	<u>1,140,018</u>	<u>100.00%</u>



## Chairman's Review

It is my pleasure to present the 81st Annual Report and performance review of the Company on behalf of the Board for the year ended December 31, 2015.

### The Economy

The Pakistan economy is back on an upward trajectory with rising GDP of 4.2% in FY15 as compared to 4.0% of FY14. Major economic indicators have shown positive signs of sustainable growth. The external account improved due to growth in worker remittances and sharp decline in global oil prices. This helped dilute the global risk perception for Pakistan significantly and gave positive momentum to the rest of the economy. Impressive growth in large scale manufacturing, subdued inflation numbers and in turn record low interest rates helped improve the macro-economic framework. Political stability and determination to eliminate terrorism from the country have also improved the sentiment of the business community. The macro economic environment for FY16 and beyond also appears positive with stable outlook of external account due to declining global commodity prices.

The IMF expressed satisfaction with the overall progress made in pushing ahead with policies to strengthen macroeconomic stability and reviving investment and growth. Successful completion of the ninth review of economic performance by the IMF under a 36-month program resulted in the immediate disbursement of USD 498.1 million, bringing the total disbursements to USD 4.98 billion. Country's foreign exchange reserves have consequently increased to USD 20.81 billion at the end of December, 2015 against USD 15.21 billion at the end of December, 2014.

Pakistan received foreign direct investment of USD 624 million during July - December 2015 as against USD 611 million in the corresponding period last year, hence registering a growth of 2.1%. Workers' remittance continued to show an increasing trend and rose to USD 9.73 billion in the first six months of FY16 compared to USD 9.16 billion received during same period last year, up 6.2%. The State Bank of Pakistan kept the policy rate unchanged at 6%. The inflation fell from 8.6% in the preceding year 2013-14 to 4.5% in 2014-15. Reduction in inflation was caused primarily by a sharp decline in oil and other commodity prices.

After the integration of three bourses of the country, Pakistan Stock Exchange was launched on January 16, 2016. Experts have welcomed the decision terming it a growth-bearing development extending a wider reach to the investors.

### Industry Analysis

The growth potential of insurance sector in Pakistan is significant provided awareness is created about its benefits. During the

nine months period ended September 30, 2015, 13.7% growth was recorded in the nonlife insurance sector as against 12.4% of the same period of last year. Despite this growth, the contribution of insurance to the GDP stands at only 0.23% against 0.3% of the last year, lowest in the South Asian region. There is an immense scope for insurance companies to tap un-served market through innovation in products, expanding distribution network and better use of technology. Potential of the insurance sector has magnified further in the scenario of China-Pakistan Economic Corridor (CPEC).

Growth in the Pakistani insurance industry would be supported by increasing levels of risk awareness and risk avoidance knowledge among consumers. The Government, SECP and IAP need to play their role in educating the general public on the importance of insurance. Accordingly, with improvement in the general business environment, it is hoped that the insurance industry will also flourish with significant increase in the overall size. This will definitely lead to improved penetration within the population while increasing the size of the pie.

Key challenges in 2016 include rising competition, generally soft pricing conditions and tight profit margins. To effectively surmount these problems, insurers need to invest in technological solutions that improve front-end sales, distribution and customer service and enhance back-end operational efficiency.

### The Company Results

#### Premium

Your Company underwrote gross premium of Rs. 1.964 billion as compared to Rs. 1.651 billion of last year, showing growth of 19%. The net premium also rose to Rs. 959.23 million against Rs. 878.38 million of last year, posting growth of 9%. The growth of 14% in underwriting profit resulted in profit of Rs. 462.71 million as compared to Rs. 406.71 million of last year. It is pertinent to mention that these results were achieved in a challenging environment for the country and reflects the fundamental strength of the Company and its prudent underwriting policies.

#### Segments at a Glance

##### Fire and Property Damage

This portfolio contributed gross underwriting premium of Rs. 540.60 million which is almost same as last year. However, net premium increased by 23% from Rs. 129.48 million to Rs. 159.01 million. The net claims increased to Rs. 8.76 million as compared to Rs. 3.28 million of last year. Despite increase in net claims the underwriting profit increased by 41% to Rs. 105.01 million as compared to Rs. 74.47 million of last year.

##### Marine, Aviation & Transport

In marine segment, the gross premium underwritten was Rs. 483.31 million against Rs. 496.88 million of last year.

Net premium decreased by 1.4% from Rs. 327.52 million of last year to Rs. 323.00 million. The decrease in marine premium is due to a cautious underwriting approach which in turn increased the underwriting profitability. The net claim ratio decreased to 5% against 7% of last year. The segment's underwriting profit increased to Rs. 268.01 million from Rs. 259.73 million of last year.

**Motor**

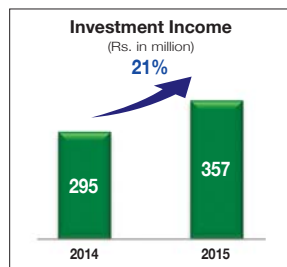
Motor segment share in the total gross premium remained 24% same as last year. The gross underwritten premium increased to Rs. 478.63 million from Rs. 389.39 million of the last year, up 23%. Net premium also increased to Rs. 332.83 million against Rs. 311.47 million of last year. Although a considerable increase was witnessed in gross premium, the net claims ratio declined from 42% of last year to 31%, which reflects the prudent underwriting approach of the Company towards motor business. The reduced claims ratio translated in increased underwriting profit of Rs. 72.69 million as compared to Rs. 41.81 million of last year, up 74%.

**Miscellaneous**

The gross premium in miscellaneous segment rose significantly to Rs. 461.95 million from Rs. 223.02 million of 2014, up 107%. Consequently, net premium under this segment also rose to Rs. 144.39 million from Rs. 109.91 million of last year. The claim ratio was 53% against 49% of last year. The segment's underwriting profit was Rs. 16.99 million against Rs. 30.70 million of the last year.

**Investment Management**

The management under the guidance and advice of the Investment Committee monitored the portfolio closely. The overall policy remains to invest in fundamentally sound scrips with good earnings and growth prospects as well as to maintain a balance between



fixed income securities and equities. Management of your Company prudently invests funds and seeks capital gain as well as attractive dividend yield in line with the market conditions.

The investment income was recorded at Rs. 357.02 million as compared to Rs. 294.68 in the year 2014. Capital gain contributed Rs. 209.07 million against Rs. 198.60 million of last year. Additional investment of Rs. 255.88 million was made during the year in different instruments in line with the Company policy.

The book value of investment as at December 31, 2015 stood at Rs. 2.12 billion (market value Rs. 4.41 billion) against Rs. 1.87 billion (market value Rs. 3.73 billion) of last year. This reflects strong financial base of your Company as well as better utilization of Company funds.

**Capital Management**

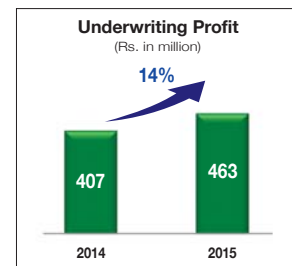
The Company has a strong capital base having a paid up capital of Rs. 701.61 million and an equity base of Rs. 1.846 billion. The Company is committed to maintain a strong financial profile which gives financial flexibility to achieve growth and portfolio optimization goals. The Company's capital base is structured keeping in view the future expansion and growth of the Company.

**Treasury Management**

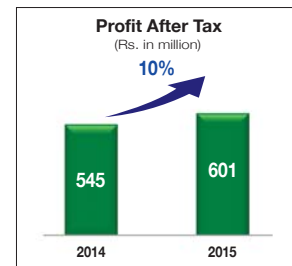
The treasury policy of your Company ensures that adequate funding is available at all times and that exposure to financial risk including liquidity risk is minimized. Cash generation is one of the important performance indicators in the organization. The cash and cash equivalents at the end of the year were Rs. 428.28 million as compared to Rs. 433.17 million at the end of year 2014.

**Profitability**

The underwriting profit rose to Rs. 462.71 million from Rs. 406.71 million of last year, up 14%. Higher investment income of Rs. 357.02 million helped in enhancement of profit before tax, which rose to Rs. 797.82 million against Rs. 690.82 million of last year.



After providing Rs. 196.66 million for tax, the net profit after tax stood at Rs. 601.16 million as compared to Rs. 544.97 million of last year, up 10%.



**Reinsurance**

Your Company has reinsurance arrangements with the most prestigious and world-renowned reinsurers holding strong financial strength ratings. These include Swiss Re, Hanover Re, Tokyo Marine and Nichido Fire Insurance, Sampo Japan and Malaysian Re.

Your Company was successful in managing and negotiating generally improved terms and conditions in almost all the reinsurance segments. The Company maintained its tradition of strengthening the reinsurance arrangements every year and expanding its capacity base.

The reinsurance program of your Company has been structured to protect the value at risk by ensuring appropriate protection for individual risks. This also aims to secure the best possible protection at economical cost. Your Company keeps increasing



capacities for underwriting conventional insurances as well as arranging reinsurance for new products to expand its portfolio in non-conventional lines of insurance business as well.

### Policyholder and Customer Service

Your Company believes that an effective customer care is essential in the growth of business. The management of the company focused on customer satisfaction, good customer service, providing risk based insurance products and settling their claims expeditiously. These endeavors will help increase a loyal customer base and enhance the image of the Company as customer focused.

### Information Technology

The management of your Company believes that Information technology (IT) has become a vital and integral part of the business. The Company is continuously upgrading its IT infrastructure both in terms of software and hardware to keep up to date with latest trends with the objective that precise, reliable and secure information be available to business concerns on timely basis. The Company has invested in developing and maintaining a disaster recovery site to secure its information system, deployed digital document archiving system to save old record, upgradation of financial and insurance modules / systems providing better controls in the operations of the organization. IT as part of the Company strategy is poised to provide a competitive edge to the organization.

### Human Resource and Associate Development

As a financial service organization human resource is the most valuable asset of your Company. The management of your Company realizes the importance and vital role of human resource in the organization and huge emphasis is being given on the development, training and grooming of the employees. Company strongly believes in the core value of 3Rs - *Respect, Recognition and Reward* and huge importance is given on having right people at the right job. Your Company has created a favorable work environment which encourages meritocracy. While making it an attractive place to work for, it also leads to employee retention.

The core strategy of your Company human resource management is based on seven 'S' - System; Strategy, Structure, System, Shared Values, Style, Staff, and Skill. A strict code of conduct is followed focusing on "The Atlas Way" to encourage employees to perform better in a disciplined way which leads to organizational development in line with the Group's motto "Organization development through Self-development".

Your Company places huge emphasis on career development of employees and provides them support and motivates them to improve their qualification and professional abilities. LNA (Learning Need Assessment) is developed every year to assess the training needs of the employees to plan training program for the year. Accordingly employees are sent for nominated trainings.

Currently a sizeable number of employees are appearing in Associate of Chartered Insurance Institute, London, examinations to complete their ACII qualification financed by the Company. Some employees are also doing Executive MBA from reputable institutes of Pakistan. Employees of all levels are nominated for in house trainings as well as outside formal training courses. Selected employees are sent on training in reputable institutions such as IBA Karachi, PIMS and LUMS. This also leads to fulfillment of organization's long term needs. For high potential employees Individual Development Profile is also developed to set the career growth path.

Being strong believer of Management by Objectives, your Company management sets objectives of individual team member at the beginning of the year with defined success criteria, reviews these objectives periodically and at the year-end evaluates it against individual performance to reward accordingly.

### Corporate Social Responsibility

Your Company in line with Atlas Group philosophy always aims to contribute to the social development in the country and believes in repaying the society. This year the Company contributed 1% of its profit before tax to the Atlas Foundation. The Foundation carries out different welfare works predominantly focused on education. The corporate social responsibility is at the heart of the value system being followed by the Company under which not only the Company but associates working in the Company play their role in the development of the society. Your Company is committed to work across all barriers of race, religion, color and background and the only yardstick is merit based.

### Risk Management System

Insurance business is all about risk management, but only those who successfully foresee these risks and adopt appropriate strategies for their mitigation are successful. Risk management is an ongoing process by which various types of risk inherent within the organization are systematically identified, measured and managed with the objectives to manage the organization's exposure to potential earnings and capital volatility and to maximize value to the organization's various stakeholders. As insurance is all about risk mitigation, a responsible organization needs to place effective control in underwriting risk, business risk, reinsurance risk, financial risk, investment risk and currency risk. Your Company has appropriate framework of methods, system and processes to manage risks and seize opportunities related to the achievement of the business objectives.

### Contribution to the National Exchequer

The management of your Company strongly believes in the development of the economy through discharging the obligations by timely and accurate payment of all government dues including taxes etc. During the year your Company contributed a sum of Rs. 525.43 million towards government exchequer on account of income tax, federal excise duty and other levies. Over the

years, the Company has also paid significant returns to its valued shareholders. Together with Atlas Group of which your Company is a constitute member, the total contributions are over Rs. 30 billion to the national exchequer, which is 1% of the total exchequer for the year 2014-15, a significant share in the government revenue.

### Accolades

The Insurance Journal instituted first "Insurance Journal Performance Awards" for the insurance companies of Pakistan. A committee of insurance experts was formed to decide the categories and criteria for the awards. Your Company was awarded for the "Highest Underwriting Profit as Percentage of Written Premium Award" on the basis of results for the years 2012, 2013 and 2014. This award reflects the fundamental strength of the Company and its prudent underwriting policies.



Chief Executive Officer of the Company, Mr. Arshad P. Rana, receiving the "Insurance Journal Performance Award".

### Rating by PACRA

This year, the Pakistan Credit Rating Agency (PACRA) has maintained the Insurer Financial Strength (IFS) rating of your Company at "AA-". The rating denotes a very strong capacity to meet policyholders and contract obligations. At the same time risk factors are considered modest, and the impact of any adverse business and economic factors is expected to be very limited. The rating captures the Company's robust underwriting performance, persistent over the years. PACRA also acknowledges that Atlas Insurance continue to have a sound panel of reinsurers with favorable treaty terms and prudent risk retention policies.

### Future Outlook

Year 2015 has been very positive for the country in respect of its economic outlook compared to the previous two years. Pakistan's external sector outlook can be termed positive for FY16. The trade deficit is likely to benefit from a sharp fall in prices of commodities in recent months. Moreover, these prices are likely to persist at low levels due to abundant supplies and sufficient inventories. Slump in global commodity prices will continue to keep the inflation low and the CPI inflation is expected

to remain well below the target of 6 percent for FY16. A boost to construction and its allied industries due to progress on projects under the CPEC is expected. Large Scale Manufacturing is also expected to strengthened further mainly due to a marked improvement in the security condition, better availability of electricity and gas, lower cost of industrial raw material and historic low interest rates. However, for continued and steady progress, some measures should be taken by the government to ensure continuous economic growth. Government needs to ensure improvement of employment levels in order to ensure continuous economic improvement. Government must also take steps towards increased power generation through alternative and traditional power generation methods to ensure that manufacturing industries are continuously supplied with adequate power and gas for reduction in manufacturing cost. If these steps are ensured, Pakistan can become one of the fastest growing economies in Asia.

Allowing Window Takaful Operation is a good opportunity for conventional companies. Application for seeking permission to commence Takaful business as Window Takaful Operator has been submitted to the SECP. Permission to write Takaful business will generate new opportunity for the Company. It is expected that the Company will be able to commence Takaful business in early 2016 subject to the approval from the SECP.

I am confident that the management of your Company is well prepared and equipped to avail these opportunities:

ہے انسان کو اتنا ہی ملے گا جتنی اس نے کوشش کی

### Acknowledgement

I wish to express my sincere appreciation to our valued shareholders, clients, reinsurers, SECP and financial institutions whose cooperation and support over the years strengthened our relationship which plays a vital role in improving our products and services and contribution to the society and national economy.

I also appreciate the valuable contribution and active role of the Board of Directors in supporting and guiding the management. I would also like to express my gratitude to the Chief Executive Officer Mr. Arshad P. Rana and his team for their efforts, dedication and sincerity of purpose.

Yusuf H. Shirazi  
Chairman

## Directors' Report

The directors of your Company take pleasure in presenting their report together with the audited financial statements and Auditors' Report thereon for the year ended December 31, 2015. The director's report prepared under section 236 of Companies ordinance, 1984 and clause (xvi) of the Code of Corporate Governance, will be put forward to the members at the eighty first Annual General Meeting of the Company to be held on April 15, 2016.

### Financial Results

Following is the overall performance of the Company for the year ended December 31, 2015:

	<u>2015</u>	<u>2014</u>
	<u>(Rupees in thousand)</u>	<u>(Rupees in thousand)</u>
Gross premium	1,964,485	1,651,321
Profit for the year before tax	797,819	690,815
Taxation:		
Current	184,000	143,000
Deferred	(7,915)	2,847
Prior years - current / deferred	20,577	-
	196,662	145,847
Profit for the year after tax	601,157	544,968
Un-appropriated profit brought forward	869	869
Profit available for appropriation	602,026	545,837
<b>*Appropriations:</b>		
Transferred to general reserve	(181,000)	(124,000)
Proposed cash dividend @ 60% (2014: @ 60%)	(420,968)	(420,968)
	(601,968)	(544,968)
Unappropriated balance carried forward	58	869

\* The Board of Directors has recommended cash dividend of Rs. 6 per share i.e. 60% for the year ended December 31, 2015. The financial statements do not reflect these appropriations in compliance with the Fourth Schedule of the Companies Ordinance, 1984.

### Earnings Per Share

The earnings per share after tax is Rs. 8.57 as against Rs. 7.77 in 2014.

### Chairman's Review

The Chairman's Review included in the Annual Report deals inter alia with the performance of the Company for the year ended December 31, 2015 and future prospects. The directors endorse the contents of the review.

### Board of Directors

The Board of directors consists of seven individuals having the knowledge, skill and experience required to provide oversight and strategic guidelines to the Company. All the directors, except the Chief Executive Officer, are non-executive directors, including two who are also independent directors. None of the directors on the Board is a director of more than 7 listed companies including this Company. All the directors represent diverse fields / professions and possess all the necessary skills and understanding to deal with various business issues and have the ability to review management performance.

The three years term of the previous Board was completed on April 10, 2015 and a new Board comprising, Mr. Yusuf H. Shirazi, Mr. Feroz Rizvi, Mr. Isphanyar M. Bhandara, Mr. Tariq Amin, Mr. Ali H. Shirazi, Mr. Jawaid Iqbal Ahmed and Mr. Arshad P. Rana was elected from this date for a term of next three years.

The Board of directors would like to place on record their profound appreciation for the invaluable contributions made by the outgoing director, Mr. Frahim Ali Khan towards progress of the Company during his long and illustrious era spread over 32 years. The Board also welcomes newly elected director, Mr. Tariq Amin and hope that the Company will benefit from his varied experience.

The Board had six (6) and Audit Committee had four (4) meetings during the year. Attendance by each director / member was as follows:

S. No.	Directors	Directorships in listed companies including Atlas Insurance	Attendance in the meetings of	
			Board of Directors	Audit Committee
1	Mr. Yusuf H. Shirazi	4	6/6	N/A
2	Mr. Feroz Rizvi	2	5/6	3/4
3	Mr. Isphanyar M. Bhandara	2	2/6	N/A
4	Mr. Tariq Amin (Elected w.e.f. April 10, 2015)	2	4/4	N/A
5	Mr. Ali H. Shirazi	2	6/6	4/4
6	Mr. Frahim Ali Khan (Retired w.e.f. April 10, 2015)	N/A	1/2	1/1
7	Mr. Jawaid Iqbal Ahmed	1	4/6	3/3
8	Mr. Arshad P. Rana	1	6/6	N/A

Before each meeting of the Board of directors a closed period is determined by the Company during which directors, CEO, executives of the Company and their spouses are not allowed to trade in shares of the Company in any manner, whether directly or indirectly. The Board has reviewed the status of executives in terms of Clause (xvi) & (xxiii) of the Code of Corporate Governance and has set a threshold defining categories of employees as executives consequent to which they are subject to additional regulatory requirements for trading and disclosing their transactions in the Company shares.

No transaction in the Company's shares has been reported by the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouse and minor children during the year except as disclosed in the pattern of shareholding.

### External Auditors

The present Auditors, M/s. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants have been given satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP). The external auditors have confirmed that their firm is in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP. The external auditors have not been appointed to provide other services except in accordance with the listing regulations and they have confirmed that they have observed IFAC guidelines in this respect.

The external auditors attended those Audit Committee meetings in which audited / reviewed financial statements of the Company were considered by the Audit Committee. The auditors have confirmed that they have no issue of independence and they have already reported all their concerns in the Board letters.

The present external auditors will retire at the conclusion of the 81st Annual General Meeting of the Company scheduled to be held on April 15, 2016. Since M/s. Ernst & Young Ford Rhodes Sidat Hyder had now been the external auditors of the Company for five (5) years, therefore in compliance with the requirements of the Code of Corporate Governance, the Company is required to change the external auditors for the year 2016.

The Audit Committee has suggested to the Board the name of M/s. A.F. Ferguson, Chartered Accountants as the auditors of the Company for the year ending December 31, 2016. The Board of directors recommends their appointment subject to the approval of the members in the forthcoming Annual General Meeting. M/s. A.F. Ferguson, Chartered Accountants, being eligible, have given their consent to act as auditors of the Company.

### Window Takaful Operation

Applications for seeking permission to commence Takaful business as Window Takaful operator are now being accepted by the Securities and Exchange Commission of Pakistan (SECP) and conventional insurers have started to setup Window Takaful Operations under the Takaful Rules, 2012.

The Company has also applied for authorization as General Window Takaful operator. We believe that Takaful business will create new opportunities for the Company to cater the needs of its clients and further increase its business. We expect to commence Window Takaful Operations in the first quarter of 2016, subject to obtaining the approval from the SECP.

### Employees' Retirement Benefits

The Company operates defined contribution plan for its permanent employees through either one of the following ways:

- a recognized provident fund; or
- voluntary pension schemes managed by Atlas Asset Management Limited, an associated entity, under the Voluntary Pension System Rules, 2005, viz, Atlas Pension Fund and Atlas Pension Islamic Fund.
- The newly appointed employees are offered voluntary pension schemes only. However, employees who are members of provident fund trust have the option to opt either of the two above mentioned defined contribution plans.

The Company also operates non-contributory gratuity fund scheme for its management and non-management employees.

The value of investment, based on their respective accounts is as follows:

**Provident Fund** Rs. 126.28 million (as at December 31, 2015)

#### Gratuity Fund

Management Staff Rs. 53.55 million (as at June 30, 2015)

Non-Management Staff Rs. 13.47 million (as at December 31, 2015)

### Compliance with the Code of Corporate Governance as contained in the Listing Regulations of the Stock Exchange

The directors confirm the compliance of the requirements of the Code of Corporate Governance as set out by the Pakistan Stock Exchange (formerly, Karachi Stock Exchange and Lahore Stock Exchange) in its Listing Regulations, relevant to the year ended December 31, 2015. Separate statements to these effects are annexed.

### Statement of Directors' Responsibilities

The Board regularly reviews the Company's strategic direction. Annual plans and performance targets for business are set by the Chief Executive and are reviewed by the Board in light of the Company's overall objectives. The Board is committed to maintain high standards of good corporate governance. The Company has been in compliance with the provisions set out by the SECP and the listing rules of the Stock Exchange.

#### Financial Statements

The financial statements, prepared by the management of the Company, fairly present its state of affairs, the results of its operations, cash flows and changes in equity.

#### Books of Account

The Company has maintained proper books of account.

#### Accounting Policies

Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.



### **International Accounting Standards**

International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

### **Internal Control System**

The system of internal control is sound in design and has been effectively implemented and monitored.

### **Going Concern**

There is no doubt about the company's ability to continue as a going concern.

### **Operating and Financial Data**

Operating and financial data and key ratios of the Company for last ten years are annexed.

### **Best Practices of Corporate Governance**

There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

### **Taxes and Levies**

Information about taxes and levies is given in notes to the financial statements.

## **Related Party Transactions**

In order to comply with the requirements of the Listing Regulations, the Company presented all related party transactions before the Audit Committee for their review / recommendations. These transactions were reviewed / recommended by the Audit Committee and approved by the Board of Directors in their respective meetings. Detail of related party transactions is disclosed in note 28 of the financial statements.

## **Pattern of Shareholding**

The pattern of shareholding of the Company is annexed.

## **Code of Conduct**

The Company has prepared a 'Code of Conduct', which has been approved by the Board of directors. This Code has been disseminated throughout the Company.

The basic philosophy underlying this Code is to conduct business operations with honesty, integrity and openness, and with respect for human rights and interest of the employees. The Company respects the legitimate interest of all those with whom it has relationship - government, employees, clients, shareholders and society. The Code has been placed on Company's website.

Compliance with this Code is essential element in business savvies. The Board of Directors is responsible for ensuring that the Code is communicated to and understood and observed by all the employees. Day-to-day responsibility is delegated to the senior management for implementing this Code.

## **Compliance with Secretarial Practices**

The Company Secretary furnished a Secretarial Compliance Certificate, in the prescribed form, as required under the Listing Regulation No. 5.19 of the Pakistan Stock Exchange, as part of the annual return filed with the Registrar of Companies to certify that the secretarial and corporate requirements of the Companies Ordinance, 1984 and Listing Regulations have been complied with.

## **Liquidity Management**

During the year an amount of Rs. 299.951 million (2014: Rs. 592.054 million) was generated from operating activities which was utilized in investment activities and payment of dividend to the shareholders. The Company prudently manages liquidity to ensure its ability to meet its contractual obligations more efficiently.

### Material Changes

There have been no material changes since December 31, 2015 to date of the report and the Company has not entered into any commitment during this period, which would have any adverse impact on financial position of the Company.

### Safeguarding of Records

The Company emphasize for storage and safe custody of its financial records. The Company is using oracle based GIS system for recording its financial information. Access to electronic documentation has been ensured through implementation of comprehensive password protected authorization matrix.

### Market Share Information

As per statistics compiled by the Insurance Association of Pakistan (IAP) for the year ended December 31, 2014, the market share of the Company has increased to 3.00% from 2.88% of the year 2013. Status for the year 2015 will be known once statistics of all the companies are compiled by the IAP.

### Directors Training Program

Three directors have successfully completed Directors Training Program (DTP) and remaining four meets the criteria of exemption under Clause (xi) of the Code of Corporate Governance and are accordingly exempted from DTP.

### Communication

Communication with the shareholders is given a high priority. Annual reports are distributed to the members and half yearly and quarterly reports are placed on the Company's website within the time specified by the Companies Ordinance, 1984 and the Code of Corporate Governance. The Company also has a web site, [www.atlasinsurance.com.pk](http://www.atlasinsurance.com.pk), which contains up-to-date information on the Company's activities and financial reports.

### Outstanding Statutory Payments

All outstanding payments are of normal and routine nature.

### Safety and Environment

The Company follows the safety and environment rules and regulations.

For and on behalf of the  
Board of Directors



**Arshad P. Rana**  
Chief Executive

Lahore: February 25, 2016

## Distribution of Shareholding in Central Depository Company of Pakistan Limited

As at December 31, 2015

Number of shareholders	Shareholding		Shares held
	From	To	
181	1	100	4,901
154	101	500	48,052
110	501	1,000	88,475
236	1,001	5,000	642,243
82	5,001	10,000	602,121
43	10,001	15,000	533,207
15	15,001	20,000	255,091
16	20,001	25,000	363,024
19	25,001	30,000	523,551
5	30,001	35,000	166,582
5	35,001	40,000	190,002
4	40,001	45,000	175,344
5	45,001	50,000	240,326
2	50,001	55,000	101,700
5	55,001	60,000	283,687
1	60,001	65,000	62,615
2	65,001	70,000	135,572
3	70,001	75,000	218,180
2	75,001	80,000	157,200
2	80,001	85,000	164,970
3	90,001	95,000	280,275
1	95,001	100,000	99,670
1	100,001	105,000	102,500
5	105,001	110,000	548,400
2	115,001	120,000	234,600
1	120,001	125,000	124,875
1	125,001	130,000	130,000
1	180,001	185,000	180,001
1	200,001	205,000	203,926
1	260,001	265,000	261,990
1	295,001	300,000	300,000
1	340,001	345,000	340,949
1	390,001	395,000	394,400
1	435,001	440,000	438,000
1	1,355,001	1,360,000	1,358,353
1	1,975,001	1,980,000	1,978,915
1	6,920,001	6,925,000	6,923,144
1	22,065,001	22,070,000	22,068,013
1	23,860,001	23,865,000	23,860,942
<b>918</b>			<b>64,785,796</b>

## Pattern of Shareholding As at December 31, 2015

Number of shareholders	Shareholding		Shares held
	From	To	
230	1	100	6,100
204	101	500	59,642
128	501	1,000	101,282
296	1,001	5,000	797,826
116	5,001	10,000	830,313
64	10,001	15,000	809,330
29	15,001	20,000	497,656
18	20,001	25,000	403,661
26	25,001	30,000	716,461
14	30,001	35,000	452,907
8	35,001	40,000	307,399
7	40,001	45,000	301,643
6	45,001	50,000	287,437
2	50,001	55,000	101,700
7	55,001	60,000	395,723
2	60,001	65,000	124,679
2	65,001	70,000	135,572
5	70,001	75,000	358,276
3	75,001	80,000	236,526
3	80,001	85,000	246,695
3	90,001	95,000	280,275
2	95,001	100,000	196,948
1	100,001	105,000	102,500
5	105,001	110,000	548,400
3	115,001	120,000	351,479
1	120,001	125,000	124,875
1	125,001	130,000	130,000
1	130,001	135,000	130,541
2	140,001	145,000	280,512
1	145,001	150,000	149,672
1	175,001	180,000	176,803
1	180,001	185,000	180,001
1	200,001	205,000	203,926
1	260,001	265,000	261,990
1	280,001	285,000	280,579
1	295,001	300,000	300,000
1	340,001	345,000	340,949
1	390,001	395,000	394,400
1	435,001	440,000	438,000
1	1,355,001	1,360,000	1,358,353
1	1,925,001	1,930,000	1,929,336
1	1,975,001	1,980,000	1,978,915
1	6,920,001	6,925,000	6,923,144
1	22,065,001	22,070,000	22,068,013
1	23,860,001	23,865,000	23,860,942
<b>1,205</b>			<b>70,161,381</b>

The slabs representing nil holding have been omitted.

Categories of shareholders	Number of shareholders	Number of shares held	Percentage of shares held
Directors, CEO their spouse and minor children	7	96,509	0.13%
Associated Companies, undertakings & related parties	5	54,781,436	78.08%
NIT and IDBP	2	753	0.00%
Banks, DFIs & NBFCs	3	649,100	0.93%
Insurance Company	1	166,500	0.24%
Public Sector Companies & Corporations	1	1,978,915	2.82%
* Shareholders holding 5% or more voting interest in the Company	3	52,852,099	75.33%
General Public:			
Local	1,162	10,886,465	15.52%
Foreign	-	-	-
Others:			
Joins Stock Companies	17	154,917	0.22%
Others	7	1,446,786	2.06%
<b>Total</b>	<b>1,205</b>	<b>70,161,381</b>	<b>100.00%</b>

\* Shareholders having 5% or more voting interest in the Company exist in Associated Companies, therefore, not included in the total.

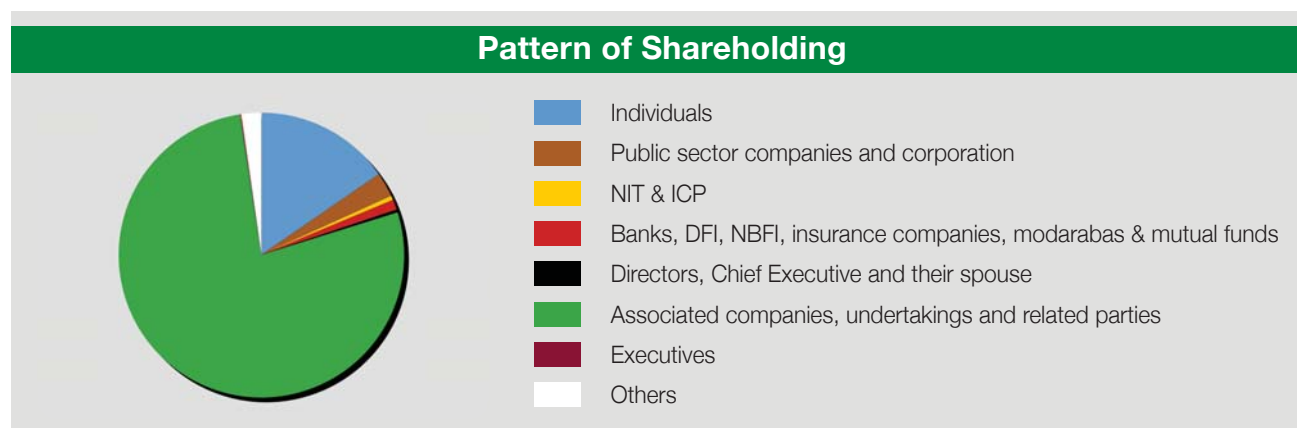
## Pattern of Shareholding as at December 31, 2015

### Information required under the Code of Corporate Governance

Categories of shareholders	Number of shareholders	Shares held	Percentage
<b>Associated Companies, Undertakings and Related Parties (Name Wise Detail)</b>			
Shirazi Investments (Pvt.) Limited	1	23,860,942	34.01%
Shirazi Capital (Pvt.) Limited	1	22,068,013	31.45%
Shirazi (Pvt.) Limited	1	6,923,144	9.87%
Atlas Foundation	1	1,929,336	2.75%
Iftikhar Shirazi Family Trust	1	1	0.00%
<b>NIT and ICP</b>			
IDBP - (ICP Unit)	2	753	0.00%
<b>Director, Chief Executive and their spouse and minor children</b>			
Mr. Yusuf H. Shirazi & Mrs. Khawar S. Shirazi	1	501	0.00%
Mr. Feroz Rizvi	1	660	0.00%
Mr. Isphanyar M. Bhandara	1	501	0.00%
Mr. Ali H. Shirazi	1	501	0.00%
Mr. Tariq Amin	1	1,000	0.00%
Mr. Jawaid Iqbal Ahmed	1	680	0.00%
Mr. Arshad P. Rana	1	92,666	0.13%
* <b>Executives</b>	2	93,346	0.13%
<b>Public Sector Companies &amp; Corporation</b>			
State Life Insurance Corporation of Pakistan	1	1,978,915	2.82%
<b>Banks, Development Finance Institutions Non-Banking Financial Institutions Insurance Companies, Modarabas and Mutual Funds</b>			
Habib Insurance Company	1	166,500	0.24%
Habibsons Bank Limited	1	93,500	0.13%
Deutsche Bank Suisse S.A	1	438,000	0.63%
Credit Suisse (Hong Kong) Limited	1	117,600	0.17%
** <b>Shareholders holding 5% or more voting interest</b>	3	52,852,099	75.33%
<b>General Public</b>	1,162	10,886,465	15.52%
<b>Others</b>	24	1,601,703	2.28%
	<u>1,205</u>	<u>70,161,381</u>	<u>100.00%</u>

\* Both the executives, as per threshold determined by the Board of directors, exist in disclosure related to the directors, therefore not included in the total.

\*\* Shareholders having 5% or more voting interest in the Company exist in Associated Companies, therefore not included in the total.



## Statement of Compliance with the Code of Corporate Governance For the year ended December 31, 2015

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

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

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

Sr. No.	Directors	Independent	Executive	Non-Executive
1	Mr. Yusuf H. Shirazi			✓
2	Mr. Feroz Rizvi	✓		✓
3	Mr. Isphanyar M. Bhandara			✓
4	Mr. Tariq Amin	✓		✓
5	Mr. Ali H. Shirazi			✓
6	Mr. Jawaid Iqbal Ahmed			✓
7	Mr. Arshad P. Rana		✓	

The independent directors meet the criteria of independence under clause 5.19.1. (b) of CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs. No director in the Board is a member of Pakistan Stock Exchange.
4. No casual vacancy occurred on the Board during the year ended December 31, 2015.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO) and other non-executive directors, have been taken by the Board.
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 been provided information and presentation on the Code of Corporate Governance, 2012. Three directors have now become certified directors, while four meet the criteria of exemption under Clause (xi) of the Code and are accordingly exempted from Directors Training Program.
10. No new appointment of CFO, Company Secretary and Head of Internal Audit was made during the year.

11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises three members, all of them are non-executive directors and the chairman of the Committee is an independent director.
16. The meetings of the Audit Committee were held at least once every quarter prior to the approval of interim and final results of the Company and as required by the CCG. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed an Human Resource and Remuneration Committee. It comprises three members, of whom two are non-executive directors including the chairman of the Committee.
18. The Board has set-up an effective internal audit function, who are considered suitably qualified and experienced for the purpose and conversant with the policies and procedures of the Company.
19. 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 spouse 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 the code of ethics as adopted by the ICAP.
20. 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.
21. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and Stock Exchange.
22. Material / price sensitive information has been disseminated among all market participants at once through Stock Exchange.
23. We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of the  
Board of Directors



**Arshad P. Rana**  
Chief Executive

Lahore: February 25, 2016



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

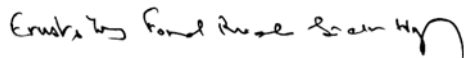
We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Atlas Insurance Limited (the Company) for the year ended December 31, 2015 to comply with the Listing Regulation No. 35 Chapter XI of the Karachi Stock Exchange Limited and Lahore Stock Exchange Limited (now Rulebook Regulation No. 5.19 of Chapter 5 of the Pakistan Stock Exchange Limited), 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 part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of director's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of directors for their review and approval of 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 requirement to the extent of approval of related party transactions by the Board of directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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



**Ernst & Young Ford Rhodes Sidat Hyder**  
Chartered Accountants

Audit Engagement Partner: Farooq Hameed

Lahore

Date: February 25, 2016

## Auditors' Report to the Members

We have audited the annexed financial statements comprising of:

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

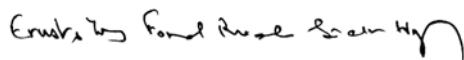
of Atlas Insurance Limited (the Company) as at December 31, 2015, together with the notes forming part thereof, for the year then ended.

It is the responsibility of the Company's Board of Directors to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the 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 International Standards on Auditing as applicable in Pakistan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 the management, as well as, evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- a) proper books of accounts have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied except for the changes as stated in note 2.5 of these 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 comprehensive income, its cash flow and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.



**Ernst & Young Ford Rhodes Sidat Hyder**

Chartered Accountants

Audit Engagement Partner: Farooq Hameed

Lahore

Date: February 25, 2016

## Balance Sheet

	<u>Note</u>	<u>2015</u> (Rupees in thousand)	<u>2014</u> (Rupees in thousand)
<b>Share capital and reserves</b>			
Authorised share capital 80,000,000 (2014: 80,000,000) ordinary shares of Rs. 10 each		800,000	800,000
Issued, subscribed and paid up capital 70,161,381 (2014: 70,161,381) ordinary shares of Rs. 10 each	6	701,614	701,614
Reserves	7	545,064	421,064
Retained earnings		599,221	544,824
		1,845,899	1,667,502
<b>Underwriting provisions</b>			
Provision for outstanding claims (including IBNR)		503,360	276,994
Provision for unearned premium		762,255	718,802
Commission income unearned		82,253	61,432
Total underwriting provisions		1,347,868	1,057,228
<b>Creditors and accruals</b>			
Premium received in advance		51,695	56,429
Amounts due to other insurers / reinsurers	8	266,036	315,070
Accrued expenses	9	107,672	83,726
Taxation - provision less payments		-	16,648
Other creditors and accruals	10	106,110	92,842
		531,513	564,715
<b>Other liabilities</b>			
Deposits against performance bonds		18,721	13,404
Unclaimed dividends		53,013	41,170
		71,734	54,574
<b>TOTAL LIABILITIES</b>		1,951,115	1,676,517
<b>TOTAL EQUITY AND LIABILITIES</b>		3,797,014	3,344,019
<b>CONTINGENCIES AND COMMITMENTS</b>	11		

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

## As at December 31, 2015

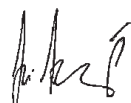
	<u>Note</u>	<u>2015</u> (Rupees in thousand)	<u>2014</u>
<b>Cash and bank deposits</b>	12		
Cash and other equivalents		90	176
Current and other accounts		428,194	432,994
		428,284	433,170
<b>Loans to employees - secured considered good</b>	13	150	194
<b>Investments</b>	14	2,124,477	1,868,597
<b>Deferred taxation</b>	15	26,168	17,410
<b>Current assets - others</b>			
Premium due but unpaid	16	148,090	145,497
Amounts due from other insurers / reinsurers	17	107,278	179,594
Salvage recoveries accrued		4,110	5,685
Accrued investment income	18	4,142	3,807
Reinsurance recoveries against outstanding claims		400,562	179,685
Deferred commission expense		70,325	50,608
Prepayments	19	419,221	381,794
Sundry receivables	20	7,095	26,126
Taxation - payments less provision		881	-
		1,161,704	972,796
<b>Fixed assets</b>	21		
<b>Tangible</b>			
Freehold land		1,168	1,168
Buildings on freehold land		10,657	11,219
Furniture and fixtures		2,513	2,666
Office equipment		9,501	9,549
Computers - owned		7,897	7,412
Motor vehicles - owned		23,501	17,233
		55,237	49,247
<b>Intangible</b>			
Computer software		994	2,605
<b>TOTAL ASSETS</b>		<u>3,797,014</u>	<u>3,344,019</u>



**Arshad P. Rana**  
Chief Executive



**Feroz Rizvi**  
Director



**Ali H. Shirazi**  
Director



**Yusuf H. Shirazi**  
Chairman

# Profit and Loss Account

## For the financial year ended December 31, 2015

	Note	Fire & property damage	Marine, aviation & transport	Motor	Engineering	Miscellaneous	Total 2015	Total 2014
<b>( Rupees in thousand )</b>								
<b>Revenue account</b>								
Net premium revenue		159,011	323,002	332,827	45,221	99,169	959,230	878,381
Net claims		(8,760)	(16,256)	(101,688)	(1,178)	(76,064)	(203,946)	(210,525)
Expenses	22	(81,902)	(73,203)	(131,765)	(38,240)	(31,413)	(356,523)	(311,040)
Net commission		36,663	34,472	(26,681)	9,702	9,791	63,947	49,897
<b>Underwriting result</b>		<u>105,012</u>	<u>268,015</u>	<u>72,693</u>	<u>15,505</u>	<u>1,483</u>	462,708	406,713
Investment income							357,016	294,682
Rental income							6,864	6,753
Other income	23						12,255	17,869
Financial charges							(559)	(435)
General and administration expenses	24						(40,465)	(34,767)
							<u>335,111</u>	<u>284,102</u>
<b>Profit before taxation</b>							797,819	690,815
Provision for taxation	25						(196,662)	(145,847)
<b>Profit after taxation</b>							<u>601,157</u>	<u>544,968</u>
<b>Profit and loss appropriation account</b>								
<b>Balance at commencement of the year</b>								
Profit after taxation for the year							544,824	456,136
Other comprehensive (loss) / income							601,157	544,968
Final dividend for 2014 @ Rs. 6 per share (2013: Rs. 5 per share)							(1,792)	3,419
Transfer to general reserve							(420,968)	(318,916)
Transfer to reserve for issue of bonus shares							(124,000)	(77,000)
							-	(63,783)
<b>Balance unappropriated profit at the end of the year</b>							<u>599,221</u>	<u>544,824</u>
Basic and diluted earnings per share -Rupees	26						8.57	7.77

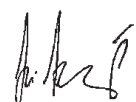
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**Arshad P. Rana**  
Chief Executive



**Feroz Rizvi**  
Director



**Ali H. Shirazi**  
Director



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Chairman

# Statement of Comprehensive Income

## For the financial year ended December 31, 2015

	<u>2015</u>	<u>2014</u>
	(Rupees in thousand)	
Profit for the year ended December 31	601,157	544,968
Other comprehensive income for the year		
Item not to be classified to profit or loss in subsequent periods:		
Re-measurement (loss) / gain on defined benefit obligation (net of tax)	(1,792)	3,419
Total comprehensive income for the year	<u>599,365</u>	<u>548,387</u>

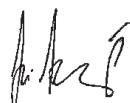
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**Arshad P. Rana**  
Chief Executive



**Feroz Rizvi**  
Director



**Ali H. Shirazi**  
Director



**Yusuf H. Shirazi**  
Chairman



# Statement of Changes in Equity

## Financial year ended December 31, 2015

	Issued, subscribed and paid-up capital	Capital Reserve		Revenue Reserve			Total	
		Capital reserve	Reserve for exceptional losses	Reserve for issue of bonus shares	General reserve	Investment fluctuation reserve		Retained earnings
( Rupees in thousand )								
<b>Balance as at January 01, 2014</b>	637,831	2,251	2,164	-	336,649	3,000	456,136	1,438,031
Profit after tax for the year	-	-	-	-	-	-	544,968	544,968
Other comprehensive income	-	-	-	-	-	-	3,419	3,419
Total comprehensive income	-	-	-	-	-	-	548,387	548,387
Final dividend for the year ended December 31, 2013 @ 50% (Rs. 5 per share)	-	-	-	-	-	-	(318,916)	(318,916)
Transfer to general reserve	-	-	-	-	77,000	-	(77,000)	-
Transfer to reserve for issue of bonus shares	-	-	-	63,783	-	-	(63,783)	-
Issue of bonus shares @ 10%	63,783	-	-	(63,783)	-	-	-	-
<b>Balance as at December 31, 2014</b>	701,614	2,251	2,164	-	413,649	3,000	544,824	1,667,502
Profit after tax for the year	-	-	-	-	-	-	601,157	601,157
Other comprehensive loss	-	-	-	-	-	-	(1,792)	(1,792)
Total comprehensive income	-	-	-	-	-	-	599,365	599,365
Final dividend for the year ended December 31, 2014 @ 60% (Rs. 6 per share)	-	-	-	-	-	-	(420,968)	(420,968)
Transfer to general reserve	-	-	-	-	124,000	-	(124,000)	-
<b>Balance as at December 31, 2015</b>	701,614	2,251	2,164	-	537,649	3,000	599,221	1,845,899

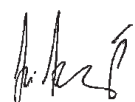
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# Cash Flow Statement

## For the financial year ended December 31, 2015

	<u>Note</u>	<u>2015</u> (Rupees in thousand)	<u>2014</u>
<b>Operating cash flows</b>			
<b>Underwriting activities</b>			
Premiums received		1,950,454	1,799,080
Reinsurance premiums paid		(1,042,021)	(636,460)
Claims paid		(492,264)	(326,073)
Reinsurance and other recoveries received		352,144	89,142
Commissions paid		(143,534)	(87,812)
Commissions received		207,792	162,803
Other underwriting payments		(1,177)	(863)
Other underwriting receipts		17,304	17,694
<b>Net cash flow from underwriting activities</b>		848,698	1,017,511
<b>Other operating activities</b>			
Income tax paid		(222,949)	(156,840)
General management expenses paid		(331,159)	(272,536)
Loans received / (disbursed)		44	(32)
Other deposits		5,317	3,951
<b>Net cash used in other operating activities</b>		(548,747)	(425,457)
<b>Total cash generated from all operating activities</b>	A	299,951	592,054
<b>Investment activities</b>			
Profit / return received		20,941	21,224
Dividends received		178,497	92,065
Rental income received		6,864	6,864
Payments for purchase of investments		(1,769,051)	(1,589,338)
Proceeds from disposal of investments		1,683,385	1,464,338
Payments against purchase of fixed assets		(24,075)	(10,055)
Proceeds from disposal of fixed assets		8,286	3,883
<b>Total cash generated from / (used in) investing activities</b>	B	104,847	(11,019)
<b>Financing activities</b>			
Dividends paid		(409,125)	(309,593)
Financial charges paid		(559)	(435)
<b>Total cash used in financing activities</b>	C	(409,684)	(310,028)
<b>Net cash (outflow) / inflow from all activities (A+B+C)</b>		(4,886)	271,007
<b>Cash at the beginning of the year</b>		433,170	162,163
<b>Cash at the end of the year</b>	12	428,284	433,170

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



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**Reconciliation to profit and loss account**

	<u>2015</u>	<u>2014</u>
	<b>(Rupees in thousand)</b>	
Operating cash flows	299,951	592,054
Depreciation	(10,000)	(8,921)
Amortization	(1,611)	(2,066)
Financial charges	(559)	(435)
Gain on disposal of fixed assets	201	527
Provision for doubtful debts	-	2,396
Increase / (decrease) in assets other than cash	141,431	(164,158)
Increase in liabilities other than borrowings	(195,973)	(114,901)
Other adjustments		
- Increase in provision for unearned premium	(7,314)	(67,260)
- (Increase) / decrease in commission income unearned	(20,821)	1,493
- Income on investments and current and other deposits	357,016	294,682
- Rental income	6,864	6,753
- Other income	12,255	17,869
- Increase/ (decrease) in provision for deferred commission expense	19,717	(13,065)
<b>Profit after taxation</b>	<u>601,157</u>	<u>544,968</u>

**Definition of cash**

Cash comprises cash in hand, bank balances and other deposits which are readily convertible to cash and which are used in the cash management function on a day-to-day basis.

**Cash for the purpose of cash flow statement consists of:**

	<u>Note</u>	<u>2015</u>	<u>2014</u>
		<b>(Rupees in thousand)</b>	
Cash and other equivalents	12	90	176
Current and other accounts	12	428,194	432,994
		<u>428,284</u>	<u>433,170</u>

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



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# Statement of Premiums

## For the financial year ended December 31, 2015

### Business underwritten inside Pakistan

Class	Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	Net premium revenue	
		Opening	Closing			Opening	Closing		2015	2014
( R u p e e s i n t h o u s a n d )										
<b>Direct and facultative</b>										
Fire and property damage	540,595	319,703	318,426	541,872	373,399	224,833	215,371	382,861	159,011	129,482
Marine, aviation and transport	483,308	42,610	37,662	488,256	165,008	15,548	15,302	165,254	323,002	327,516
Motor	478,633	186,302	232,167	432,768	169,508	20,496	90,063	99,941	332,827	311,475
Engineering	253,437	112,281	90,592	275,126	211,050	93,451	74,596	229,905	45,221	22,242
Miscellaneous	208,512	57,906	83,408	183,010	78,976	25,071	20,206	83,841	99,169	87,666
<b>Total</b>	<b>1,964,485</b>	<b>718,802</b>	<b>762,255</b>	<b>1,921,032</b>	<b>997,941</b>	<b>379,399</b>	<b>415,538</b>	<b>961,802</b>	<b>959,230</b>	<b>878,381</b>
<b>Treaty</b>	-	-	-	-	-	-	-	-	-	-
<b>Grand Total</b>	<b>1,964,485</b>	<b>718,802</b>	<b>762,255</b>	<b>1,921,032</b>	<b>997,941</b>	<b>379,399</b>	<b>415,538</b>	<b>961,802</b>	<b>959,230</b>	<b>878,381</b>

#### Note:

Premiums written include administration surcharge amounting to Rs. 17,304 thousand (2014: Rs. 17,694 thousand)

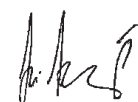
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Chief Executive



**Feroz Rizvi**  
Director



**Ali H. Shirazi**  
Director



**Yusuf H. Shirazi**  
Chairman

# Statement of Claims

## For the financial year ended December 31, 2015

### Business underwritten inside Pakistan

Class	Claims paid	Outstanding claims		Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue	Net claims expense	
		Opening	Closing			Opening	Closing		2015	2014
( R u p e e s i n t h o u s a n d )										
<b>Direct and facultative</b>										
Fire and property damage	135,847	91,668	104,109	148,288	127,107	87,409	99,830	139,528	8,760	3,279
Marine, aviation and transport	120,280	71,429	32,030	80,881	95,219	54,712	24,118	64,625	16,256	22,417
Motor	141,424	69,984	92,343	163,783	49,059	10,483	23,519	62,095	101,688	130,770
Engineering	20,717	27,351	252,471	245,837	19,422	24,122	249,359	244,659	1,178	2,707
Miscellaneous	75,571	12,782	18,627	81,416	4,575	2,959	3,736	5,352	76,064	51,352
<b>Total</b>	<b>493,839</b>	<b>273,214</b>	<b>499,580</b>	<b>720,205</b>	<b>295,382</b>	<b>179,685</b>	<b>400,562</b>	<b>516,259</b>	<b>203,946</b>	<b>210,525</b>
<b>Treaty</b>										
Fire and property damage	-	1,755	1,755	-	-	-	-	-	-	-
Marine, aviation and transport	-	1,939	1,939	-	-	-	-	-	-	-
Miscellaneous	-	86	86	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>3,780</b>	<b>3,780</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total</b>	<b>493,839</b>	<b>276,994</b>	<b>503,360</b>	<b>720,205</b>	<b>295,382</b>	<b>179,685</b>	<b>400,562</b>	<b>516,259</b>	<b>203,946</b>	<b>210,525</b>

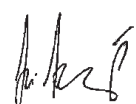
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**Arshad P. Rana**  
Chief Executive



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Director



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Director



**Yusuf H. Shirazi**  
Chairman

# Statement of Expenses

## For the financial year ended December 31, 2015

### Business underwritten inside Pakistan

Class	Commissions paid or payable	Deferred commission		Net commission expense	Other management expenses	Underwriting expense	Commissions from reinsurers	Net underwriting expense	
		Opening	Closing					2015	2014
( R u p e e s i n t h o u s a n d )									
<b>Direct and facultative</b>									
Fire and property damage	46,232	19,454	22,295	43,391	81,902	125,293	80,054	45,239	51,735
Marine, aviation and transport	16,741	1,494	1,469	16,766	73,203	89,969	51,238	38,731	45,366
Motor	58,832	15,419	34,488	39,763	131,765	171,528	13,082	158,446	138,893
Engineering	16,075	12,048	9,579	18,544	38,240	56,784	28,246	28,538	22,442
Miscellaneous	4,861	2,193	2,494	4,560	31,413	35,973	14,351	21,622	2,707
<b>Total</b>	<u>142,741</u>	<u>50,608</u>	<u>70,325</u>	<u>123,024</u>	<u>356,523</u>	<u>479,547</u>	<u>186,971</u>	<u>292,576</u>	<u>261,143</u>
<b>Treaty</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total</b>	<u>142,741</u>	<u>50,608</u>	<u>70,325</u>	<u>123,024</u>	<u>356,523</u>	<u>479,547</u>	<u>186,971</u>	<u>292,576</u>	<u>261,143</u>

#### Note:

Commission from reinsurers is arrived at after taking impact of opening and closing unearned commission.

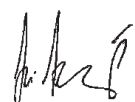
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Director



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Chairman



# Statement of Investment Income

## For the financial year ended December 31, 2015

	<u>2015</u>	<u>2014</u>
	(Rupees in thousand)	
<b>Income from non-trading investments</b>		
<b>Held to maturity</b>		
Return on government securities	8,686	8,052
<b>Available for sale</b>		
Return on National Investment (Unit) Trust	136	124
Dividend income		
- from related parties	100,445	35,283
- from others	78,251	56,310
	178,696	91,593
Gain on sale of available for sale investments	209,601	199,146
Less: Provision for impairment in value of available for sale investment	(39,571)	(3,687)
Less: Investment related expenses	(532)	(546)
<b>Net investment income</b>	<u>357,016</u>	<u>294,682</u>

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



**Arshad P. Rana**  
Chief Executive



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Director



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Director



**Yusuf H. Shirazi**  
Chairman

# Notes to the Financial Statements

## For the financial year ended December 31, 2015

### 1. The Company and its operations

Atlas Insurance Limited (the Company) was incorporated as a public limited Company on September 06, 1934 and is listed on Pakistan Stock Exchange (formerly Karachi Stock Exchange and Lahore Stock Exchange). The Company is engaged in general insurance business. The registered office of the Company is situated at 3-Bank Square, Shahrah-e-Quaid-e-Azam, Lahore.

### 2 Basis of presentation and statement of compliance

#### 2.1 Basis of presentation

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

#### 2.2 Presentation currency

The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. Figures in these financial statements have been rounded off to the nearest thousands of rupees unless otherwise stated.

#### 2.3 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for recognition of certain employee retirement benefits at present value.

#### 2.4 Statement of compliance

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

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

#### 2.5 Standards, interpretations and amendments to published approved accounting standards effective in 2015

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as follows:

##### New standards, interpretations and amendments

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

IFRS 10 - Consolidated Financial Statements

IFRS 11 - Joint Arrangements

IFRS 12 - Disclosure of Interests in Other Entities

IFRS 13 - Fair Value Measurement

IAS 19 - Employee Benefits (Amendment) - Defined Benefit Plans: Employee Contributions

**Improvements to accounting standards issued by the IASB in December 2013**

IFRS 2 - Share-based Payment - Definitions of vesting conditions

IFRS 3 - Business Combinations - Accounting for contingent consideration in a business combination

IFRS 3 - Business Combinations - Scope exceptions for joint ventures

IFRS 8 - Operating Segments - Aggregation of operating segments

IFRS 8 - Operating Segments - Reconciliation of the total of the reportable segments' assets to the entity's assets

IFRS 13 - Fair Value Measurement - Scope of paragraph 52 (portfolio exception)

IAS 16 - Property, Plant and Equipment and IAS 38 Intangible Assets - Revaluation method - proportionate restatement of accumulated depreciation / amortisation

IAS 24 - Related Party Disclosures - Key management personnel

IAS 40 - Investment Property - Interrelationship between IFRS 3 and IAS 40 (ancillary services)

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any material effect on the financial statements except that certain disclosure is given in note 32 to the financial statements which has been included as a result of adoption of IFRS 13.

**3. Significant accounting estimates and judgments**

The preparation of financial statements in conformity with approved financial reporting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on the historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both periods. The major areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

- a) classification of insurance contracts (note 4.1);
- b) provision for outstanding claims (including IBNR) (note 4.2.1);
- c) provision for unearned premium (note 4.2.2.1);
- d) premium deficiency reserve (note 4.2.2.2);
- e) accounting for employee benefit plans (note 4.3);
- f) recognition of taxation and deferred tax (note 4.4);
- g) classification of investments (note 4.7);
- h) impairment (note 4.10);
- i) deferred commission expense (note 4.12);
- j) determining the residual values and useful lives of fixed assets (note 4.13);
- k) allocation of management expenses (note 4.20); and
- l) segment reporting (note 4.23).

**4. Significant accounting policies**

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

**4.1 Insurance contracts**

Insurance contracts are those contracts where the Company has accepted significant insurance risks from the policy holders by agreeing to compensate the policy holders on the occurrence of a specified uncertain future event (the insured event) that adversely affects the policy holders under the terms and conditions of the contract.

Insurance contracts issued by the Company are generally classified in five basic categories i.e. Fire and property damage, Marine, aviation and transport, Motor, Engineering and Miscellaneous. Contracts are issued to multiple types of clients with business in engineering, automobiles, cement, power, textile, paper, agriculture, services and trading sectors etc. and individuals as well. The tenure of these insurance contracts depends upon terms of the policies written and varies accordingly.

- Fire and property damage insurance contracts generally cover the assets of the policy holders against damages by fire, earthquake, riot and strike, explosion, atmospheric disturbance, flood, electric fluctuation and impact and burglary etc. and loss of profit followed by the incident of fire.
- Marine, aviation and transport insurance contracts generally provide cover for loss of or damage to cargo while in transit to and from foreign lands and inland transit due to various insured perils including loss of or damage to carrying vessel etc.
- Motor insurance contracts provide indemnity for accidental damage to or loss of insured vehicle including loss of or damage to third party and other comprehensive car coverage.
- Engineering insurance contracts provide wide coverage of contractors all risk, erection all risk, machinery breakdown, boiler damage, loss of profit due to MBD, computer all risk and bond etc.
- Miscellaneous insurance contracts provide wide variety of coverage including cover against burglary, loss of cash in safe, cash in transit and cash on counter, health, travel and crop etc.

In addition to direct insurance, at times the Company also participates in risks under coinsurance from other companies and also accepts risks through reinsurance inward by way of facultative acceptances on case to case basis provided such risks are within the underwriting policies of the Company. The nature of the risks undertaken under such arrangement is consistent with the risks in each class of business as stated above.

The accounting policy for revenue recognition of insurance contracts is given in note 4.18.1. Accounting policies for recording of amounts due to / from other insurers / reinsurers / agents and for recognition of claims incurred (both reported and not reported) are stated in note 4.9 and 4.2.1, respectively.

## 4.2 Underwriting provisions

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

The Company recognizes liability in respect of all claims incurred up to the balance sheet date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in an insurance contract. The liability for claims includes amounts in relation to unpaid reported claims, IBNR, and expected claim settlement costs.

Outstanding claims comprise the estimated cost of claims incurred but not settled at the balance sheet date, whether reported or not. Provisions for IBNR are based on the best estimate which takes into account the past trend, expected future patterns of reporting claims and the claims actually reported subsequent to the balance sheet date.

The Company accounts for IBNR based on an analysis of past claims reporting pattern by tracking movement in claims incurred in an accounting period.

Reinsurance recoveries against outstanding claims are recognized on occurrence of the related claim liability. These are recorded as an asset and measured at the amount expected to be received.

### 4.2.2 Unexpired risk

The Company determines its liability for unexpired risk, according to the requirements of Insurance Ordinance, 2000, at a value not less than the sum of provision for unearned premium and premium deficiency reserve.

#### 4.2.2.1 Provision for unearned premium

Provision for unearned premium represents the portion of premium written relating to the unexpired period of coverage at the reporting date. The Company maintains its provision for unearned premium net of reinsurances by applying the 1/24th method on fire and property damage motor, engineering and miscellaneous as stipulated in Accounting Regulation 8(4)(b) of the SEC (Insurance) Rules, 2002 for non-life insurance companies. However, in case of marine, aviation and transport, premium written net of reinsurances during last month is taken to the provision for unearned premium.

#### 4.2.2.2 Premium deficiency reserve

In order to comply with the requirements of section 34(2)(d) of the Insurance Ordinance, 2000, a premium deficiency reserve is maintained for each class of business, where the unearned premium liability for any class of business is not adequate to meet the expected future liability, after re-insurance, for claims and other expenses, including reinsurance expense, commissions, and other underwriting expenses, expected to be incurred after the balance sheet date in respect of the policies in force at the balance sheet date, in that class of business. The movement in the premium deficiency reserve is recorded as an expense / income as part of the underwriting results for the year.

An analysis of loss ratios for the expired period is carried out, at each class of business level, keeping in view historical claim development. Where ratios are adverse an assessment is made if this is due to one off claim and if not, a deficiency in premium is recognized in the current period. The loss ratios for the current and prior year are as follows:

	<u>2015</u>	<u>2014</u>
Fire and property damage	6 %	3 %
Marine, aviation and transport	5 %	7 %
Motor	31 %	42 %
Engineering	3 %	12 %
Miscellaneous	77 %	59 %

Keeping in view the adequacy of the reserves on December 31, 2015, in line with the provisions of the Insurance Ordinance, 2000 and SEC (Insurance Rules) 2002, a premium deficiency reserve is not required and accordingly no provision for the same has been made in financial statements of the current year.

#### 4.2.3 Commission

##### 4.2.3.1 Commission income

Commission income from reinsurers is recognized at the time of issuance of the underlying insurance policy by the Company. This income is deferred and brought to account as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates. Profit commission, if any, which the Company may be entitled to under the terms of reinsurance, is recognized on accrual basis.

##### 4.2.3.2 Commission income unearned

Unearned commission income from the reinsurers represents the portion of income relating to the unexpired period of coverage and is recognized as a liability.

#### 4.3 Staff retirement benefits

##### 4.3.1 Defined contribution plan

The Company operates a funded contributory provident fund (defined contribution plan) for all employees. Equal monthly contributions are made, both by the Company and the employees, to the fund, under the terms of the scheme.

##### 4.3.2 Defined benefit plan

The Company operates two separate funded gratuity schemes (defined benefit plans) in respect of the all permanent employees (management and non - management) to which the Company makes contribution on the basis of recommendations made by the actuary. The latest actuarial valuation was carried out as at December 31, 2015, using the 'Projected Unit Credit Method'.

Actuarial gains or losses are recognized in other comprehensive income when they occur. Amounts recorded in profit and loss are limited to current and past service costs, gains or losses on settlements and net interest income (expense).

##### 4.3.3 Compensated absences

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

#### 4.4 Taxation

##### 4.4.1 Current

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

##### 4.4.2 Deferred

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

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

#### 4.5 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost.

#### 4.6 Loans to employees

These are recognized at cost, which is the fair value of the consideration given.

#### 4.7 Investments

##### 4.7.1 Recognition

All investments are initially recognized at cost, being the fair value of the consideration given and include transaction costs. These are classified into the following categories:

- Held to maturity
- Available for sale

##### 4.7.2 Measurement

###### 4.7.2.1 Held to maturity

Investments with fixed maturity, where management has both the intent and the ability to hold to maturity, are classified as held-to-maturity and are initially measured at the cost being the fair value of consideration paid.

Subsequently these are measured at amortized cost using the effective yield method. Any premium paid or discount availed on acquisition of held to maturity investments is deferred and included in the income for the period on a straight line basis over the term of investment.

###### 4.7.2.2 Available for sale

Investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available for sale and are stated at cost being the fair value of consideration paid.

Subsequent to initial recognition at cost, these are stated at the lower of cost or market value (market value being taken as lower if the fall is other than temporary) in accordance with the requirements of the S.R.O. 938 issued by SECP in December, 2002. The Company uses latest stock exchange quotations in an active market to determine the market value of its listed investments whereas, impairment of investments in unlisted companies is computed to net assets of the investee on the basis of the latest available audited / unaudited financial statements.

If these investments had been measured at fair value as required by IAS 39, the Company's net investments would have been higher by Rs. 2,282,040 thousand (2014: Rs. 1,858,793 thousand).

All 'regular way' purchases and sales of investments are recognized on the trade date which is the date that the Company commits to purchase or sell the investment.

###### 4.7.2.3 Sale and repurchase agreements

Securities purchased under an agreement to resell (reverse repo) are not recognized in the financial statements as investment and the amount extended to the counter party is shown as short term placement. The difference between the sale and repurchase price is recognized as mark-up earned and included in the other income.

#### 4.8 Reinsurance contracts

The Company enters into reinsurance contracts with reinsurance companies by arranging treaty reinsurance, whereby certain agreed proportion of risks are shared with the participating companies, hence higher underwriting capacity with larger spread becomes available. Depending upon the nature and / or size of the risk at times reinsurance of excess of capacity is also placed on case to case basis under facultative reinsurance arrangement. The Company also accepts facultative reinsurance from other local insurance companies provided the risk meets the underwriting requirements of the Company.



The risks undertaken by the Company under these contracts for each class of business are stated in note 4.1.

The benefits to which the Company is entitled under reinsurance contracts held are recognized as reinsurance assets. These assets include amount due from reinsurers as well as receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Reinsurance liabilities primarily include premium payable and commission payable (in case of facultative acceptance). Reinsurance assets and liabilities are measured consistently with the terms of the underlying reinsurance contracts.

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

The movement in reinsurance assets for the year ending December 31, 2015 is given in statement of premium and statement of claims. Reinsurance assets are not offset against related insurance liabilities.

Recognition criteria of reinsurance assets and liabilities is stated in note 4.9 and recognition criteria for reinsurance income and expenses is stated in note 4.2.3.1 and note 4.21, respectively.

An analysis of reinsurance assets based on credit rating of the entity, from whom it is due is as follows:

Ratings	Amounts due from reinsurers		Reinsurance recoveries against outstanding claims		Other reinsurance assets	
	2015	2014	2015	2014	2015	2014
	(Rupees in thousand)					
A or above (Including PRCL)	49,057	105,626	372,017	176,346	415,091	379,399
BBB	-	-	26,723	1,574	-	-
Others	1,469	1,662	1,822	1,765	447	-
	<u>50,526</u>	<u>107,288</u>	<u>400,562</u>	<u>179,685</u>	<u>415,538</u>	<u>379,399</u>

#### 4.9 Amounts due to / from other insurers / reinsurers / agents

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

#### 4.10 Impairment of assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that a financial asset or group of assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognized, in the profit and loss account, for the difference between the recoverable amount and the carrying amount. Provisions for impairment are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Changes in the provisions are recognized as income or expense.

#### 4.11 Prepaid reinsurance premium ceded

Prepaid reinsurance premium ceded is recognized as liability as follows:

- for reinsurance contracts operating on a proportional basis, on attachment of the underlying policies reinsured; and
- for reinsurance contracts operating on a non-proportional basis, on inception of the reinsurance contract.

#### 4.12 Deferred commission expense

Deferred commission expense represents the portion of commission expense relating to the unexpired period of coverage. The Company maintains its provision for deferred commission by applying the 1/24th method on fire and property damage, motor, engineering and miscellaneous as stipulated in Accounting Regulation 8(4)(b) of the SEC (Insurance) Rules, 2002 for non life insurance companies. In case of marine, aviation and transport commission expense relating to last month is taken as deferred commission expense.

#### 4.13 Fixed assets

##### 4.13.1 Tangible - owned

Fixed assets except freehold land are stated at cost less accumulated depreciation and impairment, if any. Cost of tangible fixed assets consists of historical cost and directly attributable cost of bringing the assets to their present location and condition. Depreciation is charged to income applying the reducing balance method at the rates given in fixed assets schedule to write off the cost of operating fixed assets over their expected useful life. Depreciation on addition to fixed assets is charged from the month in which an asset is acquired or capitalized, whereas no depreciation is charged in the month of disposal.

Maintenance and normal repairs are charged to income as and when incurred whereas major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Gain and loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

The assets' residual value and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant. The Company's estimate of the residual value of its fixed assets as at December 31, 2015 has not required any adjustment as its impact is considered insignificant.

##### 4.13.2 Tangible - leased

Assets held under finance leases are initially recorded at the lower of the present value of minimum lease payments under the lease agreements and the fair value of the leased assets. The related obligations under the leases less financial charges allocated to future periods are shown as a liability.

The financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of interest on the outstanding liability.

Depreciation on leased assets is charged by applying the reducing balance method at the rates used for similar owned assets, so as to depreciate the assets over their estimated useful lives in view of certainty of ownership of the assets at the end of the lease term.

##### 4.13.3 Intangible

The intangible asset is stated at cost less accumulated amortization and impairment, if any. Amortization is calculated on a straight-line basis over the estimated useful life of the asset.

##### 4.13.4 Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss.

#### 4.14 Creditors, accruals and provisions

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

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

#### 4.15 Foreign currency translation

Transactions in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the balance sheet date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. Exchange differences on foreign currency translations are included in profit and loss account.

#### 4.16 Financial instruments

All financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognized at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gains or losses on de-recognition of the financial assets and financial liabilities are included in the profit and loss account for the year.

Financial instruments carried on the balance sheet include cash and bank deposits, loans to employees, investments, premiums due but unpaid, amounts due from other insurers / reinsurers, salvage recoveries accrued, accrued investment income, reinsurance recoveries against outstanding claims, sundry receivables, provision for outstanding claims, amounts due to other insurers / reinsurers, accrued expenses, other creditors and accruals, deposits against performance bonds and unclaimed dividend. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

#### 4.17 Offsetting of financial assets and financial liabilities

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

#### 4.18 Revenue recognition

##### 4.18.1 Premium income earned

Premium income under a policy is recognized over the period of insurance from the date of the issue of the policy to which it relates to its expiry as follows:

- a) for direct business, evenly over the period of the policy; and
- b) for proportional reinsurance business, evenly over the period of underlying insurance policies.

Where the pattern of incidence of risk varies over the period of the policy, premium is recognized as revenue in accordance with the pattern of the incidence of risk.

Premiums for policies receivable in installments are recognized as receivable at the inception of the policy and is recognized as income over the period of the policy.

##### 4.18.2 Dividend income and bonus shares

Dividend income and entitlement of bonus shares are recognized when the right to receive such dividends and bonus shares is established.

Gain / loss on sale of investments is taken to the profit and loss account in the year of sale as per settlement date.

##### 4.18.3 Income on held to maturity investments

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

##### 4.18.4 Administration surcharge

This represents documentation and other charges recovered by the Company from policy holders in respect of policies issued, at a rate of 5% of the premium, restricted to a maximum of Rs. 2,000 per policy. Administrative surcharge is recognized as revenue at the time of issuance of policy.

##### 4.18.5 Rent and other income

Rental and other income is recognized on accrual basis.

#### 4.19 Zakat

Zakat deductible compulsorily under the Zakat and Ushr Ordinance, 1980 is accounted for in the year of deduction.

#### 4.20 Expenses

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

#### 4.21 Reinsurance expenses

Premium ceded to reinsurers is recognized as expense as follows:

- a) for reinsurance contracts operating on a proportional basis, on attachment of the underlying policies reinsured.
- b) for reinsurance contracts operating on a non-proportional basis, on inception of the reinsurance contract.

**4.22 Pakistan Reinsurance Company Limited (PRCL) - Retrocession**

PRCL retrocession business is accounted for on the basis of the statements received relating to the first three quarters of the current year and last one quarter of the previous year.

**4.23 Segment reporting - primary segments**

The Company accounts for segment reporting using the classes of business as specified under the Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 as the primary reporting format based on the Company's practice of internal reporting to the management on the same basis. The Company has determined its primary segments based on insurance risks covered under five types of insurance contracts as stated in note 4.1.

As the operations of the Company are predominantly carried out in Pakistan, information relating to geographical segment is not considered relevant.

**5. Standards, interpretation and amendments to approved accounting standards that are not yet effective**

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

<b>Standard or interpretation</b>	<b>Effective date (annual periods beginning on or after)</b>
IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements - Investment Entities: Applying the Consolidation Exception (Amendment)	January 01, 2016
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	January 01, 2016
IFRS 11 Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	January 01, 2016
IAS 1 Presentation of Financial Statements - Disclosure Initiative (Amendment)	January 01, 2016
IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	January 01, 2016
IAS 16 Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)	January 01, 2016
IAS 27 Separate Financial Statements - Equity Method in Separate Financial Statements (Amendment)	January 01, 2016

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in September 2014. Such improvements are generally effective for accounting periods beginning on or after January 01, 2016. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

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

<b>Standard</b>	<b>IASB Effective date (annual periods beginning on or after)</b>
IFRS 9 Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14 Regulatory Deferral Accounts	January 01, 2016
IFRS 15 Revenue from Contracts with Customers	January 01, 2018
IFRS 16 Leases	January 01, 2019

**6. Issued, subscribed and paid up capital**

<u>2015</u> (Number of shares)	<u>2014</u> (Number of shares)		<u>2015</u> (Rupees in thousand)	<u>2014</u> (Rupees in thousand)
250,000	250,000	Ordinary shares of Rs. 10 each fully paid in cash	2,500	2,500
69,911,381	69,911,381	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	699,114	699,114
<u>70,161,381</u>	<u>70,161,381</u>		<u>701,614</u>	<u>701,614</u>

23,860,942 (2014: 23,860,942) ordinary shares and 22,068,013 (2014: 22,068,013) ordinary shares of the Company are held by Shirazi Investments (Private) Limited and Shirazi Capital (Private) Limited respectively, both associated undertakings, as at December 31, 2015.

**Movement in paid up capital**

	<u>Number of shares</u>	<u>Rupees in thousand</u>
As at January 01, 2014	63,783,074	637,831
Issued as fully paid bonus shares	6,378,307	63,783
As at December 31, 2014	70,161,381	701,614
Issued as fully paid bonus shares	-	-
As at December 31, 2015	<u>70,161,381</u>	<u>701,614</u>

**7. Reserves****Capital reserves**

	<u>Note</u>	<u>2015</u> (Rupees in thousand)	<u>2014</u> (Rupees in thousand)
Capital reserve		2,251	2,251
Reserve for exceptional losses	7.1	2,164	2,164
		<u>4,415</u>	<u>4,415</u>

**Revenue reserves**

General reserve			
- At the beginning of the year		413,649	336,649
- Transfer from retained earnings		124,000	77,000
Investment fluctuation reserve	7.2	537,649	413,649
		3,000	3,000
		<u>540,649</u>	<u>416,649</u>
		<u>545,064</u>	<u>421,064</u>

**7.1** This represents a specific purpose reserve for possible losses on exceptional insurance claims. The reserve was created to avail the deduction in computing taxable income, as allowed previously under the Income Tax Act of 1922. After the introduction of Income Tax Ordinance, 2001, under which the said deductions are not permitted, the Company discontinued the setting aside of amounts thereafter as reserve for exceptional losses.

**7.2** This has been set aside in prior years for utilization against diminution in the value of investments.

**8. Amounts due to other insurers / reinsurers**

	<u>2015</u> (Rupees in thousand)	<u>2014</u> (Rupees in thousand)
Amounts due to co-insurers	40,698	45,652
Amounts due to reinsurers	225,338	269,418
	<u>266,036</u>	<u>315,070</u>

	<u>Note</u>	<u>2015</u> <u>(Rupees in thousand)</u>	<u>2014</u>
<b>9. Accrued expenses</b>			
Commission payable		27,027	27,820
Bonus to staff payable		31,840	19,300
Profit commission payable		7,632	6,342
Leave encashment payable		16,031	14,241
Other accrued expenses		25,142	16,023
		<u>107,672</u>	<u>83,726</u>
<b>10. Other creditors and accruals</b>			
Federal insurance fee		2,079	2,446
Federal excise duty		25,587	30,907
Donation payable	24.1	7,889	6,867
Staff retirement benefits	10.1	2,653	-
Workers' welfare fund		65,289	49,251
Others		2,613	3,371
		<u>106,110</u>	<u>92,842</u>
<b>10.1 Staff retirement benefits</b>			
<b>Gratuity</b>			
- Management staff	10.1.1	2,795	(904)
- Non-management staff	10.1.1	(142)	188
		<u>2,653</u>	<u>(716)</u>

**10.1.1** The latest valuation of scheme was carried out as at December 31, 2015 using the Projected Unit Credit Method. Provision has been made in the financial statements to cover the related obligation in accordance with the actuarial recommendations.

	<u>2015</u>	<u>2014</u>
Following significant assumptions were used for the actuarial valuation:		
- Discount rate	9% per annum	10.5% per annum
- Expected rate of increase in salaries	8% per annum	9.5% per annum
- Expected return on plan assets	9% per annum	10.5% per annum

The amounts recognized in balance sheet are as follows:

	<u>Management staff</u>		<u>Non-management staff</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>(Rupees in thousand)</u>			
Present value of defined benefit obligation	33,516	50,399	13,278	12,939
Fair value of plan assets	(52,373)	(51,303)	(13,520)	(12,851)
	<u>(18,857)</u>	<u>(904)</u>	<u>(242)</u>	<u>88</u>
Payable in respect of inter group transfers	21,652	-	100	100
Liability / (asset) as at December 31	<u>2,795</u>	<u>(904)</u>	<u>(142)</u>	<u>188</u>
Net liability / (asset) as at January 01	(904)	5,970	188	2,564
Charge to profit and loss account	1,815	2,360	806	985
Contribution made by the Company	-	(6,611)	(1,887)	(2,565)
Liability recognized in respect of promotions	307	152	(307)	(152)
Remeasurements recognised in other comprehensive income	1,577	(2,775)	1,058	(644)
Liability / (asset) as at December 31	<u>2,795</u>	<u>(904)</u>	<u>(142)</u>	<u>188</u>

	Management staff		Non-management staff	
	2015	2014	2015	2014
	(Rupees in thousand)			
<b>10.1.1.1 The movement in the present value of defined benefit obligation is as follows:</b>				
Present value of defined benefit obligation	50,399	45,253	12,939	11,124
Current service cost	1,905	1,422	797	677
Interest cost	4,565	5,018	1,321	1,411
Benefits paid	(1,547)	-	(1,698)	-
Liabilities in respect of promotees	307	152	(307)	(152)
Liabilities in respect of transfers	(21,816)	-	-	(100)
Re-measurements: Actuarial (gain) / loss on defined benefit obligation	(297)	(1,446)	226	(21)
Present value of defined benefit obligation	33,516	50,399	13,278	12,939
<b>10.1.1.2 The movement in fair value of plan assets is as follows:</b>				
Fair value as at January 01	51,303	37,443	12,851	8,560
Expected return on plan assets	4,655	4,080	1,312	1,103
Company contributions	-	6,611	1,887	2,565
Benefits paid	(1,547)	-	(1,698)	-
Net return on plan assets over interest income	(1,874)	1,329	(832)	623
Received from other group companies in respect of transfers	(164)	1,840	-	-
Fair value as at December 31	52,373	51,303	13,520	12,851
<b>10.1.1.3 Defined benefit cost for the year</b>				
<b>Cost recognized in profit and loss account for the year</b>				
<b>Service cost - current</b>	1,905	1,422	797	677
<b>Net interest cost</b>				
Interest cost on defined benefit obligation	4,565	5,018	1,321	1,411
Interest income on plan assets	(4,655)	(4,080)	(1,312)	(1,103)
	(90)	938	9	308
	1,815	2,360	806	985
<b>Re-measurement recognized in other comprehensive income during the year</b>				
Actuarial (gain) / loss on obligation	(297)	(1,446)	226	(21)
Net return on plan assets over interest income	1,874	(1,329)	832	(623)
	1,577	(2,775)	1,058	(644)
	3,392	(415)	1,864	341
<b>10.1.1.4 Plan assets are comprised as follows:</b>				
	<b>Management staff</b>			
	Fair value		Fair value percentage	
	2015	2014	2015	2014
	(Rupees in thousand)			
Debt	23,752	23,360	45%	46%
Mutual funds	26,582	-	51%	-
Equity	-	24,685	-	48%
Cash and bank balances	2,039	3,258	4%	6%
	52,373	51,303		
	<b>Non-management staff</b>			
	Fair value		Fair value percentage	
	2015	2014	2015	2014
	(Rupees in thousand)			
Debt	3,539	6,332	26%	49%
Mutual funds	9,908	6,474	73%	51%
Cash and bank balances	73	45	1%	-
	13,520	12,851		



## 10.1.1.5 Historical data

	2015	2014	2013	2012	2011
	<b>(Rupees in thousand)</b>				
<b>Management staff as at December 31</b>					
Present value of defined benefit obligation	33,516	50,399	45,253	36,482	33,287
Fair value of plan assets	(52,373)	(51,303)	(37,443)	(33,869)	(22,925)
	(18,857)	(904)	7,810	2,613	10,362
Experience adjustment on obligation	(1%)	(3%)	(8%)	5%	7%
Experience adjustment on plan assets	(4%)	3%	(1%)	(6%)	2%
<b>Non-management staff as at December 31</b>					
Present value of defined benefit obligation	13,278	12,939	11,124	2,397	2,066
Fair value of plan assets	(13,520)	(12,851)	(8,560)	(7,140)	(6,147)
	(242)	88	2,564	(4,743)	(4,081)
Experience adjustment on obligation	1.70%	(0.16%)	9%	3%	16%
Experience adjustment on plan assets	(6%)	5%	(7%)	(3%)	7%

## 10.1.1.6 Sensitivity analysis on significant actuarial assumption: actuarial liability

	2015		2014	
	Management staff	Non-management staff	Management staff	Non-management staff
	<b>(Rupees in thousand)</b>			
Discount rate +1%	31,869	12,308	48,688	12,039
Discount rate -1%	35,403	14,383	52,325	13,966
Long term salary increases +1%	35,566	14,450	52,563	14,029
Long term salary increases -1%	31,693	12,234	48,435	11,968

## 11. Contingencies and commitments

## 11.1 Contingencies

- 11.1.1 The Additional Commissioner Inland Revenue (ADCIR) issued orders under section 122(5A) creating a cumulative income tax demand of Rs. 117,817 (thousand) for tax years 2009 to 2014 on the basis that dividend and rental income should be taxed at normal corporate rate instead of reduced rates, further, he has also charged WWF. Commissioner Inland Revenue (Appeals) [CIR(A)] accepted the stance of the Company to the extent of rental income and chargeability of WWF however upheld the decision in respect of dividend income and reduced the demand to Rs. 58,895 (thousand). Against the order of CIR(A), the Company preferred appeal before the Appellate Tribunal Inland Revenue (ATIR). The ATIR confirm the decision of the CIR(A). Being aggrieved with the decision of ATIR, the Company has filed reference applications before the Lahore High Court, which is pending adjudication.

The matter is still undecided, no provision has been made in these financial statements as the management is confident that favorable outcome is expected.

	2015	2014
	<b>(Rupees in thousand)</b>	
11.1.2 Other contingencies		
Claims against the Company not acknowledged as debt	69,531	13,344

## 11.2 Commitments

The amount of future payments under operating leases and the period in which these payments will become due are as follows:

	2015	2014
	<b>(Rupees in thousand)</b>	
Not later than one year	41,812	40,363
Later than one year and not later than five years	22,265	22,597
Later than five years	458	-
	<u>64,535</u>	<u>62,960</u>

	<u>Note</u>	<u>2015</u> <u>(Rupees in thousand)</u>	<u>2014</u> <u>(Rupees in thousand)</u>
<b>12. Cash and bank deposits</b>			
<b>Cash and other equivalents</b>			
Cash in hand		90	176
<b>Current and other accounts</b>			
Current accounts		109,360	238,838
Saving accounts	12.1	318,834	194,156
		428,194	432,994
		<u>428,284</u>	<u>433,170</u>

12.1 The balance in savings accounts bears mark-up which ranges from 4% to 6.5% (2014: 8.25% to 9%) per annum.

### 13. Loans to employees - secured considered good

These represent interest free loans to employees for purchase of motor vehicles in accordance with the policy of the Company. These loans are secured against the registration of the vehicles and are repayable in monthly installments over a period of five years.

No loan was given to the Chief Executive, directors and executives of the Company (2014: Rs. Nil). The effect of valuation at amortized cost is immaterial.

	<u>Note</u>	<u>2015</u> <u>(Rupees in thousand)</u>	<u>2014</u> <u>(Rupees in thousand)</u>
<b>14. Investments</b>			
The investments comprise:			
Held to maturity	14.1	75,374	75,182
Available for sale	14.2	2,049,103	1,793,415
		<u>2,124,477</u>	<u>1,868,597</u>
Aggregate market value as at December 31		<u>4,408,580</u>	<u>3,729,566</u>
<b>14.1 Held to maturity</b>			
Statutory deposits	14.1.1	75,374	75,182
<b>14.1.1 Statutory deposits</b>			
	<u>Maturity</u>	<u>Effective yield %</u>	
Pakistan Investment Bonds (PIBs)	July, 2016	11.80%	6,979
Pakistan Investment Bonds (PIBs)	July, 2016	11.45%	54,935
Pakistan Investment Bonds (PIBs)	July, 2016	11.80%	6,481
Pakistan Investment Bonds (PIBs)	July, 2016	11.80%	6,979
			<u>75,374</u>
			<u>75,182</u>

This represents carrying amount of government securities placed as statutory deposit with the State Bank of Pakistan in accordance with the requirements of Section 29(2)(a) of the Insurance Ordinance, 2000. Market value as at December 31, 2015 amounts to Rs. 77,437 thousand (2014: Rs. 77,358 thousand). Profit on PIBs is received bi-annually.

	<u>Note</u>	<u>2015</u> <u>(Rupees in thousand)</u>	<u>2014</u> <u>(Rupees in thousand)</u>
<b>14.2 Available for sale</b>			
<b>Related parties</b>			
- Mutual funds - Quoted	14.2.1	838,669	851,745
- Ordinary shares - Quoted	14.2.2	236,467	236,467
- Ordinary shares - Unquoted	14.2.3	-	-
		1,075,136	1,088,212
<b>Others</b>			
- Mutual funds - Quoted	14.2.4	91,084	74,981
- Ordinary shares - Quoted	14.2.5	882,883	630,222
		<u>973,967</u>	<u>705,203</u>
		<u>2,049,103</u>	<u>1,793,415</u>

	Number of units / shares		Face value per unit / share Rupees	Fund's / Company's name	Note	2015	2014
	2015	2014				(Rupees in thousand)	
<b>14.2.1 Mutual funds - Quoted</b>							
	658,980	449,521	500	Atlas Islamic Stock Fund Market value Rs. 279,921 thousand (2014: Rs. 195,784 thousand)		276,839	166,728
	656,309	427,645	500	Atlas Stock Market Fund Market value Rs. 296,245 thousand (2014: Rs. 208,710 thousand)		297,642	173,732
	283,200	628,547	500	Atlas Income Fund Market value Rs. 150,269 thousand (2014: Rs. 338,248 thousand)		144,500	322,492
	215,058	189,815	500	Atlas Money Market Fund Market value Rs. 111,718 thousand (2014: Rs. 99,562 thousand)		110,051	94,368
	-	172,382	500	Atlas Islamic Income Fund Market value Rs. Nil (2014: Rs. 89,865 thousand)		-	84,250
	104,430	104,430	500	Atlas Gold Fund Market value Rs. 9,637 thousand (2014: Rs. 10,286 thousand)		10,286	10,286
						<u>839,318</u>	<u>851,856</u>
				Impairment in value of available for sale investments		(649)	(111)
						<u>838,669</u>	<u>851,745</u>
<b>14.2.2 Ordinary shares - Quoted</b>							
	2,931,728	2,931,728	10	Atlas Honda Limited Equity held: 2.84% (2014: 2.84%) Market value Rs. 1,136,191 thousand (2014: Rs. 984,328 thousand)		215,296	215,296
	303,420	303,420	10	Atlas Battery Limited Equity held: 1.74% (2014: 1.74%) Market value Rs. 231,509 thousand (2014: Rs. 273,078 thousand)		11,376	11,376
	850,000	850,000	10	Honda Atlas Cars (Pakistan) Limited Equity held: 0.60% (2014: 0.60%) Market value Rs. 203,099 thousand (2014: Rs. 168,453 thousand)		9,795	9,795
						<u>236,467</u>	<u>236,467</u>
<b>14.2.3 Ordinary shares - Unquoted</b>							
	50,000	50,000	10	Arabian Sea Country Club (Private) Limited		500	500
				Impairment in value of available for sale investment		(500)	(500)
					14.2.3.1	<u>-</u>	<u>-</u>

**14.2.3.1** The name of Chief Executive is Mr. Arif Ali Khan Abbasi. The break-up value is Rs. (0.19) per share (2014: Rs. 0.54 per share) based on audited accounts for the year ended June 30, 2015.

14.2.4	Number of units / shares		Face value per unit / share Rupees	Fund's / Company's name	Note	2015	2014
	2015	2014				(Rupees in thousand)	
<b>Mutual funds - Quoted</b>							
	33,682	31,916	10	National Investment (Unit) Trust Market value Rs. 2,130 thousand (2014: Rs. 2,107 thousand)	14.2.4.1	1,017	906
	214,393	193,864	100	Lakson Money Market Fund Market value Rs. 22,068 thousand (2014: Rs. 20,244 thousand)		21,465	20,069
	2,963,253	2,726,246	10	NIT Income Fund Market value Rs. 31,879 thousand (2014: Rs. 30,090 thousand)		32,120	29,647
	212,063	194,446	100	Lakson Income Fund Market value Rs. 22,387 thousand (2014: Rs. 20,764 thousand)		21,400	20,412
	246,000	196,000	10	PICIC Growth Fund Market Value Rs. 5,542 thousand (2014: Rs. 4,831 thousand)		4,444	2,950
	455,000	-	10	Dolmen City REIT Market Value Rs. 4,882 thousand (2014: Rs. Nil)		5,005	-
	500,000	-	10	NIT Islamic Equity Fund Market Value Rs. 4,930 thousand (2014: Rs. Nil)		5,000	-
	154,500	154,500	10	PICIC Investment Fund Market Value Rs. 1,766 thousand (2014: Rs. 1,855 thousand)		997	997
						91,448	74,981
				Impairment in value of available for sale investments		(364)	-
						91,084	74,981

14.2.4.1 This includes 28,000 (2014: 28,000) units held as statutory deposit with The State Bank of Pakistan under section 29(2)(a) of the Insurance Ordinance, 2000.

14.2.5	Number of shares		Face value per share Rupees	Company's name	2015	2014	
	2015	2014			(Rupees in thousand)		
<b>Ordinary shares - Quoted</b>							
				<b>Banks</b>			
	1,001,187	1,001,187	10	Bank Al-Falah Limited Market value Rs. 28,854 thousand (2014: Rs. 34,921 thousand)	21,634	21,634	
	850,350	750,350	10	Bank Al-Habib Limited Market value Rs. 35,375 thousand (2014: Rs. 36,429 thousand)	34,164	29,767	
	267,163	182,163	10	United Bank Limited Market value Rs. 41,397 thousand (2014: Rs. 32,190 thousand)	39,133	23,690	
	98,588	98,588	10	Allied Bank Limited Market Value Rs. 9,293 thousand (2014: Rs. 11,198 thousand)	6,829	6,829	
				<b>Carried forward</b>	101,760	81,920	

Number of shares		Face value per share Rupees	Company's name	2015	2014
2015	2014			(Rupees in thousand)	
			<b>Brought forward</b>	101,760	81,920
298,475	298,475	10	Meezan Bank Limited Market Value Rs. 13,655 thousand (2014: Rs. 14,028 thousand)	10,358	10,358
204,000	114,000	10	Habib Metropolitan Bank Limited Market Value Rs. 6,216 thousand (2014: Rs. 4,252 thousand)	6,085	3,351
109,095	-	10	Habib Bank Limited Market Value Rs. 21,832 thousand (2014: Rs. Nil)	19,598	-
			<b>Non Life Insurance</b>		
250,247	178,247	10	Adamjee Insurance Company Limited Market value Rs. 14,141 thousand (2014: Rs. 8,861 thousand)	9,044	4,894
50,000	-	10	Pakistan Reinsurance Company Limited Market value Rs. 1,693 thousand (2014: Rs. Nil)	1,703	-
			<b>Construction and Material</b>		
63,650	39,550	10	Attock Cement (Pakistan) Limited Market Value Rs. 10,677 thousand (2014: Rs. 7,719 thousand)	8,521	3,751
3,214,164	3,214,164	10	Cherat Cement Company Limited Market Value Rs. 289,853 thousand (2014: Rs. 220,749 thousand)	91,761	91,761
326,700	210,500	10	D.G. Khan Cement Company Limited Market Value Rs. 48,218 thousand (2014: Rs. 23,267 thousand)	36,144	16,437
24,500	8,000	10	Lucky Cement Limited Market value Rs. 12,128 thousand (2014: Rs. 4,002 thousand)	9,408	1,026
276,000	276,000	10	Fauji Cement Company Limited Market value Rs. 10,162 thousand (2014: Rs. 7,132 thousand)	4,424	4,424
17,000	17,000	10	Kohat Cement Company Limited Market value Rs. 4,095 thousand (2014: Rs. 3,245 thousand)	1,956	1,956
			<b>Electricity</b>		
585,500	739,000	10	The Hub Power Company Limited Market value Rs. 60,072 thousand (2014: Rs. 57,908 thousand)	40,658	40,297
361,778	319,778	10	Kot Addu Power Company Limited Market value Rs. 29,304 thousand (2014: Rs. 25,243 thousand)	23,104	17,450
160,000	240,000	10	Nishat Power Limited Market value Rs. 8,589 thousand (2014: Rs. 10,944 thousand)	3,128	4,692
621,000	621,000	10	Pakgen Power Limited Market value Rs. 18,276 thousand (2014: Rs. 16,786 thousand)	13,370	13,370
			<b>Carried forward</b>	381,022	295,687

Number of shares		Face value per share Rupees	Company's name	2015	2014
2015	2014			(Rupees in thousand)	
			<b>Brought forward</b>	381,022	295,687
281,500	171,500	10	Nishat Chunian Power Limited Market value Rs. 15,947 thousand (2014: Rs. 8,498 thousand)	10,420	4,999
100,000	-	10	Lalpir Power Limited Market value Rs. 2,974 thousand (2014: Rs. Nil)	3,257	-
			<b>Oil and Gas</b>		
48,400	39,400	10	Pakistan Oilfields Limited Market value Rs. 12,972 thousand (2014: Rs. 14,947 thousand)	18,499	14,985
337,671	337,671	10	Pakistan Petroleum Limited Market value Rs. 41,132 thousand (2014: Rs. 59,606 thousand)	62,962	62,962
19,900	9,900	10	Attock Petroleum Limited Market value Rs. 10,052 thousand (2014: Rs. 5,342 thousand)	10,369	5,027
-	86,000	10	Hascol Petroleum Limited Market value Rs. Nil (2014: Rs. 6,373 thousand)	-	6,554
180,500	100,000	10	Oil & Gas Development Company Limited Market value Rs. 21,180 thousand (2014: Rs. 20,587 thousand)	33,822	20,571
85,800	-	10	Pakistan State Oil Limited Market value Rs. 27,951 thousand (2014: Rs. Nil)	27,863	-
			<b>Chemicals</b>		
50,000	50,000	10	Arif Habib Corporation Limited Market value Rs. 2,556 thousand (2014: Rs. 1,375 thousand)	1,267	1,267
67,000	-	10	Engro Corporation Limited Market value Rs. 18,719 (2014: Rs. Nil)	18,440	-
556,915	714,215	10	Fauji Fertilizer Company Limited Market value Rs. 65,705 thousand (2014: Rs. 83,642 thousand)	62,270	79,153
159,021	61,521	10	Engro Fertilizers Limited Market value Rs. 13,378 thousand (2014: Rs. 4,805 thousand)	12,269	4,197
80,000	80,000	10	Fauji Fertilizer Bin Qasim Limited Market value Rs. 4,214 thousand (2014: Rs. 3,617 thousand)	3,524	3,524
382,500	322,500	10	Fatima Fertilizer Company Limited Market value Rs. 17,109 thousand (2014: Rs. 11,536 thousand)	13,255	8,986
			<b>Paper and Board</b>		
2,724,763	2,534,664	10	Cherat Packaging Limited Market value Rs. 825,903 thousand (2014: Rs. 410,742 thousand)	200,922	82,786
			<b>Carried forward</b>	860,161	590,698

Number of shares		Face value per share Rupees	Company's name	2015	2014
2015	2014			(Rupees in thousand)	
<b>Brought forward</b>				860,161	590,698
<b>Industrial Metals And Mining</b>					
154,375	171,500	10	Crescent Steel & Allied Products Limited Market value Rs. 19,200 thousand (2014: Rs. 8,688 thousand)	6,901	6,791
27,000	-	10	International Industries Limited Market value Rs. 1,661 thousand (2014: Rs. Nil)	2,057	-
<b>Food &amp; Personal Care</b>					
133,250	-	10	Al Shaheer Corporation Market value Rs. 8,285 thousand (2014: Rs. Nil)	9,500	-
<b>General Industries</b>					
319,750	244,750	10	Nishat Mills Limited Market value Rs. 30,335 thousand (2014: Rs. 29,612 thousand)	32,847	23,892
12,060	9,000	10	Pakistan International Bulk Terminal Limited Market value Rs. 337 thousand (2014: Rs. 222 thousand)	116	85
247,200	206,000	10	Nishat (Chunian) Limited Market value Rs. 8,405 thousand (2014: Rs. 9,357 thousand)	10,253	9,224
217,000	217,000	1	Hum Network Limited Market value Rs. 2,851 thousand (2014: Rs. 3,188 thousand)	1,462	1,462
3,200	3,200	10	Servis Industries Limited Market value Rs. 2,720 thousand (2014: Rs. 3,119 thousand)	1,646	1,646
				924,943	633,798
Impairment in value of available for sale investments				(42,060)	(3,576)
				882,883	630,222

	<u>Note</u>	<u>2015</u> (Rupees in thousand)	<u>2014</u> (Rupees in thousand)
<b>15. Deferred taxation</b>			
The asset for deferred taxation comprises temporary differences relating to:			
Accelerated tax depreciation		(5,707)	(5,274)
Provision for bonus of staff		10,189	6,369
Provision for gratuity payable		849	62
Provision for workers' welfare fund		20,837	16,253
		26,168	17,410
<b>16. Premium due but unpaid</b>			
Unsecured			
- Considered good		148,090	145,497
- Considered doubtful		-	-
		148,090	145,497
Less: Provision for doubtful receivables	16.1	-	-
		148,090	145,497



	<u>Note</u>	<u>2015</u> (Rupees in thousand)	<u>2014</u> (Rupees in thousand)
<b>16.1 Provision for doubtful receivables</b>			
Balance as at January 01		-	3,409
Provision / (reversed) made during the year		-	(3,409)
Balance as at December 31		-	-
<b>17. Amounts due from other insurers / reinsurers</b>			
Unsecured			
- Considered good	17.1	107,278	179,594
- Considered doubtful		1,959	1,959
Less: Provision for doubtful receivables	17.2	109,237 (1,959)	181,553 (1,959)
<b>17.1 Considered good</b>		107,278	179,594
Amounts due from co-insurers		56,752	72,306
Amounts due from reinsurers		50,526	107,288
<b>17.2 Provision for doubtful receivables</b>		107,278	179,594
Balance as at January 01		1,959	1,959
Provision made during the year		-	-
Balance as at December 31		1,959	1,959
<b>18. Accrued investment income</b>			
Dividend receivable		335	-
Profit receivable on PIBs		3,807	3,807
<b>19. Prepayments</b>		4,142	3,807
Prepaid reinsurance premium ceded		415,538	379,399
Others		3,683	2,395
<b>20. Sundry receivables</b>		419,221	381,794
Advances to employees - unsecured, considered good	20.1	1,669	2,068
Deposits and prepaid rent		5,227	5,673
Staff retirement benefits		-	716
Others		199	17,669
		7,095	26,126
<b>20.1</b>			
Included in advances are amounts due from executives of Rs. 1,279 thousand (2014: Rs. 766). No advance was given to the Chief Executive and directors of the Company (2014: Rs. Nil).			

	<u>Note</u>	<u>2015</u> (Rupees in thousand)	<u>2014</u> (Rupees in thousand)
<b>21. Fixed assets</b>			
Tangible	21.1	55,237	49,247
Intangible	21.2	994	2,605
		56,231	51,852

## 21.1 Tangible

	Freehold land	Buildings on freehold land	Furniture & fixtures	Office equipments	Computers owned	Vehicles owned	Total
<b>Net carrying value basis</b>							
(Rupees in thousand)							
<b>Year ended December 31, 2015</b>							
Opening net book value	1,168	11,219	2,666	9,549	7,412	17,233	49,247
Additions (at cost)	-	-	118	1,905	3,618	18,434	24,075
Disposals at net book value	-	-	-	(513)	(182)	(7,390)	(8,085)
Depreciation charge	-	(561)	(271)	(1,441)	(2,951)	(4,776)	(10,000)
Closing net book value	<u>1,168</u>	<u>10,658</u>	<u>2,513</u>	<u>9,500</u>	<u>7,897</u>	<u>23,501</u>	<u>55,237</u>
<b>Gross carrying value basis</b>							
<b>As at December 31, 2015</b>							
Cost	1,168	20,910	4,918	16,059	22,535	34,815	100,405
Accumulated depreciation	-	(10,252)	(2,405)	(6,559)	(14,638)	(11,314)	(45,168)
Net book value	<u>1,168</u>	<u>10,658</u>	<u>2,513</u>	<u>9,500</u>	<u>7,897</u>	<u>23,501</u>	<u>55,237</u>
Depreciation rate % per annum	-	5	10	10 to 15	30	20	
<b>Net carrying value basis</b>							
<b>Year ended December 31, 2014</b>							
Opening net book value	1,168	11,809	2,937	10,561	7,620	19,761	53,856
Additions (at cost)	-	-	23	132	2,805	4,708	7,668
Disposals at net book value	-	-	-	(98)	(228)	(3,030)	(3,356)
Depreciation charge	-	(590)	(294)	(1,046)	(2,785)	(4,206)	(8,921)
Closing net book value	<u>1,168</u>	<u>11,219</u>	<u>2,666</u>	<u>9,549</u>	<u>7,412</u>	<u>17,233</u>	<u>49,247</u>
<b>Gross carrying value basis</b>							
<b>As at December 31, 2014</b>							
Cost	1,168	20,910	4,800	15,388	20,600	30,422	93,288
Accumulated depreciation	-	(9,691)	(2,134)	(5,839)	(13,188)	(13,189)	(44,041)
Net book value	<u>1,168</u>	<u>11,219</u>	<u>2,666</u>	<u>9,549</u>	<u>7,412</u>	<u>17,233</u>	<u>49,247</u>
Depreciation rate % per annum	-	5	10	10	30	20	

21.1.1 The depreciation charge for the year has been allocated to general and administration expenses as disclosed in Note 24.

	<u>2015</u>	<u>2014</u>
	(Rupees in thousand)	
<b>21.2 Intangible</b>		
<b>Net carrying value basis</b>		
<b>Year ended December 31, 2015</b>		
Opening net book value (NBV)	2,605	2,284
Additions (at cost)	-	2,387
Amortization charge	(1,611)	(2,066)
Closing net book value (NBV)	<u>994</u>	<u>2,605</u>
<b>Gross carrying value basis</b>		
<b>As at December 31, 2015</b>		
Cost	6,458	6,458
Accumulated amortization	(5,464)	(3,853)
Net book value (NBV)	<u>994</u>	<u>2,605</u>
Amortization rate % per annum	33%	33%

21.2.1 The amortization charge for the year has been allocated to general and administration expenses as disclosed in Note 24.

**21.3 Disposal of operating fixed assets**

Particulars of the assets	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
			(Rupees in thousand)			
<b>Vehicles</b>						
Honda Civic AYK-255	Atlas Battery Limited - Related party	2,492	1,078	1,414	1,414	Company's Policy
Honda Civic AVM-070	Mr. Fahim Ali Khan - Director	2,132	1,248	884	884	Company's Policy
Honda City LEC-12-4144	Ms. Qudsia Naheed - Employee	1,570	727	843	843	Company's Policy
Toyota Corolla LED-11-6942	Mr. Rashid Amin - Employee	1,449	656	793	793	Company's Policy
Suzuki Cultus LE-14-2029	Mr. Saleem Mehmood - Employee	1,039	263	776	777	Company's Policy
Suzuki Cultus LEB-12-7674	Mr. Muhammad Aasim Gul - Employee	953	460	493	494	Company's Policy
Suzuki Cultus AXL-195	Mr. Muhammad Imran - Ex employee	939	453	486	486	Company's Policy
Daihatsu Cuore AWF-462	Shirazi Investments (Pvt) Limited - Related party	837	471	366	367	Company's Policy
Suzuki Alto LEB-11-4635	Dr. Mohsin Raza - Employee	704	412	292	291	Company's Policy
Suzuki Mehran LED-13-2837	Syed Nasir Hussain - Employee	669	236	433	434	Company's Policy
Suzuki Alto AVQ-221	Mrs. Zubeda Rais - Employee	293	15	278	278	Company's Policy
Honda CG 125 LEO-14A-3417	Mr. Athar Maqsood Paracha - Employee	98	24	74	73	Company's Policy
Suzuki Mehran LZL-3742	Mr. Hamid Hassan	250	132	118	155	Tender
Suzuki Cultus LED-08-2861	Haji Khadim Hussain	613	474	139	450	Tender
<b>Office equipments</b>						
Power generator	Mr. Abdul Qayyum	1,007	584	423	270	Tender
Sound proof canopy for generator	Mr. Abdul Qayyum	150	85	65	65	Tender
<b>Other assets with book value less than Rs. 50,000</b>						
		1,761	1,553	208	212	
		<u>16,956</u>	<u>8,871</u>	<u>8,085</u>	<u>8,286</u>	

	Note	2015	2014
		(Rupees in thousand)	
<b>22. Expenses</b>			
Salaries, wages and other benefits	22.2	221,388	191,864
Utilities		3,478	4,168
Rent, rates and taxes		10,567	8,550
Telephone and communication		5,077	5,037
Vehicle running and maintenance		10,543	12,098
Repairs and maintenance		5,545	2,517
Travelling and conveyance		5,017	5,548
Printing, stationery and computer expenses		6,013	4,285
Education and training		683	642
Fee and subscriptions		13,765	12,038
Service charges		1,177	863
Entertainment		599	1,409
Advertisement expenses		619	2,711
Trackers		59,549	47,351
Others		12,503	11,959
		<u>356,523</u>	<u>311,040</u>

- 22.1** The above expenses of management allocated to the underwriting business represent directly attributable expenses and indirect expenses allocated to the various classes of business on the basis of gross premium revenue.
- 22.2** Included in salaries, wages and benefits are Rs. 6,067 thousand (2014: Rs. 6,192 thousand) and Rs. 2,621 thousand (2014: Rs. 3,345 thousand) in respect of provident fund contribution and provision for gratuity funds, respectively, by the Company.

	<u>Note</u>	<u>2015</u> <u>(Rupees in thousand)</u>	<u>2014</u>
<b>23. Other income</b>			
<b>Income from financial assets</b>			
Return on bank deposits		12,054	13,933
Provision reversed during the year	16.1	-	3,409
<b>Income from non-financial assets</b>			
Gain on sale of fixed assets		201	527
		<u>12,255</u>	<u>17,869</u>
<b>24. General and administration expenses</b>			
Legal and professional charges		3,020	671
Donations	24.1	7,930	6,919
Directors fee		450	130
Auditors' remuneration	24.2	1,370	1,250
Depreciation	21.1.1	10,000	8,921
Sundry receivables written off		-	1,013
Workers' welfare fund		16,038	13,609
Amortization of intangible asset	21.2.1	1,611	2,066
Others		46	188
		<u>40,465</u>	<u>34,767</u>

**24.1 Donations**

This amount represents Rs. 7,930 thousand (2014: Rs. 6,919 thousand) donation to Atlas Foundation situated at 2nd Floor, Federation House, Clifton, Karachi - 74000, in which the following directors of the Company are members of its Board of directors:

Name of directors  
Mr. Yusuf H. Shirazi  
Mr. Jawaid Iqbal Ahmed

With the exception of their directorship, the directors and their spouses have no interest in the donee.

	<u>2015</u> <u>(Rupees in thousand)</u>	<u>2014</u>
<b>24.2 Auditors' remuneration</b>		
Audit fee	550	500
Half yearly review	303	275
Audit of provident fund, gratuity funds and other certifications	412	375
Out of pocket expenses	105	100
	<u>1,370</u>	<u>1,250</u>
<b>25. Provision for taxation</b>		
<b>Current tax</b>		
- For the year	184,000	143,000
- Prior year	2,377	-
- Super tax	18,200	-
	204,577	143,000
<b>Deferred tax</b>		
- Relating to reversal and origination of temporary differences	(8,443)	2,251
- Income resulting from reduction in tax rate	528	596
	(7,915)	2,847
	<u>196,662</u>	<u>145,847</u>
<b>25.1 Tax charge reconciliation</b>	<u>2015</u> <u>%</u>	<u>2014</u> <u>%</u>
Numerical reconciliation between the average effective tax rate and the applicable tax rate		
Applicable tax rate	32.00	33.00
Tax effect of amounts that are:		
- Not admissible for tax purpose	4.00	3.00
- Deductible for tax purpose	(1.00)	(2.00)
- Chargeable to tax at a lower rate	(10.00)	(13.00)
Effective tax rate	<u>25.00</u>	<u>21.00</u>

**26. Earnings per share**

There is no dilutive effect on basic earnings per share which is based on:

	<u>2015</u> (Rupees in thousand)	<u>2014</u> (Rupees in thousand)
Net profit after tax	601,157	544,968
	<b>(Number of shares)</b>	
Weighted average number of ordinary shares	70,161,381	70,161,381
	<b>(Rupees per share)</b>	
Earnings per share (basic / diluted)	8.57	7.77

**27. Remuneration of chief executive, directors and executives**

Aggregate amounts charged in the accounts for remuneration, including all benefits to Chief Executive Officer, directors and executives of the Company are as follows:

	<b>Chief Executive Officer</b>		<b>Directors</b>		<b>Executives</b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<b>(Rupees in thousand)</b>					
Managerial remuneration	17,387	15,524	8,185	12,176	31,844	28,728
Bonus	4,207	7,001	5,342	4,995	10,426	12,964
Medical reimbursement	280	119	554	215	1,977	1,742
House rent and utility expenses	8,316	7,425	3,915	5,824	19,136	18,260
Retirement benefits						
a) Provident fund	1,663	1,485	783	1,165	2,971	2,730
b) Service gratuity	630	562	297	441	2,179	1,083
Other reimbursable expenses	517	1,574	902	573	7,347	6,846
<b>Total</b>	<u>33,000</u>	<u>33,690</u>	<u>19,978</u>	<u>25,389</u>	<u>75,880</u>	<u>72,353</u>
Number of persons	1	1	2	1	28	28

Fees paid to 3 (2014: 2) non-executive directors for attending meetings during the year amounts to Rs. 450 thousand (2014: Rs. 130 thousand). In addition, the Chief Executive, directors and some of the executives are also provided with use of Company cars, in accordance with the policy of the Company.

**28. Transactions with related parties**

Related parties comprise associated undertakings, other related group companies, directors of the Company and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. Remuneration of directors and key management personnel is disclosed in note 27. Particulars of transactions with the Company's staff retirement benefit scheme are disclosed in note 10 to the financial statements. Period end balances and transactions with related parties are as follows:

		<u>2015</u> (Rupees in thousand)	<u>2014</u> (Rupees in thousand)
<b>Associated companies</b>	<b>Period end balances</b>		
	Provision for outstanding claims (including IBNR)	86,853	109,722
	Premium received in advance	47,053	52,842
	Premiums due but unpaid	40,135	47,332
	<b>Transactions during the year</b>		
	Premium underwritten	870,262	871,774
	Premium collected	1,010,656	1,203,183
	Claims paid	192,529	123,308
	Vehicles purchased	13,173	3,058
	Vehicles sold	1,821	875
	Office equipment purchased	1,620	-
	Computer equipment purchased	79	398
	Computer software purchased	-	2,387
	Rent received	5,093	5,093
	Rent paid	2,344	1,708
	Expenses paid	393	1,396
	Dividends received	100,445	35,283
	Dividends paid	328,689	249,006
	Donations	7,930	6,919
	Investments purchased	1,276,736	1,005,386
	Investments sold	1,357,181	957,097
<b>Post employment benefit plans</b>	<b>Transactions during the year</b>		
	Expense charged in respect of retirement benefit plans	8,688	9,537

## 29. Segment reporting

The Company has five (2014: Four) primary business segments for reporting purposes namely 'fire and property damage', 'marine, aviation and transport', 'motor', 'engineering' and 'miscellaneous'.

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

	Fire and property damage		Marine, aviation and transport		Motor		Engineering		Miscellaneous		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
<b>(Rupees in thousand)</b>												
<b>Revenue</b>												
Premiums earned	541,872	479,786	488,256	492,562	432,768	350,029	275,126	186,151	183,010	156,839	1,921,032	1,665,367
<b>Segment Results</b>	105,012	74,468	268,015	259,733	72,693	41,812	15,505	5,135	1,483	25,565	462,708	406,713
Investment income											357,016	294,682
Rental income											6,864	6,753
Other income											12,255	17,869
Financial charges											(559)	(435)
General and administration expenses											(40,465)	(34,767)
											335,111	284,102
Profit before taxation											797,819	690,815
Provision for taxation											(196,662)	(145,847)
Net Profit											601,157	544,968
<b>Other information</b>												
Segment assets	410,150	426,990	105,760	169,587	207,750	115,921	369,861	173,426	52,384	54,543	1,145,905	940,467
Unallocated assets											2,651,109	2,403,552
Consolidated total assets											3,797,014	3,344,019
Segment liabilities	558,633	560,923	160,668	232,739	421,449	340,981	402,872	197,016	140,699	110,473	1,684,321	1,442,132
Unallocated liabilities											266,794	234,385
<b>Consolidated total liabilities</b>											1,951,115	1,676,517

Capital expenditure and depreciation / amortisation have not been allocated as fixed assets to which they relate form part of unallocated assets.

## 30. Insurance risk management

### 30.1 Insurance risk

The risk under any one insurance contract is the probability that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, the risk is random and therefore unpredictable. 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 are 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 larger the portfolio of similar insurance contracts, the smaller the relative variability about expected outcome will be. In addition, a more diversified portfolio is less likely to be effected by a change in any subset of the portfolio.

The Company has developed its insurance underwriting strategy to diversify 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. Three level retention authority is practiced for analysis of each risk. For larger risks Major Risk Advice (MRA) is prepared to study placement of risk before finalization and Risk Card System is implemented to check any geographic accumulation of risks.

### Concentration of insurance risk

One of the most important elements of effective risk management in fire and property insurance is monitoring of risk accumulation both at a given premises and in a certain geographical spread of location. Risk segregation in a particular location is done through risk inspection prior to underwriting. Wide variety of factors associated with risk are evaluated while conducting such risk surveys. These include risk location, physical hazards associated with nature of business being conducted or occupation of the premises, manufacturing process, storage of raw material, furnished goods and utilities etc. type of construction and the layout plan of the manufacturing facility for segregation of risk to study the possibility of spread of fire from one risk to another adjacent or closely located facility and the values exposed at each risk etc. are studied in such risk inspections. While studying such aspects reference is made to standard construction specifications and criteria of segregation of risk as laid down by Insurance Association of Pakistan and those specified by the participating reinsurers in the respective reinsurance arrangements. This include, though not limited to, presence of perfect walls, double fire proof iron doors and distance between the risks. This helps avoid spread of uncontrolled fire and explosion in one area and limit the damage.

To monitor accumulation of various risks in a particular geographical location, a system generated location card is developed which is available with the underwriters and reinsurance personnel's in order to check high accumulation of values exposed to insurance in a given location. In order to further safeguard large financial commitments the Company's retention in various risks exposed to an unexpected catastrophic event, an excess of loss reinsurance coverage besides proportional treaty has been arranged which provides protection to numerous net retentions exposes on various risks and possibly getting affected due to an unforeseen catastrophic event like earthquake and flood etc.

Individual risk location factor and risk amounts are essential fields of the policy data interphase of system. It provides instant and risk factor amount which is dependent on data collection provided under the policy schedule.

In marine cargo insurance complete underwriting details, besides sum insured and premium, like vessel identification, voyage input (sea / air / inland transit), sailing dates, origin and destination of the shipments, per carry limits, etc. are fed into the system. The reinsurance module of the system is designed to satisfy the requirements to monitor accumulation of various consignments over one vessel or carrier. Despite such controls the respective reinsurance, beyond normal coverage also addresses to cover unknown accumulation which may otherwise could not be identified in time for one reason or the other.

	Maximum insured loss		Loss ceded		Net retention	
	2015	2014	2015	2014	2015	2014
	(Rupees in thousand)					
Fire and property damage	229,985,455	230,306,759	172,006,072	156,401,320	57,979,383	73,905,439
Marine, aviation and transport	15,381,990	19,346,605	6,405,061	6,662,971	8,976,929	12,683,634
Motor	23,524,179	20,583,158	6,734,972	2,811,659	16,789,207	17,771,499
Engineering	17,257,113	16,132,576	16,510,640	15,217,058	746,473	915,518
Miscellaneous	71,283,737	62,878,669	38,050,247	27,733,455	33,233,490	35,145,214
	<u>357,432,474</u>	<u>349,247,767</u>	<u>239,706,992</u>	<u>208,826,463</u>	<u>117,725,482</u>	<u>140,421,304</u>

### Sensitivity analysis

The risks associated with the insurance contracts are complex and subject to a number of variables that complicate quantitative sensitivity analysis. However, the Company uses assumption of mixture of total claims based on past experience, survey reports and market data to measure its claims liabilities. Data for the contract held is derived mostly from the Company's quarterly claims reports and screening of the actual insurance contracts carried out at year-end. The Company has reviewed the individual contracts and in particular the types of customers to whom Company issues contract and the actual reporting years of claims. Change in mark-up rates of the banks, law and order situation and geo-political situation of South Asia could possibly have impact on the unexpired risk. Though no major impact is foreseen given the current portfolio of the Company. However, this information is used to develop scenarios related to claims that are used for the projection.

	Net impact of increase / decrease in average claims by 10%			
	Underwriting results		Shareholder's equity	
	2015	2014	2015	2014
	(Rupees in thousand)			
Fire and property damage	876	328	596	220
Marine, aviation and transport	1,626	2,242	1,106	1,502
Motor	10,169	13,077	6,915	8,762
Engineering	118	-	80	-
Miscellaneous	7,606	5,406	5,172	3,622
Total	<u>20,395</u>	<u>21,053</u>	<u>13,869</u>	<u>14,106</u>



**Claim development**

<b>Accident year</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>Total</b>
	<b>(Rupees in thousand)</b>					
Estimate of ultimate claims costs:						
At end of accident year	110,624	92,884	210,292	129,165	418,039	
One year later	116,513	108,279	166,129	179,537	-	
Two years later	110,707	109,157	165,004	-	-	
Three years later	109,603	108,436	-	-	-	
Four years later	108,595	-	-	-	-	
Current estimate of cumulative claims	108,595	108,436	165,004	179,537	418,039	979,611
Cumulative payments to date	(104,151)	(102,847)	(159,259)	(142,892)	-	(509,149)
Liability recognized in balance sheet	4,444	5,589	5,745	36,645	418,039	470,462

**30.2 Reinsurance risk**

As per general practice of the insurance industry, in order to minimize financial exposure arising from large claims, the Company, in the normal course of business, enters into agreements with other companies for reinsurance purposes. Such reinsurance arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from sizeable risks, and provide additional underwriting capacity which also constitutes towards the growth of premium. A significant portion of the reinsurance is effected under treaty, facultative and also under excess-of-loss reinsurance contracts to protect Company's exposure towards catastrophic losses.

To minimize its exposure to any possible losses from reinsurers' insolvencies, the Company evaluates the financial condition of the reinsurers, their rating and monitors concentrations of credit risk arising from the respective geographic regions, activities or economic characteristics of the reinsurers.

**31. Financial risk management**

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

**(a) Market risk**

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in the market prices. The Company has invested its funds in ordinary shares, mutual funds, Pakistan Investment Bonds and National Investment (units) Trust units, resulting in exposure due to the fluctuation in the rate of interest and dividend earned thereon and the possibility of capital gains or losses arising from the sale of these investments.

The Company minimizes such risk by having a diversified investments portfolio. In addition, the Company's Investment Committee actively monitors the key factors that affect investment market and all investment related decisions are taken after due consultation with the Investment Committee.

**(i) Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. The Company is not exposed to currency risk as none of the financial assets and liabilities are payable in foreign currency, at the end of the year.

**(ii) Other price risk**

Available for sale investments are stated at lower of cost and market value (market value being taken as lower if the fall is other than temporary) in accordance with the requirements of the SEC (Insurance) Rules, 2002. The carrying and market value of these investments have been disclosed in note 14.2 to the financial statements. Fair value is determined on the basis of objective evidence at each reporting date.

**(iii) Interest rate risk**

Interest / yield rate risk arises from the possibility that changes in interest rate will affect the value of financial instruments. Yield risk is the risk of decline in earnings due to adverse movement of the yield curve. The Company is exposed to interest / yield rate risk for certain deposits with the banks.

	<b>2015</b>	<b>2014</b>
	<b>(Rupees in thousand)</b>	
<b>Fixed rate instruments</b>		
<b>Financial assets</b>		
Deposits maturing within 12 months	-	-
Statutory deposits	75,374	75,182
<b>Variable rate instruments</b>		
<b>Financial assets</b>		
Bank balances - savings accounts	318,834	194,156
<b>Total exposure</b>	<b>394,208</b>	<b>269,338</b>

**Fair value sensitivity analysis for fixed rate instruments**

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

**Cash flow sensitivity analysis for variable rate instruments**

If the Karachi Inter Bank Offer Rate (KIBOR), had fluctuated by 10% with all other variables held constant, the impact on profit before taxation for the year would have been higher / lower by Rs. 1,205 thousand (2014: Rs. 1,393 thousand) and impact on shareholder's equity would have been higher / lower by Rs. 819 thousand (2014: Rs. 933 thousand).

**(b) Credit risk**

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. Out of the total financial assets of Rs. 3,224,188 thousand (2014: Rs. 2,842,355 thousand) the financial assets which are subject to credit risk amounted to Rs. 3,224,098 thousand (2014: Rs. 2,842,179 thousand). The Company believes that it is not exposed to major concentration of credit risk.

**(i) Concentration of credit risk**

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

**(ii) Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	<u>Note</u>	<u>2015</u>	<u>2014</u>
		<b>(Rupees in thousand)</b>	
Current and other accounts		428,194	432,994
Loans to employees		150	194
Investments		2,124,477	1,868,597
Premiums due but unpaid		148,090	145,497
Amounts due from other insurers / reinsurers		107,278	179,594
Salvage recoveries accrued		4,110	5,685
Accrued investment income		4,142	3,807
Reinsurance recoveries against outstanding claims	4.8	400,562	179,685
Sundry receivables		7,095	26,126
		<u>3,224,098</u>	<u>2,842,179</u>

The Company maintains a general provision against doubtful receivables. The related movement is disclosed in note 16.1. The Company has assessed that remaining past due balances are not impaired since these relate to a number of insurers / reinsurers with no recent history of default.

**Age analysis of receivables is as follows:**

	<u>2015</u>		
	<u>Related party</u>	<u>Others</u>	<u>Total</u>
	<b>(Rupees in thousand)</b>		
- Up to one year	39,695	102,509	142,204
- Past one but less than three years	440	5,446	5,886
- Over three but less than five years	-	-	-
- More than five years	-	-	-
- Less provision	-	-	-
	<u>40,135</u>	<u>107,955</u>	<u>148,090</u>
	<u>2014</u>		
	<u>Related party</u>	<u>Others</u>	<u>Total</u>
	<b>(Rupees in thousand)</b>		
- Up to one year	46,440	93,902	140,342
- Past one but less than three years	892	4,263	5,155
- Over three but less than five years	-	-	-
- More than five years	-	-	-
- Less provision	-	-	-
	<u>47,332</u>	<u>98,165</u>	<u>145,497</u>

**(iii) Credit quality of bank accounts**

The credit quality of major financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

<b>Banks</b>	<b>Rating</b>		<b>Rating Agency</b>	<b>2015</b>	<b>2014</b>
	<b>Short term</b>	<b>Long term</b>		<b>(Rupees in thousand)</b>	
National Bank of Pakistan	A-1+	AAA	PACRA	519	301
Allied Bank Limited	A-1+	AA+	PACRA	1,085	3,028
Summit Bank Limited	A-1	A	JCR-VIS	196,907	134,682
Bank Alfalah Limited	A-1+	AA	PACRA	57,157	197,614
Faysal Bank Limited	A1+	AA	PACRA	126,237	80,036
Habib Bank Limited	A-1+	AAA	JCR-VIS	1,874	11,900
MCB Bank Limited	A1+	AAA	PACRA	19,188	4,279
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	-	380
NIB Bank Limited	A-1+	AA-	PACRA	31	30
Bank of Punjab	A1+	AA-	PACRA	6,059	200
Askari Bank Limited	A-1	AA	PACRA	19,137	544
				<u>428,194</u>	<u>432,994</u>

**(c) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its commitments associated with financial liabilities when they fall due. Liquidity requirements are monitored regularly and management ensures that sufficient liquid funds are available to meet any commitments as they arise.

**31.1 Financial instruments by categories**

	<b>Held to maturity</b>		<b>Available for sale</b>		<b>Loans and receivables</b>		<b>Total</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>(Rupees in thousand)</b>							
<b>Financial assets as per balance sheet</b>								
Cash and other equivalents	-	-	-	-	90	176	90	176
Current and other accounts	-	-	-	-	428,194	432,994	428,194	432,994
Loans to employees	-	-	-	-	150	194	150	194
Investments	75,374	75,182	2,049,103	1,793,415	-	-	2,124,477	1,868,597
Premiums due but unpaid	-	-	-	-	148,090	145,497	148,090	145,497
Amounts due from other insurers / reinsurers	-	-	-	-	107,278	179,594	107,278	179,594
Salvage recoveries accrued	-	-	-	-	4,110	5,685	4,110	5,685
Accrued investment income	-	-	-	-	4,142	3,807	4,142	3,807
Reinsurance recoveries against outstanding claims	-	-	-	-	400,562	179,685	400,562	179,685
Sundry receivables	-	-	-	-	7,095	26,126	7,095	26,126
	<u>75,374</u>	<u>75,182</u>	<u>2,049,103</u>	<u>1,793,415</u>	<u>1,099,711</u>	<u>973,758</u>	<u>3,224,188</u>	<u>2,842,355</u>

**Financial liabilities as per balance sheet**

	<b>Other financial liabilities</b>	
	<b>2015</b>	<b>2014</b>
	<b>(Rupees in thousand)</b>	
Provision for outstanding claims (including IBNR)	503,360	276,994
Amounts due to other insurers / reinsurers	266,036	315,070
Accrued expenses	107,672	83,726
Other creditors and accruals	78,444	57,844
Deposits against performance bonds	18,721	13,404
Dividend payable	53,013	41,170
	<u>1,027,246</u>	<u>788,208</u>

**Maturity analysis of financial assets and liabilities**

	2015						Total 2015
	Interest / mark-up bearing			Non interest / mark-up bearing			
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
	(Rupees in thousand)						
<b>Financial assets</b>							
<b>On balance sheet</b>							
Cash and other equivalents	-	-	-	90	-	90	90
Current and other accounts	318,834	-	318,834	109,360	-	109,360	428,194
Loans to employees	-	-	-	150	-	150	150
Investments	75,374	-	75,374	2,049,103	-	2,049,103	2,124,477
Premiums due but unpaid	-	-	-	148,090	-	148,090	148,090
Amounts due from other insurers / reinsurers	-	-	-	107,278	-	107,278	107,278
Salvage recoveries accrued	-	-	-	4,110	-	4,110	4,110
Accrued investment income	-	-	-	4,142	-	4,142	4,142
Reinsurance recoveries against outstanding claims	-	-	-	400,562	-	400,562	400,562
Sundry receivables	-	-	-	7,095	-	7,095	7,095
	<u>394,208</u>	<u>-</u>	<u>394,208</u>	<u>2,829,980</u>	<u>-</u>	<u>2,829,980</u>	<u>3,224,188</u>
<b>Off balance sheet</b>	-	-	-	-	-	-	-
<b>Total</b>	<u>394,208</u>	<u>-</u>	<u>394,208</u>	<u>2,829,980</u>	<u>-</u>	<u>2,829,980</u>	<u>3,224,188</u>
<b>Financial liabilities</b>							
Provision for outstanding claims (including IBNR)	-	-	-	503,360	-	503,360	503,360
Amounts due to other insurers / reinsurers	-	-	-	266,036	-	266,036	266,036
Accrued expenses	-	-	-	107,672	-	107,672	107,672
Creditors and accrued expenses	-	-	-	78,444	-	78,444	78,444
Deposits against performance bonds	-	-	-	18,721	-	18,721	18,721
Dividend payable	-	-	-	53,013	-	53,013	53,013
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,027,246</u>	<u>-</u>	<u>1,027,246</u>	<u>1,027,246</u>
<b>Off balance sheet</b>	-	-	-	-	-	-	-
<b>Total</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,027,246</u>	<u>-</u>	<u>1,027,246</u>	<u>1,027,246</u>
<b>On balance sheet gap</b>	<u>394,208</u>	<u>-</u>	<u>394,208</u>	<u>1,802,734</u>	<u>-</u>	<u>1,802,734</u>	<u>2,196,942</u>
<b>Off balance sheet gap</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The effective interest / mark-up rates for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

**Maturity analysis of financial assets and liabilities**

	2014						Total 2014
	Interest / mark-up bearing			Non interest / mark-up bearing			
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
	(Rupees in thousand)						
<b>Financial assets</b>							
<b>On balance sheet</b>							
Cash and other equivalents	-	-	-	176	-	176	176
Current and other accounts	194,156	-	194,156	238,838	-	238,838	432,994
Loans to employees	-	-	-	194	-	194	194
Investments	-	75,182	75,182	1,793,415	-	1,793,415	1,868,597
Premiums due but unpaid	-	-	-	145,497	-	145,497	145,497
Amounts due from other insurers / reinsurers	-	-	-	179,594	-	179,594	179,594
Salvage recoveries accrued	-	-	-	5,685	-	5,685	5,685
Accrued investment income	-	-	-	3,807	-	3,807	3,807
Reinsurance recoveries against outstanding claims	-	-	-	179,685	-	179,685	179,685
Sundry receivables	-	-	-	26,126	-	26,126	26,126
	<u>194,156</u>	<u>75,182</u>	<u>269,338</u>	<u>2,573,017</u>	<u>-</u>	<u>2,573,017</u>	<u>2,842,355</u>
<b>Off balance sheet</b>	-	-	-	-	-	-	-
<b>Total</b>	<u>194,156</u>	<u>75,182</u>	<u>269,338</u>	<u>2,573,017</u>	<u>-</u>	<u>2,573,017</u>	<u>2,842,355</u>
<b>Financial liabilities</b>							
Provision for outstanding claims (including IBNR)	-	-	-	276,994	-	276,994	276,994
Amounts due to other insurers / reinsurers	-	-	-	315,070	-	315,070	315,070
Accrued expenses	-	-	-	83,726	-	83,726	83,726
Creditors and accrued expenses	-	-	-	57,844	-	57,844	57,844
Deposits against performance bonds	-	-	-	13,404	-	13,404	13,404
Dividend payable	-	-	-	41,170	-	41,170	41,170
	<u>-</u>	<u>-</u>	<u>-</u>	<u>788,208</u>	<u>-</u>	<u>788,208</u>	<u>788,208</u>
<b>Off balance sheet</b>	-	-	-	-	-	-	-
<b>Total</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>788,208</u>	<u>-</u>	<u>788,208</u>	<u>788,208</u>
<b>On balance sheet gap</b>	<u>194,156</u>	<u>-</u>	<u>269,338</u>	<u>1,784,809</u>	<u>-</u>	<u>1,784,809</u>	<u>2,054,147</u>
<b>Off balance sheet gap</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The effective interest / mark-up rates for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

### 31.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide return for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

#### The Company's objective when managing capital are:

(i) to be in compliance with the paid-up capital requirement set by the SECP. The Company's current paid-up capital is in excess of the limit prescribed by the SECP vide SRO 828(I)2015.

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

(ii) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

(iii) to provide an adequate return to shareholders.

The Company manages the capital structure in context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debts.

### 32. Fair value of financial instruments

The carrying value of all financial instruments reported in the financial statements approximate their fair value except for available for sale investments which are stated at lower of cost and market value in accordance with the requirements of the SEC (Insurance) Rules, 2002. The carrying and fair value of these investments have been disclosed in note 14.2 to the financial statements. Fair value is determined on the basis of objective evidence at each reporting date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Following are the assets where fair value is only disclosed and is different from their carrying value:

	2015		2014	
	Level 1	Fair value measurement using Level 2	Level 1	Level 2
<b>Available for sale investment</b>				
Listed shares and mutual funds	4,331,143	-	3,652,208	-
Government securities	-	77,437	-	77,358
	<u>4,331,143</u>	<u>77,437</u>	<u>3,652,208</u>	<u>77,358</u>

### 33. Provident fund trust

The Company has maintained an employee provident fund trust and investments out of provident fund has been made in accordance with provisions of section 227 of the Companies Ordinance, 1984, and the rules formulated for this purpose. The salient information of the fund is as follow:

	Note	2015 (Rupees in thousand)	2014
Size of the fund		136,867	96,915
Percentage of investments made		92.3%	88.7%
Fair value of investments	33.1	126,282	85,970
Cost of investments made		128,113	83,074

33.1	Investments as a % size of fund		Investments	
	2015	2014	2015	2014
			(Rupees in thousand)	
Government securities	23%	18%	31,054	17,846
Listed securities and mutual funds	70%	70%	95,228	68,124
			<u>126,282</u>	<u>85,970</u>

The information for the financial year 2015 is based on un-audited financial statements of the provident fund.

34. Number of employees	Number of persons	
	2015	2014
Number of management and non management staff employed are as follows:		
Total employees	170	162
Average employees	163	160

**35. Date of authorization for issue**

These financial statements were authorized for issue by the Board of directors of the Company on February 25, 2016.

**36. Non - adjusting events after the balance sheet date**

The Board of directors has proposed a final dividend for the year ended December 31, 2015 of Rs. 6 (2014: Rs. 6) per share, amounting to Rs. 420,968 thousand (2014: Rs. 420,968 thousand) at their meeting held on February 25, 2016 for the approval of the members at the Annual General Meeting to be held on April 15, 2016. The Board has also recommended to transfer Rs. 181,000 thousand (2014: Rs. 124,000 thousand) to general reserves.

The Finance Act, 2015 introduced a tax on every public company at the rate of 10% of such undistributed reserves which exceeds the amount of its paid up capital. However, this tax shall not be applied in case of a public company which distributes profit equal to either 40% of its tax profits or 50% of its paid up capital, whichever is less, within six months from the end of the year.

Based on the fact the Board of directors of the Company has proposed 60% dividend for the year ended December 31, 2015 which exceeds the above prescribed minimum dividend requirement, the Company believes that it would not eventually be liable to pay tax on its undistributed reserves as at December 31, 2015.

**37. Corresponding figures**


Due to addition of new "Engineering Class" as required by Rule 2 of Annexure II of the insurance Rules, 2002, corresponding figures in the "Miscellaneous Class" have been rearranged to exclude "Engineering Class" item and shown separately.



**Arshad P. Rana**  
Chief Executive



**Feroz Rizvi**  
Director



**Ali H. Shirazi**  
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**Yusuf H. Shirazi**  
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# Glossary

**Actuary**

Qualified expert who analyses problems from the area of insurance, investments and pensions using methods of probability theory and financial mathematics and develops solutions with due regard to legal and economic parameters.

**Actuarial valuations**

A determination by an actuary at a special date of the value of a company's assets and its liabilities.

**Amortization**

Reduction of the value of an asset by prorating its cost over a period.

**Associate**

A company in which the investor has significant influence and which is neither a subsidiary nor a joint venture of the investor.

**Authorized share capital**

Maximum value of share capital that a company can legally issue.

**Bonus shares**

Free shares issued to shareholders.

**Book value**

The value of an asset as entered in a company's books.

**Budget**

An estimate of income and expenditure for a set period of time.

**Capital expenditure**

Cost of long-term improvements and fixed assets.

**Capital gain**

Portion of the total gain recognized on sale of a non-inventory asset

**Capital reserves**

Any reserve not regarded free for distribution by way of dividends.

**Cedant**

Client of a reinsurance company.

**Combined ratio**

Percentage ratio of the sum of net claims plus management expenses and net commission to net premiums earned. It corresponds to the sum of the loss ratio, commission ratio and the expense ratio.

**Commission**

Remuneration to an intermediary for services such as selling and servicing an insurer's products.

**Claims**

Amount payable under a contract of insurance arising from occurrence of an insured event.

**Claims incurred**

Aggregate of all claims paid during the accounting period together with attributable claims handling expenses, where appropriate, adjusted by the gross claims reserve at the beginning and end of the accounting period.

**Corporate social responsibility**

A process with the aim to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, and all other members of the public who may also be considered as stakeholders.

### **Deferred commission**

Expenses which vary with and are primarily related to the acquisition of new insurance contracts and renewal of existing contracts, which are deferred as they relate to a period of risk subsequent to the balance sheet date.

### **Deferred tax**

An accounting concept (also known as future income taxes) meaning a future tax liability or asset in respect of taxable temporary differences.

### **Defined benefit plans**

Post-employment benefit plans other than defined contribution plans.

### **Depreciation**

Systematic allocation of the cost of an asset over its useful life.

### **Doubtful debts**

A debt where circumstances have rendered its ultimate recovery uncertain.

### **Earnings per share**

Amounts for profit per share attributable to ordinary shareholders of the entity.

### **Facultative reinsurance**

The reinsurer assumes a share of selected individual risks, the primary insurer can offer an individual risk in reinsurance, which the reinsurer for its part can either accept or decline.

### **Fair Value**

Amount for which an asset could be exchanged, or a liability settled.

### **Fiscal deficit**

When government's total expenditures exceed the revenue that it generates.

### **General insurance**

All kinds of insurance except Life and Takaful Insurance. i.e. fire and property damage, marine, aviation and transport, motor, health and miscellaneous - other insurance.

### **Gross domestic products**

The total value of goods produced and services provided in a country during a fiscal year.

### **Gross premium**

Premium which an insurer is contractually entitled to receive from the insured in relation to contracts of insurance.

### **Group health insurance**

A single health policy covering a group of individuals, usually employees of the same company or members of the same association and their dependents.

### **Human resource development**

A framework for the expansion of within an organization through the development of both the organization and the individual to achieve performance improvement.

### **Impairment**

The amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount.

### **Incurred But Not Reported (IBNR)**

Claim incurred but not reported to the insurer until the reporting date of the financial statements.

### **Inflation**

A general increase in prices and fall in the purchasing value of money.

**Insurance contracts**

A contract under which one party (the insurer) accepts insurance risk from another party (the policyholder) by agreeing to compensate the policyholder for a specified uncertain future event.

**Insurer Financial Strength Rating**

Provides an assessment of the financial strength of an insurance company.

**Intangibles**

An identifiable non-monetary asset without physical substance.

**Internal control**

An accounting procedure or system designed to promote efficiency or assure the implementation of a policy or safeguard assets or avoid frauds and errors etc.

**Loss ratio**

Percentage ratio of claims expenses to net premium.

**Market share**

The portion of a market controlled by a particular company or a product.

**Market value**

Estimated price that a buyer would pay and a seller would accept for an item in a competitive market.

**National exchequer**

The account in which tax funds and other public funds are deposited.

**Net asset value**

The value of all tangible and intangible assets of a company minus its liabilities.

**Net premium revenue**

Gross premium written less reinsurance expense.

**Non-life insurance**

Non-life insurance and general insurance have identical meaning.

**Outstanding claims**

A type of technical reserve or accounting provision in the financial statements of an insurer to provide for the future liability for claims.

**Paid up capital**

The amount paid or contributed by shareholders in exchange for shares of a company.

**Premium**

The amount to be paid for the insurance cover provided by an insurer.

**Present value**

Future amounts that have been discounted to the present.

**Proxy**

Power of attorney by which the shareholder transfers the voting rights to another shareholder.

**Quoted**

Being listed on a stock exchange.

**Registered office**

An address which is registered with the government registrar as the official address of a company.

### **Reinsurance**

A method of insurance arranged by insurers to share the exposure of risks accepted.

### **Reinsurance commission**

Commission received or receivable in respect of premium paid or payable to a reinsurer.

### **Reinsurance premium**

The premium payable to the reinsurer in respect of reinsurance contract.

### **Related party**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

### **Retrocession**

Transfer of risk from a reinsurer to another reinsurer.

### **Revenue reserves**

Reserve that is normally regarded as available for distribution through the profit and loss account including general reserves and other specific reserves created out of profit and un-appropriated profit.

### **Risk**

Condition in which there is a possibility of loss.

### **Risk management**

Includes analyzing all exposures to gauge the likelihood of loss and choosing options to better manage or minimize the loss.

### **Statutory levies**

Fee charged (levied) by a government on a product, income or activity.

### **Strategic objective**

A broadly defined objective that an organization must achieve to make its strategy succeed.

### **Subsequent event - non adjusting**

Are events concerning conditions which arose after the balance sheet date, but which may be of such materiality that their disclosure are required to be ensured that the financial statements are not misleading.

### **Takaful**

An Islamic concept of insurance.

### **Tangible asset**

An asset which can be touched or felt.

### **Term finance certificate**

A debt instrument issued by an entity to raise funds.

### **Underwriting profit**

This is the profit generated purely from the insurance business without taking into account the investment income, other income and general & administration expenses.

### **Unearned premium**

It represents the portion of premium already entered in the accounts as due but which relates to a period of risk subsequent to the balance sheet date.

 Atlas Group Companies	<i>Year of Establishment / Acquisition*</i>
 Shirazi Investments	1962
 Atlas Honda	1962
 Atlas Battery	1966
 Shirazi Trading	1975
 Atlas Insurance	1980*
 Atlas Engineering	1981*
<b>HONDA</b> Honda Atlas Cars	1992
<b>HONDA</b> Honda Atlas Power Product	1997
 Atlas Asset Management	2002
 Shirazi Capital	2005
 Atlas Power	2007
 Atlas World Wide	2007
 Atlas Venture	2008
 Atlas Autos	2011
 Atlas Hitec	2012
 Atlas Metals	2012
 Atlas Global	2015

# Form of Proxy

I/we \_\_\_\_\_ of \_\_\_\_\_ being member(s) of Atlas Insurance Limited and holder(s) of \_\_\_\_\_ ordinary shares as per Registered Folio No. \_\_\_\_\_ hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_ as my / our proxy to attend, act and vote for me / us and on my / our behalf at the 81st General Meeting of the Company to be held at Registered Office on April 15, 2016 at 3:00 pm at 3 - Bank Square, Shahrah-e-Quaid-e-Azam, Lahore and at every adjournment thereof.

As witness my / our hand this \_\_\_\_ day of \_\_\_\_\_ 2016.

Signature: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Witness:

Signature: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Affix Revenue Stamp  Signature
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## Notes:

1. A member entitled to attend and vote at the general meeting of the Company is entitled to appoint proxy to attend and vote instead of him / her. No person shall act, as a proxy who is not a member of the Company except that a corporation may appoint a person who is not a member.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or his / her constituted attorney or if such appointer is a corporation or company, under the common seal of such corporation or company.
3. The Form of proxy, duly completed, must be recieved at the Company's registered Office, 3 - Bank Square, Shahrah-e-Quaid-e-Azam, Lahore at least 48 hours before the time of the meeting.





AFFIX  
POSTAGE

The Secretary  
Atlas Insurance Limited  
3 - Bank Square,  
Shahrah-e-Quaid-e-Azam,  
Lahore.

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### **Takaful Products:**

- Fire
- Marine
- Motor
- Health
- Contractor's All Risk
- Erection All Risk
- Machinery Breakdown
- Personal Accident
- Fidelity Guarantee
- Cash in Transit / Cash in Safe
- Boiler & Pressure Vessel
- Computer All Risk
- Public Liability
- Product Liability
- Workman Compensation

Atlas Insurance Limited

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Lahore-54000

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373 22273, 373 10658

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Website: [www.atlasinsurance.com.pk](http://www.atlasinsurance.com.pk)