

2017



2017

تکافل

TAKAFUL

Window Operation

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through  
*self development*



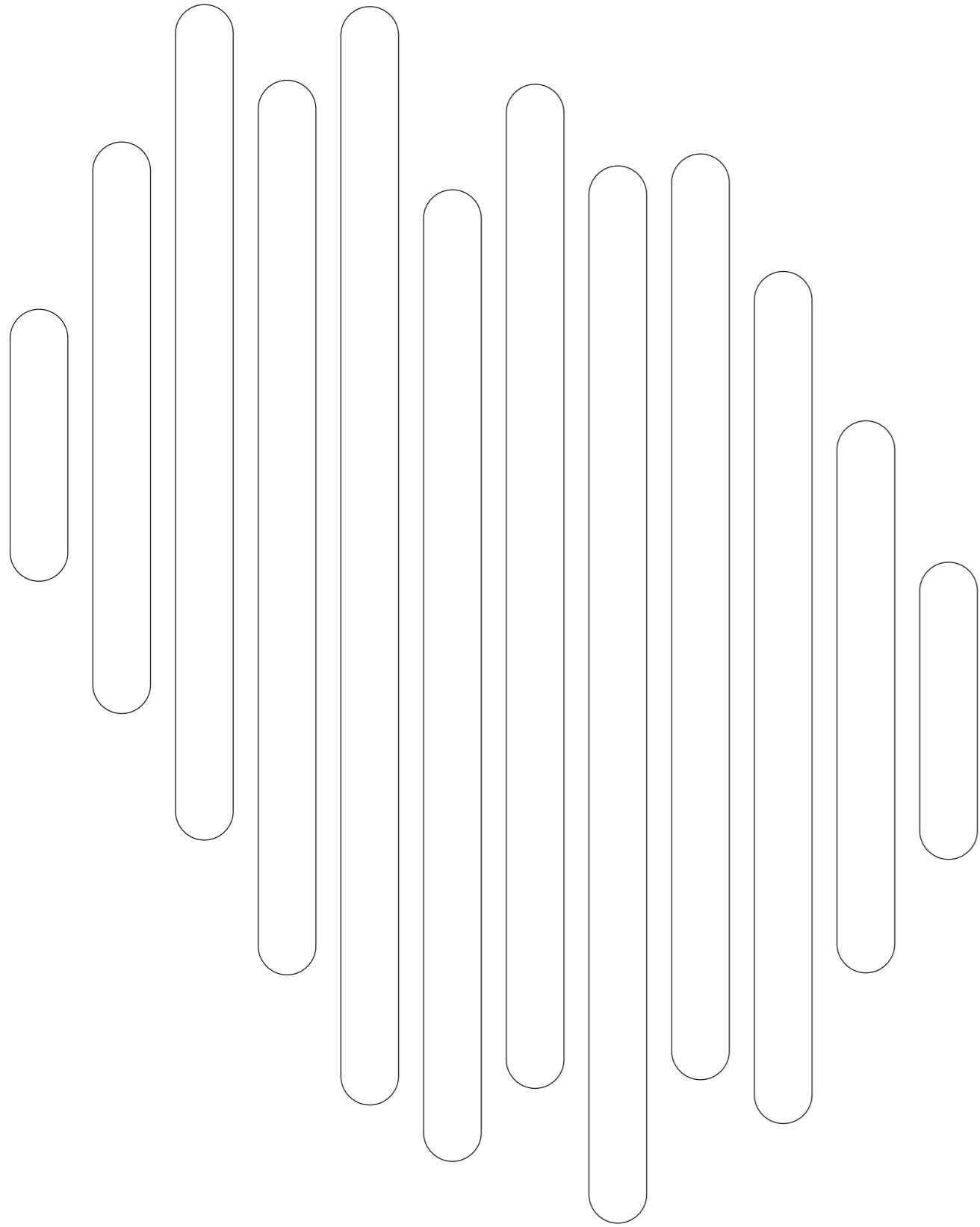




# REDEFINING PROSPERITY

In a dynamic and highly competitive business environment, corporate growth becomes stagnant in the absence of innovation and technological advancement. Atlas Insurance aims to achieve long term sustainable business growth by remaining at the forefront of innovation and collaboration, continuing to provide quality products and services to its policyholders that together take corporate success to a whole new level.





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# PERFORMANCE HIGHLIGHTS

	2017	2016	Percentage Increase
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## Gross Premium

Rs. million	2,379.3	2,333.6	2%
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## Net Premium

Rs. million	1,274.5	1,044.2	22%
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## Underwriting Profit

Rs. million	595.3	484.2	23%
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## Profit Before Tax

Rs. million	988.8	916.8	8%
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## Profit After Tax

Rs. million	664.0	618.2	7%
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	2017	2016	Percentage Increase
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## Reserves & Retained Earnings

Rs. million	1,547.8	1,344.9	15%
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## Equity

Rs. million	2,249.4	2,046.5	10%
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## Earnings Per Share - Basic & Diluted

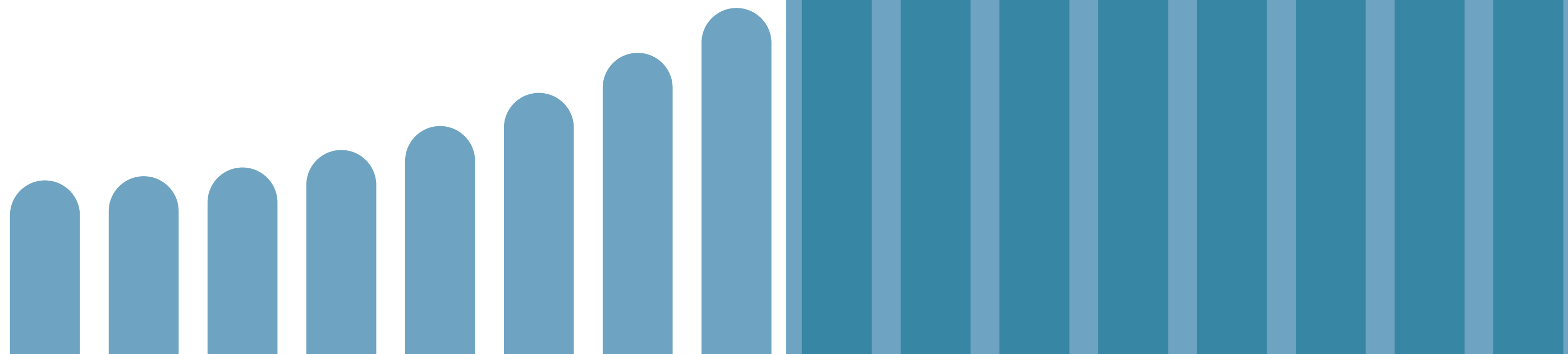
Rs.	9.46	8.81	7%
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## Break-up Value Per Share

Rs.	32.1	29.2	10%
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## Cash Dividend

Rs. million	456.0	421.0	8%
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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 VALUE

## 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 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 make 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 claims 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 continuously monitoring development 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.







## HEALTH, SAFETY 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 to create 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 requirements of the Companies Act, 2017. 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, Hakeem-ul-Ummat, and is one of the oldest insurance companies of Pakistan.

The Company was taken over by the Atlas Group in 1980. The Company has made steady progress since its acquisition by the Atlas Group. The equity of the Company has grown from Rs. 1.6 million in 1979 to over Rs. 2.249 billion in 2017, total assets having grown to over Rs. 4.204 billion and investments from Rs. 4.594 million to over Rs. 2.366 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 Sompco from Japan among others.

After obtaining license from Securities and Exchange Commission of Pakistan, the Company launched its Window Takaful Operations in March, 2016. Under the supervision of certified and experienced Shariah Advisor, the General Takaful products were designed. Takaful will help not only to cater the requirements of our existing clientele but also to reach out to new market segments.

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.

Atlas Insurance Limited a financially sound and professional managed Company, has been awarded the Top Five Companies "Best Corporate Report Award" eight times, between 2003 to 2015, 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. The Company is also recipient of "KSE Top 25 Companies Award". Atlas Insurance Limited 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, 2014 and 2015 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 yielding handsome profit earnings. This was 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 conduct 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. It serves its customers through a strong branch network throughout the country backed by advanced computerized information and control system. Wide range of products for conventional and takaful are 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 high value computer equipments 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 equipments, 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 patient care. The group medical insurance curtails the administrative burden and financial pressures.



## Board of Directors

The Board of Directors (the Board) 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 believe 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, five 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 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 presented to the Board in next meeting.

## The Roles of the Chairman and 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 particular, 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 the Chief Executive Officer is assessed through the evaluation system which takes into account various parameters including financial results, employees, clients and stakeholders.

## Board and Management Committees

As envisaged by the Code of Corporate Governance for Insurers, 2016, (the Code), the Board has formed Audit Committee, Ethics, Human Resource & Remuneration Committee and Investment Committee. The Board has also established management committees namely; Underwriting, Reinsurance & Co-insurance Committee, Claims Settlement Committee and Risk Management & Compliance Committee. In addition to the regulatory requirements, the Board has also formed Information Technology Committee. A Management Committee comprising of all departmental heads headed by Chief Executive Officer is also in place for operational coordination.

## Audit Committee

The Committee consists of three non-executive directors, presided by an independent director. 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:

- a) Determination of appropriate measures to safeguard the Company's assets;
- b) Review of annual and interim financial statements of the Company, prior to their approval by the Board, focusing on:
  - major judgmental areas;
  - significant adjustments resulting from the audit;
  - going concern assumption;
  - any changes in accounting policies and practices;
  - compliance with applicable accounting standards;
  - compliance with these regulations and other statutory and regulatory requirements; and
  - all related party transactions.
- c) Review of preliminary announcements of results prior to external communication and publication;
- d) Facilitating 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 (in the absence of management, where necessary);
- e) Review of management letter issued by external auditors and management's response thereto;
- f) Ensuring coordination between the internal and external auditors of the Company;
- g) Review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;
- h) Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- i) Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
- j) Review of the Company's statement on internal control systems prior to endorsement by the Board and internal audit reports;
- k) Instituting special projects, value for money studies or other investigations on any matter specified by the Board, in consultation with the Chief Executive Officer and to consider remittance of any matter to the external auditors or to any other external body;
- l) Determination of compliance with relevant statutory requirements;
- m) Monitoring compliance with the these regulations and identification of significant violations thereof;
- n) Review of arrangement for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;
- o) Recommend to the Board the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the Company by the external auditors in addition to audit of its financial statements. The Board shall give due consideration to the recommendations of the audit committee and where it acts otherwise it shall record the reasons thereof.
- p) Consideration of any other issue or matter as may be assigned by the Board.

Four meetings of the Committee were held during the year.

## Ethics, Human Resource and Remuneration Committee

The Committee consists of three members. Majority of the members including the Chairman are non-executive directors. Committee is responsible for:

- Recommending human resource management policies to the Board;
- Recommending to the Board the selection, evaluation, compensation (including retirement benefits) and succession planning of the Chief Executive Officer. Recommending to the Board the selection and evaluation of Chief Financial Officer, Company Secretary, Compliance Officer and Head of Internal Audit;
- Undertaking annually a formal process of evaluation of performance of the Board as a whole and its committees;
- Consideration and approval on recommendations of the Chief Executive Officer on such matters for key management positions who report directly to Chief Executive Officer;



- Proposing a remuneration approach and related policies for the Company covering the remuneration policy, remuneration governance and structure (including approval policy for the level and composition of compensation), and the components of compensation (such as the amount of fixed remuneration, shares or options, other variable remuneration, pension rights, redundancy pay and other forms of compensation and benefits, as well as the performance criteria and their application);
- Reviewing and making recommendations to the Board regarding the specific remuneration of the Board members, the Chief Executive Officer, Chief Financial Officer, Company Secretary, Compliance Officer and Head of Internal Audit. However, at all times, the Committee shall ensure that the remuneration approach is consistent with the performance and risk management framework of the Company.

The Board has also assigned the following responsibilities of Nomination Committee to the Ethics, Human Resource & Remuneration Committee:

- Implement the Board's policy on Board's renewal so that the Board individually and collectively continues to maintain target skill levels and independence.
- Make recommendations to the Board with regard to the nomination for appointment or reappointment of members of the Board consistent with appropriate criteria established in the profiles and succession plans.
- Ensure proper orientation of the Board members in respect of their responsibilities.
- Establish a mechanism for the formal assessment of the effectiveness of the Board as whole as well as individual Board members.
- Make recommendations to the appropriate authority within the Company for retirement of members of the Board, Chief Executive Officer and senior management of the Company.
- Make recommendations to the Board with respect to succession planning for the Chief Executive Officer and other members of the senior management and with respect to management development principles.
- Make recommendations to the Board on nominations of members of Board committees.
- Review the management development status and succession plans for key officers as well as general talent management of the Company.
- Ensure that all directors receive appropriate ongoing training as required for them to fulfil their role requirements.

One meeting of the Committee was held during the year.

## Investment Committee

The Committee consists of four members including two non-executive directors, Chief Executive Officer and Chief Financial Officer. The primary responsibility of the Committee is to assist the Board in discharging its responsibilities in overseeing Company's investment portfolio, including:

- Developing, reviewing and recommending to the Board investment strategies and investment 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.
- Reporting to the Board the Company's investment strategies and guidelines.

Five meetings of the Committee were held during the year.

## Underwriting, Reinsurance & Co-insurance Committee

The Committee consists of three members; chaired by the Chief Executive Officer.

Following Terms of Reference (TORs) for the Underwriting, Reinsurance & Co-insurance Committee have been finalized by the Board:

- Advise the Board and management concerning the establishment and review of the Company's underwriting policies and guidelines.
- Set out the criteria for assessing various types of insurance risks and determine the premium policy of different insurance covers.
- Regularly review the underwriting and premium policies of the Company with regard to relevant factors such as its business portfolio and the market development.
- Develop the policy for effecting reinsurance, not inconsistent with the relevant provisions of the Insurance Ordinance, 2000 and shall ensure that adequate reinsurance arrangements are made for the business of the Company.
- Review the reinsurance arrangements from time to time, and subject to the consent of the participating reinsurers, make appropriate adjustments to the arrangements in the light of the market development.
- Assess the effectiveness of the reinsurance program for the future reference.

Four meetings of the Committee were held during the year.



## Claims Settlement Committee

The Committee consists of three members, chaired by a non-executive director. The Committee devises the claims settling policy 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 decide how to deal with such claims disputes.

Four meetings of the Committee were held during the year.

## Risk Management & Compliance Committee

The Committee consists of three members, chaired by the Chief Executive Officer.

Following Terms of Reference (TORs) for the Committee have been finalized by the Board:

- Oversee the activities of the risk management function of the Company and shall make appropriate recommendations to the Board.
- Assist the Board in implementation of the decisions taken by the Board to mitigate probable risks falling within the purview of the risk management function.
- Monitoring the compliance function and Company's risk profile in respect of compliance with the laws applicable to it as well as the internal policies and procedure.
- Prepare reports detailing Company's risk profile and the compliance activities undertaken proactively aiming at determination of the Company's ability to meet its legal and ethical obligations, as well as report on identified weaknesses, lapses, breaches or violations of the areas within its purview and the controls and other measures in place to help detect and address the same.
- Supervise and monitor matters reported using the Company's Whistle Blowing policy for employees and others to report compliance concerns or potential breaches, violations or frauds within the areas under its purview.
- Assist the Board in setting up adequate controls or take such measures so as to mitigate any risk relating to compliance and / or potential breaches, violations or frauds within the areas under its purview

Four meetings of the Committee were held during the year.

## Information Technology (IT) Committee

IT Committee has been formed to assist the Board in overseeing Company's information technology projects and initiatives. The Committee consists of three members. The Terms of Reference of the Committee included:

- Identify strategic directions, capabilities and objectives for Company's IT support.
- Identify opportunities where IT can help to 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 Company's risk management and risk assessment guidelines and policies regarding IT security including disaster recovery capabilities

One meeting of the Committee was held during the year.

## Management Committee

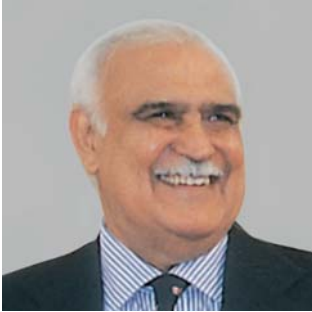
The Management Committee acts at the operating level in an advisory capacity to the Chief Executive Officer (CEO), providing recommendations relating to the business and other corporate affairs. The Committee is responsible for reviewing and forwarding short / long term plans, capital and expense budget 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 projects, producing environments friendly products. 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 where he authored 50 reports as to how the businesses are carried and tax assessed. He was an instructor in the Finance Services Academy on Law and Accounts. He is the author of seven 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 matters - socio - politico - economic.

Mr. Shirazi is the Chairman of Atlas Group, which, among others, has joint ventures with GS Yuasa International, Honda, and MAN to name a few. Mr. Shirazi 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 (Chartered University) and Pakistan Institute of Management. 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. Shirazi has been awarded Sitara-e-Eisaar and Sitara-e-Imtiaz the top Civilian Awards. Sitara-e-Imtiaz conferred by the Government of Pakistan recognizes individuals who have made an "especially meritorious contribution to the security or national interests of Pakistan, world peace, cultural or other significant public endeavors". Sitara-e-Eisaar Award is in recognition of CSR activities in Pakistan. A distinguished Formanite Award for outstanding achievements as an entrepreneur was awarded by Forman Christian College - University Lahore.

The Government of Japan also acknowledged Mr. Shirazi's contributions to promote economic relationship between the two countries by conferring the Japanese National Award.



**Mr. Feroz Rizvi**  
Director

Mr. Feroz Rizvi is a Chartered Accountant, having qualified from England and Wales. He has over 39 years of local and international experience in some of the largest companies in the world. On returning to Pakistan post qualification, he joined ICI Pakistan Ltd, which was a subsidiary of ICI PLC, one of the largest chemical companies in the world. He left ICI Pakistan in 1985 and after a brief period with Petromin Refinery Riyadh, he rejoined ICI Pakistan in its Polyester Fiber business in Lahore.

In 1986 he was seconded to ICI PLC's headquarters in London. During his secondment he was involved in ICI PLC's strategic shift from industrial to consumer chemicals and a major acquisition of USD 8 billion from Unilever PLC as part of the company's major strategic priority. In addition, he was also responsible for a number of divestments of ICI PLC's industrial chemical businesses. Mr. Feroz Rizvi has extensive experience in corporate strategy, restructuring, merger and acquisition and corporate governance. He is the Chief Executive of Pakistan Institute of Corporate Governance and is also on the Board of Engro Chemicals and Polymers Limited and Linde Pakistan Limited.



**Mr. Isphanyar M. Bhandara**  
Director

Mr. Isphanyar M. Bhandara is the Chief Executive of Murree Brewery Company, 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 also the Chief Executive of D.P. Edulji & Co (Private) Limited. He is the President of Rawalpindi Parsi Anjuman. He is Member of the National Assembly of Pakistan. He occasionally writes for the English newspapers and contributes to many charities and other philanthropic work.

Being MNA he is also member of various government committees e.g. National Assembly Standing Committee on Defence, Standing Committee on Finance, Revenue and Economic Affairs, Gilgit-Baltistan Council, Evacuee Trust Property Board (ETPB) and Parliamentary Committee on China-Pakistan Economic Corridor (CPEC).



**Mr. Ali H. Shirazi**  
Director

Mr. Ali H. Shirazi graduated with a B.A 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 the Chief Executive / President of Atlas Battery Limited and member of the Group Executive Committee, responsible for Group's Financial Services. He is also on the Board of Atlas Asset Management Limited, Atlas Engineering Limited, Atlas Metals (Private) Limited, Pakistan Society of Training and Development, Young Presidents' Organization, National Management Foundation (sponsoring body of LUMS) and Techlogix International Limited. He is a 'Certified Director' from the Pakistan Institute of Corporate Governance.



**Mr. Jawaid Iqbal Ahmed**  
Director

Mr. Ahmed is an AMP from Harvard Business School, Boston USA, AIM from Stockholm School of Economics, Sweden 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 over 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. Khaleeq-ur-Rahman Khan**  
Director

Mr. Khaleeq-ur-Rahman Khan was associated with the Atlas Group from 1970 to 2017. He has served as Chief Executive Officer of Shirazi Trading Company (Pvt.) Limited, for about 10 years and of Atlas Lease Limited for 7 years. He has also served on the Board of Atlas Battery Limited and Atlas Engineering Limited.

He is an MBA from International Management Institute (IMI) Geneva, Switzerland. He has attended various management level training programs from international institutes including AMP from INSEAD France, GMP from Stanford University, Singapore and Leasing-Competing in the 1990s from Amembal & Halladay, Singapore. He has also completed a number of financial and management courses at domestic level. Mr. Khaleeq has over 40 years of experience including different management positions in manufacturing, trading and financial sector in the Atlas Group.



**Mr. Arshad P. Rana**  
Chief Executive Officer 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. Currently he is the Senior Vice Chairman of the Association.







## Company Information

### Board of Directors

Yusuf H. Shirazi  
Chairman

Feroz Rizvi  
Director

Isphanyar M. Bhandara  
Director

Ali H. Shirazi  
Director

Jawaid Iqbal Ahmed  
Director

Khaleeq-Ur-Rahman Khan  
Director

Arshad P. Rana  
Chief Executive

Muhammad Afzal  
Company Secretary

### Audit Committee

Feroz Rizvi  
Chairman

Ali H. Shirazi  
Member

Khaleeq-Ur-Rahman Khan  
Member

Muhammad Afzal  
Secretary

Saleem Mahmood Akhtar  
Chief Internal Auditor

### Ethics, 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

Khaleeq-ur-Rahman Khan  
Member

Arshad P. Rana  
Member

Rashid Amin  
Member

Muhammad Afzal  
Secretary

**Underwriting, Reinsurance & Co-insurance Committee**

Arshad P. Rana  
Chairman

Muhammad Saeed  
Member

Syed Nasir Hussain  
Member

Syed Irtiza Kazmi  
Secretary

**Claims Settlement Committee**

Ali H. Shirazi  
Chairman

Arshad P. Rana  
Member

Syed Irtiza Kazmi  
Member

Muhammad Saeed  
Secretary

**Risk Management & Compliance Committee**

Arshad P. Rana  
Chairman

Rashid Amin  
Member

Syed Irtiza Kazmi  
Member

Syed Nasir Hussain  
Secretary

**Information Technology (IT) Committee**

Arshad P. Rana  
Chairman

Rashid Amin  
Member

Muhammad Saeed  
Member

Wasim Ahmed  
Secretary

**Management Committee**

Arshad P. Rana  
Chief Executive

Abbas Sajjad  
General Manager Sales & Marketing

Rashid Amin  
Chief Financial Officer

Muhammad Saeed  
Head of Claims

Qudsia Naheed  
Head of HR & Admin

Abdul Razzaq Ghauri  
Head of Window Takaful

Syed Irtiza Kazmi  
Vice President Underwriting

**Shariah Advisor**

Mufti Zeeshan Abdul Aziz

**Compliance Officer**

Muhammad Aasim Gul

**Auditors**

A. F. Ferguson & Co.  
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**

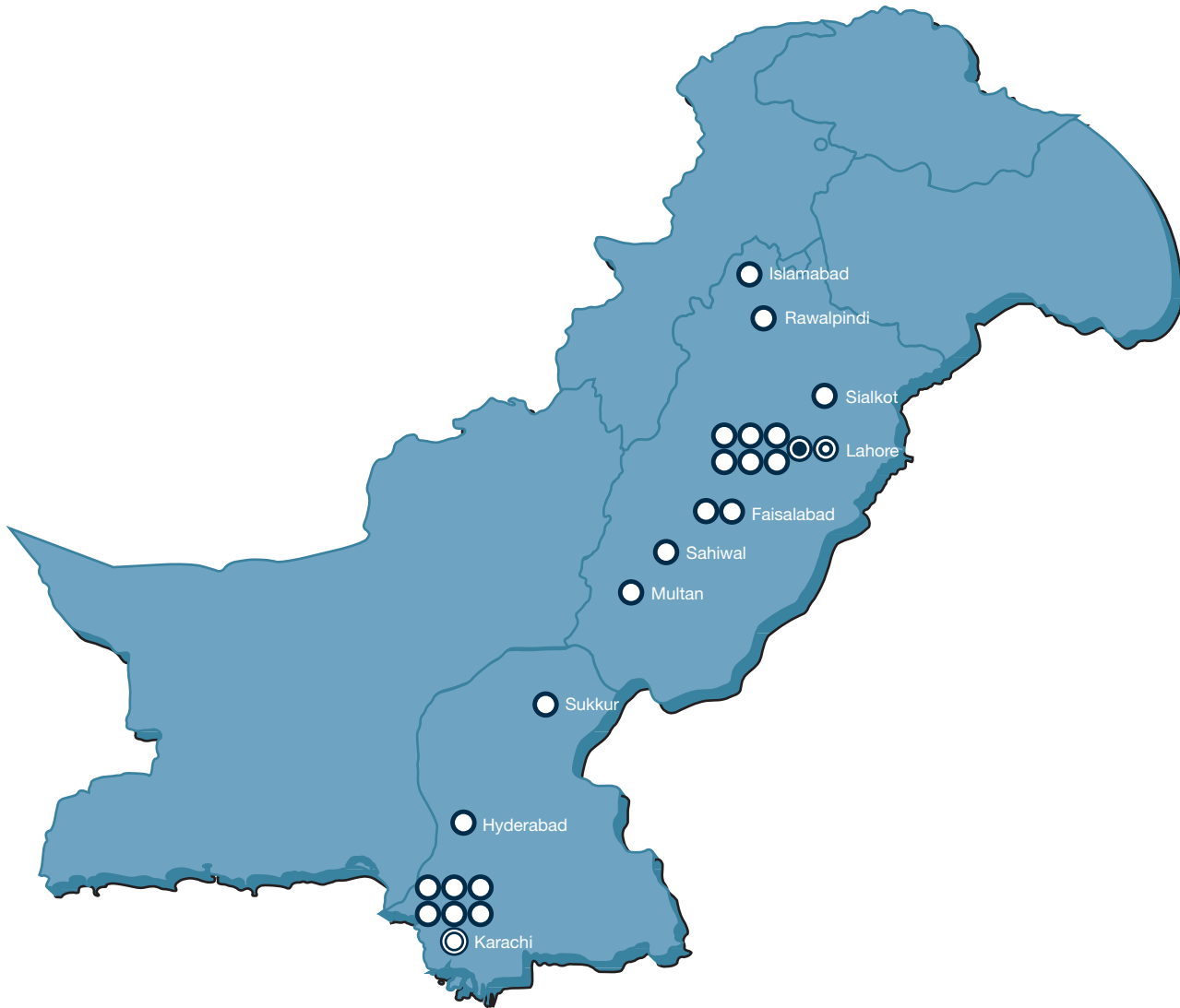
Allied Bank Limited  
Askari Bank Limited  
Bank Alfalah Limited  
Faysal Bank Limited  
Habib Bank Limited  
MCB Bank Limited  
National Bank of Pakistan  
NIB Bank Limited  
NRSP Microfinance Bank Limited  
Sindh Bank Limited  
Summit Bank Limited  
The Bank of Punjab  
FINCA Microfinance Bank Limited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

**Registered & Head Office**

63/A, Block - XX, Phase III (Commercial),  
Khyaban-e-Iqbal, DHA, Lahore.  
Tel: (92-42) 37132611-18,  
Fax: (92-42) 37132622  
E mail: info@ail.atlas.pk  
Website: www.ail.atlas.pk

# Geographical Presence Branch Network

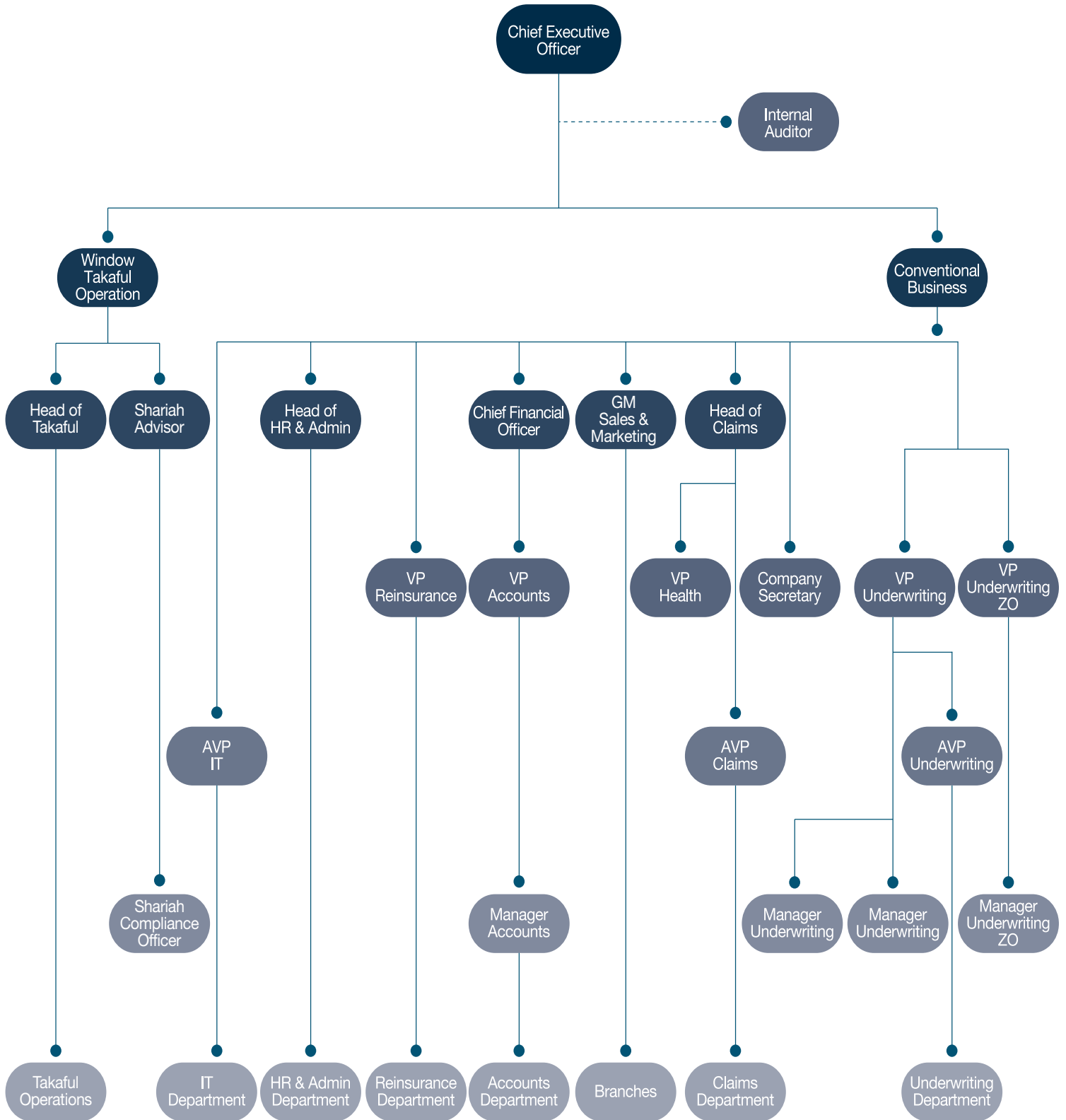
The complete branch network of the Company is available at [www.ail.atlas.pk](http://www.ail.atlas.pk)



⊙ Head Office   ⊕ Zonal Office   ● Registered Office   ○ Branch Office



# Organogram



## Major Events

### February

#### Annual Sales Conference

Annual sales conference was held from 8th to 10th February, 2017, in Lahore and was attended by Group Director and the field executives of the Company.

#### Board of Directors (BOD) Meeting for the Year Ended December 31, 2016

The BOD meeting was held on February 28, 2017 to consider and adopt the audited financial statements of the Company for the year ended December 31, 2016.

### March

#### Financial Strength Rating

Acknowledging the financial strength of the Company, the Pakistan Credit Rating Agency Limited (PACRA), on March 10, 2017, upgraded Insurer Financial Strength (IFS) rating of the Company from "AA -" to "AA" with stable outlook, which denotes a very strong capacity to meet policyholders and contract obligations.

### April

#### Annual General Meeting

82nd Annual General Meeting of the members of the Company was held on April 26, 2017.

#### BOD Meeting for 1st Quarter

BOD meeting for the 1st quarter ended March 31, 2017, was held on April 26, 2017, to consider and approve the unaudited financial statements of the Company.

### May

#### Cash Dividend

The cash dividend @ 65% (Rs. 6.5 per share) was disbursed on May 2, 2017.

#### Shifting of Registered and Head Office

The Company's Registered and Head Office was shifted to new premises located at 63/A, Block - XX, Phase III (Commercial), Khyaban-e-Iqbal, DHA, Lahore during the month.

### July

#### Mid Year Sales Conference

Mid year Sales Conference was held on 28th and 29th July, 2017, in Lahore and was attended by the field executives of the Company.

### August

#### BOD Meeting for 2nd Quarter

BOD meeting was held on August 26, 2017, for approval of the unaudited half year financial statements, reviewed by the auditors for the period ended June 30, 2017.

### October

#### BOD Meeting for 3rd Quarter

The meeting was held on October 25, 2017 for approval of the unaudited financial statements of the Company for the nine months period ended September 30, 2017.

### December

#### BOD Meeting for Approval of Annual Budget 2018

The meeting was held on December 21, 2017, to consider and approve the annual budget of the Company for the year ending December 31, 2018.

## Notice of Annual General Meeting

Notice is hereby given that the 83rd Annual General Meeting of the members of Atlas Insurance Limited will be held on Tuesday, April 10, 2018 at 3:00 p.m. at the registered office of the Company situated at 63/A, Block-XX, Phase III (Commercial), Khyaban-e-Iqbal, DHA, Lahore, to transact the following business:

### Ordinary Business

1. To confirm the minutes of the last Annual General Meeting held on April 26, 2017.
2. To receive, consider and adopt the audited financial statements of the Company for the year ended December 31, 2017, together with the Directors' and Auditors' Reports thereon.
3. To consider and approve cash dividend @ 65% for the year ended December 31, 2017, as recommended by the Board of Directors.
4. To elect directors of the Company for a period of three years, in accordance with the provisions of Section 159 of the Companies Act, 2017. The retiring directors are:
  - i. Mr. Yusuf H. Shirazi
  - ii. Mr. Feroz Rizvi
  - iii. Mr. Isphanyar M. Bhandara
  - iv. Mr. Ali H. Shirazi
  - v. Mr. Jawaid Iqbal Ahmed
  - vi. Mr. Khaleeq-ur-Rahman Khan
  - vii. Mr. Arshad P. Rana

The Board of Directors has fixed the number of directors to be elected as seven.

All the retiring directors are eligible to offer themselves for re-election.

In terms of Section 159 (3) of the Companies Act, 2017, any person who seeks to contest an election to the office of director, whether he is a retiring director or otherwise, shall file with the company, not later than fourteen days before the date of the meeting, a notice of his intention to offer himself for election as a director.

5. To appoint auditors and fix their remuneration for the year ending December 31, 2018. The present auditors M/s. A.F. Ferguson & Co, Chartered Accountants, retire and being eligible, offer themselves for reappointment.

### Special Business

6. 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, 2018, be and is hereby approved."

### Other Business

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

The Statement under Section 134(3) of the Companies Act, 2017, 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 19, 2018

### Notes:

1. The share transfer books of the Company will remain closed from April 3, 2018 to April 10, 2018 (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 2, 2018 will be treated in time for the purpose of transfer of shares to the transferees.
2. Any person who seeks to contest the election of directors shall, whether he is retiring or otherwise, file with the Company the following documents at its registered office not later than fourteen days before the date of election / above said meeting:
  - i. Notice of his / her intention to offer himself / herself for the election of directors in terms of Section 159 (3) of the Companies Act, 2017.
  - ii. Consent to act as director on Form 28 under Section 167 (1) of the Companies Act, 2017.



- iii. Detailed profile along with his / her office address as required under SRO 25(1) 2012 dated January 16, 2012 of the SECP.
  - iv. Signed declarations in respect of being compliant with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017 and the eligibility criteria as set out in the Companies Act, 2017 to act as director of a listed company.
  - v. Information on Annexure - A and affidavit on Annexure B and C required under Insurance Companies (Sound and Prudent Management) Regulation 2012 notified by the SECP vide SRO 15(1) / 2012 dated January 9, 2012, and amendments notified vide SRO 1165(1) / 2016 dated December 22, 2016. Annexures A, B and C are available at SECP website and can also be obtained from the registered office of the Company.
3. 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 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 mention folio numbers with the copy of CNIC / NTN details.
  4. 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.
  5. 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 later than 48 hours before the time of Meeting.
  6. Any change of address of Members should be immediately notified to the Company's share registrar.
  7. CDC account holders will further have to follow the guidelines laid down in Circular No. 1 dated January 26, 2000 issued by the SECP.

#### **Availability of Audited Financial Statements at the Company's website**

The audited financial statements of the Company for the year ended December 31, 2017 have been made available at the Company's website [www.ail.atlas.pk](http://www.ail.atlas.pk) in addition to the annual and quarterly financial statements of prior years.

#### **Minutes of the last AGM**

Copies of the minutes of the last Annual General Meeting held on April 26, 2017 will be available to the members on request.

#### **Video-link Facility**

As per Section 132(2) of the Companies Act, 2017, the members can also avail video-link facility to attend the Meeting from cities other than the city where the Meeting is scheduled via video-link.

In this regard, please fill the following consent and submit at the registered office of the Company at least seven days prior to the date of the Meeting:

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

If the Company receives consent from the members who hold, in aggregate, at least 10% shareholding of the Company residing at a particular city to participate in the Meeting through video-link, the Company will arrange video-link facility in that city.

#### **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 provided earlier) to the share registrar.

#### **E-Dividend (Mandatory)**

In compliance of the Section 242 of the Companies Act, 2017, it is mandatory for a public listed company to pay cash dividend to its shareholders ONLY through electronic mode, directly into bank account designated by the eligible shareholders. Therefore, all the shareholders of the Company are advised to provide their bank account number / IBAN and other banking details at the earliest. Please be aware that dividends will only be remitted through electronic mode to the designated bank accounts and in absence of e-dividend mandate, such cash dividends will be withheld by the Company.

#### **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 requested to convey their consent via email on a standard request form which is available at the Company website i.e. [www.ail.atlas.pk](http://www.ail.atlas.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.

### Transmission of Annual Audited Accounts through CD / DVD

In compliance with the SECP Notification No. SRO 470(1) 2016, dated May 31, 2016, the Company in the Extraordinary General Meeting, held on February 10, 2017, obtained the approval of the shareholders to circulate the annual audited accounts through electronic medium, i.e. through CD / DVD at their registered address instead of transmitting the annual accounts in hard copies. However, shareholder may request the Company Secretary or share registrar of the Company for hard copy of annual audited accounts instead of CD / DVD and the same will be provided at his / her registered address, free of cost, within one week of the demand. In this regard, a 'Standard Request Form', has also been placed at the website of the Company for communicating the need of hard copies of the annual audited accounts instead of sending the same through CD / DVD.

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

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

The government of Pakistan through Finance Act 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 15%
- b) For non-filers of income tax returns 20%

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 20%, all the shareholders whose names are not entered into the Active Tax payers List (ATL) provided at 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

63/A, Block-XX, Phase III (Commercial),  
Khyaban-e-Iqbal, DHA, Lahore.  
Tel: (92-42) 37132611-18  
Fax: (92-42) 37132622

### 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.

### Deduction of Withholding Tax on Joint Account Holder(s)

The joint account holders whose shareholding details as to principal shareholder have not yet been determined for deduction of withholding tax on the upcoming dividend of the Company, are requested to please furnish to the Company's share registrar, the shareholding details of yourself as principal shareholder and your joint holder(s) in the following manner, enabling the Company to compute withholding tax of each shareholder accordingly:

CDC Account No. / Folio No.	Name of Principal Shareholder / Joint Holder	Shareholding Proportion (%)	CNIC Number (Copy attached)	Signature

Kindly note that in case of non-receipt of the information each account holder will be assumed to hold equal proportion of shares and the deduction will be made accordingly.

### Statement under Section 134(3) of the Companies Act, 2017

This Statement is annexed to the Notice of the 83rd Annual General Meeting of Atlas Insurance Limited to be held on April 10, 2018, 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. 6 of the Agenda

Approval is being sought for the annual 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

63/A, Block-XX, Phase III (Commercial)  
Khyaban-e-Iqbal, DHA, Lahore  
Tel: (92-42) 37132611-18  
Fax: (92-42) 37132622

### Listing on Stock Exchange

Atlas Insurance Limited is listed on Pakistan Stock Exchange (PSX).

### Stock Symbol

The stock symbol for Atlas Insurance at the PSX is ATIL.

### Listing Fees

The annual listing fee for the financial year 2017-18 was paid to the Pakistan Stock Exchange and Central Depository Company (CDC) within the prescribed time.

### Statutory Compliance

During the year, the Company complied with all applicable provisions of the Companies Ordinance, 1984, the Companies Act, 2017, the Insurance Ordinance, 2000, the Code of Corporate Governance, listing requirements and regulations prescribed by the SECP.

### 83rd Annual General Meeting

Date: April 10, 2018  
Time: 3:00 p.m.  
Venue: 63/A, Block-XX, Phase III (Commercial) Khyaban-e-Iqbal, DHA, Lahore.

### Financial Calendar

Audited annual results for the year ended December 31, 2017  
- Second half of February

Mailing of annual reports  
- Second half of March

Annual General Meeting  
- First 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. 6.50 per share for the financial year ended December 31, 2017, subject to the approval by the shareholders of the Company at the Annual General Meeting.

65% cash dividend was paid to the shareholders for the year ended December 31, 2016.

### Dates of Book Closure

The share transfer books of the Company shall remain closed from April 3, 2018 to April 10, 2018 (both days inclusive).

### Payment of Dividends

Cash dividend for the year ended December 31, 2017, subject to the approval of the shareholders of the Company at the Annual General Meeting, will be disbursed on or before May 5, 2018. 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 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, the copy of passport, unless provided earlier.

### E-Dividend Mandate

In compliance of the Section 242 of the Companies Act, 2017, it is mandatory for a public listed company to pay cash dividend to its shareholders ONLY through electronic mode, directly into bank account designated by the eligible shareholders. Therefore, all the shareholders of the Company are requested to provide their bank account number / IBAN and other banking details at the earliest. Please be aware that dividends will only be remitted through electronic mode to the designated bank accounts and in absence of e-dividend mandate, such cash dividends will be withheld by the Company.

### 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 request are complete in all respects.



## Annual General Meetings

Pursuant to Section 132 of the Companies Act, 2017, 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 the 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 137 of the Companies Act, 2017, 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.ail.atlas.pk](http://www.ail.atlas.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 also available at the website.

## Communication

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

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

## Unclaimed Dividend

As per the provision of Section 244 of the Companies Act 2017, any shares issued or dividend declared by the Company which

have remained unclaimed / unpaid for a period of three years from the date on which it was due and payable are required to be deposited with the Commission for the credit of Federal Government after issuance of notices to the shareholders to file their claims. The details of the shares issued and dividend declared by the Company which had remained due for more than three years were sent to shareholders. These details are also available at the Company's website. Shareholders were requested to ensure that their claims for unclaimed dividend and shares were lodged timely. The Company has given notice in newspaper as required under the above Section. In case, no claim is lodged with the Company in the given time, the Company shall proceed to deposit the unclaimed / unpaid amount and shares with the Federal Government pursuant to the provision of section 244(2) of Companies Act, 2017.

## Zakat Declarations

Members are requested to submit declaration for Zakat on the required format and to advise change in address, if any.

## Share Price at the PSX

Month-wise share price movement of the Company, at the PSX, during the year 2017, was as follows:

Months	High	Low	Volume
January	85.80	78.29	168,000
February	82.95	76.80	96,000
March	81.50	75.00	102,000
April	80.06	67.00	125,000
May	79.70	70.10	148,000
June	78.00	70.00	80,000
July	72.45	67.12	31,000
August	74.50	69.00	116,500
September	69.75	67.00	69,000
October	72.00	67.20	65,500
November	70.95	69.05	53,000
December	77.90	68.50	112,000



## Report of the Board Audit Committee

The Audit Committee comprise of one independent and two non-executive directors and is presided by the independent director. The Board has delegated the Committee function of review of the effectiveness of the 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 one member has 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 law 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 the Management Letter issued by the external auditors.
- The Committee recommended the appointment and remuneration of the external auditors for consideration of the Board.

## Access to Reports and Enquiries

### Annual Reports

Annual reports can be downloaded from the Company's website: [www.ail.atlas.pk](http://www.ail.atlas.pk) or printed copies can be obtained by writing to:

The Company Secretary,  
Atlas Insurance Limited,  
63/A, Block-XX, Phase III (Commercial),  
Khyaban-e-Iqbal, DHA, Lahore.

### Quarterly Reports

The quarterly reports are published after the end of first, second and third quarters of the financial year. The quarterly reports for the year 2017, can be accessed from the Company 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 the 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 Annual General Meeting held on April 26, 2017. As per the agenda the following matters were discussed and approved in the meeting:

1. Approval of the minutes of the last Extraordinary General Meeting held on February 10, 2017.
2. Approval of the audited financial statements for the year ended December 31, 2016, along with Directors' and Auditors' reports.
3. Approval of 65% cash dividend for the year ended December 31, 2016.
4. Appointment of A.F. Ferguson & Co as auditors of the Company for the year ending December 31, 2017, and fixation of their remuneration.
5. Approval of remuneration of the Chief Executive Officer of the Company for the year ending December 31, 2017.

## Profile of the Shariah Advisor

Mufti Zeeshan Abdul Aziz is a recognized Shariah Scholar and researcher having strong comprehension of all aspects of Islamic Law and a specialized in Islamic Jurisprudence and Islamic Finance from Jamia Dar Ul Uloom Karachi, Pakistan, having Takhassus Fil Ifta (Specialization in Islamic Jurisprudence) done, majoring in Islamic Banking & Finance.

He is serving as the Shariah Advisor of "Atlas Insurance Limited - Window Takaful Operations" since its commencement and looking after the transactions, day to day Shariah matters and services provided by Atlas Window Takaful Operations. His specialties include Shariah Compliant investments, development of takaful products, policies, manuals and drafting of all its Shariah related documents. Mufti Zeeshan is also involved in delivering detailed trainings to the management of all levels, marketing and distribution force of Atlas Window Takaful Operations on Takaful, its Shariah related issues and requirements in the light of Takaful Rules, 2012.

He has been associated with several Islamic Financial Institutions and Halal Certification bodies within Pakistan and abroad. Mufti Zeeshan is also the Shariah Advisor of Sindh Bank-Islamic Banking Division, NIT Islamic Investment Funds and Shariah Review Bureau, Bahrain and has been frequently debating and speaker on Shariah & technical aspects related to Islamic Finance nationally and internationally as well.

Mufti Zeeshan has been associated with various Halal Certification bodies of several countries and has performed around 400 Halal Certification audits of different food, beverages, cosmetics and pharmaceutical industries in different parts of the world.





## 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

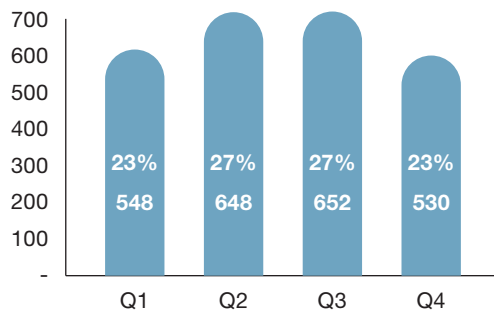
Investor sentiment or confidence can cause the stock market to go up or down, which can cause share prices to rise or fall. The general direction that the stock market takes can affect the value of a stock:

- 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.

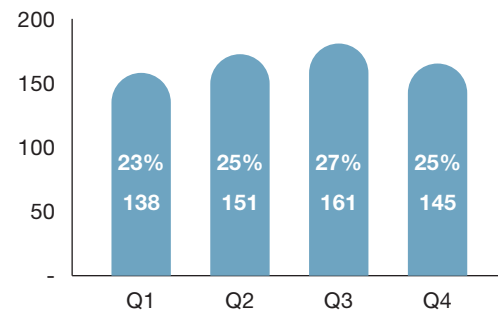
## Quarterly Performance Analysis

(Rupees in million)

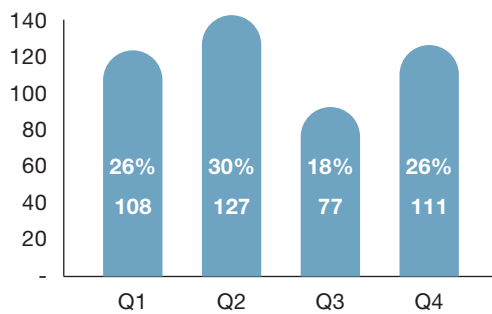
### GROSS PREMIUM



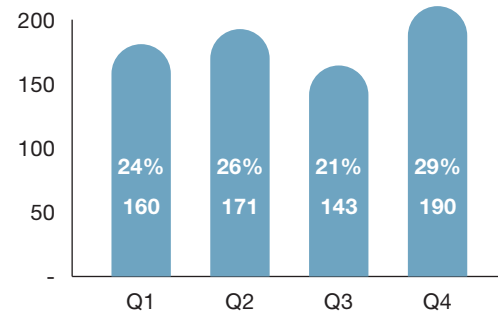
### UNDERWRITING PROFIT



### INVESTMENT AND OTHER INCOME



### PROFIT AFTER TAX



#### Gross Premium

The trend of underwriting gross premium reflects the strength of the Company's underwriting policy towards accepting business. Majority of gross premium was underwritten in the second and third quarters which kept the weightage of gross premium high as compared to the remaining two quarters.

#### Underwriting Profit

Underwriting profit is the result of the core activities of the Company which include premium, claims, expenses and commission. The underwriting profit of the third quarter remained high as compared to the remaining quarters.

#### Investment & Other Income

Major portion of the investment and other income was earned in the second quarter mainly due to increased dividend income. As the investment income consist of capital gain, interest income and dividend income, therefore the changing behaviour of the stock exchange had a direct impact on the investment income. Investment income of the third quarter remained low as compared to the other quarters mainly due to the provisions for impairment in the value of available for sale investments.

#### Profit After Tax

Consistent growth in profit after tax was reported by the Company during the year. Profit after tax is the combination of underwriting profit and investment and other income. Good underwriting profit and handsome investment income earned during the second and fourth quarters kept the weightage of profit after tax high.

## Six Years at a Glance

(Rupees in million)

Description	2017	2016	2015	2014	2013	2012
<b>Financial Data</b>						
Paid-up capital	701.6	701.6	701.6	701.6	637.8	531.5
General reserves & retained earnings	1,547.8	1,344.9	1,144.3	965.9	800.2	666.9
Equity	2,249.5	2,046.5	1,845.9	1,667.5	1,438.0	1,198.4
Underwriting provisions	1,295.6	1,471.7	1,347.9	1,057.2	1,105.3	1,044.5
Total liabilities including WTO operations	1,954.7	2,231.1	1,951.1	1,676.5	1,576.7	1,504.2
Investments - at cost	2,365.8	2,608.6	2,124.5	1,868.6	1,550.4	1,255.9
Total assets - at book value	4,204.2	4,277.6	3,797.0	3,344.0	3,014.7	2,702.7
Fixed assets - net	89.1	59.2	56.2	51.9	56.1	66.4
Cash and bank deposits	702.3	250.4	428.3	433.2	162.2	282.0
Advances, deposits and prepayments	431.4	551.9	426.3	407.9	547.6	554.2
Total assets from general takaful operations - OPF	74.9	68.8	-	-	-	-
<b>Operating Data</b>						
Gross premium revenue	2,379.3	2,333.6	1,964.5	1,651.3	1,400.2	1,500.3
Net premium revenue	1,274.5	1,044.2	959.2	878.4	755.7	603.6
Net claims	432.5	268.9	203.9	210.5	163.4	133.2
Management expenses	412.3	358.5	356.5	311.0	304.5	230.0
Net commission	165.6	67.3	63.9	49.9	55.2	54.9
Underwriting profit	595.3	484.2	462.7	406.7	342.9	295.3
Investment income	321.5	458.1	357.0	294.7	246.4	180.7
Income / (loss) from WTO Operations	0.8	(2.3)	-	-	-	-
Profit before tax (PBT)	988.8	916.8	797.8	690.8	587.6	467.8
Income tax	324.9	298.7	196.7	145.8	131.6	101.4
Profit after tax (PAT)	664.0	618.2	601.2	545.0	456.0	366.4
<b>Cash Flow Summary</b>						
Operating activities	364.3	300.4	300.0	592.1	100.7	399.7
Investing activities	535.6	(67.9)	104.8	(11.0)	(14.2)	1.0
Financing activities	(448.1)	(410.3)	(409.7)	(310.0)	(206.3)	(173.3)
Cash & cash equivalents at the year end	702.3	250.4	428.3	433.2	162.2	282.0
<b>Financial Ratios</b>						
<b>Profitability</b>						
Profit before tax / gross premium (%)	41.6	39.3	40.6	41.8	42.0	31.2
Profit before tax / net premium (%)	77.6	87.8	83.2	78.6	77.8	77.5
Profit after tax / gross premium (%)	27.9	26.5	30.6	33.0	32.6	24.4
Profit after tax / net premium (%)	52.1	59.2	62.7	62.0	60.3	60.7
Underwriting profit / net premium (%)	46.7	46.4	48.2	46.3	45.4	48.9
Management expenses / gross premium (%)	17.3	15.4	18.1	18.8	21.7	15.3
Management expenses / net premium (%)	32.3	34.3	37.2	35.4	40.3	38.1
Commission / net Premium (%)	13.0	6.4	6.7	5.7	7.3	9.1
Net claims / net premium (%)	33.9	25.7	21.3	24.0	21.6	22.1
Combined ratio (%)	66.3	60.1	58.4	59.4	61.9	60.2



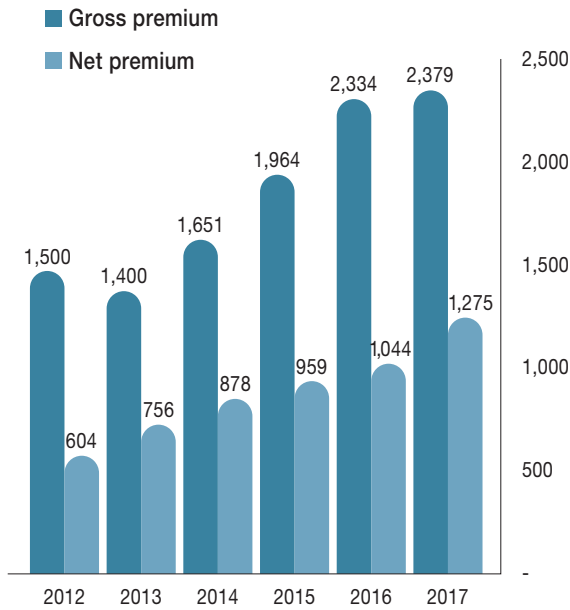
(Rupees in million)

Description	2017	2016	2015	2014	2013	2012
<b>Financial Ratios</b>						
<b>Return to Shareholders</b>						
Return on equity - PBT (%)	44.0	44.8	43.2	41.4	40.9	39.0
Return on equity - PAT (%)	29.5	30.2	32.6	32.7	31.7	30.6
Earnings growth (%)	7.4	2.8	10.3	19.5	24.5	21.6
Earning per share - PBT (Rs.)	14.1	13.1	11.4	9.8	9.2	8.8
Earning per share - PAT (Rs.)	9.5	8.8	8.6	7.8	7.1	6.9
Return on assets (%)	15.7	15.3	16.8	17.1	16.0	15.3
Investment yield (%)	12.9	19.4	17.9	17.2	17.6	15.4
Earnings assets / total assets (%)	73.0	66.8	67.2	68.8	56.8	56.9
<b>Liquidity / Leverage</b>						
Current ratio (times)	1.8	1.3	1.4	1.6	1.8	2.1
Cash / current liabilities (times)	0.7	0.2	0.4	0.5	0.2	0.4
Total assets turnover (times)	0.6	0.6	0.6	0.5	0.5	0.6
Fixed assets turnover (times)	32.1	40.4	36.4	30.6	22.8	26.5
Total liabilities / equity (times)	0.9	1.1	1.1	1.0	1.1	1.3
Return on capital employed (%)	20.6	19.9	22.3	22.3	20.4	17.9
Paid-up capital / total assets (%)	16.7	16.4	18.5	21.0	21.2	19.7
Equity / total assets (%)	53.5	47.8	48.6	49.9	47.7	44.3
Price to book ratio (Rs.)	2.4	2.9	2.9	3.2	2.8	2.0
<b>Market Data</b>						
Price earning ratio (times)	8.1	9.6	8.8	9.8	8.7	6.6
Face value - per share (Rs.)	10.0	10.0	10.0	10.0	10.0	10.0
Market value per share (Rs.)						
Market value at the end of the year	76.4	84.7	75.0	75.8	62.5	45.5
Highest value during the year	85.8	88.7	82.0	87.9	65.1	42.9
Lowest value during the year	67.0	59.1	60.3	55.5	35.1	26.0
KSE - 100 index (points)	40,471	47,807	32,816	32,131	25,261	16,905
Market capitalization (Rs.)	5,360.3	5,942.7	5,262.1	5,314.7	3,986.4	2,419.5
Net assets per share (times)	32.1	29.2	26.3	23.8	22.5	22.5
<b>Distribution</b>						
Cash dividend (Rs.)	456.0	456.0	421.0	421.0	318.9	212.6
Cash dividend (%)	65%	65%	60%	60%	50%	40%
Bonus shares (Rs.)	-	-	-	-	63.8	106.3
Bonus shares (%)	0%	0%	0%	0%	10%	20%
Total distribution (%)	65%	65%	60%	60%	60%	60%
Cash dividend per share (Rs.)	6.5	6.5	6.0	6.0	5.0	4.0
Stock dividend per share (Rs.)	-	-	-	-	1.0	2.0
Dividend yield (%)	8.5	7.7	8.0	7.9	8.0	8.8
Dividend pay out (%)	68.7	73.8	70.0	77.2	83.9	87.1
Breakup value per share (Rs.)	32.1	29.2	26.3	23.8	22.5	22.5

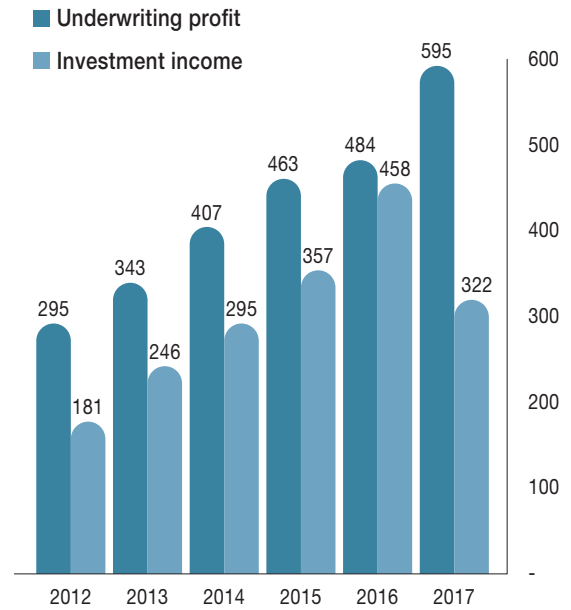
# Performance at a Glance (Graphical Presentation)

(Rupees in thousand)

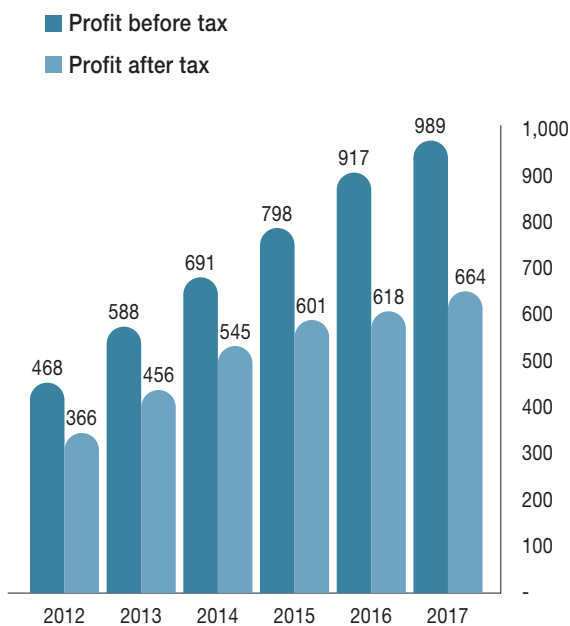
## GROSS PREMIUM AND NET PREMIUM



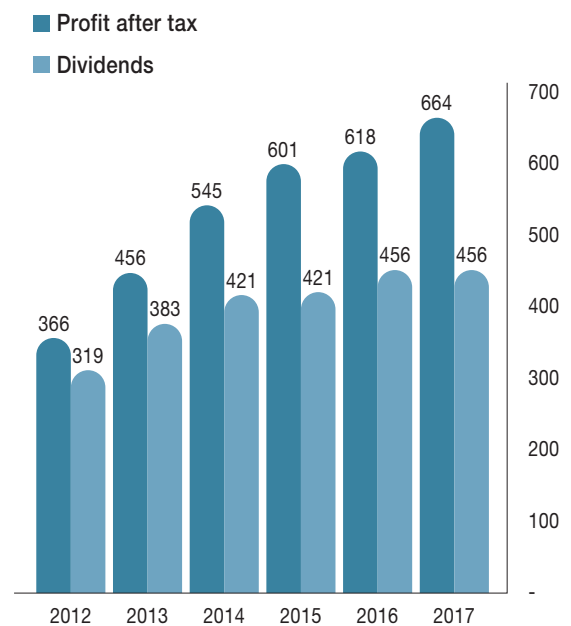
## UNDERWRITING PROFIT AND INVESTMENT INCOME



## PROFITABILITY



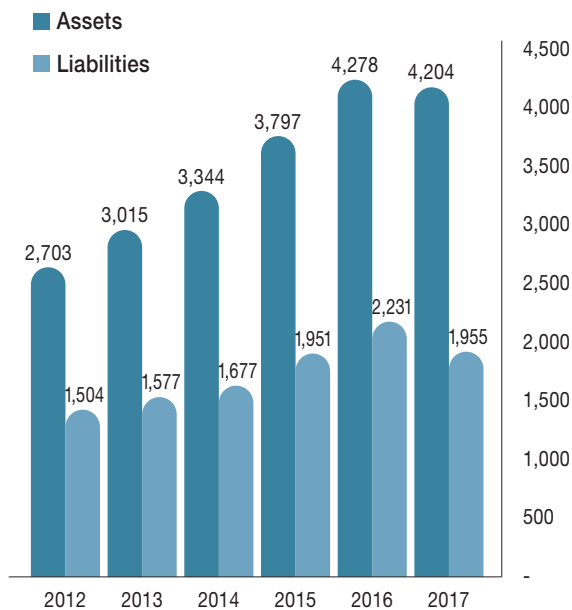
## PROFIT AFTER TAX AND DIVIDENDS



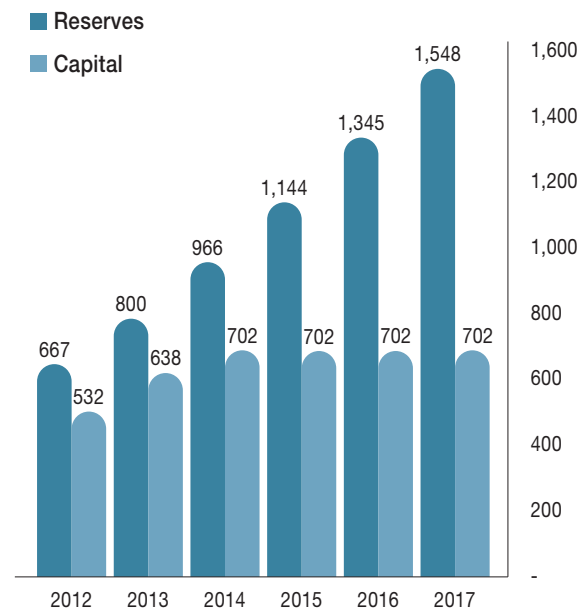
## Performance at a Glance (Graphical Presentation)

(Rupees in thousand)

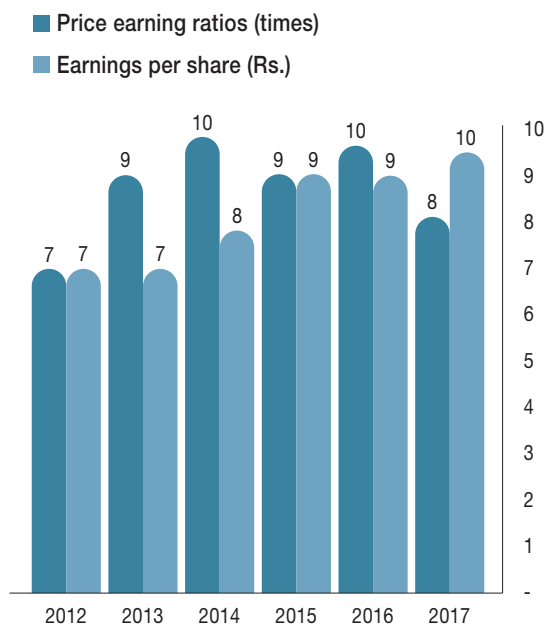
### ASSETS AND LIABILITIES



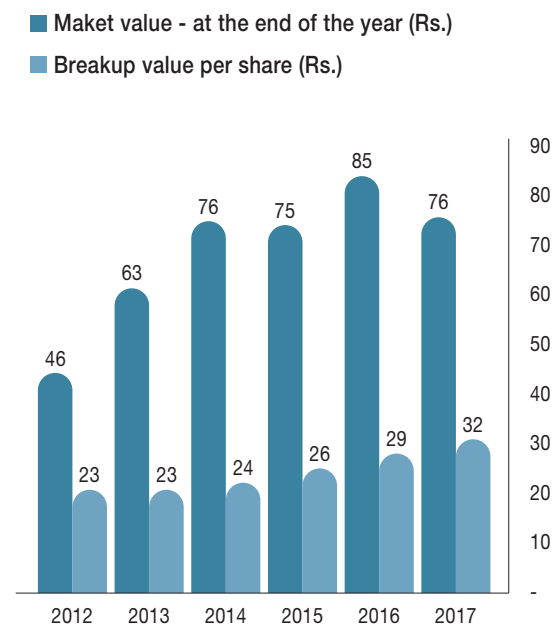
### CAPITAL AND RESERVES



### PRICE EARNING RATIO AND EARNINGS PER SHARE



### MARKET AND BREAKUP VALUE PER SHARE





## Analysis of Financial Statements

### Balance Sheet

Particulars	2017						Vertical Analysis Composition of Balance Sheet						Horizontal Analysis % Change Year to Year					
	2017	2016	2015	2014	2013	2012	2017	2016	2015	2014	2013	2012	2017 Vs 2016	2016 Vs 2015	2015 Vs 2014	2014 Vs 2013	2013 Vs 2012	2012 Vs 2011
	(Rupees in thousand)						%	%	%	%	%	%	%	%	%	%	%	%
<b>Current Assets</b>																		
Cash and bank balances	702,252	250,436	428,284	433,170	162,163	282,013	42.2	16.6	26.9	30.8	11.7	20.6	180.4	(41.5)	(1.1)	167.1	(42.5)	416.6
Premiums due but unpaid	218,616	208,898	148,090	145,497	260,165	229,835	13.1	13.8	9.3	10.3	18.7	16.8	4.7	41.1	1.8	(44.1)	13.2	(26.8)
Amounts due from other insurers / reinsurers	89,884	112,884	107,278	179,594	110,557	98,884	5.4	7.5	6.7	12.8	8.0	7.2	(20.4)	5.2	(40.3)	62.4	11.8	(12.8)
Salvage recoveries accrued	3,942	3,235	4,110	5,685	6,810	8,535	0.2	0.2	0.3	0.4	0.5	0.6	21.9	(21.3)	(27.7)	(16.5)	(20.2)	153.3
Accrued investment income	5,874	5,720	4,142	3,807	348	2,783	0.4	0.4	0.3	0.3	0.0	0.2	2.7	38.1	8.8	994.0	(87.5)	109.6
Reinsurance recoveries against outstanding claims	150,668	300,469	400,562	179,685	236,457	121,248	9.1	19.9	25.2	12.8	17.0	8.8	(49.9)	(25.0)	122.9	(24.0)	95.0	(21.0)
Deferred commission expense	61,735	74,971	70,325	50,608	63,673	67,320	3.7	5.0	4.4	3.6	4.6	4.9	(17.7)	6.6	39.0	(20.5)	(5.4)	194.0
Prepayments	413,156	525,404	419,221	381,794	533,695	533,080	24.8	34.8	26.4	27.2	38.5	38.9	(21.4)	25.3	9.8	(28.5)	0.1	110.4
Taxation - provision less payments	-	-	881	-	-	6,387	-	-	0.1	-	-	0.5	-	(100)	100	-	(100)	100
Sundry receivables	18,219	26,483	7,095	26,126	13,937	21,164	1.1	1.8	0.4	1.9	1.0	1.5	(31.2)	273.3	(72.8)	87.5	(34.1)	38.7
<b>Total Current Assets</b>	<b>1,664,346</b>	<b>1,508,500</b>	<b>1,589,988</b>	<b>1,405,966</b>	<b>1,387,805</b>	<b>1,371,249</b>	<b>39.6</b>	<b>35.3</b>	<b>41.9</b>	<b>42.0</b>	<b>46.0</b>	<b>50.7</b>	<b>10.3</b>	<b>(5.1)</b>	<b>13.1</b>	<b>1.3</b>	<b>1.2</b>	<b>47.2</b>
<b>Non Current Assets</b>																		
Fixed assets	89,078	59,210	55,237	49,247	53,856	65,576	3.5	2.1	2.5	2.5	3.3	4.9	50.4	7.2	12.2	(8.6)	(17.9)	44.1
Intangible assets	-	-	994	2,605	2,284	851	-	-	0.0	0.1	0.1	0.1	-	(100.0)	(61.8)	14.1	168.4	(39.9)
Long term loans	37	97	150	194	162	170	0.0	0.0	0.0	0.0	0.0	0.0	(61.9)	(35.3)	(22.7)	19.8	(4.7)	45.3
Investments	2,365,824	2,608,556	2,124,477	1,868,597	1,550,372	1,255,886	93.1	94.2	96.3	96.4	95.3	94.3	(9.3)	22.8	13.7	20.5	23.4	15.3
Deferred taxation	10,061	32,477	26,168	17,410	20,257	8,941	0.4	1.2	1.2	0.9	1.2	0.7	(69.0)	24.1	50.3	(14.1)	126.6	(12.7)
Total assets from general takaful operations - OPF	74,861	68,763	-	-	-	-	2.9	2.5	-	-	-	-	8.9	100	-	-	-	-
<b>Total Non Current Assets</b>	<b>2,539,861</b>	<b>2,769,103</b>	<b>2,207,026</b>	<b>1,938,053</b>	<b>1,626,931</b>	<b>1,331,424</b>	<b>60.1</b>	<b>64.7</b>	<b>58.1</b>	<b>58.0</b>	<b>54.0</b>	<b>49.3</b>	<b>(8.3)</b>	<b>25.5</b>	<b>13.9</b>	<b>19.1</b>	<b>22.2</b>	<b>16.1</b>
<b>Total Assets</b>	<b>4,204,207</b>	<b>4,277,603</b>	<b>3,797,014</b>	<b>3,344,019</b>	<b>3,014,736</b>	<b>2,702,673</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>(1.7)</b>	<b>12.7</b>	<b>13.5</b>	<b>10.9</b>	<b>11.5</b>	<b>30.1</b>
<b>Equity &amp; Liabilities</b>																		
<b>Share Capital &amp; Reserves</b>																		
Share capital	701,614	701,614	701,614	701,614	637,831	531,526	31.2	34.3	38.0	42.1	44.4	44.4	-	-	-	10.0	20.0	20.0
Reserves	888,064	726,064	545,064	421,064	344,064	301,064	39.5	35.5	29.5	25.3	23.9	25.1	22.3	33.2	29.4	22.4	14.3	13.6
Retained earnings	659,785	618,860	599,221	544,824	456,136	365,835	29.3	30.2	32.5	32.7	31.7	30.5	6.6	3.3	10.0	19.4	24.7	21.2
<b>Total Share Capital and Reserves</b>	<b>2,249,463</b>	<b>2,046,538</b>	<b>1,845,899</b>	<b>1,667,502</b>	<b>1,438,031</b>	<b>1,198,425</b>	<b>53.5</b>	<b>47.8</b>	<b>48.6</b>	<b>49.9</b>	<b>47.7</b>	<b>44.3</b>	<b>9.9</b>	<b>10.9</b>	<b>10.7</b>	<b>16.0</b>	<b>20.0</b>	<b>18.7</b>
<b>Underwriting Provisions</b>	<b>1,295,647</b>	<b>1,471,658</b>	<b>1,347,868</b>	<b>1,057,228</b>	<b>1,105,302</b>	<b>1,044,520</b>	<b>30.8</b>	<b>34.4</b>	<b>35.5</b>	<b>31.6</b>	<b>36.7</b>	<b>38.6</b>	<b>(12.0)</b>	<b>9.2</b>	<b>27.5</b>	<b>(4.3)</b>	<b>5.8</b>	<b>39.4</b>
<b>Current and Other Liabilities</b>																		
Premium received in advance	65,967	53,009	51,695	56,429	8,062	5,572	10.0	7.0	8.6	9.1	1.7	1.2	24.4	2.5	(8.4)	600.8	44.5	102.0
Amounts due to other insurers / reinsurers	255,654	279,308	266,036	315,070	236,671	257,751	38.8	36.8	44.1	50.9	50.2	56.1	(8.5)	5.0	(15.6)	33.1	(8.2)	51.8
Accrued expenses	145,259	133,679	107,672	83,726	77,023	55,042	22.0	17.6	17.8	13.5	16.3	12.0	8.7	24.2	28.6	8.7	39.9	6.7
Taxation - provision less payments	20,677	61,269	-	16,648	30,488	-	3.1	8.1	-	2.7	6.5	-	(66.3)	100	(100)	(45.4)	100	(100)
Other creditors and accruals	48,515	127,284	108,110	92,842	77,869	113,880	7.4	16.8	17.6	15.0	16.5	24.8	(61.9)	20.0	14.3	19.2	(31.6)	86.1
Other liabilities	96,705	83,788	71,734	54,574	41,300	27,483	14.7	11.0	11.9	8.8	8.8	6.0	15.4	16.8	31.4	32.1	50.3	21.4
Total liabilities from general takaful operations - OPF	26,321	21,070	-	-	-	-	4.0	2.8	-	-	-	-	24.9	100	-	-	-	-
<b>Total Current and Other Liabilities</b>	<b>659,097</b>	<b>759,407</b>	<b>603,247</b>	<b>619,289</b>	<b>471,403</b>	<b>459,728</b>	<b>15.7</b>	<b>17.8</b>	<b>15.9</b>	<b>18.5</b>	<b>15.6</b>	<b>17.0</b>	<b>(13.2)</b>	<b>25.9</b>	<b>(2.6)</b>	<b>31.4</b>	<b>2.5</b>	<b>44.1</b>
<b>Total Liabilities</b>	<b>4,204,207</b>	<b>4,277,603</b>	<b>3,797,014</b>	<b>3,344,019</b>	<b>3,014,736</b>	<b>2,702,673</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>(1.7)</b>	<b>12.7</b>	<b>13.5</b>	<b>10.9</b>	<b>11.5</b>	<b>30.1</b>

## Analysis of Financial Statements

### Profit and Loss Account

Particulars	2017 2016 2015 2014 2013 2012						Vertical Analysis Composition of Profit & Loss Account						Horizontal Analysis % Change Year to Year					
	(Rupees in thousand)						2017	2016	2015	2014	2013	2012	2017 Vs 2016	2016 Vs 2015	2015 Vs 2014	2014 Vs 2013	2013 Vs 2012	2012 Vs 2011
							%	%	%	%	%	%	%	%	%	%	%	%
<b>Gross Premium</b>	2,379,272	2,333,644	1,964,485	1,651,321	1,400,230	1,500,344	100.0	100.0	100.0	100.0	100.0	100.0	2.0	18.8	19.0	17.9	(6.7)	33.9
<b>Revenue Account</b>																		
Net premium revenue	1,274,543	1,044,230	959,230	878,381	755,684	603,616	53.6	44.7	48.8	53.2	54.0	40.2	22.1	8.9	9.2	16.2	25.2	2.1
Net claims	432,519	268,889	203,946	210,525	163,418	133,237	33.9	25.7	21.3	24.0	21.6	22.1	60.9	31.8	(3.1)	28.8	22.7	(13.1)
Management expenses	412,265	358,472	356,523	311,040	304,545	229,957	32.3	34.3	37.2	35.4	40.3	38.1	15.0	0.5	14.6	2.1	32.4	1.1
Net Commission	165,556	67,334	63,947	49,897	55,172	54,894	13.0	6.4	6.7	5.7	7.3	9.1	145.9	5.3	28.2	(9.6)	0.5	27.4
<b>Underwriting Results</b>	595,315	484,203	462,708	406,713	342,893	295,316	46.7	46.4	48.2	46.3	45.4	48.9	22.9	4.6	13.8	18.6	16.1	16.5
Investment income	321,547	458,140	357,016	294,682	246,399	180,692	32.5	50.0	44.7	42.7	41.9	38.6	(29.8)	28.3	21.2	19.6	36.4	35.3
Rental and other income	101,523	24,322	19,119	24,622	31,779	17,553	10.3	2.7	2.4	3.6	5.4	3.8	317.4	27.2	(22.3)	(22.5)	81.0	(54.2)
Financial charges	466	680	559	435	437	467	0.0	0.1	0.1	0.1	0.1	0.1	(31.5)	21.6	28.5	(0.5)	(6.4)	10.1
General and administration expenses	29,919	46,832	40,465	34,767	33,062	25,331	3.0	5.1	5.1	5.0	5.6	5.4	(36.1)	15.7	16.4	5.2	30.5	1.5
	392,685	434,950	335,111	284,102	244,679	172,447	39.7	47.4	42.0	41.1	41.6	36.9	(9.7)	29.8	18.0	16.1	41.9	17.7
Income / (loss) from window takaful operations	847	(2,307)	-	-	-	-	0.1	(0.3)	-	-	-	-	136.7	(100)	-	-	-	-
<b>Profit Before Taxation</b>	988,847	916,846	797,819	690,815	587,572	467,763	41.6	39.3	40.6	41.8	42.0	31.2	7.9	14.9	15.5	17.6	25.6	16.9
Taxation	324,860	298,672	196,662	145,847	131,599	101,407	32.9	32.6	24.7	21.1	22.4	21.7	8.8	51.9	34.8	10.8	29.8	2.5
<b>Profit After Taxation</b>	663,987	618,174	601,157	544,968	455,973	366,356	27.9	26.5	30.6	33.0	32.6	24.4	7.4	2.8	10.3	19.5	24.5	21.6

## Cash Flow Statement

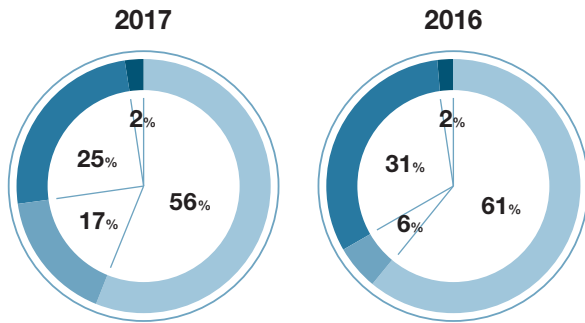
Particulars	2017 2016 2015 2014 2013 2012						Vertical Analysis Composition of Cash Flow						Horizontal Analysis % Change Year to Year					
	(Rupees in thousand)						2017	2016	2015	2014	2013	2012	2016 Vs 2015	2015 Vs 2014	2014 Vs 2013	2013 Vs 2012	2012 Vs 2011	2011 Vs 2010
							%	%	%	%	%	%	%	%	%	%	%	%
Cash flow from operating activities	364,302	300,395	299,951	592,054	100,698	399,670	80.6	(168.9)	(6,139.0)	218.5	(84.0)	175.7	21.3	0.1	(49.3)	488.0	(74.8)	387.1
Cash flow from investing activities	535,633	(67,949)	104,847	(11,019)	(14,226)	1,030	118.6	38.2	(2,145.9)	(4.1)	11.9	0.5	888.3	(164.8)	1,051.5	22.5	(1,481.2)	100.7
Cash flow from financing activities	(448,119)	(410,294)	(409,684)	(310,028)	(206,322)	(173,278)	(99.2)	230.7	8,384.9	(114.4)	172.2	(76.2)	(9.2)	(0.1)	(32.1)	(50.3)	(19.1)	(19.5)
Increase / (decrease) in cash & other equivalents	451,816	(177,848)	(4,886)	271,007	(119,850)	227,422	100.0	100.0	100.0	100.0	100.0	100.0	354.0	(3,540.0)	(101.8)	326.1	(152.7)	151.9

# Analysis of Financial Statements

## Graphical Presentation

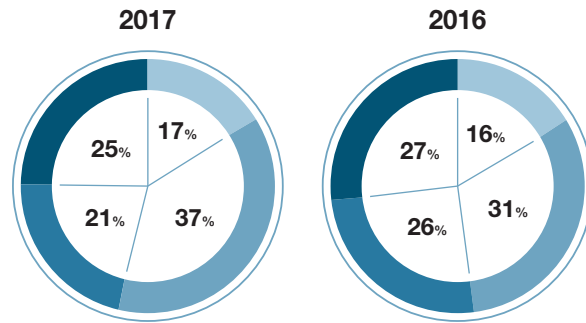
### Balance Sheet

#### ASSETS



- Investments
- Cash and bank balances
- Current assets
- Fixed assets & other assets

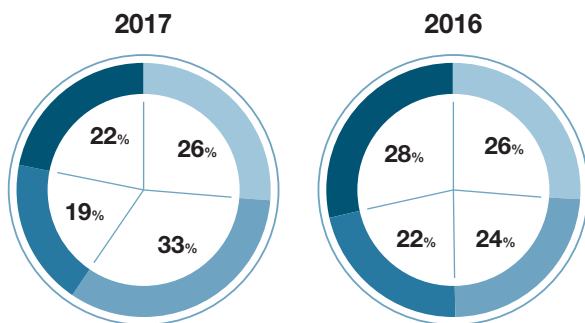
#### SHARE CAPITAL, RESERVES AND LIABILITIES



- Share capital
- Reserves & retained earnings
- Current liabilities
- Non current liabilities

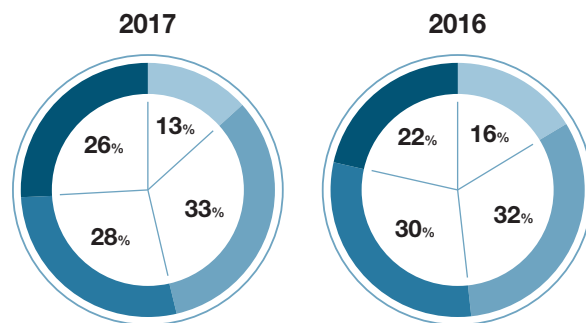
### Profit and Loss Account

#### GROSS PREMIUM



- Fire
- Marine
- Motor
- Miscellaneous

#### NET PREMIUM



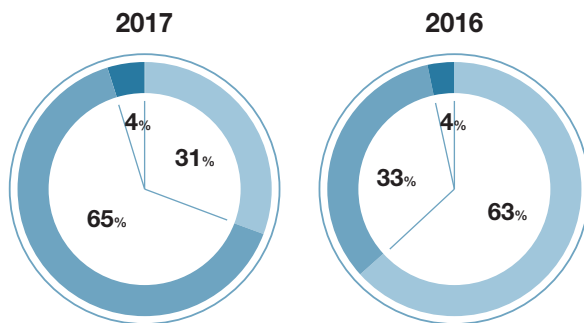
- Fire
- Marine
- Motor
- Miscellaneous

## Analysis of Financial Statements

### Graphical Presentation

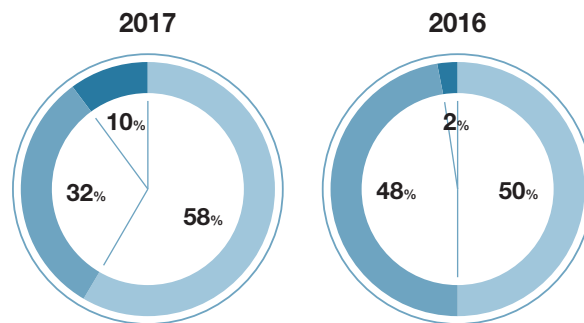
#### Profit and Loss Account

##### INVESTMENT INCOME & RETURN ON BANK DEPOSITS



- Capital gain
- Dividend and interest income
- Return on bank deposits

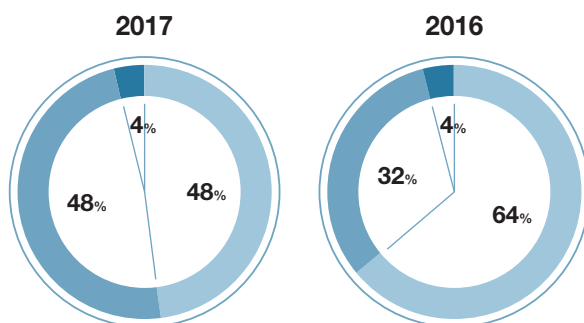
##### UNDERWRITING PROFIT, INVESTMENT & OTHER INCOME



- Underwriting profit
- Investment income
- Rental and other income

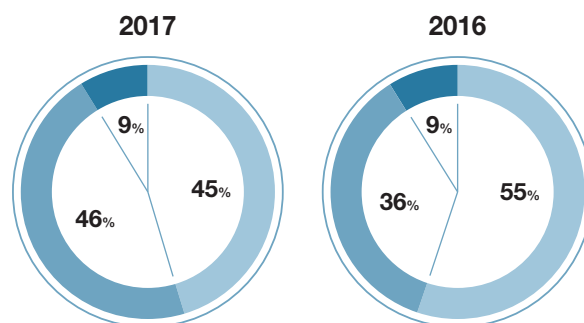
#### Cash Flow

##### CASH GENERATED



- Operating activities
- From disposal of investments
- Dividends, rental & other income

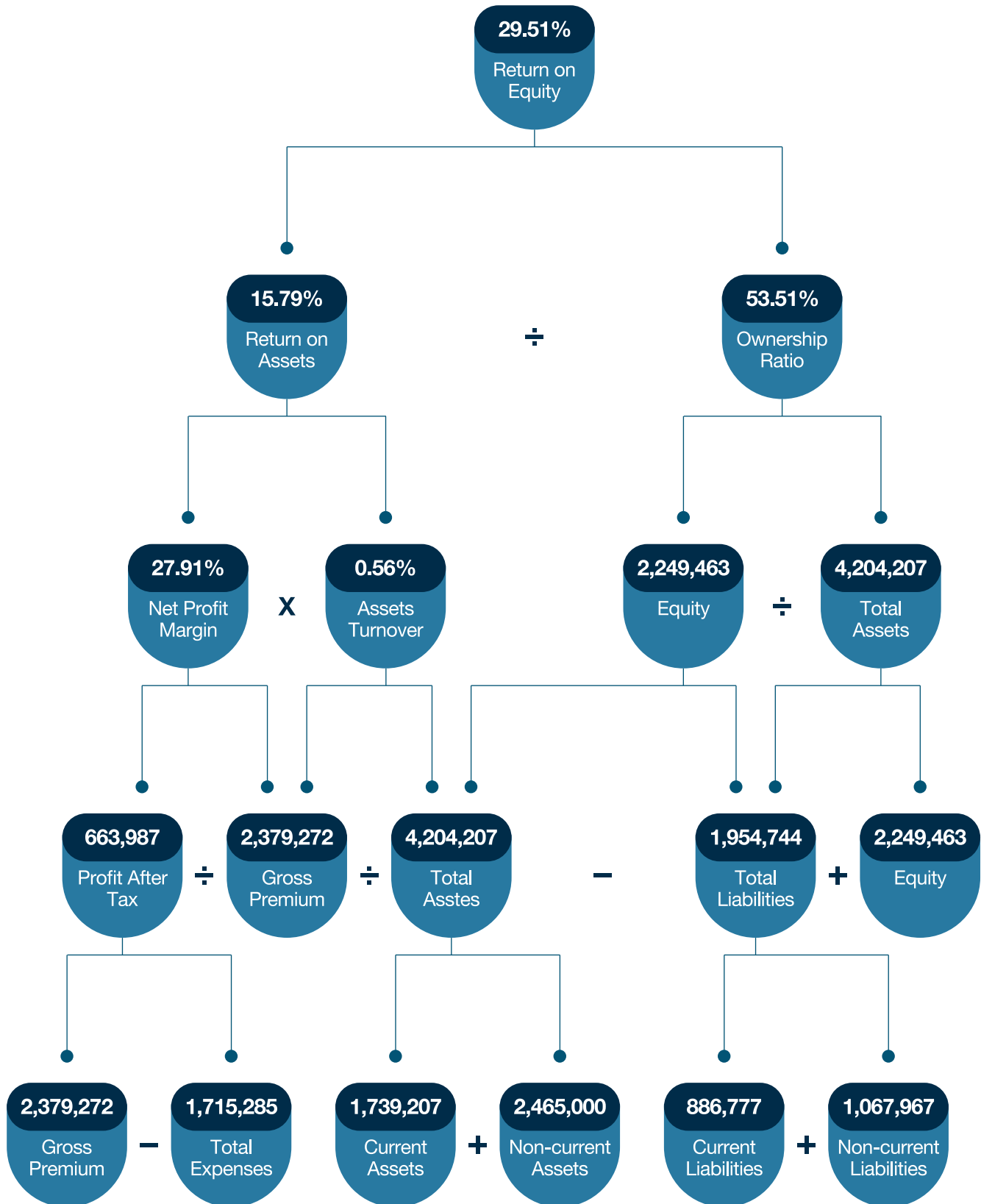
##### CASH UTILIZED



- Operating activities
- For purchase of investments
- Dividends and other payments



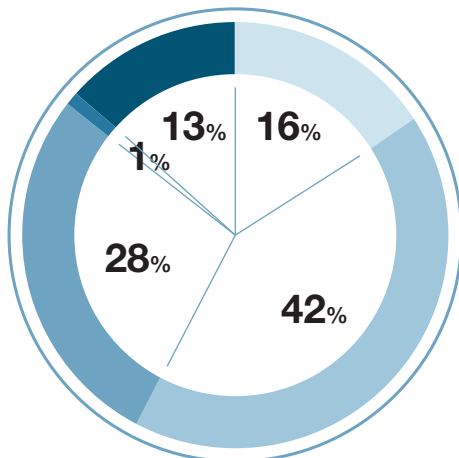
## DuPont Analysis 2017



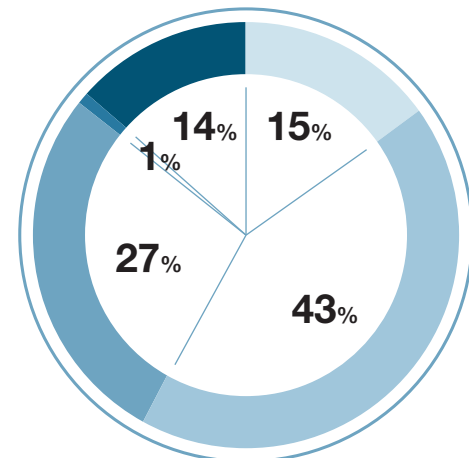
## Statement of Value Addition

	2017		2016	
	(Rupees in thousand)	%	(Rupees in thousand)	%
<b>Wealth Generated</b>				
Gross premium (including FED and FIF)	2,740,713		2,690,370	
Commission income	165,556		67,334	
Income from investment	321,547		458,140	
Rental and other income	101,523		24,322	
	3,329,339		3,240,166	
Management and other expenses	1,694,197		1,712,294	
Net wealth generated	1,635,142	100.00%	1,527,872	100.00%
<b>Wealth Distributed</b>				
<b>To Employees</b>				
Salaries, wages and other benefits	258,951	15.84%	232,251	15.20%
<b>To Government</b>				
Company taxation	324,860	19.87%	298,672	19.55%
Levies (including FED and FIF)	361,441	22.10%	356,726	23.35%
	686,301	41.97%	655,398	42.90%
<b>To Shareholders</b>				
Cash dividend	456,049	27.90%	420,968	27.55%
Stock dividend	-	0.00%	-	0.00%
	456,049	27.90%	420,968	27.55%
<b>Financial charges</b>				
To providers of finance	-	-	-	-
<b>To Society</b>				
Endowment, donation etc.	9,985	0.61%	9,525	0.62%
<b>Retained in Business</b>				
Depreciation and amortization	15,918	0.97%	11,838	0.77%
General reserves	162,000	9.91%	181,000	11.85%
Retained profit / (loss)	45,938	2.81%	16,892	1.11%
	223,856	13.69%	209,730	13.73%
	1,635,142	100.00%	1,527,872	100.00%

2017



2016



- To Employees
- To Government
- To Shareholders
- To Society
- Retained in business

## Chairman's Review

It is my pleasure to present the 83rd Annual Report and performance review of the Company on behalf of the Board for the year ended December 31, 2017.

### The Economy

Although political stability augurs well for ensuring economic stability, the Pakistan economy has performed reasonably well despite all the political headwinds. The GDP growth for FY18 is expected to reach 6%. In agriculture, initial estimates suggest that all major Kharif crops will either achieve or surpass the FY18 targets. The large-scale manufacturing sector has also been performing well, posting 10% growth during Q1 of FY18, the highest quarterly growth in the last nine years. The healthy performance of the commodity producing sectors had a positive impact on the services sector as well. An increase in the sales of commercial vehicles and POL products indicates that the transport segment is also off to a strong start in FY18. The recent devaluation of Rupee against US Dollar incidentally coincided with the rise in the crude oil prices in the global market resulting in an upward trend in oil prices from January 2018. The trend will obviously cause increase in the cost of doing business resulting in price hike of all the commodities produced locally. Taking precautionary measures ahead of this expected inflationary pressure on the economy, the State Bank of Pakistan (SBP) increased the key policy rate by 25 basis points to 6 percent in its latest bi-monthly monetary policy review. SBP has raised the policy rate for the first time in the last four years. After remaining one of the best performing markets of the world for a number of years, the Pakistan stock market was bearish in the year 2017, dropping by about 15%. During the year the KSE-100 index opened at 47,806, touched a new high of 52,876, slipped to 37,947 but finally managed to close the year at 40,471 points. Political uncertainty and continuous selling by foreign investors were the prime elements behind the bearish sentiment.

The current account deficit significantly widened by 59% to USD 7.41 billion during July- December 2017 as compared with the deficit of USD 4.66 billion in the corresponding period of last year. The current account deficit increased due to ballooning trade deficit. The trade deficit during the first half of FY18 widened by 24% to USD 17.96 billion as compared with the deficit of USD 14.42 billion in the corresponding half of last year. The exports for the period were USD 11 billion and imports were at USD 28.97 billion. The foreign remittances were stagnant at USD 9.74 billion during first six months of current fiscal year as compared with USD 9.5 billion in the same period last year.

### Industry Analysis

The insurance industry is a major constituent of the economy by virtue of the amount of gross premiums it generates, the scale of its investment and more fundamentally, the significant social and economic role it plays by covering personal and business risk. It also plays a supportive role in the development of other

financial institutions and markets, both through availability of funds and providing insurance cover.

The non-life insurance industry in Pakistan witnessed continued growth momentum in 2017. The same momentum is expected to be carried forward into 2018 with continued growth in almost all sectors of the insurance industry, in particular Takaful segment. Bancassurance has also enhanced the insurance industry in term of increased penetration by being able to access millions of bank customers. However the insurance penetration still remains extremely low in Pakistan at 0.91% compared to the emerging markets average of 3.2% and the world average of 6.3%. One of the key reasons for low penetration is the lack of awareness and mandatory insurance requirements for various types of insurance. This indicates that the insurance industry in Pakistan has tremendous scope for expansion provided awareness is created by all stake holders particularly by Insurance Association of Pakistan and the SECP. The regulatory laws have facilitated in building customer trust by taking measures to prevent unfair trade practices, monitoring and preserving financial solvency and standardizing insurance products etc.

The SECP has been at the forefront in devising new policies and action plans for the industry, and has implemented major reforms in the regulatory framework in 2017 with the issuance of Insurance Rules, 2017 and Insurance Accounting Regulations, 2017. This will help to improve the general environment of insurance industry in the long run.

Nevertheless, given the proposed improvements in the regulatory framework, together with increasing market awareness, economic growth and large investment projects such as CPEC, the future outlook for Pakistan's insurance market is positive. Insurers' adoption of digital innovations will further increase growth prospects. Furthermore insurance companies need to invest in developing the competencies and skills of their employees along with technical ability to innovate new products. The adoption of alternative sales channels and new product offerings will help the insurers to wrest further market share.

### The Company Results

#### Premium

Your Company underwrote gross premium of Rs. 2.38 billion as compared to Rs. 2.33 billion of last year, showing growth of 2%. The net premium rose to Rs. 1.28 billion against Rs. 1.04 billion of last year, posting growth of 23%. A significant growth of 23% was also witnessed in underwriting profit of Rs. 595.32 million as compared to Rs. 484.20 million of last year. It is worth mentioning that these results reflect the inherent strength of your Company in particular the professionalism and skills of the management through its prudent underwriting policies.

#### Segments at a Glance

##### Fire and Property Damage

This portfolio contributed gross underwriting premium of Rs. 631 million against Rs. 610 million of 2016, up 3%. Net premium

was Rs. 168 million against Rs. 171 million of last year. Net claims increased to Rs. 20 million against Rs. 19 million of last year. The segment's underwriting profit increased to Rs. 139 million from Rs. 112 million of last year, up 24%

### Marine Aviation & Transport

The marine segment registered significant growth of 42% as compared to last year. The premium underwritten rose to Rs. 779 million against Rs. 547 million of 2016. Net premium also increased by 26% from Rs. 335 million of last year to Rs. 423 million. The net claims ratio was 11% against 6% of previous year. The increase in premium translated in increased underwriting profit of Rs. 357 million as compared to Rs. 287 million of last year.

### Motor

Motor business share in the total gross premium decreased to 19% against 22% of last year. This segment generated gross underwritten premium of Rs. 444 million against Rs. 513 million of 2016. Net premium increased by 12% from Rs. 314 million to Rs. 353 million. The net claims increased to Rs. 183 million from Rs. 110 million of last year. The segment's underwriting profit was Rs. 30 million against Rs. 63 million of the last year.

### Miscellaneous

The gross underwritten premium declined to Rs. 525 million against Rs. 663 million of last year. However, the net premium rose to Rs. 330 million from Rs. 224 million of 2016. The net claims ratio was 55% as against 53% of previous year. The underwriting profit stood at Rs. 68 million as compared to Rs. 22 million of the last year, up 209%.

### Window Takaful Operations

2017 was the first complete year of Takaful operations for the Company, having commenced this operation in March, 2016. During the year the Company accepted Takaful contributions of Rs. 123 million against Rs. 61 million of last year. Net contribution was Rs. 79 million against Rs. 20 million of 2016. For the year 2017 Participants' Takaful Fund surplus was Rs. 7.2 million against deficit of Rs. 5.6 million of 2016. Operator's Fund was in profit by Rs. 0.85 million against loss of Rs. 2.31 million in 2016.

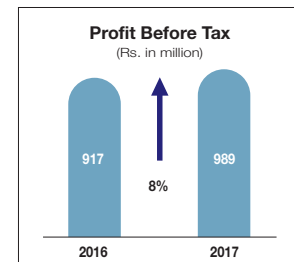
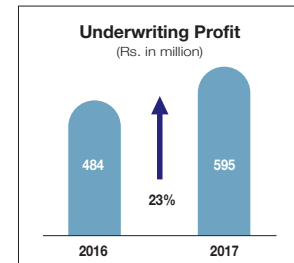
### Investment Management

The management under the guidance and advice of the Investment Committee kept on monitoring the portfolio closely. Emphasis was laid on investing in fundamentally sound stocks with strong growth and earnings prospects. The investment income stood at Rs. 322 million compared to Rs. 458 million of last year, mainly due to lackluster performance of the equity market during the year. Capital gain contributed Rs. 106 million and dividend income Rs. 215 million as against Rs. 269 and Rs. 151 million of last year, respectively.

The book value of investments as at December 31, 2017 stood at Rs. 2.36 billion (market value Rs. 4.9 billion) against Rs. 2.6 billion (market value Rs. 6.4 billion) of the last year. This reflects strong financial base of your Company.

### Profitability

The underwriting profit rose to Rs. 595.32 million from Rs. 484.2 million of last year, up 23%. Profit before tax was reported at Rs. 989 million as compared to Rs. 917 million of last year. After providing Rs. 325 million for taxes, the profit after tax was Rs. 664 million as compared to Rs. 618 million of the last year.



### Capital Management

The Company has a strong capital base having a paid up capital of Rs. 701.61 million and equity base of Rs. 2.25 billion. The Company is committed to maintain a strong financial profile, which gives it leverage for further growth and portfolio build up. The Company's capital base is structured keeping in view the future expansion and growth of the Company.

### Treasury Management

Holding of financial assets, optimization of liquidity, effective utilization of excess cash by making timely investments and reducing the financial risks are the core objectives of the treasury management which are managed with well-defined policies approved by the Board. The Company ensures that adequate liquid assets are available so that liquidity risk is minimized. Cash generation is always focused which is one of the premier performance indicators in the organization. The cash and cash equivalents at the end of the year were Rs. 702.25 million as compared to Rs. 250.44 million at the end of year 2016.

### Reinsurance

Your Company keeps striving to increase capacities for underwriting traditional insurance as well as non-conventional lines of insurance and takaful business. This year the Company once again negotiated reinsurance arrangements on improved terms in almost all the segments despite difficult international reinsurance market scenario. Your Company has reinsurance arrangements with prestigious and world renowned reinsurers, holding strong financial strength rating, including Swiss Re, Hanover Re, Tokyo Marine and Nichido Fire Insurance, Sampo Japan, Malaysian Re and Labuan Re.

### Policyholder and Customer Service

Customer service is at the forefront of the strategy of your Company as it believes in serving customers effectively and



efficiently to build a loyal customer base in order to have sustainable business growth. The efforts of the management to continuously reinforce the importance of good customer service, providing them risk based insurance products and settling their claims expeditiously has contributed to further strengthening the image of the Company.

### Solvency

To meet the solvency requirements is very important for an insurance company as it is a basic measure of how financially sound an insurer is and its ability to pay claims. Despite the stringent requirements set by the SECP for determining admissible assets for calculation of solvency margins, your Company meets the solvency requirements as it believes in maintaining a strong cash position and asset base to meet any sudden liquidity requirements.

### Information Technology

Information technology is a modern phenomenon that has dramatically changed the daily lives of individuals and businesses throughout the world. It has become a vital and integral part of every business plan. The role of IT in your Company has also become quite important as availability of uninterrupted IT services have attained a dynamic role in core business operations. The Company has invested appropriately in IT infrastructure and strongly believes that information technology can be used for competitive edge in the industry.

After the in-house development of Business Continuity Plan during last year the same was successfully tested during the year 2017. A centralized DATA center was deployed and online GIS is being used for core business activities. Several checks have been implemented to ensure communication security to provide safeguard against today's cyber threats.

### Risk Management System

Managing risk is the core for insurance companies. Customers buy coverage because their business faces a variety of risks while integrated risk management challenges are numerous which include risks like underwriting, credit, market, operational, liquidity risks, etc. Therefore, only those who successfully foresee these risks and adopt appropriate strategies for their mitigation are successful. Your Company places considerable importance to the risk management system and has developed an internal risk management framework, enabling the concerns to take timely and appropriate measures to minimize the risks. The Company has also formed a Risk Management Committee to monitor the overall risk environment of the organization.

### Human Resource and Associate Development

The human resource management takes a vital part in the success of any organization. Company culture, policies, benefits, compensation, and employee relation are maintained with the aid of human resource management.

Your Company, being a constitute member of Atlas Group strongly believes in the Group philosophy of Organization development through continuous human resource development. This ultimately accelerates productivity, increases employee effectiveness & efficiency, provides job satisfaction, dignity and integrity. Strong emphasis is being given on development through training of the existing staff and search for induction of new manpower to meet the future needs of the Company.

The Company has a well-established process for career development. The Individual Development Profile is designed to improve knowledge, skill and growth of high potential incumbents. 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, review these objectives periodically and at the year-end evaluate it against individual performance to reward accordingly. Mentorship program for development and retention of young and talented employees has a beneficial and important impact on young employees.

With the view to improve qualification of staff and to overcome the shortage of qualified manpower, the Company continuously invests in training employees both at overseas and at local training institute for various courses and also encouraging employees to get professional qualifications in insurance. Currently more than one dozen of employees are appearing in Associate of Chartered Insurance Institute, London, examinations to complete their ACII qualification which is financed by the Company. Employees are also encouraged for MBA specifically in Insurance and Risk Management.

### Rating by PACRA

Acknowledging the financial strength of the Company, The Pakistan Credit Rating Agency Limited (PACRA), has upgraded the Insurer Financial Strength (IFS) rating of your Company at "AA" with stable outlook. The rating, denotes a very strong capacity to meet policyholders and contract obligations. The rating takes into account robust liquidity profile, providing strong coverage to the Company's obligations. PACRA has also acknowledged that Atlas Insurance has a strong panel of reinsurers with favorable treaty terms and prudent risk retention policies.

### Corporate Social Responsibility

Corporate Social Responsibility is corporation's initiatives to assess and take responsibility for the Company's effects on environmental and social wellbeing. Your Company, in line with Atlas Group philosophy is committed to act ethically towards society and aims to contribute to the social development in the country. This year, your Company made a contribution of Rs. 9.85 million to its associated concern Atlas Foundation, which in turn carries out different welfare works in the society, particularly in the field of education. Your Company is committed to work across all barriers of race, religion, color and background and the only yardstick is merit.

## Performance of the Board

The Board of Directors of the Company ensures compliance of all relevant rules and regulations. The Board comprises of renowned business professionals who add value to the Board by virtue of their expertise, experience and strong value systems. The Board has laid down policies and procedures that ensure a professional corporate environment that promotes timely disclosure, accountability, high ethical standards, and compliance with applicable laws, regulations and corporate governance.

During the year under review, the Board has effectively discharged its responsibility towards the Company and participated in all strategic affairs diligently. All quarterly, half yearly and annual financial results were thoroughly reviewed and approved. The Board extended its guidance to the management on regular basis. The Board also played a key role in monitoring of management performance and focus on major areas. The Board has also reviewed and approved the Company's financial budget and capital expenditures requirements for the year 2018.

The Audit Committee, the Investment Committee and the Ethics, Human Resource & Remuneration Committee have also discharged their responsibilities as per relevant laws through the year. The Board carefully monitors their performance on periodic basis.

## 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. During the year, your Company contributed a sum of Rs. 669.65 million towards government exchequer on account of income tax, sales tax and other levies. Atlas Group as a whole has contributed over Rs. 50 billion to the national exchequer for the year 2016-17 which is 1.5% of the total exchequer, a significant share in the government revenue.

## Accolades

Your Company 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, 2014 and 2015 by the Insurance Journal. Your Company was also selected among the top five companies in the NBF1 sector and has been awarded "Best Corporate Report Award" eight times between 2003 - 2015 by the joint committee of the Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost and Management Accountants of Pakistan (ICMAP). The Company was also awarded, continuously for six years from 2006 to 2011, South Asian Federation of Accountants - SAFA "Best Presented Accounts Award". The Company is also recipient of "KSE Top 25 Companies Award" in the past.

## Future Outlook

The economy is likely to continue to expand in FY18. The supply of power to the industrial and residential consumers is expected to improve considerably with new power plants likely to become operational in 2018 and beyond. Moreover, developments like import of liquefied natural gas (LNG) to improve the shortage of gas for industrial sector and the addition of a second LNG terminal would go a long way in boosting the economy. The number of terrorist incidents is declining which will very positively affect the investment market as the foreign entrepreneurs reluctant to come to Pakistan will now be expected to come in. These positive developments supported by a very well planned fiscal policy may help in stabilizing the economy. The future course of our economy will largely depend on the institutional aspects of an economy or society, covering features such as corruption, transparency, rule of law, tax reforms and burden of regulations. Encouraging trends in private sector credit indicates underlying dynamics in real economic activity. However, maintaining this momentum going forward would largely depend on addressing emerging challenges in external and fiscal accounts. Finance managers of the country must therefore take all possible and timely measures to address these challenges for continued and steady economic progress:

وہ جسے اللہ رکھے اسے کون چکھے

(God's help saves one)

## 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

کو بچائی کی فراہمی میں بہتری آئے گی۔ مزید برآں، صنعتی شعبے میں گیس کی قلت کے خاتمے کے لیے قدرتی مائع گیس (LNG) کی درآمد اور دوسرے LNG ٹرمینل کی شمولیت جیسے اقدامات معیشت کے فروغ میں دور رس کردار ادا کریں گے۔ دہشت گردی کے واقعات میں آنے والی کمی سرمایہ کاری مارکیٹ پر مثبت اثرات مرتب کرے گی کیونکہ اس طرح آن بیرونی سرمایہ کاروں یا کاروباری مالکان کے پاکستان آنے کی امید ہے جو پہلے یہاں آنے سے خوفزدہ تھے۔ ان مثبت اقدامات کے ساتھ ساتھ انتہائی منظم مالی پالیسی بھی معیشت کے استحکام میں مددگار ثابت ہوگی۔ ہماری معیشت کی آئندہ کی صورتحال بڑی حد تک معاشی یا معاشرتی پہلوؤں جیسے کہ بدعنوانی، شفافیت، قانون کی حکمرانی، ٹیکس کی اصلاحات اور عائد کردہ شرائط و ضوابط پر منحصر ہوگی۔ نئی شعبے کی سائیکل میں حوصلہ افزا رجحانات، حقیقی معاشی سرگرمی میں ضمنی فعالیت کو ظاہر کرتے ہیں۔ تاہم، آگے بڑھتے ہوئے اس رفتار کو برقرار رکھنے کا دارومدار بڑی حد تک خارجی اور مالیاتی اکاؤنٹس میں سامنے آنے والے چیلنجز سے ٹھنڈے ہوگا۔ لہذا ملک کے فنانس نیچرز کو معیشت کی مسلسل اور مستحکم ترقی کے لیے ان چیلنجز سے نمٹنے کے لیے تمام ممکنہ اور بروقت اقدامات لازماً عمل میں لانا ہوں گے۔

صَلِّ جَسَّ اللّٰہِ رَکْعَہٗ اَسَہٗ کَوْنِ حَکْمَہٗ

اظہار تشکر

میں اپنے قابل قدر حصص داران، کلائنٹس، ری انشوررز، SECP اور مالیاتی اداروں کی دلی قدر کرتا ہوں جن کے سالوں پر محیط تعاون اور حمایت سے ہمارا تعلق مضبوط ہوا۔ جس نے ہماری مصنوعات، خدمات، معاشرے میں ہمارے کردار اور قومی معیشت میں بہتری میں اہم کردار ادا کیا۔

میں انتظامیہ کی رہنمائی میں بورڈ آف ڈائریکٹرز کی قابل قدر شرکت اور فعال کردار کی بھی تعریف کرتا ہوں۔ میں چیف ایگزیکٹو آفیسر جناب ارشد پی رانا اور ان کی ٹیم کی کوششوں، عزم اور مقصد کے حصول میں مجھے خصوصی پر تہہ دل سے شکر گزار ہوں۔



یوسف علی شیرازی  
چیئر مین

قومی خزانے میں حصہ

آپ کی کمپنی کی منجمنٹ، تمام سرکاری واجبات کی بروقت اور درست ادائیگی کی بدولت معیشت کی ترقی پر مستحکم یقین رکھتی ہے۔ دوران سال، آپ کی کمپنی نے اٹھ ٹیکس، بیل ٹیکس اور دیگر محصولات کے ضمن میں حکومتی خزانے میں 669,646 ملین روپے کی خطیر رقم جمع کروائی۔ اٹلس گروپ نے مجموعی طور پر سال 2016-17 میں قومی خزانے میں 50 ملین روپے سے زائد رقم شامل کی جو کہ مجموعی خزانے کا 1.5 فیصد اور حکومت کو حاصل ہونے والی آمدنی کا نمایاں جزو ہے۔

اعزازات

آپ کی کمپنی کو سال 2012، 2013، 2014 اور 2015 کے نتائج کی بنیاد پر 'بلند ترین ضمانتی منافع بلور تحریری پریسٹیم کی شرح'، پرائسٹورنس جرنل کی جانب سے 'انسورنس جرنل پرفارمنس ایوارڈ' سے نوازا گیا تھا۔ انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) اور انسٹیٹیوٹ آف کوسٹ اینڈ مینجمنٹ اکاؤنٹنٹس آف پاکستان (ICMAP) کی مشترکہ کمیٹی کی جانب سے 2003 سے 2015 کے درمیان آپ کی کمپنی کو NBFی کیلنڈر کی پانچ اولین کمپنیوں میں آٹھ مرتبہ 'بہترین کارپوریٹ رپورٹ ایوارڈ' سے نوازا گیا۔ کمپنی کو مسلسل چھ سال، 2006 سے 2011 تک، جنوبی ایشیائی فیڈریشن آف اکاؤنٹنٹس - SAFA "بہترین پیش کردہ اکاؤنٹس ایوارڈ" عطا کیا گیا۔ کمپنی، ماضی میں "KSE - Top 25 Companies Award" بھی حاصل کر چکی ہے۔

مستقبل کا منظر نامہ

توقع ہے کہ مالی سال 2018 میں بھی معیشت کی ترقی کا سفر جاری رہے گا۔ اس بات کی بھی توقع ہے کہ سال 2018 اور اس کے بعد، نئے پاور پلانٹس اپنے کام کا آغاز کر دیں گے، جس کی بدولت صنعتی اور رہائشی صارفین

عملی کی تعلیمی قابلیت میں اضافے اور تعلیم یافتہ ملازمین کی کمی کو پورا کرنے کے لیے، کمپنی بیرون ملک اور مقامی تربیتی اداروں میں مختلف نوعیت کے کورسز میں مسلسل سرمایہ کاری کرتی ہے اور ساتھ ساتھ بیمہ کے شعبے میں پیشہ ورانہ تعلیم کے حصول کے لیے ملازمین کی حوصلہ افزائی بھی کی جاتی ہے۔ فی الوقت، ایک درجن سے زائد ملازمین، کمپنی کی کفالت پر، اپنی ACII تعلیم مکمل کرنے کے لیے ایبوسی ایٹ آف چارٹرڈ انشورنس انسٹیٹیوٹ، لندن، کے ہونے والے امتحانات میں شرکت کر رہے ہیں۔ خاص طور پر ملازمین کو انشورنس اور رسک مینجمنٹ میں MBA کی ترغیب بھی دی جاتی ہے۔

### PACRA کی جانب سے درجہ بندی

دی پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے آپ کی کمپنی کے مالیاتی استحکام کے اعتراف میں اس کی انشورنس فیئلس اسٹریٹیجی (IFS) ریٹنگ کو بہتر کرتے ہوئے اسے مستحکم ادارے کے طور پر "AA" کا درجہ دیا ہے۔ یہ درجہ بندی اس بات کا اظہار ہے کہ کمپنی اپنے پالیسی ہولڈرز اور معاہدے کی ذمہ داریوں سے عہدہ برآ ہونے کی زبردست صلاحیت رکھتی ہے۔ یہ درجہ بندی انتہائی شاندار لیکویڈیٹی پروفائل کا مظہر ہے، جو کہ کمپنی کی ذمہ داریوں کو مستحکم کورنچ فراہم کرتی ہے۔ PACRA نے اس بات کا بھی اعتراف کیا ہے کہ اٹلس انشورنس کے پاس معاہدے کی مثبت شرائط اور کم خطرہ سے تحفظ کی پالیسیوں کے ساتھ دہرے بیمہ کاروں کا ایک مضبوط پینل ہے۔

### ادارے کی سطح پر سماجی ذمہ داری

ادارے کی سطح پر سماجی ذمہ داری، کارپوریشن کی طرف سے ایسے اقدامات کا نام ہے جو ماحول اور سماجی فلاح و بہبود پر کمپنی کی سرگرمیوں کے اثرات کے تجزیے اور اس حوالے سے ذمہ داری نبھانے کے لیے بروئے کار لائے جاتے ہیں۔ آپ کی کمپنی، اٹلس گروپ کے فلسفے سے ہم آہنگ رہتے ہوئے سماجی بہتری کے فروغ کے لیے کوشاں ہے اور ملک کی سماجی ترقی میں اپنا کردار ادا کرنے کا تہیہ کیے ہوئے ہے۔ رواں سال، آپ کی کمپنی نے اپنے منسلک ادارے اٹلس فاؤنڈیشن میں 9.850 ملین روپے کا عطیہ دیا۔ یہ ادارہ معاشرے کی فلاح و بہبود کے مختلف کام، خصوصاً تعلیمی شعبے میں اپنی خدمات انجام دے رہا ہے۔ آپ کی کمپنی، نسل، مذہب، رنگ اور شخصی پس منظر سے بالاتر ہو کر خدمات کے لیے کوشاں ہے۔ اس کمپنی میں جانچ کا صرف ایک بیان نہ ہے اور وہ ہے قابلیت۔

### بورڈ کی کارکردگی

کمپنی کا بورڈ آف ڈائریکٹرز تمام متعلقہ قوانین و ضوابط کی تعمیل کو یقینی بناتا ہے۔ بورڈ نامور کاروباری شخصیات پر مشتمل ہے جو اپنی قابلیتوں، تجربے اور اقدار کے اعلیٰ نظام کی بدولت بورڈ کی قدر و قیمت میں اضافہ کرتے ہیں۔ بورڈ نے پیشہ ورانہ کاروباری فضا کو یقینی بنانے کے لیے مخصوص پالیسیاں اور طریقہ کار وضع کر رکھے ہیں جو حقائق کے بروقت اظہار، جوابدہی، اعلیٰ اخلاقی معیار اور مجوزہ قوانین، ضوابط اور کاروباری عملداری کی تعمیل کو فروغ دیتے ہیں۔

زیر جائزہ سال کے دوران، بورڈ نے کمپنی کے لیے اپنی ذمہ داریاں مؤثر انداز میں نبھائی ہیں اور تمام کلیدی معاملات میں فعال انداز میں شرکت کی ہے۔ تمام سہ ماہی، ششماہی اور سالانہ مالیاتی نتائج کا جامع انداز میں جائزہ لیا گیا اور منظوری دی گئی۔ بورڈ نے مینجمنٹ کو بھی باقاعدگی کے ساتھ رہنمائی فراہم کی۔ بورڈ نے مینجمنٹ کی کارکردگی اور اہم شعبوں پر توجہ مرکوز کرنے کے حوالے سے بھی بنیادی کردار ادا کیا۔ بورڈ نے سال 2018 کے لیے کمپنی کا مالیاتی بجٹ اور سرمایہ جاتی اخراجات کی ضروریات کا بھی جائزہ لے کر ان کی منظوری دی۔

آڈٹ کمیٹی، سرمایہ کاری کمیٹی اور اخلاقی اصول، ہیومن ریسورس اور معاہدہ کمیٹی نے بھی سال بھر متعلقہ قوانین کے مطابق اپنی ذمہ داریاں انجام دیں۔ بورڈ، میعاد بنیاد پر ان کی کارکردگی کی بغور نگرانی کرتا ہے۔

### انفارمیشن ٹیکنالوجی

انفارمیشن ٹیکنالوجی دور جدید کی ایک ایسی ناگزیر حقیقت ہے جس نے دنیا بھر کے لوگوں کی روزمرہ زندگیوں اور کاروبار میں ایک ڈرامائی تبدیلی پیدا کی ہے۔ یہ ہر کاروباری منصوبے کا اہم ترین اور مرکزی جزو بن چکی ہے۔ بنیادی کاروباری معاملات میں غیر منقطع آئی ٹی خدمات کی دستیابی کا بڑا افعال کردار ہے، یہی وجہ ہے کہ آپ کی کمپنی میں آئی ٹی کا کردار انتہائی اہمیت اختیار کر گیا ہے۔ کمپنی نے آئی ٹی انفراسٹرکچر میں موزوں انداز میں سرمایہ کاری کر رکھی ہے اور اس بات پر یقین رکھتی ہے کہ انڈسٹری میں دوسروں پر سبقت لے جانے کے لیے انفارمیشن ٹیکنالوجی کا موثر استعمال نہایت ضروری ہے۔

گزشتہ سال کے دوران کاروباری تسلسل کے منصوبے کی اندرون خانہ ترتیب و تنظیم کے بعد اسے سال 2017 کے دوران کامیابی سے آڑا گیا۔ ایک مرکزی ڈیٹا سینٹر کا نفاذ بھی عمل میں لایا گیا اور اس کے ساتھ ساتھ آن لائن جی آئی ایس کو بنیادی کاروباری سرگرمیوں کے لیے استعمال کیا جا رہا ہے۔ جدید سائبر حملوں سے بچاؤ اور ابلاغی تحفظ کو یقینی بنانے کے لیے جانچ پڑتال کے کئی نظام نافذ کیے گئے ہیں۔

### مکملہ خطرات سے نمٹنے کا نظام (رسک مینجمنٹ سسٹم)

مکملہ خطرے کا حل تلاش کرنا، بیمہ کمپنیوں کے لیے بنیادی اہمیت رکھتا ہے۔ کسٹمرز کی جانب سے پالیسی کی سہولت خریدی جاتی ہے کیونکہ ان کے کاروبار مختلف نوعیت کے خطرات کی زد میں ہوتے ہیں جبکہ دوسری جانب ان خطرات سے نمٹنے کے مربوط نظام کے چیلنجز بھی کافی زیادہ ہیں جن میں بیمہ کی ضمانت، قرضے، بازار، عملیت، سیال پذیری وغیرہ کے خطرات شامل ہیں۔ لہذا، کامیابی صرف انہی لوگوں کے حصے میں آتی ہے جو ان خطرات کی پیش بندی کرتے اور ان کے تدارک کے لیے مناسب حکمت عملیاں اپناتے ہیں۔ آپ کی کمپنی رسک مینجمنٹ سسٹم پر خصوصی توجہ دیتی ہے اور اس ضمن میں خطرات سے نمٹنے کا ایک داخلی طریقہ کار مرتب کر چکی ہے۔ یہ طریقہ کار متعلقہ افراد کو مکملہ خطرات کی تخفیف کے لیے بروقت اور موزوں اقدامات کرنے کے قابل بناتا ہے۔ کمپنی نے، ادارے میں رسک مینجمنٹ کے مجموعی عمل کی نگرانی کے لیے ایک رسک مینجمنٹ کمیٹی بھی تشکیل دے رکھی ہے۔

### ہیومن ریسورس اور ایبوسی ایٹ ڈویلپمنٹ

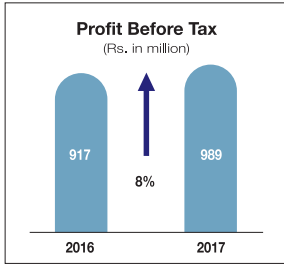
ہیومن ریسورس مینجمنٹ، کسی بھی ادارے کی کامیابی کا لازمی جزو ہے۔ کمپنی کی روایات، پالیسیوں، مراعات، اضافی ادائیگیوں اور ملازم سے متعلق تمام تر ریکارڈ ہیومن ریسورس مینجمنٹ کی مدد سے برقرار رکھا جاتا ہے۔

اٹلس گروپ کے ایک تشکیلی رکن کی حیثیت سے، آپ کی کمپنی ہیومن ریسورس کو مسلسل فروغ دیتے ہوئے ادارتی ترقی کے گروہی فلسفے پر مشتمل یقین رکھتی ہے۔ اس کا لازمی نتیجہ پیداواری عمل میں تیزی اور ملازم کی اثراگیزی اور کارکردگی میں اضافے کے ساتھ ساتھ ملازمت پر اس کے اطمینان، وقار اور شفافیت کی صورت میں سامنے آتا ہے۔ مستقبل میں کمپنی کی ضروریات کی تکمیل کے لیے موجودہ عملی تہیہ اور نئے ملازمین کی بھرتی کے ساتھ ساتھ ان کی ترقی و فروغ پر خصوصی توجہ دی جاتی ہے۔

کیریئر میں ترقی کے مواقع کے حوالے سے بھی کمپنی انتہائی منظم طریقہ کار کی حامل ہے۔ اعلیٰ قابلیت کے حامل عہدیداروں کے علم، صلاحیت اور تجربے میں ترقی کے لیے انفرادی فروغ کی پروفائل مرتب کی جاتی ہے۔ آپ کی کمپنی، مینجمنٹ بذریعہ مقصد پر غیر متزلزل یقین رکھتی ہے، چنانچہ سال کے آغاز پر کامیابی کے طے شدہ معیار کے ساتھ، کمپنی مینجمنٹ کی جانب سے انفرادی طور پر ٹیم کے ہر فرد کے مقاصد مرتب کیے جاتے ہیں، ان مقاصد پر وقفے وقفے سے نظر ثانی کی جاتی ہے اور سال کے اختتام پر اعزازات سے نوازنے کے لیے انفرادی کارکردگی کی بنیاد پر ان کا تجزیہ کیا جاتا ہے۔ نوجوان اور باصلاحیت ملازمین کی ترقی و فروغ اور انہیں تادیر اپنے ساتھ رکھنے کے لیے مرتب کیا گیا مینٹرشپ پروگرام، نوجوان ملازمین پر سو مند اور اہم اثرات رکھتا ہے۔



### سرمایہ خوش انتظامی



کمپنی 701.61 بلین روپے کے ادا شدہ سرمائے اور 2.25 بلین روپے کی ایکویٹی کے ساتھ مضبوط مالیاتی خاکہ رکھتی ہے۔ ہماری کمپنی مضبوط مالیاتی خاکہ برقرار رکھنے کے لئے کوشاں ہے جو نمو کے حصول اور پورٹ فولیو اصلاح کے ہدف کے لئے مالیاتی پک فراہم کرتا ہے۔ مستقبل میں پھیلاؤ اور کمپنی کی نمو کو مد نظر رکھتے ہوئے کمپنی کے بنیادی سرمایہ کی تشکیل کی گئی۔

### ٹریڈری مینجمنٹ

ٹریڈری مینجمنٹ کے بنیادی مقاصد میں مالیاتی اثاثوں کی تحویل، سیال پذیری کا بہترین استعمال، بروقت سرمایہ کاریوں کی بدولت اضافی کیش سے مؤثر استفادہ اور ممکنہ مالیاتی خطرات میں کمی شامل ہیں جنہیں بورڈ کی جانب سے منظور کردہ واضح مرتب شدہ پالیسیوں کے تحت عمل میں لایا جاتا ہے۔ کمپنی کی جانب سے سوزوں سیال اثاثوں کی دستیابی کو یقینی بنایا جاتا ہے تاکہ سیال پذیری کے حوالے سے ممکنہ خطرات کو کم سے کم کیا جاسکے۔ نقد رقم کی پیداوار پر ہمیشہ خصوصی توجہ مرکوز رکھی جاتی ہے جو کہ ادارے میں کارکردگی کو جانچنے کا اہم ترین پیمانہ ہے۔ نقد رقم اور اس کے مساوی اثاثے، اس سال کے اختتام پر 702.25 بلین روپے ریکارڈ کیے گئے جو کہ سال 2016 کے اختتام پر 250.44 بلین روپے تھے۔

### دوہرا بیمہ

آپ کی کمپنی، روایتی بیمہ کے ساتھ ساتھ غیر روایتی خطور پر استوار بیمہ اور تکافل کے کاروبار کی ضمانتی گنجائش میں اضافے کے لیے کوشاں رہتی ہے۔ دوہرے بیمہ کی مارکیٹ میں عالمی طور پر پناہ سازگار صورتحال کے باوجود کمپنی نے رواں سال تقریباً ہر شعبے میں منظور شدہ شرائط پر دوہرے بیمہ کے حوالے سے ایک مرتبہ پھر باضابطہ معاہدے کیے۔ آپ کی کمپنی اعلیٰ ساکھ کے حامل اور دنیا کے ایسے نامور دوہرے بیمہ کاروں کے ساتھ دوہری بیمہ کاری کے معاہدے زیر عمل لاتی ہے جو مضبوط مالیاتی استحکام کی درجہ بندیوں کے حامل ہیں، ان میں سوئس ری، ہین اورری، ٹو کیو میرین اور چیڈ و آئسز ڈی بی، سوپو جاپان، ملائیشین ری اور لیون ری شامل ہیں۔

### پالیسی ہولڈر اور صارفین کی خدمت

پیشہ ورانہ اور اعلیٰ معیار کی خدمات کا شعبہ صارفین کی ضروریات کو مد نظر رکھتے ہوئے خدمات انجام دے رہا ہے۔ یہ شعبہ ہماری کمپنی کی حکمت عملی میں سب سے آگے ہے کیونکہ کمپنی صارفین کی خدمت اور خدمت کے انتقال کی ضروریات کو مؤثر طریقے سے فراہم کرنے پر یقین رکھتی ہے۔ یہ کوششیں مستقل صارف بنانے کی بنیاد ہیں اور کمپنی صارف کی توجہ حاصل کر کے اپنے کردار کو بڑھاتی ہے۔

### قابلیت ادا کے قرضہ

مال داری کاروبار میں قائم رہنے کے لئے بہت ضروری ہے کیونکہ یہ کمپنی کے قابل قیاس مستقبل کے لئے اپنی سرگرمیاں جاری رکھنے کے لئے مدد فراہم کرتا ہے۔ کمپنی اچانک سیالیت کی ضروریات کو پورا کرنے اور مال داری کی حدود کے لئے مضبوط کیش صورتحال اور بنیادی سرمایہ پر یقین رکھتی ہے۔ SECP کی جانب سے قابل قبول اثاثہ جات کو متعین کرنے کے لئے سرمایہ کاری پر قائم حدود کے باوجود ہماری کمپنی اطمینان سے مال داری کی ضروریات کو پورا کرتی رہی ہے۔

مقابلے میں 26 فیصد اضافے سے 423 بلین روپے رہا۔ کلیم کی شرح گزشتہ سال کے 6 فیصد کے مقابلے میں اس سال 11 فیصد رہی۔ پر بیمہ میں اضافے سے انڈر رائٹنگ منافع پر اچھا اثر پڑا، جو کہ گزشتہ سال کے 287 بلین روپے کے مقابلے میں بڑھ کر 357 بلین روپے ہو گیا۔

### موٹر

مجموعی پر بیمہ میں موٹر کے کاروبار کا حصہ گزشتہ سال کے 22 فیصد کے مقابلے میں کم ہو کر 19 فیصد ہو گیا۔ اس شعبے میں مجموعی انڈر رائٹنگ پر بیمہ سال 2016 کے 513 بلین روپے کے مقابلے میں کم ہو کر 444 بلین روپے رہا۔ خالص پر بیمہ گزشتہ سال کے 314 بلین روپے کے مقابلے میں 12 فیصد اضافے کے ساتھ 353 بلین روپے رہا۔ خالص کلیمز گزشتہ سال کے 110 بلین روپے کے مقابلے میں 183 بلین روپے رہے۔ اس شعبے کا انڈر رائٹنگ منافع گزشتہ سال کے 63 بلین روپے کے مقابلے میں 30 بلین روپے رہا۔

### متفرق

مجموعی انڈر رائٹنگ پر بیمہ گزشتہ سال کے 663 بلین روپے کے مقابلے میں کم ہو کر 525 بلین روپے رہا۔ تاہم، خالص پر بیمہ سال 2016 کے 224 بلین روپے کے مقابلے میں بڑھ کر 330 بلین روپے رہا۔ خالص کلیمز کی شرح گزشتہ سال کے 53 فیصد کے مقابلے میں 55 فیصد رہی۔ انڈر رائٹنگ منافع گزشتہ سال کے 22 بلین روپے کے مقابلے میں 209 بلین روپے کے ساتھ 68 بلین روپے رہا۔

### دند و تکافل آپریشنز

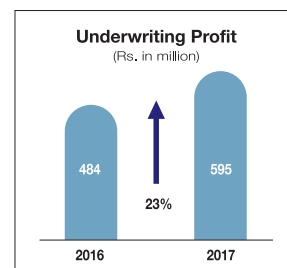
مالی سال 2017 کمپنی کے لیے تکافل آپریشنز کا پہلا مکمل سال تھا، اس کا آغاز مارچ 2016 میں کیا گیا تھا۔ اس سال کے دوران، کمپنی نے تکافل میں 123 بلین روپے کی شرکت داری وصول کی جو کہ گزشتہ سال 2016 میں 61 بلین روپے تھی۔ خالص شرکت داری گزشتہ سال کی 20 بلین روپے کے مقابلے میں 79 بلین روپے رہی۔ سال 2017 میں پارٹنرشپس تکافل فنڈ کا سرپلس 7.2 بلین روپے رہا جبکہ سال 2016 میں 5.6 بلین روپے خسارہ رہا تھا۔ آپریٹنگ فنڈ 0.85 بلین روپے منافع میں رہا جبکہ گزشتہ سال 2016 میں 2.31 بلین روپے کا خسارہ رہا تھا۔

### سرمایہ کاری کا انتظام

سرمایہ کاری کی کئی سارے سال کے دوران متحرک رہی ہے۔ بنیادی طور پر مضبوط اور مستقبل میں بہتر آمدنی کے حامل نمایاں حصص میں سرمایہ کاری پر زور دیا گیا۔ سرمایہ کاری کی مد میں آمدنی گزشتہ سال کے 458 بلین روپے کے مقابلے میں 322 بلین روپے رہی، جس کی بنیادی وجہ سال کے دوران ایکویٹی مارکیٹ میں مندی کا رجحان ہے۔ کمپنیل گین گزشتہ سال کے 269 بلین روپے کے مقابلے میں 106 بلین روپے جبکہ ڈیویڈنڈ کی مد میں آمدنی گزشتہ سال کے 151 بلین روپے کے مقابلے میں 215 بلین روپے رہی۔

31 دسمبر 2017 تک سرمایہ کاری کی کتابی قدر 2.36 بلین روپے رہی (مارکیٹ قدر 4.9 بلین روپے) جو کہ گزشتہ سال 2.6 بلین (مارکیٹ قدر 6.4 بلین روپے) تھی۔ یہ آپ کی کمپنی کی مضبوط مالیاتی بنیاد اور کمپنی کے فنڈز کے بہتر استعمال کو ظاہر کرتی ہے۔

### منافع



انڈر رائٹنگ منافع گزشتہ سال کے 484.2 بلین روپے کے مقابلے میں 23 فیصد اضافے سے 595.32 بلین روپے رہا۔ قبل از ٹیکس منافع گزشتہ سال کے 917 بلین روپے کے مقابلے میں 989 بلین روپے رہا۔ 325 بلین روپے ٹیکس کی ادا کیے جانے کے بعد، بعد از ٹیکس منافع 664 بلین روپے رہا جو کہ گزشتہ سال 618 بلین روپے تھا۔

## چیمبرمین کا جائزہ

میں نہایت مسرت کے ساتھ بورڈ کی جانب سے 31 دسمبر 2017 کو ختم ہونے والے سال کے لئے کمپنی کی 83 ویں سالانہ رپورٹ اور تجزیہ پیش کر رہا ہوں۔

### معیشت

اگرچہ سیاسی استحکام اقتصادی استحکام کی جانب اشارہ کرتا ہے لیکن پاکستانی معیشت نے سیاسی مشکلات کے باوجود مناسب کارکردگی کا مظاہرہ کیا ہے۔ مالی سال 2018 میں شرح نمو 6 فیصد تک پہنچنے کا امکان ہے۔ خریف کی فصل کے ابتدائی تخمینے کے مطابق تمام فصلات اپنے ہدف کو پورا کریں گی یا اپنے ہدف سے تجاوز کر جائیں گی۔ بڑے پیمانے پر ہونے والی میٹھو، چرنگ کے شعبے میں اچھی کارکردگی کا رجحان دیکھنے میں آیا ہے اور مالی سال 2018 کی پہلی سہ ماہی میں 10 فیصد ترقی ریکارڈ کی گئی جو گزشتہ نو سالوں میں سب سے زیادہ ہے۔ ایشیائی خورد و نوش کے پیداواری شعبے میں بہترین کارکردگی سے خدمات کے شعبے پر بھی مثبت اثرات مرتب ہوئے ہیں۔ کمرشل گاڑیوں اور POL پروڈکٹس کی فروخت میں اضافہ اس بات کی نشاندہی کرتا ہے کہ ٹرانسپورٹ کے شعبے میں مالی سال 2018 کے دوران بہترین پیش رفت دیکھنے میں آئے گی۔ امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی اور اتفاقی طور پر اسی دوران عالمی سطح پر خام تیل کی قیمتوں میں ہونے والے اضافے کے سبب جنوری 2018 سے پاکستان میں تیل کی قیمتوں میں اضافے کا رجحان دیکھنے میں آیا۔ اس رجحان سے نا صرف کاروباری سرگرمیاں انجام دینے کی لاگت میں اضافہ ہو جائے گا بلکہ مقامی سطح پر تیار اشیاء کی قیمتیں بھی بڑھ جائیں گی۔ معیشت پر مرتب ہونے والے متوقع افراط زر کے دباؤ کے پیش نظر اسٹیٹ بینک آف پاکستان نے اپنے دو ماہی ماہی پالیسی جائزہ اجلاس میں پالیسی ریٹ 25 بیک پوائنٹس بڑھا کر 6 فیصد کر دیا ہے۔ کئی سالوں تک دنیا میں بہترین کارکردگی دکھانے والی اسٹاک مارکیٹس میں شامل پاکستان اسٹاک مارکیٹ مالی سال 2017 کے دوران مندی کا شکار رہی اور 15 فیصد تک گر گئی۔ اس سال کے دوران KSE-100 انڈیکس کا آغاز 47,806 پوائنٹس سے ہوا اور 52,876 پوائنٹس کی نئی بلندیوں کو چھوتے ہوئے 37,947 پوائنٹس تک گر گئی اور آخر کار سال کے اختتام پر 40,471 پوائنٹس پر بند ہوئی۔ اس مندی کا بنیادی سبب سیاسی عدم استحکام اور غیر ملکی سرمایہ کاروں کی جانب سے مسلسل فروخت ہے۔

جولائی تا دسمبر 2017 کے دوران کرنٹ اکاؤنٹ خسارہ واضح طور پر 59 فیصد بڑھ کر 7.41 بلین ڈالر ہو گیا جو کہ گزشتہ سال اسی مدت کے دوران 4.66 بلین ڈالر تھا۔ کرنٹ اکاؤنٹ خسارے میں اضافے کی وجہ تیزی سے بڑھتا ہوا تجارتی خسارہ ہے۔ مالی سال 2018 کی پہلی ششماہی میں تجارتی خسارہ 24 فیصد اضافے کے ساتھ 17.96 بلین ڈالر ہو گیا جو کہ گزشتہ سال اسی مدت کے دوران 14.42 بلین ڈالر تھا۔ اس مدت کے دوران برآمدات 11 بلین ڈالر جبکہ درآمدات 28.97 بلین ڈالر رہیں۔ رواں سال کی پہلی ششماہی کے دوران ترسیلات زر 9.74 بلین ڈالر کی سطح پر جمود کا شکار رہی، جو کہ گزشتہ سال اسی مدت کے دوران 9.5 بلین ڈالر تھیں۔

### صنعتی تجزیہ

انشورنس کا شعبہ وسیع پیمانے پر پریمیوم کی پیداوار سے ملکی معیشت میں اہم کردار ادا کرتا ہے۔ یہ بنیادی طور پر اپنی بڑے پیمانے کی سرمایہ کاری کے ذریعے ذاتی اور کاروباری خطرات کا احاطہ کرتے ہوئے ملکی اقتصادی ترقی میں اہم کردار ادا کر رہا ہے۔ یہ دوسرے مالیاتی اداروں اور مارکیٹس کی ترقی میں بھی فنڈز کی دستیابی اور انشورنس کا احاطہ فراہم کرنے میں اہم کردار ادا کرتا ہے۔

مالی سال 2017 کے دوران پاکستانی نان لائف بیمہ کے شعبے میں ترقی کے تسلسل کا مشاہدہ کیا گیا۔ اب سال 2018 میں بھی یہی توقع ہے کہ ترقی کا رجحان اسی طرح سے جاری رہے گا اور انشورنس انڈسٹری کے دیگر شعبوں جیسے کفیل کے شعبوں میں بھی مزید ترقی ہوگی۔ بینکوں کے ذریعے لاکھوں کٹرز تک بیمے کی رسائی کو

مکمل بنایا گیا ہے جس کی وجہ سے بینکاروں نے انشورنس انڈسٹری کو بڑھا دیا ہے۔ تاہم پاکستان میں انشورنس کا تناسب ابھی بھی بہت کم ہے اور محض 0.91 فیصد کی اوسط سطح پر موجود ہے جبکہ بھارتی ہوئی مارکیٹس میں اوسط 3.2 فیصد اور دنیا بھر میں اوسط 6.3 فیصد ہے۔ اس کم رسائی کا سبب لوگوں میں آگاہی کی کمی اور مختلف اقسام کی انشورنس کے لیے درکار انشورنس کی لازمی ضروریات ہیں۔ اس سے پتہ چلتا ہے کہ پاکستان میں انشورنس کی صنعت میں توسیع کے لیے زبردست گنجائش موجود ہے اس سلسلے میں زیادہ تر آگاہی تمام اسٹیک ہولڈرز خصوصاً انشورنس ایسوسی ایشن آف پاکستان اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے کی جاتی ہے۔ رگولیشنری قوانین نے غیر قانونی تجارت کے طریقوں کو روکنے، نگرانی اور مالی سالمیت کو برقرار رکھنے اور انشورنس کی پروڈکٹس کو معیاری کرنے کے اقدامات کے ذریعے کسٹمر کے اعتماد کو قائم کرنے میں بھرپور معاونت فراہم کی ہے۔

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان انشورنس انڈسٹری کے لیے نئی پالیسی سازی اور ایکشن پلان مرتب کرنے میں سب سے آگے ہے، اس نے انشورنس قوانین 2017 اور انشورنس اکاؤنٹنگ رگولیشنز 2017 کے اجراء کے ذریعے رگولیشنری فریم ورک کے اندر اہم اصلاحات نافذ کی ہیں۔ یہ اقدامات طویل المدت میں انشورنس کے ماحول کے لیے نہایت سازگار ثابت ہو گئے۔

صرف یہی نہیں، رگولیشنری فریم ورک میں مجوزہ اصلاحات کو فروغ دینے کے ساتھ ساتھ تیزی سے بڑھتی ہوئی مارکیٹ میں آگاہی کے فروغ، اقتصادی ترقی اور بڑے پیمانے پر سرمایہ کاری کے منصوبوں جیسے کہ CPEC سے پاکستان کی انشورنس مارکیٹ کا مستقبل مثبت دکھائی دیتا ہے۔ انشورنس کی جانب سے ڈیجیٹل جدتوں کو اپنانے سے ترقی میں اضافے کے واضح امکانات نظر آتے ہیں۔ اس کے علاوہ انشورنس کمپنیوں کو اپنے ملازمین کی صلاحیتوں اور مہارتوں کو فروغ دینے اور نئی پروڈکٹس متعارف کروانے کے لیے تکنیکی صلاحیتوں میں اضافہ کرنے کی ضرورت ہے۔ انشورنس کی جانب سے فروخت کے متبادل ذرائع تلاش کرنے اور نئی پروڈکٹس متعارف کروانے سے مزید مارکیٹ شیئر حاصل کرنے میں بھرپور مدد ملے گی۔

### کمپنی نتائج

#### پریمیوم

گزشتہ سال کے 2.33 بلین روپے کے مقابلے میں اس سال مجموعی پریمیوم 2.38 بلین روپے تک پہنچ گیا ہے جس سے 2 فی صد نمو ظاہر ہوتی ہے۔ گزشتہ سال میں 1.04 بلین روپے کے مقابلے میں خاص پریمیوم 1.28 بلین روپے تک پہنچ گیا ہے، جو کہ 23 فی صد زیادہ ہے۔ گزشتہ سال 484.20 بلین روپے کے مقابلے میں بیمہ منافع 595.32 بلین روپے رہا جو کہ 23 فیصد اضافے کو ظاہر کرتا ہے۔ ان نتائج سے کمپنی کے بنیادی کاروبار پر گہری مضبوطی اور انتظامیہ کی طاقت، بصیرت اور پیش رو اندازہ مہارت ظاہر ہوتی ہے۔

#### شعبہ جات پر ایک نظر

#### آگ اور املاک کا نقصان

مجموعی انڈر رائٹنگ پریمیوم سال 2016 کے 610 بلین روپے کے مقابلے میں 3 فیصد اضافے سے 631 بلین روپے رہا۔ خاص پریمیوم گزشتہ سال کے 171 بلین روپے کے مقابلے میں 168 بلین روپے رہا۔ خاص کلیمز گزشتہ سال کے 19 بلین روپے کے مقابلے میں 20 بلین روپے رہے۔ اس شعبے کا انڈر رائٹنگ منافع گزشتہ سال کے 112 بلین روپے کے مقابلے میں 24 فیصد اضافے سے 139 بلین روپے رہا۔

#### آبی، فضائی اور ذرائع آمد و رفت

اس شعبے میں گزشتہ سال کے مقابلے میں 42 فیصد ترقی ریکارڈ کی گئی۔ انڈر رائٹنگ پریمیوم سال 2016 کے 547 بلین روپے سے بڑھ کر 779 بلین روپے رہا۔ خاص پریمیوم گزشتہ سال کے 335 بلین روپے کے

## 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, 2017. The director's report prepared under Section 227 of the Companies Act, 2017 and Clause (xxvi) of the Code of Corporate Governance for Insurers, 2016, will be put forward to the members at the eighty third Annual General Meeting of the Company to be held on April 10, 2018.

### Financial Results

Following is the overall performance of the Company for the year ended December 31, 2017:

	<u>2017</u>	<u>2016</u>
	(Rupees in thousand)	
Gross premium	2,379,272	2,333,644
Profit for the year before tax	988,847	916,846
Taxation:		
Current	(272,820)	(281,220)
Prior years - current / deferred	(27,475)	(25,303)
Deferred	(24,565)	7,851
	(324,860)	(298,672)
Profit for the year after tax	663,987	618,174
Un-appropriated profit brought forward	183	58
Profit available for appropriation	664,170	618,232
<b>*Appropriations:</b>		
Transferred to general reserve	(208,000)	(162,000)
Proposed cash dividend @ 65% (2016: @ 65%)	(456,049)	(456,049)
	(664,049)	(618,049)
Unappropriated balance carried forward	121	183

\* The Board of Directors has recommended cash dividend of Rs. 6.50 per share i.e. 65% for the year ended December 31, 2017. The financial statements do not reflect these appropriations in compliance with the Companies Act, 2017.

### Earnings per share

The earnings per share after tax is Rs. 9.46 as against Rs. 8.81 in 2016.

### 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, 2017 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 one who is also independent Director. 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 Board had five (5) 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 Limited	Attendance in the meetings of	
			Board of Directors	Audit Committee
1	Mr. Yusuf H. Shirazi	4	4/5	N/A
2	Mr. Feroz Rizvi	3	5/5	4/4
3	Mr. Isphanyar M. Bhandara	2	3/5	N/A
4	Mr. Ali H. Shirazi	2	5/5	3/4
5	Mr. Jawaid Iqbal Ahmed	2	5/5	3/3
6	Mr. Khaleeq-ur-Rahman Khan	1	5/5	1/1*
7	Mr. Arshad P. Rana	1	5/5	N/A

\*Mr. Khaleeq-ur-Rahman Khan was appointed member Audit Committee in place of Mr. Jawaid Iqbal Ahmed with effect from September 6, 2017.

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, CEO, CFO, Company Secretary and their spouse and minor children during the year.

#### External Auditors

The present Auditors, M/s. A.F. Ferguson & Co, 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 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 the 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 their Board and management letters.

#### 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 employees.

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

**Provident Fund** Rs. 98.88 million (as at December 31, 2017)

#### Gratuity Fund

Management Staff Rs. 40.40 million (as at June 30, 2017)

Non-Management Staff Rs. 15.16 million (as at December 31, 2017)



## 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 in its Listing Regulations, relevant to the year ended December 31, 2017. 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 Securities & Exchange Commission of Pakistan and the listing rules of the Stock Exchange. There has been no material departure from the best practices of the corporate governance, as detailed in the Listing Regulations.

#### 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 the last six 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 Listing Regulations, the Company presented all the 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 in their respective meetings. Detail of related party transactions is disclosed in note 28 of the financial statements and note 17 of the financial statements - Window Takaful Operations.

### 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. 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 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 Regulations 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.

## Board Performance Evaluation

The Board has developed a mechanism to evaluate its own performance by adopting a self-evaluation methodology through a questionnaire, which covers core areas of the functioning of the Board. The primary purpose of this evaluation is to enable the Board to assess its own quality of governance, which enable the Board members to play more effective role in progress of the Company.

## Liquidity Management

During the year an amount of Rs. 364.302 million (2016: Rs. 300.395 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, 2017 to the 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 non-life insurance companies for the year ended December 31, 2016, the market share of the Company has increased to 3.60% from 3.20% of the year 2015. Status for the year 2017 will be known once statistics of all the companies are compiled by the IAP.

## Directors Training Programs

Three Directors have successfully completed the Directors Training Program (DTP). Three Directors meet the criteria of exemption under the Code of Corporate Governance and are accordingly exempted from DTP. Remaining one Director will complete the training program within the period specified in the Code of Corporate Governance.

## Whistle Blowing Policy

The Company is committed to 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.

## 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 Company's website within the time specified by the Companies Act, 2017 and the Code of Corporate Governance. The Company also has a web site, [www.ail.atlas.pk](http://www.ail.atlas.pk), which contains up-to-date information on 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



**Ali H. Shirazi**  
Director

Lahore: February 27, 2018

### سیکرٹری عمل داری سے متعلق سرٹیفکیٹ

پاکستان سٹاک ایکسچینج کی سٹنگ ریگولیشنز کی ضروریات کے مطابق سیکرٹری نے مجوزہ شکل میں ایک سیکریٹریل کمپلائنس سرٹیفکیٹ جاری کیا ہے۔ یہ کمپنی کے سالانہ گوشوارے کا حصہ ہے جو کہ رجسٹر ارا کو ارسال کیا گیا ہے۔ یہ تصدیق کرنے کے لئے کہ سیکریٹریل اور کارپوریٹ ضروریات کی تکمیل کے لئے کمپنیز آرڈیننس 1984، کمپنیز ایکٹ 2017 اور سٹنگ ریگولیشنز کو مد نظر رکھا گیا ہے۔

### بورڈ کی کارکردگی کا جائزہ

بورڈ نے ایک سوالنامے کی تشکیل کے ذریعے خود اپنی کارکردگی کی جانچ پڑتال کرنے کا طریقہ کار واضح کیا ہے جو کہ بورڈ کی معتد شعبوں میں کارکردگی کا احاطہ کرتا ہے۔ اس جانچ پڑتال کا بنیادی مقصد بورڈ کے لیے اس بات کو یقینی بنانا ہے کہ وہ اپنی گورننس کے معیار کا جائزہ لے سکے جس سے بورڈ کے اراکین کو کمپنی کی ترقی میں مزید موثر طریقے سے کردار ادا کرنے میں معاونت ملے گی۔

### لیویڈی انتظامات

سال کے دوران آپریشنز کی کارروائیوں سے 364.302 ملین روپے (2016ء میں 300.395 ملین روپے) حاصل کئے گئے جو کہ سرمایہ کاری کی کارروائیوں اور حصص داران کو منافع دینے کے لئے استعمال کئے گئے۔ کمپنی لیویڈی انتظامات کو احتیاط سے اپنی معاہدہ ذمہ داریوں کو نبھانے کے لئے استعمال کرتی ہے۔

### مادی تبدیلیاں

31 دسمبر 2017ء سے لے کر آج تک کسی قسم کی مادی تبدیلی نہیں ہوئی ہے اور اس عرصے کے دوران کمپنی نے ایسا کوئی معاہدہ نہیں کیا ہے جس سے کمپنی کی مالی حالت میں کوئی بڑی تبدیلی واقع ہو۔

### مندرجات کی حفاظت

کمپنی اپنے ریکارڈز/مندرجات کی حفاظت کو یقین رکھتی ہے۔ کمپنی اپنی مالی معلومات کو Oracle پروگرام کے ذریعے GIS نظام پر مرتب کرتی ہے۔ اور الیکٹرانک دستاویز تک رسائی کے لئے جامع پاس ورڈ سے محفوظ کردہ میٹریکس استعمال کرتی ہے۔

### مارکیٹ شیئر کی معلومات

31 دسمبر 2016ء کو اختتام پذیر سال کے لئے انشورنس ایسوسی ایشن آف پاکستان (IAP) کے نان انٹرفیرنگ بیرونیوں کے اعداد و شمار کے مطابق سال 2015ء کے مقابلے میں کمپنی کا منڈی میں حصہ 3.20 فیصد سے بڑھ کر 3.60 فیصد ہو گیا ہے۔

### ڈائریکٹرز ٹینگ پروگرام

تین ڈائریکٹرز نے کامیابی سے ڈائریکٹرز ٹینگ پروگرام (DTP) مکمل کر لیا ہے۔ کارپوریٹ گورننس کے ضابطے کے تحت تین ڈائریکٹرز مستثنیٰ قرار پائے اور انہیں DTP سے مستثنیٰ قرار دیا گیا۔ کارپوریٹ گورننس کے ضابطے میں درج عرصے کے دوران بقیہ ایک ڈائریکٹرز ٹینگ پروگرام مکمل کر لیں گے۔

### Whistle Blowing پالیسی

کمپنی سالمیت اور احتساب کے ماحول کو یقینی بنانے کے لیے پر عزم ہے۔ خبردار کرنے والی پالیسی کمپنی کی ان کاوشوں کا ایک حصہ ہے جس کے تحت کسی بھی غیر قانونی، غیر اخلاقی یا کمپنی کے مفاد کے برخلاف ہونے والے امور کی بروقت نشاندہی کی جاسکے۔ یہ پالیسی کمپنی کے ملازمین کی جانب سے خدشات کے اظہار، کمپنی کی جانب سے ان خدشات پر قابو پانے، رپورٹنگ کی ضروریات، خبر مہیا کرنے والے کے تحفظ اور پالیسی کی وقتاً فوقتاً مانیٹرنگ کے امور کا احاطہ کرتی ہے۔ اس عمل کا مقصد انتظام اور خدمات کے معیار کو بہتر بنانا ہے۔

### بات چیت

حصص داران کو مطلع کرنا کمپنی کی اولین ترجیح ہے۔ سالانہ رپورٹس ارکان کو بذریعہ ڈاک ارسال کی جاتی ہیں اور کمپنیز ایکٹ 2017ء اور کارپوریٹ گورننس کے ضابطے کے متعین عرصہ کے دوران ششماہی اور سہ ماہی رپورٹس کمپنی کی ویب سائٹ پر دستیاب کی جاتی ہیں۔ کمپنی کی اپنی ویب سائٹ [www.ail.atlas.pk](http://www.ail.atlas.pk) ہے جس میں کمپنی کے کام اور اس کی مالیاتی رپورٹس کی تازہ ترین معلومات موجود ہیں۔

### واجب الادا قانونی ادائیگیاں

تمام واجب الادا رقوم معمول کے مطابق ہیں۔

### تحفظ اور ماحول

کمپنی حفاظتی اور ماحولیاتی اصول و ضوابط پر عمل درآمد کرتی ہے۔

منہا : ۱۰۰ : ۱۰۰ : ۱۰۰



علی انجم شیریانی  
ڈائریکٹر



ارشاد پی رانا  
چیف ایگزیکٹو

لاہور: 27 فروری، 2018

کوڈ آف کارپوریٹ گورننس کی تعمیل جیسے کہ اسٹاک ایکسچینج کی لسٹنگ ریگولیشنز میں شامل ہے

31 دسمبر 2017ء کو اختتام پذیر سال سے متعلقہ ڈائریکٹرز نے تصدیق کی ہے کہ کوڈ آف کارپوریٹ گورننس کی ضروریات کے تحت تعمیل کی گئی ہے۔ ان بیانات کو علیحدہ طور پر بھی منسلک کیا گیا ہے۔

#### ڈائریکٹرز کی ذمہ داریوں کی تفصیلات

بورڈ باقاعدگی سے کمپنی کی حکمت عملی کا جائزہ لیتا ہے۔ چیف ایگزیکٹو سلا منصوصے اور کاروبار کی کارکردگی کے اہداف کو مرتب کرتا ہے۔ اور کمپنی کے مجموعی مقاصد کی روشنی میں بورڈ اس کا جائزہ لیتا ہے۔ بورڈ کمپنی کی اعلیٰ کارپوریٹ گورننس کے معیار کو برقرار رکھنے کے لئے پرعزم ہے۔ کمپنی سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور اسٹاک ایکسچینج سے لسٹنگ ریگولیشن کے مرتب کردہ قوانین کے تحت کاربند رہتی ہے۔ اعلیٰ کارپوریٹ گورننس میں کسی قسم کی کمی نہیں ہے جیسا کہ لسٹنگ ریگولیشنز میں درج ہے۔

#### مالی تفصیلات

کمپنی کی انتظامیہ مرتب کردہ مالی تفصیلات، اپنے معاملات، کام کے نتائج، نقدی بہاؤ اور ایکویٹی میں تبدیلیوں کو غیر جانبدارانہ طور پر پیش کرتی ہے۔

#### اکاؤنٹس کی کتب

کمپنی نے اکاؤنٹس کی درست کتب مرتب کی ہیں۔

#### حساب داری پالیسیاں

مالی تفصیلات اور بیانیہ تخمینوں کو مرتب کرنے کے لئے مناسب حساب داری پالیسیوں کا تسلسل سے اطلاق کیا جاتا ہے جو کہ مناسب اور محتاط فیصلوں پر منحصر ہیں۔

#### بین الاقوامی حساب داری کے معیار

مالی تفصیلات کو مرتب کرنے کے لئے بین الاقوامی حساب داری معیار، جو کہ پاکستان میں لاگو ہیں، کو مد نظر رکھا جاتا ہے۔

#### اندرونی کنٹرول کا نظام

اندرونی کنٹرول کا نظام بہترین ہے اور اس کو مؤثر طریقے سے لاگو کیا جاتا ہے اور نگرانی کی جاتی ہے۔

#### جاری کاروبار

کاروبار جاری رکھنے کے لئے کمپنی کی صلاحیتوں میں کوئی شک نہیں۔

#### آپریٹنگ اور مالی اعداد و شمار

کمپنی کے گزشتہ چھ سالوں کے کلیدی تناسب، آپریٹنگ اور مالی اعداد و شمار منسلک ہیں۔

#### کارپوریٹ گورننس پر اعلیٰ عمل درآمد

اعلیٰ کارپوریٹ گورننس میں کسی بھی قسم کا شک نہیں ہے جیسا کہ لسٹنگ ریگولیشنز میں درج ہے۔

#### ٹیکس اور محصول

مالی تفصیلات کے نوٹس میں ٹیکس اور محصول کی معلومات درج ہیں۔

#### متعلقہ پارٹی سے لین دین

لسٹنگ ریگولیشنز کی ضروریات کے مطابق عمل کرنے کے لئے کمپنی نے جائزے اور سفارشات کے لئے متعلقہ پارٹی لین دین کی تفصیلات آڈٹ کمیٹی کو پیش کیں۔ آڈٹ کمیٹی نے ان تفصیلات کا جائزہ لیا اور سفارشات پیش کیں اور متعلقہ اجلاس میں بورڈ آف ڈائریکٹرز نے اسے منظور کیا۔ متعلقہ پارٹی کے لین دین کی تفصیلات مالی تفصیلات کے نوٹ نمبر 28 پر درج ہیں اور تکافل آپریٹرز کے نوٹ نمبر 17 پر درج ہیں۔

#### پیٹرن آف شیئر ہولڈنگ

کمپنی کی پیٹرن آف شیئر ہولڈنگ منسلک ہے۔

#### ضابطہ اخلاق

کمپنی نے بورڈ آف ڈائریکٹرز سے منظور شدہ ایک ضابطہ اخلاق مرتب کیا ہے۔ اس ضابطے کا اطلاق کمپنی بھر میں ہے۔

اس ضابطہ کا بنیادی مقصد کاروباری معمولات کو ایمانداری، دیانت داری اور کثادگی سے چلانا ہے تاکہ ملازمین کے مفادات اور انسانی حقوق کا تحفظ کیا جاسکے۔ کمپنی ان لوگوں کے تمام جائز مفادات کا احترام کرتی ہے جن کا تعلق کمپنی کے ساتھ ہے۔ مثلاً حکومت، ملازمین، گاہک، حصص داران اور معاشرہ۔ کمپنی کی ویب سائٹ پر یہ ضابطہ موجود ہے۔

کاروبار کو چلانے کے لئے یہ ضابطہ بہت اہمیت کا حامل ہے۔ بورڈ آف ڈائریکٹرز یہ یقین دلاتا ہے کہ اس ضابطے کو مناسب طریقے سے ملازمین کو مطلع کیا گیا اور سمجھایا گیا ہے اور اس پر عمل درآمد بھی کیا جا رہا ہے۔ اس ضابطے پر عمل درآمد کے لئے اعلیٰ انتظامیہ روزانہ کی بنیاد پر اپنی ذمہ داریاں نبھاتی ہے۔



سال کے دوران بورڈ کے 5 اور آڈٹ کمیٹی کے 4 اجلاس منعقد ہوئے۔ ہر ڈائریکٹر/رکن کی حاضری مندرجہ ذیل ہے۔

سیریل نمبر	ڈائریکٹرز	لیڈ کمیٹی میں ڈائریکٹرز بشمول ایگزیکٹو انٹرنل انشورنس	اجلاس میں حاضری	
			بورڈ آف ڈائریکٹرز	آڈٹ کمیٹی
1	جناب یوسف ایچ شیرازی	4	4/5	N/A
2	جناب فیروز رضوی	3	5/5	4/4
3	جناب اسٹن یار ایم جھنڈارا	2	3/5	N/A
4	جناب علی ایچ شیرازی	2	5/5	3/4
5	جناب جاوید اقبال احمد	2	5/5	3/3
6	جناب خلیق الرحمن خان	1	5/5	1/1*
7	جناب ارشد پی رانا	1	5/5	N/A

\* جناب خلیق الرحمن خان کی آڈٹ کمیٹی میں تقرری جناب جاوید اقبال کی جگہ کی گئی تھی جس کا اطلاق 6 ستمبر 2017 سے ہوا۔

بورڈ آف ڈائریکٹرز کے ہر اجلاس سے پہلے کمیٹی کی جانب سے ایک بندہ عرضہ متعین کیا جاتا ہے جس کے دوران ڈائریکٹرز، CEO، کمیٹی کے ایگزیکٹو اور ان کی ازدواج کے لیے کمیٹی کے حصص کی لین دین بل واسطہ یا بالواسطہ طور پر ممنوع قرار دی جاتی ہے۔ کوڈ آف کارپوریٹ گورننس کی شق نمبر (xvi) اور (xxii) کے تحت بورڈ نے ایگزیکٹو کی حیثیت کا تعین کیا ہے، جس کی بناء پر ان پر کمیٹی کے حصص کی لین دین کو افشا کرنے کی اضافی انضباطی ضروریات پر عمل کرنا ضروری ہے۔

سال کے دوران ڈائریکٹرز، CEO، CFO، کمیٹی سیکرٹری اور ان کی ازدواج اور نابالغ بچوں کی طرف سے کمیٹی کے حصص کا کوئی لین دین سامنے نہیں آیا۔

#### بیرونی پڑتال کنندہ

موجودہ پڑتال کنندہ میسرز اے۔ ایف فرگوسن اینڈ کو، چارٹرڈ اکاؤنٹنٹس کونسلٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) کے کوالٹی کنٹرول پروگرام کے تحت تسلیم بخش درجہ بندی دی گئی ہے۔ بیرونی آڈیٹرز نے واضح کیا کہ ان کا ادارہ/فرم انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس (IFAC) کی ہدایات اور ICAP کے موجودہ اقدامات کے مطابق کام کر رہی ہے۔ بیرونی آڈیٹرز کو اسٹینڈنگ ریگولیشنز میں موجود خدمات کے علاوہ دوسری خدمات فراہم کرنے کے لئے مقرر نہیں کیا گیا ہے۔ اور اس ضمن میں انہوں نے تصدیق کی کہ ان کا ادارہ IFAC کے ہدایات پر عمل درآمد کر رہا ہے۔

بیرونی پڑتال کنندگان نے ان آڈٹ کمیٹی کے اجلاس میں شرکت کی جن میں آڈٹ کمیٹی کی جانب سے پڑتال شدہ/نظر ثانی شدہ مالی تفصیلات کو غور میں لایا گیا تھا۔ آڈیٹرز نے تصدیق کی کہ انہیں آزادی کا کوئی مسئلہ نہیں ہے اور انہوں نے اپنے تمام تر خدمات کو بورڈ خطوط میں واضح کر دیا ہے۔

#### ملازمین کی ریٹائرمنٹ فوائد

کمیٹی اپنے مستقل ملازمین کے لئے ایک منظم تقسیمی منصوبہ پر مندرجہ ذیل میں سے کسی ایک طریقے سے عمل کر رہی ہے۔

• ایک تسلیم شدہ پراویڈنٹ فنڈ۔

• ایٹس ایسٹ مینجمنٹ لمیٹڈ (ایک منسلک کمیٹی) کی جانب سے رضا کارانہ پنشن سسٹم قوانین 2005ء کے تحت رضا کارانہ پنشن سکیم متعارف کرائی گئی ہے۔ یعنی ایٹس مینجمنٹ فنڈ اور ایٹس مینجمنٹ اسلامی فنڈ صرف نو منتخب ملازمین کو رضا کارانہ پنشن سکیم پیش کی جاتی ہے۔ تاہم جو ملازمین پراویڈنٹ فنڈ ٹرسٹ کا حصہ ہیں انہیں مندرجہ بالا دو تقسیمی منصوبوں میں سے کسی ایک کو منتخب کرنے کا اختیار ہے۔

کمیٹی نے اپنے ملازمین کے لئے غیر تقسیمی گریجویٹ فنڈ سکیم بھی متعارف کروائی ہے۔

سرماہ کاری کی مالیت، ان کے متعلقہ کھاتہ داری کے مطابق مندرجہ ذیل ہیں۔

پراویڈنٹ فنڈ 98.88 ملین روپے (31 دسمبر 2017ء کو)

گریجویٹ فنڈز

برائے مینجمنٹ اسٹاف 40.40 ملین روپے (30 جون 2017ء کو)

برائے نان مینجمنٹ اسٹاف 15.16 ملین روپے (31 دسمبر 2017ء کو)

## ڈائریکٹرز کی رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 31 دسمبر 2017 کو اختتام پذیر سال کے لئے پڑتال شدہ مالی تفصیلات، پڑتال کنندگان کی رپورٹ سمیت پیش کرتے ہیں۔ ڈائریکٹرز رپورٹ کمپنیز ایکٹ 2017 کے سیکشن 227 اور کوڈ آف کارپوریٹ گورننس کی شیخ xvi اور کوڈ آف کارپوریٹ گورننس، برائے انشوررز 2016 کے مطابق تیار کی گئی ہے جو کہ 10 اپریل 2018 کو منعقدہ کمپنی کے 83 ویں سالانہ اجلاس عام میں ارکان کو پیش کی جائے گی۔

### مالی نتائج

31 دسمبر، 2017 کو اختتام پذیر سال کی کمپنی کی مجموعی کارکردگی درج ذیل ہے۔

2016	2017	
(روپے ہزاروں میں)		
2,333,644	2,379,272	گروس پریمیم
916,846	988,847	سال میں منافع ماسوائے ٹیکس
		محصول
(281,220)	(272,820)	حالیہ
(25,303)	(27,475)	سابقہ سالوں میں - حالیہ/ تاخیر شدہ
7,851	(24,565)	تأخیر شدہ
(298,672)	(324,860)	
618,174	663,987	سال میں منافع (ٹیکس کے بعد)
58	183	آگے لایا گیا تاوقف شدہ منافع
618,232	664,170	
		*وقف - بجانب
(162,000)	(208,000)	عمومی ذخائر کو منتقل کردہ رقم
(456,049)	(456,049)	نقد ڈیوڈنڈہ @65% (2016: @65%)
(618,049)	(664,049)	
183	121	آگے روانہ کیا گیا غیر وقف شدہ بقایا

\*31 دسمبر 2017 کو اختتام پذیر سال میں بورڈ کے ڈائریکٹرز نے نقد ڈیوڈنڈہ 6.50 روپے فی حصص یعنی کہ 65 فی صد تجویز کیا ہے۔ مالی تفصیلات ان وقف شدہ رقم کو کمپنیز ایکٹ 2017ء کے چوتھے شیڈول کی تعمیل کے مطابق ظاہر نہیں کرتی ہیں۔

### فی حصص آمدنی

2016ء میں 8.81 روپے کے مقابلے میں بعد از ٹیکس فی حصص آمدنی 9.46 روپے ہے۔

### چیئر مین کا تجزیہ

31 دسمبر 2017ء کو اختتام پذیر سال کے لئے اور مستقبل کے امکانات کے لئے کمپنی کی کارکردگی پر سالانہ رپورٹ میں چیئر مین کا تجزیہ شامل کیا گیا ہے۔ ڈائریکٹرز تجزیے کے مندرجات سے متفق ہیں۔

### بورڈ آف ڈائریکٹرز

بورڈ آف ڈائریکٹرز 7 افراد پر مشتمل ہے، جن کے پاس کمپنی کی نگرانی اور حکمت عملی کی رہنمائی دینے کا علم، مہارت اور تجربہ ہے۔ تمام ڈائریکٹرز، ماسوائے چیف ایگزیکٹو آفیسر کے نان ایگزیکٹو ڈائریکٹرز ہیں بشمول ایک ڈائریکٹر کے جو کہ آزاد ڈائریکٹر بھی ہیں۔ بورڈ کا کوئی بھی ڈائریکٹر 7 سے زیادہ سید کمپنیوں بشمول اس کمپنی کے ڈائریکٹر نہیں ہے۔ تمام ڈائریکٹرز متعدد شعبہ جات/ پیشوں کی نمائندگی کرتے ہیں اور متعدد کاروباری معمولات سے نمٹنے کے لئے تمام ضروری مہارت اور مفاہمتوں سے واقف ہیں اور انتظامی کارکردگی کے جائزہ کی صلاحیت رکھتے ہیں۔



## Pattern of Shareholding as at December 31, 2017

### 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	52,852,099	75.33%
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	530	0.00%
<b>Director, Chief Executive and their spouse and minor children</b>			
Mr. Yusuf H. 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. Jawaid Iqbal Ahmed	1	680	0.00%
Mr. Khaleeq-ur-Rahman Khan	1	1	0.00%
Mr. Arshad P. Rana	1	92,666	0.13%
<b>Executives</b>	1	14,256	0.02%
<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>			
Deutsche Bank Suisse S.A	1	558,500	0.80%
Habib Insurance Company Limited	1	160,000	0.23%
National Bank of Pakistan	1	394,000	0.56%
Pak Libya Holding Company (Pvt.) Limited	1	237,000	0.34%
* <b>Shareholder holding 5% or more voting interest</b>	1	52,852,099	75.33%
<b>Individuals</b>	1,046	10,452,396	14.90%
<b>Others</b>	18	1,488,838	2.12%
	<u>1,082</u>	<u>70,161,381</u>	<u>100.00%</u>

\* 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 Insurers, 2016

For the year ended December 31, 2017

This statement is being presented in compliance with the Code of Corporate Governance for Insurers, 2016 (the Code) and the Code of Corporate Governance contained in the Listing Regulations of the Pakistan Stock Exchange (PSX) for the purpose of establishing a framework of good governance, whereby an insurer is managed in compliance with the best practices of corporate governance.

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

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

Category	Names
Independent Director	Mr. Feroz Rizvi
Non-Executive Directors	Mr. Yusuf H. Shirazi
	Mr. Isphanyar M. Bhandara
	Mr. Ali H. Shirazi
	Mr. Jawaid Iqbal Ahmed
	Mr. Khaleeq-ur-Rahman Khan
Executive Director	Mr. Arshad P. Rana

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

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.
3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of stock exchange, has been declared as a defaulter by a stock exchange.
4. No casual vacancy occurred on the Board during the year.
5. The Company has prepared Code of Conduct, which has been disseminated among all the directors and employees of the Company.
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 the key officers, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose 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 (7) days before the meeting. The minutes of meeting were appropriately recorded and circulated.
9. The Board has established a system of sound internal control, which is effectively implemented at all levels within the Company. The Company has adopted and complied with all the necessary aspects of internal controls given in the Code of Corporate Governance for Insurers, 2016.
10. All the directors have either attended the orientation course or have been provided appropriate materials / guidelines in this regard and as such they are aware of their duties and responsibilities. Three of the Directors have attended the "Directors Training Program" (DTP) conducted by the local institutions that meet the criteria specified by the SECP, other three Directors possess the minimum qualification and experience criteria for the exemption of DTP as stipulated in the Code. Remaining Director will complete the DTP within the period specified in the Code.

11. The Board has approved appointment of Chief Financial Officer (CFO), Company Secretary, Compliance Officer and Head of Internal Audit, including their remuneration and terms and conditions of employment.
12. The Directors' Report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance for Insurers, 2016 and fully describes the salient matters required to be disclosed.
13. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
14. The Directors, CEO and other executives do not hold any interest in the shares of the Company other than disclosed in the pattern of shareholding.
15. The Company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance for Insurers, 2016.
16. The Board has formed the following Management Committees:

**Underwriting, Reinsurance & Co-insurance Committee:**

Name of the Members	Category
Mr. Arshad P. Rana	Chairman
Mr. Muhammad Saeed	Member
Syed Nasir Hussain	Member
Syed Irtiza Kazmi	Secretary

**Claims Settlement Committee:**

Name of the Members	Category
Mr. Ali H. Shirazi	Chairman
Mr. Arshad P. Rana	Member
Syed Irtiza Kazmi	Member
Mr. Muhammad Saeed	Secretary

**Risk Management & Compliance Committee:**

Name of the Members	Category
Mr. Arshad P. Rana	Chairman
Mr. Rashid Amin	Member
Syed Irtiza Kazmi	Member
Syed Nasir Hussain	Secretary

17. The Board has formed the following Board Committees:

**Ethics, Human Resource & Remuneration Committee with responsibilities of Nomination Committee:**

Name of the Members	Category
Mr. Isphanyar M. Bhandara	Chairman
Mr. Ali H. Shirazi	Member
Mr. Arshad P. Rana	Member
Ms. Qudsia Naheed	Secretary

**Investment Committee:**

Name of the Members	Category
Mr. Ali H. Shirazi	Chairman
Mr. Khaleeq-ur-Rahman Khan	Member
Mr. Arshad P. Rana	Member
Mr. Rashid Amin	Member
Mr. Muhammad Afzal	Secretary

18. The Board has formed an Audit Committee. It comprises of three members, of whom one is independent Director and two are non-executive Directors. The chairman of the Committee is an independent Director. The composition of the Audit Committee is as follows:

Name of the Members	Category
Mr. Feroz Rizvi	Chairman
Mr. Ali H. Shirazi	Member
Mr. Khaleeq-ur-Rahman Khan	Member
Mr. Muhammad Afzal	Secretary
Mr. Saleem Mahmood Akhtar	Chief Internal Auditor

19. The meetings of the Committees, except Ethics, Human Resource and Remuneration 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 Code of Corporate Governance for Insurers, 2016. The terms of references of the Committees have been formed and advised to the Committees for compliance.
20. The Board has set up an effective internal audit function, which is considered suitably qualified and experienced for this purpose and is conversant with the policies and procedures of the Company and the internal auditors are involved in the internal audit function on a regular basis.
21. The CEO, CFO, Compliance Officer and the Head of Internal Audit possess such qualification and experience as is required under the Code of Corporate Governance for Insurers, 2016. The appointed Actuary of the Company also meets the conditions as laid down in the said Code of Corporate Governance for Insurers, 2016. Moreover the persons heading the underwriting, claims, reinsurance, risk management and grievance function possess qualification and experience of direct relevance to their respective functions, as required under Section 12 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000):

Name of the Members	Designation
Mr. Arshad P. Rana	Chief Executive Officer
Mr. Rashid Amin	Chief Financial Officer
Mr. Muhammad Aasim Gul	Compliance Officer
Nauman Associates	Actuary
Mr. Muhammad Afzal	Company Secretary
Mr. Saleem Mahmood Akhtar	Head of Internal Audit
Syed Irtiza Kazmi	Vice President Underwriting and Risk Mangement
Mr. Muhammad Saeed	Head of Claims and Grievance
Syed Nasir Hussain	Vice President Reinsurance

22. The statutory auditors of the Company have been appointed from the panel of auditors approved by the Commission in terms of Section 48 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000). The statutory auditors have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accounts of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
23. The statutory auditors or the persons associated with them have not been appointed to provide other services and the auditors have confirmed that they have observed IFAC guidelines in this regard.
24. The appointed Actuary of the Company has confirmed that he or his spouse and minor children do not hold shares of the Company.
25. The Board ensures that the appointed Actuary, complies with the requirements set out for him in the Code of Corporate Governance for Insurers, 2016.
26. The Board ensures that the investment policy of the Company has been drawn up in accordance with the provisions of the Code of Corporate Governance for Insurers, 2016.
27. The Board ensures that the risk management system of the Company is in place as per the requirements of the Code of Corporate Governance for Insurers, 2016.

28. The Company has set up a risk management function, which carries out its tasks as covered under the Code of Corporate Governance for Insurers, 2016.
29. The Board ensures that as part of the risk management system, the Company gets itself rated from PACRA which is being used by its risk management function and the respective Committee as a risk monitoring tool. The rating assigned by PACRA on October 2, 2017, is 'AA' with stable outlook.
30. The Board has set up a grievance function, which fully complies with the requirements of the Code of Corporate Governance for Insurers, 2016.
31. The 'closed period', prior to the announcement of interim / final results was determined and intimated to the Directors, executives and stock exchange.
32. Material / price sensitive information has been disseminated among all market participants at once through stock exchange.
33. The Company has complied with the requirements relating to the maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from that list.
34. The Company has not obtained any exemption(s) from the Securities and Exchange Commission of Pakistan in respect of the requirements of the Code of Corporate Governance for Insurers, 2016.
35. We confirm that all other material principles contained in the Code of Corporate Governance for Insurers, 2016 have been complied with.

For and on behalf of the Board of Directors



**Arshad P. Rana**  
Chief Executive



**Ali H. Shirazi**  
Director

Lahore: February 27, 2018





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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ('the Code') prepared by the Board of Directors of Atlas Insurance Limited ('the Company') for the year ended December 31, 2017, to comply with the requirements of Rule 5.19 of the Pakistan Stock Exchange Regulations issued by the Pakistan Stock Exchange Limited and Code of Corporate Governance for Insurers, 2016 applicable to insurance companies as issued by the Securities and Exchange Commission of Pakistan (the SECP).

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

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



**A. F. Ferguson & Co.**  
Chartered Accountants

Engagement partner: Hammad Ali Ahmad

Lahore

Date: February 27, 2018

# Auditors' Report to the Members

## Introduction

We have audited the annexed financial statements comprising of:

- (i) balance sheet;
- (ii) profit and loss account;
- (iii) statement of comprehensive income;
- (iv) statement of changes in equity;
- (v) statement of cash flows;
- (vi) 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, 2017 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 financial statements based on our audit.

We conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by 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;
- (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, 2017 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended, in accordance with approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and
- (d) 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.



**A. F. Ferguson & Co.**  
Chartered Accountants

Engagement partner: Hammad Ali Ahmad

Lahore

Date: February 27, 2018



## Balance Sheet

	<u>Note</u>	<u>2017</u> (Rupees in thousand)	<u>2016</u>
<b>Share capital and reserves</b>			
Authorised share capital 80,000,000 (2016: 80,000,000) ordinary shares of Rs. 10 each		800,000	800,000
Issued, subscribed and paid up share capital 70,161,381 (2016: 70,161,381) ordinary shares of Rs. 10 each	5	701,614	701,614
General reserve	6	888,064	726,064
Retained earnings		659,785	618,860
		2,249,463	2,046,538
<b>Underwriting provisions</b>			
Provision for outstanding claims (including IBNR)		324,385	414,528
Provision for unearned premium		875,050	963,485
Commission income unearned		96,212	93,645
Total underwriting provisions		1,295,647	1,471,658
<b>Creditors and accruals</b>			
Premium received in advance		65,966	53,009
Amounts due to other insurers / reinsurers	7	255,654	279,308
Accrued expenses	8	145,259	133,679
Taxation - provision less payments		20,677	61,269
Other creditors and accruals	9	48,515	127,284
		536,071	654,549
<b>Other liabilities</b>			
Deposit against performance bonds		23,942	19,421
Unclaimed dividends		72,763	64,367
		96,705	83,788
<b>TOTAL LIABILITIES</b>		1,928,423	2,209,995
<b>TOTAL LIABILITIES FROM WINDOW TAKAFUL OPERATIONS - OPERATOR'S FUND</b>		26,321	21,070
<b>TOTAL EQUITY AND LIABILITIES</b>		4,204,207	4,277,603
<b>CONTINGENCIES AND COMMITMENTS</b>	10		

The annexed notes 1 to 38 form an integral part of these financial statements.

## As at December 31, 2017

	<u>Note</u>	<u>2017</u> <u>(Rupees in thousand)</u>	<u>2016</u>
<b>Cash and bank deposits</b>	11		
Cash and other equivalents		-	199
Current and other accounts		702,252	250,237
		<u>702,252</u>	<u>250,436</u>
<b>Loan to employees- secured considered good</b>	12	37	97
<b>Investments</b>	13	2,365,824	2,608,556
<b>Deferred taxation</b>	14	10,061	32,477
<b>Current assets - others</b>			
Premiums due but unpaid	15	218,616	208,898
Amounts due from other insurers / reinsurers	16	89,884	112,884
Salvage recoveries accrued		3,942	3,235
Accrued investment income	17	5,874	5,720
Reinsurance recoveries against outstanding claims		150,668	300,469
Deferred commission expense		61,735	74,971
Prepayments	18	413,156	525,404
Sundry receivables	19	18,219	26,483
		<u>962,094</u>	<u>1,258,064</u>
<b>Fixed assets</b>	20		
<b>Tangible</b>			
Freehold land		1,168	1,168
Buildings on freehold land		27,320	10,125
Computer equipments		12,149	8,643
Furniture and fixtures		8,119	2,334
Motor vehicles		22,790	28,513
Office equipments		17,532	8,427
		<u>89,078</u>	<u>59,210</u>
		<u>4,129,346</u>	<u>4,208,840</u>
<b>TOTAL ASSETS FROM WINDOW TAKAFUL OPERATIONS - OPERATOR'S FUND</b>		<u>74,861</u>	<u>68,763</u>
<b>TOTAL ASSETS</b>		<u><u>4,204,207</u></u>	<u><u>4,277,603</u></u>



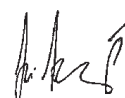
**Rashid Amin**  
Chief Financial Officer



**Arshad P. Rana**  
Chief Executive



**Jawaid Iqbal Ahmed**  
Director



**Ali H. Shirazi**  
Director



**Yusuf H. Shirazi**  
Chairman

## Profit and Loss Account

### For the financial year ended December 31, 2017

	Note	Fire & property damage	Marine, aviation & transport	Motor	Miscellaneous	2017	2016
<b>( Rupees in thousand )</b>							
<b>Revenue account</b>							
Net premium revenue		168,009	423,441	353,111	329,982	1,274,543	1,044,230
Net claims		(19,953)	(47,425)	(182,755)	(182,386)	(432,519)	(268,889)
Expenses	21	(97,132)	(119,837)	(114,514)	(80,782)	(412,265)	(358,472)
Net commission		88,267	101,324	(25,407)	1,372	165,556	67,334
<b>Underwriting result</b>		<u>139,191</u>	<u>357,503</u>	<u>30,435</u>	<u>68,186</u>	595,315	484,203
Investment income						321,547	458,140
Rental income						2,570	8,327
Other Income	22					98,953	15,995
Financial charges						(466)	(680)
General and administration expenses	23					(29,919)	(46,832)
						<u>392,685</u>	<u>434,950</u>
						988,000	919,153
Profit / (loss) before taxation from window takaful operations -OPF	24					847	(2,307)
<b>Profit before taxation for the year</b>						<u>988,847</u>	<u>916,846</u>
Provision for taxation	25					(324,860)	(298,672)
<b>Profit after taxation for the year</b>						<u>663,987</u>	<u>618,174</u>
<b>Profit and loss appropriation account</b>							
<b>Balance at commencement of the year</b>							
Profit after taxation for the year						663,987	618,174
Other comprehensive (loss) / income						(5,013)	3,433
Final dividend for 2016 @ Rs. 6.5 per share (2015: Rs. 6 per share)						(456,049)	(420,968)
Transfer to general reserve						(162,000)	(181,000)
<b>Balance unappropriated profit at the end of the year</b>						<u>659,785</u>	<u>618,860</u>
Basic and diluted earning per share - Rupees	26					<u>9.46</u>	<u>8.81</u>

The annexed notes 1 to 38 form an integral part of these financial statements.



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Chairman



## Statement of Comprehensive Income

### For the financial year ended December 31, 2017

	<u>2017</u>	<u>2016</u>
	(Rupees in thousand)	
Profit after taxation for the year	663,987	618,174
<b>Other comprehensive income / (loss) for the year</b>		
Items that may be reclassified subsequently to profit or loss	-	-
<b>Items that will not be subsequently reclassified to profit or loss:</b>		
Re-measurement (loss) / gain on defined benefit obligation - net of tax	(5,013)	3,433
<b>Total comprehensive income for the year</b>	<u>658,974</u>	<u>621,607</u>

The annexed notes 1 to 38 form an integral part of these financial statements.



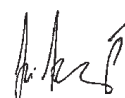
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Chairman

## Statement of Changes in Equity

### Financial year ended December 31, 2017

	Capital Reserves				Revenue Reserves			Total
	Issued, subscribed and paid-up capital	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 1, 2016</b>	701,614	2,251	2,164	-	537,649	3,000	599,221	1,845,899
Profit after taxation for the year	-	-	-	-	-	-	618,174	618,174
Other comprehensive income for the year	-	-	-	-	-	-	3,433	3,433
Total comprehensive income for the year	-	-	-	-	-	-	621,607	621,607
<b>Transactions with owners, recorded directly in equity</b>								
Final dividend for the year ended December 31, 2015 @ 60% (Rs. 6 per share)	-	-	-	-	-	-	(420,968)	(420,968)
Transferred to general reserve	-	-	-	-	181,000	-	(181,000)	-
<b>Balance as at December 31, 2016</b>	701,614	2,251	2,164	-	718,649	3,000	618,860	2,046,538
Profit after taxation for the year	-	-	-	-	-	-	663,987	663,987
Other comprehensive loss for the year	-	-	-	-	-	-	(5,013)	(5,013)
Total comprehensive income for the year	-	-	-	-	-	-	658,974	658,974
<b>Transactions with owners, recorded directly in equity</b>								
Final dividend for the year ended December 31, 2016 @ 65% (Rs. 6.5 per share)	-	-	-	-	-	-	(456,049)	(456,049)
Transferred to general reserve	-	-	-	-	162,000	-	(162,000)	-
<b>Balance as at December 31, 2017</b>	701,614	2,251	2,164	-	880,649	3,000	659,785	2,249,463

The annexed notes 1 to 38 form an integral part of these financial statements.




**Rashid Amin**  
Chief Financial Officer



**Arshad P. Rana**  
Chief Executive



**Jawaid Iqbal Ahmed**  
Director



**Ali H. Shirazi**  
Director



**Yusuf H. Shirazi**  
Chairman

## Statement of Cash Flows

### For the financial year ended December 31, 2017

	Note	2017 (Rupees in thousand)	2016
<b>Operating cash flows</b>			
<b>Underwriting activities</b>			
Premiums received		2,312,165	2,274,724
Reinsurance premiums paid		(1,080,663)	(1,186,096)
Claims paid		(689,841)	(683,507)
Reinsurance and other recoveries received		355,790	412,274
Commissions paid		(131,792)	(154,070)
Commissions received		308,485	244,942
Other underwriting payments		(4,261)	(482)
Other underwriting receipts		23,016	18,456
<b>Net cash generated from underwriting activities</b>		<b>1,092,899</b>	<b>926,241</b>
<b>Other operating activities</b>			
Income tax paid		(343,036)	(242,831)
General and management expenses paid		(390,142)	(383,768)
Loan repayments received		60	53
Other deposits received		4,521	700
<b>Net cash used in other operating activities</b>		<b>(728,597)</b>	<b>(625,846)</b>
<b>Total cash generated from all operating activities</b>		<b>364,302</b>	<b>300,395</b>
<b>Investment activities</b>			
Profit / return received		18,485	23,904
Dividends received		215,572	147,513
Payments for purchase of investments		(2,653,876)	(1,712,023)
Proceeds from disposals of investments		2,999,323	1,478,343
Rental income received		2,041	8,432
Fixed capital expenditure		(56,052)	(20,145)
Proceeds from disposal of fixed assets		10,140	6,027
<b>Total cash generated from / (used in) investing activities</b>		<b>535,633</b>	<b>(67,949)</b>
<b>Financing activities</b>			
Dividends paid		(447,653)	(409,614)
Financial charges paid		(466)	(680)
<b>Total cash used in financing activities</b>		<b>(448,119)</b>	<b>(410,294)</b>
<b>Net cash inflow / (outflow) from all activities</b>		<b>451,816</b>	<b>(177,848)</b>
<b>Cash at the beginning of the year</b>		<b>250,436</b>	<b>428,284</b>
<b>Cash at the end of the year</b>	11	<b>702,252</b>	<b>250,436</b>

**Reconciliation to profit and loss account**

	<u>Note</u>	<u>2017</u> <u>(Rupees in thousand)</u>	<u>2016</u> <u>(Rupees in thousand)</u>
Total cash generated from all operating activities		364,302	300,395
Depreciation		(15,918)	(10,844)
Amortization of intangible assets		-	(994)
Financial charges		(466)	(680)
(Loss) / gain on disposal of fixed assets		(126)	863
Provision for doubtful receivables		(436)	(2,423)
Decrease in assets other than cash		(160,982)	(61,061)
Decrease in liabilities other than borrowings		170,841	22,132
<b>Others adjustments</b>			
Increase in provision for unearned premium		(17,342)	(102,623)
Decrease in commission income unearned		(2,567)	(11,392)
Income on investments and current and other deposits		321,547	458,140
Rental income		2,570	8,327
Other income		14,953	15,995
(Decrease) / increase in provision for commission expense deferred		(13,236)	4,646
<b>Profit after taxation from conventional insurance operations</b>		663,140	620,481
Profit / (loss) from window takaful operations - Operator's fund		847	(2,307)
<b>Profit after taxation for the year</b>		<u>663,987</u>	<u>618,174</u>
<b>Definition of cash</b>			
Cash comprises of cash in hand, bank balances and policy stamps.			
<b>Cash for the purpose of cash flow statement consists of:</b>			
Cash and other equivalent		-	199
Current and other accounts		702,252	250,237
	11	<u>702,252</u>	<u>250,436</u>

The annexed notes 1 to 38 form an integral part of these financial statements.



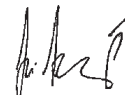
**Rashid Amin**  
Chief Financial Officer



**Arshad P. Rana**  
Chief Executive



**Jawaid Iqbal Ahmed**  
Director



**Ali H. Shirazi**  
Director



**Yusuf H. Shirazi**  
Chairman

## Statement of Premiums

### For the financial year ended December 31, 2017

#### 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		2017	2016
( 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	631,333	337,936	359,835	609,434	455,890	238,383	252,848	441,425	168,009	170,874
Marine, aviation and transport	778,910	47,580	61,706	764,784	331,886	17,709	8,252	341,343	423,441	334,771
Motor	443,961	247,700	205,727	485,934	110,318	71,364	48,859	132,823	353,111	314,286
Miscellaneous	525,068	330,269	247,782	607,555	189,293	186,688	98,408	277,573	329,982	224,299
<b>Total</b>	<b>2,379,272</b>	<b>963,485</b>	<b>875,050</b>	<b>2,467,707</b>	<b>1,087,387</b>	<b>514,144</b>	<b>408,367</b>	<b>1,193,164</b>	<b>1,274,543</b>	<b>1,044,230</b>
<b>Treaty</b>	-	-	-	-	-	-	-	-	-	-
<b>Grand total</b>	<b>2,379,272</b>	<b>963,485</b>	<b>875,050</b>	<b>2,467,707</b>	<b>1,087,387</b>	<b>514,144</b>	<b>408,367</b>	<b>1,193,164</b>	<b>1,274,543</b>	<b>1,044,230</b>

#### Note:

Premiums written include administration surcharge amounting to Rs. 23,016 thousand (2016: Rs. 18,456 thousand)

The annexed notes 1 to 38 form an integral part of these financial statements.



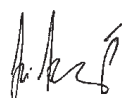
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Director



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Director



**Yusuf H. Shirazi**  
Chairman



## Statement of Claims

### For the financial year ended December 31, 2017

#### 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		2017	2016
( 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	100,315	87,662	91,594	104,247	85,242	76,824	75,876	84,294	19,953	19,104
Marine, aviation and transport	88,065	46,814	51,909	93,160	46,892	34,322	33,165	45,735	47,425	20,360
Motor	167,118	77,647	110,713	200,184	25,131	16,007	8,305	17,429	182,755	110,481
Miscellaneous	333,636	198,625	66,389	201,400	159,008	173,316	33,322	19,014	182,386	118,944
<b>Total</b>	<b>689,134</b>	<b>410,748</b>	<b>320,605</b>	<b>598,991</b>	<b>316,273</b>	<b>300,469</b>	<b>150,668</b>	<b>166,472</b>	<b>432,519</b>	<b>268,889</b>
<b>Treaty</b>										
Fire and property damage	-	1,755	1,755	-	-	-	-	-	-	-
Marine, aviation and transport	-	1,939	1,939	-	-	-	-	-	-	-
Miscellaneous	-	86	86	-	-	-	-	-	-	-
<b>Grand total</b>	<b>689,134</b>	<b>414,528</b>	<b>324,385</b>	<b>598,991</b>	<b>316,273</b>	<b>300,469</b>	<b>150,668</b>	<b>166,472</b>	<b>432,519</b>	<b>268,889</b>

The annexed notes 1 to 38 form an integral part of these financial statements.



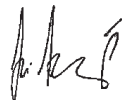
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Director



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Director



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Chairman

## Statement of Expenses

### For the financial year ended December 31, 2017

#### Business underwritten inside Pakistan

Class	Commissions paid or payable	Deferred commission		Net commission expenses	Other management expenses	Underwriting expense	Commissions from reinsurers	Net underwriting expense	
		Opening	Closing					2017	2016
( 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	42,411	21,801	22,765	41,447	97,132	138,579	129,714	8,865	40,043
Marine, aviation and transport	16,811	1,332	1,139	17,004	119,837	136,841	118,328	18,513	26,913
Motor	36,136	22,605	20,353	38,388	114,514	152,902	12,981	139,921	141,254
Miscellaneous	31,768	29,233	17,478	43,523	80,782	124,305	44,895	79,410	82,928
<b>Total</b>	<u>127,126</u>	<u>74,971</u>	<u>61,735</u>	<u>140,362</u>	<u>412,265</u>	<u>552,627</u>	<u>305,918</u>	<u>246,709</u>	<u>291,138</u>
<b>Treaty</b>	-	-	-	-	-	-	-	-	-
<b>Grand total</b>	<u><u>127,126</u></u>	<u><u>74,971</u></u>	<u><u>61,735</u></u>	<u><u>140,362</u></u>	<u><u>412,265</u></u>	<u><u>552,627</u></u>	<u><u>305,918</u></u>	<u><u>246,709</u></u>	<u><u>291,138</u></u>

#### Note:

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

The annexed notes 1 to 38 form an integral part of these financial statements.



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Director



**Ali H. Shirazi**  
Director



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Chairman



## Statement of Investment Income

### For the financial year ended December 31, 2017

	<u>2017</u>	<u>2016</u>
	(Rupees in thousand)	
<b>Income from non-trading investments</b>		
<b>Held to maturity</b>		
Return on Government securities	4,136	6,542
<b>Available for sale</b>		
Return on National Investment (Unit) Trust	160	152
Dividend income		
- from related parties	68,680	56,717
- from others	146,156	94,452
	214,836	151,169
Gain on sale of available for sale investments	105,566	269,200
Less: (Provision for) / reversal of impairment in available for sale investments	(852)	31,826
Less: Investment related expenses	(2,299)	(749)
<b>Net investment income</b>	<u>321,547</u>	<u>458,140</u>

The annexed notes 1 to 38 form an integral part of these financial statements.



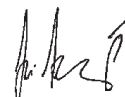
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Director



**Ali H. Shirazi**  
Director



**Yusuf H. Shirazi**  
Chairman

# Notes to the Financial Statements

## For the financial year ended December 31, 2017

### 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 the Pakistan Stock Exchange. The Company is engaged in general insurance business. The registered office of the Company is situated at 63/A, Block - XX, Phase III (Commercial), Khyaban-e-Iqbal, Defence Housing Authority, Lahore. The Company is a subsidiary of Shirazi Investments (Private) Limited.

The Company was granted license to work as Window Takaful Operator (WTO) dated March 02, 2016 by the Securities and Exchange Commission of Pakistan (SECP) under Takaful Rules, 2012 to carry on Window Takaful Operations in Pakistan.

### 2. Basis of presentation and statement of compliance

#### 2.1 Basis of presentation

The Securities and Exchange Commission of Pakistan (SECP) vide S.R.O. 89(I)/2017 dated February 9, 2017 issued the Insurance Rules, 2017 (the Rules) for insurance companies which were enforceable with immediate effect. The Rules prescribe the format of financial statements for non-life insurers. However, the SECP vide letter No.ID/OSM/Atlas/2017/12196 dated October 05, 2017 has granted exemption to the Company to prepare these financial statements, for the year ended December 31, 2017, in accordance with the requirements of the previously applicable SEC (Insurance) Rules, 2002.

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

Total assets, total liabilities and profit / (loss) of the Window Takaful Operations of the Company referred to as the Operator's Fund (OPF) have been presented in these financial statements in accordance with the requirements of Circular 25 of 2015 dated July 9, 2015 issued by the SECP.

#### 2.2 Presentation currency

These financial statements have been 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 approved accounting standards as applicable in Pakistan for financial reporting. The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017. However, as allowed by the SECP vide Circular No. 23/2017 dated October 04, 2017, companies whose financial year closes on or before December 31, 2017, shall prepare financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Furthermore, the SECP vide S.R.O. 89(I)/2017 dated February 9, 2017 issued the Insurance Rules, 2017 (the Rules) for insurance companies which were enforceable with immediate effect. However, the SECP vide letter No.ID/OSM/Atlas/2017/12196 dated October 05, 2017 has granted exemption to the Company to prepare these financial statements, for the year ended December 31, 2017, in accordance with the requirements of the previously applicable SEC (Insurance) Rules, 2002.

Accordingly, the approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984, the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002, the Insurance Accounting Regulations, 2017 and directives issued by the SECP. Wherever the requirements differ, the provisions of or directives issued under the repealed Companies Ordinance, 1984, the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002 and the Insurance Accounting Regulations, 2017 or the requirements of 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 that are effective in the current year

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Company's accounting period beginning on or after January 1, 2017 but are considered not to be relevant or do not have any significant effect on the Company's operations and are therefore not detailed in these financial statements.

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

The following other standards, amendments and interpretations of approved accounting standards are effective for accounting period beginning on or after January 1, 2018:

	<b>Effective date (accounting periods beginning on or after)</b>
- IFRS 2 Share based payments (amendments)	January 1, 2018
- IFRS 9 Financial Instruments: Classification and Measurement	January 1, 2018
- IFRS 15 Revenue from contracts	January 1, 2018
- IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception (Amendment)	January 1, 2018
- IFRS 16 Leases	January 1, 2019
- IFRS 17 Insurance contracts	January 1, 2021

IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition. The standard introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The management is in the process of assessing the impact of changes laid down by these standards on its financial statements.

There are other new and amended standards and interpretations that are mandatory for the Company's accounting period beginning on or after January 1, 2018 but are considered not to be relevant or do not have any significant effect on the Company's operations and are therefore not detailed in these financial statements.

## 3. 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 continuously 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 staff retirement benefits (note 4.3);
- f) recognition of taxation and deferred tax (note 4.4);
- g) classification of investments (note 4.7);
- h) impairment of assets (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 risk from the policyholders by agreeing to compensate the policyholders on the occurrence of a specified uncertain future event (the insured event) that adversely affects the policyholders under the terms and conditions of the contract. Insurance contracts issued by the Company are generally classified in four basic categories i.e. fire and property damage, marine, aviation and transport, motor 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 policyholders 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.
- 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. The Company engaged an actuary to estimate the IBNR as per the SECP Circular No. 9 of 2016, "SEC guidelines for estimation of incurred but not reported claim reserve, 2016".

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 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>2017</u>	<u>2016</u>
Fire and property damage	12%	11%
Marine, aviation and transport	11%	6%
Motor	52%	35%
Miscellaneous	55%	68%

Keeping in view the adequacy of the reserves on December 31, 2017, in line with the provisions of the Insurance Ordinance, 2000, the SEC (Insurance Rules) 2002 and the Insurance Accounting Regulations, 2017, 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, 2017, 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 laws for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments 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 on December 12, 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. 2,569,585 thousand (2016: Rs. 3,830,537 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, 2017 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 commission income and claim 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	
	2017	2016	2017	2016	2017	2016
	(Rupees in thousand)					
A or above (including PRCL)	24,900	62,202	144,808	295,029	408,367	514,144
BBB	-	-	2,097	456	-	-
Others	589	2,804	3,763	4,984	-	-
	<u>25,489</u>	<u>65,006</u>	<u>150,668</u>	<u>300,469</u>	<u>408,367</u>	<u>514,144</u>

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

Amounts due to / from other insurers / reinsurers / agents 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 and miscellaneous as stipulated in the Insurance Accounting Regulation, 2017 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, 2017 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 policyholders in respect of policies issued, at a rate of 5% of the premium, restricted to a maximum of Rs. 2,000 - Rs. 4000 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 the 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 four 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.

#### 4.24 Provision for doubtful receivables

Receivables under insurance contracts are recognized when due, at the fair value of the consideration receivable less provision for doubtful debts, if any, provision for impairment of premium receivables is established when the chances of recovery are less. Receivables are also analyzed as per their ageing and accordingly provision is maintained on a systematic basis. The provision is made while taking into consideration of expected recoveries, if any.

### 5. Issued, subscribed and paid up capital

<u>2017</u> (Number of shares)		<u>2016</u> (Number of shares)		<u>2017</u> (Rupees in thousand)		<u>2016</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>		

52,852,099 (2016: 52,852,099) ordinary shares of the Company are held by Shirazi Investments (Private) Limited, as at December 31, 2017.

#### Movement in issued, subscribed and paid up capital

	<u>Number of shares</u>	<u>Rupees in thousand</u>
As at January 1, 2016	70,161,381	701,614
Issued as fully paid bonus shares	-	-
As at December 31, 2016	70,161,381	701,614
Issued as fully paid bonus shares	-	-
As at December 31, 2017	<u>70,161,381</u>	<u>701,614</u>

### 6. General reserves

#### Capital reserves

	<u>Note</u>	<u>2017</u> (Rupees in thousand)	<u>2016</u> (Rupees in thousand)
Capital reserve		2,251	2,251
Reserve for exceptional losses	6.1	2,164	2,164
		<u>4,415</u>	<u>4,415</u>

#### Revenue reserves

General reserve			
- At the beginning of the year		718,649	537,649
- Transferred from retained earnings		162,000	181,000
		<u>880,649</u>	<u>718,649</u>
Investment fluctuation reserve	6.2	3,000	3,000
		<u>883,649</u>	<u>721,649</u>
		<u>888,064</u>	<u>726,064</u>

6.1 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.

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

	<u>Note</u>	<u>2017</u> <u>(Rupees in thousand)</u>	<u>2016</u> <u>(Rupees in thousand)</u>
<b>7. Amounts due to other insurers / reinsurers</b>			
Amounts due to co-insurers		22,897	53,275
Amounts due to reinsurers		232,757	226,033
		<u>255,654</u>	<u>279,308</u>
<b>8. Accrued expenses</b>			
Commission payable		39,152	43,818
Bonus to staff payable		42,822	34,466
Profit commission payable		6,143	4,584
Leave encashment payable		25,038	23,623
Other accrued expenses		32,104	27,188
		<u>145,259</u>	<u>133,679</u>
<b>9. Other creditors and accruals</b>			
Federal Insurance Fee		2,322	2,221
Federal Excise Duty		26,545	28,227
Donation payable	23.1	10,250	9,436
Staff retirement benefits liability / (asset)	9.1	3,920	-
Workers' Welfare Fund	22.1	-	84,000
Others		5,478	3,400
		<u>48,515</u>	<u>127,284</u>
<b>9.1 Staff retirement benefits liability / (asset)</b>			
<b>Gratuity</b>			
- Management staff	9.1.1	1,459	(1,561)
- Non-management staff	9.1.1	2,461	(2,271)
		<u>3,920</u>	<u>(3,832)</u>

9.1.1 The latest valuation of scheme was carried out as at December 31, 2017 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>2017</u>	<u>2016</u>
Following significant assumptions were used for the actuarial valuation:		
- Discount rate	8.25% per annum	8% per annum
- Expected rate of increase in salaries	7.25% per annum	7% per annum
- Expected return on plan assets	8.25% per annum	8% per annum

The amounts recognized in balance sheet are as follows:

	<u>Management staff</u>		<u>Non-management staff</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	<u>(Rupees in thousand)</u>			
Present value of defined benefit obligation	44,340	37,513	17,603	15,432
Fair value of plan assets	(43,136)	(39,622)	(15,142)	(17,803)
	<u>1,204</u>	<u>(2,109)</u>	<u>2,461</u>	<u>(2,371)</u>
Payable in respect of inter group transfers / outgoing employees	255	548	-	100
Liability / (asset) as at December 31	<u>1,459</u>	<u>(1,561)</u>	<u>2,461</u>	<u>(2,271)</u>
Net liability / (asset) as at January 1	(1,561)	2,795	(2,271)	(142)
Charge to profit and loss account	1,838	833	784	856
Contribution made by the Company	(1,179)	(2,795)	(854)	(404)
Liability recognized in respect of promotions	-	-	-	-
Remeasurements recognised in other comprehensive income	2,361	(2,394)	4,802	(2,581)
Benefits paid by the Company	-	-	-	-
Liability / (asset) as at December 31	<u>1,459</u>	<u>(1,561)</u>	<u>2,461</u>	<u>(2,271)</u>

	Management staff		Non-management staff	
	2017	2016	2017	2016
	(Rupees in thousand)			
<b>9.1.1.1 The movement in the present value of defined benefit obligation is as follows:</b>				
Present value of defined benefit obligation	37,513	33,516	15,432	13,278
Current service cost	1,980	1,545	963	876
Interest cost	3,031	2,257	1,237	1,221
Benefits paid	-	(747)	(754)	(403)
Liabilities in respect of transfers	(254)	(547)	-	-
Re-measurements: Actuarial loss / (gain) on defined benefit obligation	2,070	1,489	725	460
Present value of defined benefit obligation	<u>44,340</u>	<u>37,513</u>	<u>17,603</u>	<u>15,432</u>
<b>9.1.1.2 The movement in fair value of plan assets is as follows:</b>				
Fair value as at January 1	39,622	52,373	17,803	13,520
Expected return on plan assets	3,173	2,969	1,416	1,242
Company contributions	1,179	2,795	854	404
Benefits paid	-	(747)	(754)	(404)
Net return on plan assets over interest income	(291)	3,883	(4,077)	3,041
Received from other group companies in respect of transfers	(547)	(21,651)	(100)	-
Fair value as at December 31	<u>43,136</u>	<u>39,622</u>	<u>15,142</u>	<u>17,803</u>
<b>9.1.1.3 Defined benefit cost for the year</b>				
Cost recognized in profit and loss account for the year				
Service Cost - Current	1,980	1,545	963	876
Past service cost	-	-	-	-
	1,980	1,545	963	876
Net interest cost				
Interest cost on defined benefit obligation	3,031	2,257	1,237	1,222
Interest income on plan assets	(3,173)	(2,969)	(1,416)	(1,242)
	(142)	(712)	(179)	(20)
	1,838	833	784	856
<b>Re-measurement recognized in other comprehensive income during the year</b>				
Actuarial (gain) / loss on obligation	2,070	1,489	725	460
Net return on plan assets over interest income	291	(3,883)	4,077	(3,041)
	2,361	(2,394)	4,802	(2,581)
	<u>4,199</u>	<u>(1,561)</u>	<u>5,586</u>	<u>(1,725)</u>
<b>9.1.1.4 Plan assets are comprised as follows:</b>				
	Management staff		Non-Management staff	
	Fair value		Fair value	
	(Rupees in thousand)		(Rupees in thousand)	
	2017	2016	2017	2016
	Percentage		Percentage	
	2017	2016	2017	2016
Debt	20,704	18,790	48%	47%
Mutual funds	21,928	20,810	51%	53%
Cash and bank balances	504	22	1%	0%
	<u>43,136</u>	<u>39,622</u>		
Debt	4,282	4,973	28%	28%
Mutual funds	10,783	12,755	71%	72%
Cash and bank balances	77	75	1%	0%
	<u>15,142</u>	<u>17,803</u>		

## 9.1.1.5 Historical data

	2017	2016	2015	2014	2013
	<b>(Rupees in thousand)</b>				
<b>Management staff as at December 31</b>					
Present value of defined benefit obligation	44,340	37,513	33,516	50,399	45,253
Fair value of plan assets	(43,136)	(39,622)	(52,373)	(51,303)	(37,443)
	1,204	(2,109)	(18,857)	(904)	7,810
Experience adjustment on obligation	5.0%	4.0%	(1.0%)	(3.0%)	(8.0%)
Experience adjustment on plan assets	(1.0%)	10.0%	(4.0%)	3.0%	(1.0%)
<b>Non-Management staff as at December 31</b>					
Present value of defined benefit obligation	17,603	15,432	13,278	12,939	11,124
Fair value of plan assets	(15,142)	(17,803)	(13,520)	(12,851)	(8,560)
	2,461	(2,371)	(242)	88	2,564
Experience adjustment on obligation	4%	3%	2%	(0.16%)	9%
Experience adjustment on plan assets	(27%)	17%	(6%)	5%	(7%)

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

	2017		2016	
	Management staff	Non-management staff	Management staff	Non-management staff
	<b>(Rupees in thousand)</b>			
Discount rate +1%	42,022	16,441	35,524	14,388
Discount rate -1%	46,952	18,932	39,763	16,625
Long term salary increases +1%	47,171	19,020	39,949	16,702
Long term salary increases -1%	41,785	16,344	35,322	14,302

## 10. Contingencies and commitments

## 10.1 Contingencies

**10.1.1** The tax authorities had raised demand amounting to Rs. 117,817 (thousand) against the Company for the tax years 2009 to 2014, that primarily pertained to the rate of tax on dividend, rental income and WWF. Commissioner Inland Revenue (Appeals) [CIR (A)] upheld the decision in respect of dividend income and reduced the demand to Rs. 59,722 (thousand). The Company filed appeals against the CIR(A) decision before the Appellate Tribunal Inland Revenue (ATIR) wherein the decision of CIR(A) was upheld. The Company has filed a reference application against the decision of ATIR before the Honorable Lahore High Court which is currently pending adjudication. No provision has been recognized in the financial statements since the Company believes that there are meritorious grounds that the case will be decided in favor of the Company.

**10.1.2** For tax year 2005, the tax authorities disputed the Company's treatment on certain issues disallowing expenses, creating a demand of Rs. 70,698 (thousand). The Company filed appeal before CIR(A) which was decided in favor of the Company. Department filed appeal against CIR(A) before ATIR which is pending adjudication. No provision has been recognized in the financial statements since the Company believes that there are meritorious grounds that the case will be decided in favor of the Company.

**10.1.3** For tax year 2006, the tax authorities disputed the Company's treatment on certain issues disallowing expenses. The Company filed appeal before CIR(A) which was decided in favor of the Company except for the provision of bonus amounting to Rs. 5,599 (thousand) against which the Company has filed appeal before ATIR, which is pending adjudication. No provision has been recognized in the financial statements since the Company believes that there are meritorious grounds that the case will be decided in favor of the Company.

	2017	2016
	<b>(Rupees in thousand)</b>	
<b>10.1.4 Other contingencies</b>		
Claims against the Company not acknowledged as debt	74,687	67,902

## 10.2 Commitments

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

	2017	2016
	<b>(Rupees in thousand)</b>	
Not later than one year	45,837	42,216
Later than one year and not later than five years	28,800	29,961
Later than five years	-	183
	74,637	72,360



	<u>Note</u>	<u>2017</u> <u>(Rupees in thousand)</u>	<u>2016</u> <u>(Rupees in thousand)</u>
<b>11. Cash and bank deposits</b>			
<b>Cash and other equivalents</b>			
Cash in hand		-	199
<b>Current and other accounts</b>			
Current accounts		16,108	21,885
Saving accounts	11.1	686,144	228,352
		<u>702,252</u>	<u>250,237</u>
		<u>702,252</u>	<u>250,436</u>

11.1 The balance in saving accounts bear mark-up which ranges from 3.5% to 8% (2016: 3.5% to 8%) per annum.

## 12. 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 Executive of the Company (2016: Rs. Nil). The effect of valuation at amortized cost is immaterial.

	<u>Note</u>	<u>2017</u> <u>(Rupees in thousand)</u>	<u>2016</u> <u>(Rupees in thousand)</u>
<b>13. Investments</b>			
The investments comprise:			
Held to maturity	13.1	72,999	74,998
Available for sale	13.2	2,292,825	2,533,558
		<u>2,365,824</u>	<u>2,608,556</u>
Aggregate market value as at December 31		<u>4,935,409</u>	<u>6,439,096</u>
<b>13.1 Held to maturity</b>			
Statutory deposits	13.1.1	72,999	74,998
<b>13.1.1 Statutory deposits</b>			
<b>Name of investee</b>	<b>Maturity</b>	<b>Effective yield %</b>	
Market Treasury Bills (T-Bills)	May, 2018	5.96%	72,999
			<u>74,998</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, 2017 amounts to Rs. 74,711 thousand (2016: Rs. 76,334 thousand).

	<u>Note</u>	<u>2017</u> <u>(Rupees in thousand)</u>	<u>2016</u> <u>(Rupees in thousand)</u>
<b>13.2 Available for sale</b>			
<b>Related parties</b>			
Mutual funds - Quoted	13.2.4	565,260	927,697
Ordinary shares - Quoted	13.2.5	236,467	236,467
Ordinary shares - Unquoted	13.2.6	-	-
		<u>801,727</u>	<u>1,164,164</u>
<b>Others</b>			
Mutual funds - Quoted	13.2.7	111,075	95,413
Ordinary shares - Quoted	13.2.8	1,380,023	1,273,981
		<u>1,491,098</u>	<u>1,369,394</u>
		<u>2,292,825</u>	<u>2,533,558</u>

- 13.2.1** Listed securities include an amount of Rs. 1,261,181 thousand (2016: Rs. 1,101,968 thousand) being the cost under an arrangement permissible under Shariah.
- 13.2.2** Mutual funds include an amount of Rs. 22,393 thousand (2016: Rs. 5,184 thousand) being the cost under an arrangement permissible under Shariah.
- 13.2.3** Mutual funds in associated undertakings include an amount of Rs. 242,103 thousand (2016: Rs. 202,122 thousand) being the cost under an arrangement permissible under Shariah.

	Number of units /shares 2017	2016	Face value Rupees	Fund's / Company's name	Note	2017 (Rupees in thousand)	2016
<b>13.2.4 Mutual funds - Quoted</b>							
	483,008	809,491	500	Atlas Islamic Stock Fund Market value Rs. 248,179 thousand (2016: Rs. 490,924 thousand)		242,103	404,917
	454,341	790,438	500	Atlas Stock Market Fund Market value Rs. 264,149 thousand (2016: Rs. 526,290 thousand)		258,157	422,557
	38,692	-	500	Atlas Income Fund Market value Rs. 20,298 thousand (2016: Not applicable)		20,000	-
	88,169	174,975	500	Atlas Money Market Fund Market value Rs. 45,457 thousand (2016: Rs. 90,000 thousand)		45,000	90,000
	-	108,132	500	Atlas Gold Fund Market value: Not applicable (2016: Rs. 10,224 thousand)		-	10,677
						565,260	928,151
Impairment in value of available for sale investments						-	(454)
						565,260	927,697
<b>13.2.5 Ordinary shares - Quoted</b>							
	2,931,728	2,931,728	10	Atlas Honda Limited Equity held: 2.84% (2016: 2.84%) Market value Rs. 1,659,856 thousand (2016: Rs. 1,712,481 thousand)		215,296	215,296
	303,420	303,420	10	Atlas Battery Limited Equity held: 1.74% (2016: 1.74%) Market value Rs. 146,907 thousand (2016: Rs. 253,353 thousand)		11,376	11,376
	850,000	850,000	10	Honda Atlas Cars (Pakistan) Limited Equity held: 0.60% (2016: 0.60%) Market value Rs. 435,549 thousand (2016: Rs. 568,344 thousand)		9,795	9,795
						236,467	236,467
<b>13.2.6 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)
					13.2.6.1	-	-

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

	Number of units		Face value Rupees	Fund's name	Note	2017		2016	
	2017	2016				(Rupees in thousand)		(Rupees in thousand)	
<b>13.2.7</b>	<b>Mutual funds - Quoted</b>								
	37,195	35,627	10	National Investment (Unit) Trust Market value Rs. 2,624 thousand (2016: Rs. 3,112 thousand)	13.2.7.1	1,272		1,141	
	237,425	225,942	100	Lakson Money Market Fund Market value Rs. 24,407 thousand (2016: Rs. 23,227 thousand)		23,748		22,600	
	3,298,282	3,127,502	10	NIT Income Fund Market value Rs. 34,830 thousand (2016: Rs. 32,901 thousand)		34,000		33,809	
	242,142	229,390	100	Lakson Income Fund Market value Rs. 24,991 thousand (2016: Rs. 22,387 thousand)		24,481		23,200	
	246,000	246,000	10	PICIC Growth Fund Market Value Rs. 6,974 thousand (2016: Rs. 7,493 thousand)		4,444		4,444	
	1,525,000	455,000	10	Dolmen City REIT Market Value Rs. 16,775 thousand (2016: Rs. 4,946 thousand)		16,983		5,005	
	536,373	517,368	10	NIT Islamic Equity Fund Market Value Rs. 5,358 thousand (2016: Rs. 6,638 thousand)		5,410		5,184	
	154,500	154,500	10	PICIC Investment Fund Market Value Rs. 2,063 thousand (2016: Rs. 2,148 thousand)		997		997	
						111,335		96,380	
				Impairment in value of available for sale investments		(260)		(967)	
						111,075		95,413	

**13.2.7.1** This includes 28,000 (2016: 28,000) units held as statutory deposit with the State Bank of Pakistan under section 29(2)(a) of the Insurance Ordinance, 2000.

	Number of shares		Face value Rupees	Company's name	2017		2016		
	2017	2016			(Rupees in thousand)		(Rupees in thousand)		
<b>13.2.8</b>	<b>Ordinary shares - Quoted</b>								
				<b>Banks</b>					
	1,127,187	818,187	10	Bank Alfalah Limited Market value Rs. 47,905 thousand (2016: Rs. 31,059 thousand)		35,687		19,067	
	827,350	907,350	10	Bank Al-Habib Limited Market value Rs. 48,284 thousand (2016: Rs. 53,525 thousand)		38,590		37,090	
	505,463	373,963	10	United Bank Limited Market value Rs. 95,012 thousand (2016: Rs. 88,260 thousand)		90,628		66,279	
	240,593	284,975	10	Meezan Bank Limited Market Value Rs. 16,144 thousand (2016: Rs. 19,410 thousand)		9,929		11,611	
				<b>Carried forward</b>		174,834		134,047	

Number of shares		Face value	Company's name	2017		2016	
2017	2016	Rupees		(Rupees in thousand)			
			<b>Brought forward</b>	174,834		134,047	
509,000	509,000	10	Habib Metropolitan Bank Limited Market Value Rs. 17,561 thousand (2016: Rs. 18,833 thousand)	16,013		16,013	
148,095	193,095	10	Habib Bank Limited Market Value Rs. 24,745 thousand (2016: Rs. 52,764 thousand)	24,896		35,875	
60,000	-	10	MCB Bank Limited Market Value Rs. 12,739 thousand (2016: Not applicable)	12,444		-	
			<b>Non Life Insurance</b>				
898,747	675,747	10	Adamjee Insurance Company Limited Market value Rs. 46,708 thousand (2016: Rs. 50,100 thousand)	47,054		36,065	
50,000	50,000	10	Pakistan Reinsurance Company Limited Market value Rs. 2,122 thousand (2016: Rs. 2,080 thousand)	1,703		1,703	
			<b>Construction and Material</b>				
76,150	38,650	10	Attock Cement (Pakistan) Limited Market Value Rs. 13,784 thousand (2016: Rs. 12,997 thousand)	11,725		5,174	
3,214,164	3,214,164	10	Cherat Cement Company Limited Market Value Rs. 356,483 thousand (2016: Rs. 559,394 thousand)	91,761		91,761	
542,700	472,700	10	D.G. Khan Cement Company Limited Market Value Rs. 72,570 thousand (2016: Rs. 104,812 thousand)	72,870		77,750	
36,000	36,000	10	Lucky Cement Limited Market value Rs. 18,627 thousand (2016: Rs. 31,186 thousand)	17,954		15,288	
276,000	276,000	10	Fauji Cement Company Limited Market value Rs. 6,903 thousand (2016: Rs. 12,443 thousand)	6,963		6,963	
			<b>Electricity</b>				
790,000	761,000	10	The Hub Power Company Limited Market value Rs. 71,890 thousand (2016: Rs. 93,969 thousand)	78,765		64,636	
361,778	361,778	10	Kot Addu Power Company Limited Market value Rs.19,500 thousand (2016: Rs. 28,509 thousand)	20,410		23,104	
272,000	238,000	10	Nishat Power Limited Market value Rs. 9,247 thousand (2016: Rs. 15,254 thousand)	8,585		9,498	
-	621,000	10	Pakgen Power Limited Market value Not applicable (2016: Rs. 16,625 thousand)	-		13,370	
609,000	459,000	10	Nishat Chunian Power Limited Market value Rs. 20,042 thousand (2016: Rs. 25,466 thousand)	18,613		19,924	
			<b>Carried forward</b>	604,590		551,171	

Number of shares		Face value	Company's name	2017		2016	
2017	2016	Rupees		(Rupees in thousand)			
			<b>Brought forward</b>	604,590		551,171	
-	100,000	10	Lalpir Power Limited Market value Not applicable (2016: Rs. 2,420 thousand)	-		3,257	
			<b>Oil and Gas</b>				
55,000	70,900	10	Pakistan Oilfields Limited Market value Rs. 32,684 thousand (2016: Rs. 37,905 thousand)	22,000		27,294	
337,671	337,671	10	Pakistan Petroleum Limited Market value Rs. 69,530 thousand (2016: Rs. 63,543 thousand)	62,962		62,962	
29,900	29,900	10	Attock Petroleum Limited Market value Rs. 15,640 thousand (2016: Rs. 20,471 thousand)	15,702		15,702	
4,500	6,000	10	Mari Petroleum Company Limited Market value Rs. 6,529 thousand (2016: Rs. 8,249)	4,282		5,709	
355,000	245,000	10	Oil & Gas Development Company Limited Market value Rs. 57,790 thousand (2016: Rs. 40,511 thousand)	56,912		43,803	
119,677	162,300	10	Pakistan State Oil Limited Market value Rs. 35,079 thousand (2016: Rs. 70,473 thousand)	36,703		58,194	
38,000	-	10	Sui Northern Gas Pipelines Limited Market value Rs. 3,595 thousand (2016: Not applicable)	3,410		-	
			<b>Chemicals</b>				
50,000	50,000	10	Arif Habib Corporation Limited Market value Rs. 1,774 thousand (2016: Rs. 2,200 thousand)	1,267		1,267	
326,200	257,200	10	Engro Corporation Limited Market value Rs. 89,623 thousand (2016: Rs. 81,299 thousand)	90,856		76,792	
278,415	556,915	10	Fauji Fertilizer Company Limited Market value Rs. 22,025 thousand (2016: Rs. 58,126 thousand)	22,178		62,270	
519,021	259,021	10	Engro Fertilizers Limited Market value Rs. 35,148 thousand (2016: Rs. 17,609 thousand)	35,275		18,403	
80,000	80,000	10	Fauji Fertilizer Bin Qasim Limited Market value Rs. 2,843 thousand (2016: Rs. 4,097 thousand)	2,846		3,524	
-	382,500	10	Fatima Fertilizer Company Limited Market value Not applicable (2016: Rs. 14,111 thousand)	-		13,255	
			<b>Paper and Board</b>				
3,092,606	2,724,763	10	Cherat Packaging Limited Market value Rs. 615,429 thousand (2016: Rs. 920,916 thousand)	407,244		304,610	
			<b>Carried forward</b>	1,366,227		1,248,213	



Number of shares		Face value	Company's name	Note	2017	2016
2017	2016	Rupees			(Rupees in thousand)	
			<b>Brought forward</b>		1,366,227	1,248,213
7,500	13,500	10	<b>Industrial Metals and Mining</b> International Industries Limited Market value Rs. 1,801 thousand (2016: Rs. 2,751 thousand)		571	1,029
-	152,238	10	<b>Food &amp; Personal Care</b> Al Shaheer Corporation Market value Not applicable (2016: Rs. 8,739 thousand)		-	9,500
130,000	130,000	10	<b>General Industries</b> Nishat Mills Limited Market value Rs. 19,435 thousand (2016: Rs. 19,796 thousand)		13,354	13,355
247,200	247,200	10	Nishat (Chunian) Limited Market value Rs. 11,314 thousand (2016: Rs. 13,715 thousand)		10,253	10,253
217,000	217,000	1	Hum Network Limited Market value Rs. 1,773 thousand (2016: Rs. 3,253 thousand)		1,462	1,462
					1,391,867	1,283,812
			Impairment in value of available for sale investments		(11,844)	(9,831)
					1,380,023	1,273,981
<b>14.</b>			<b>Deferred taxation</b>			
			The asset for deferred taxation comprises temporary differences relating to:			
			Accelerated tax depreciation		(5,407)	(3,811)
			Provision for bonus to staff		12,847	10,685
			Provision for gratuity payable		1,176	(1,188)
			Provision for doubtful receivables - premium due but unpaid		1,445	751
			Provision for Workers' Welfare Fund		-	26,040
					10,061	32,477
<b>15.</b>			<b>Premium due but unpaid</b>			
			Unsecured			
			- Considered good		218,616	208,898
			- Considered doubtful		2,859	2,423
					221,475	211,321
			Less: Provision for doubtful receivables	15.1	(2,859)	(2,423)
					218,616	208,898
<b>15.1</b>			<b>Provision for doubtful receivables</b>			
			Balance as at January 1		2,423	-
			Provision made during the year		436	2,423
			Balance as at December 31		2,859	2,423
			Bad debts written off		-	-
			Balance as at 31 December		2,859	2,423

	<u>Note</u>	<u>2017</u> <u>(Rupees in thousand)</u>	<u>2016</u> <u>(Rupees in thousand)</u>
<b>16. Amounts due from other insurers / reinsurers</b>			
Unsecured			
- Considered good	16.1	89,884	112,884
- Considered doubtful		1,959	1,959
		91,843	114,843
Less: Provision for doubtful receivables	16.2	(1,959)	(1,959)
		89,884	112,884
<b>16.1 Considered good</b>			
Amounts due from co-insurers		64,395	47,878
Amounts due from reinsurers		25,489	65,006
		89,884	112,884
<b>16.2 Provision for doubtful receivables</b>			
Balance as at January 1		1,959	1,959
Provision made during the year		-	-
Balance as at December 31		1,959	1,959
<b>17. Accrued investment income</b>			
Dividend receivable		3,256	3,992
Profit receivable on banks		866	-
Profit receivable on T-Bills		1,752	1,728
		5,874	5,720
<b>18. Prepayments</b>			
Prepaid reinsurance premium ceded		408,367	514,144
Others		4,789	11,260
		413,156	525,404
<b>19. Sundry receivables</b>			
Advances to employees - unsecured, considered good	19.1	3,579	1,412
Deposits and prepaid rent		14,290	20,164
Staff retirement benefits	9.1	-	3,832
Others		350	1,075
		18,219	26,483
<b>19.1</b>			
Included in advances are amounts due from executives of Rs. 1,739 thousand (2016: Rs. 625 thousand). No advance was given to the Chief Executive and Directors of the Company (2016: Rs. Nil).			
<b>20. Fixed assets</b>			
Tangible	20.1	89,078	59,210
Intangible	20.2	-	-
		89,078	59,210

## 20.1 Tangible

Note	Freehold land	Buildings on freehold land	Furniture & fixtures	Office equipments	Computer equipments	Motor vehicles	Total
<b>Net carrying value basis</b>							
<b>(Rupees in thousand)</b>							
<b>Year ended December 31, 2017</b>							
Opening net book value	1,168	10,125	2,334	8,427	8,643	28,513	59,210
Additions (at cost)	-	19,763	6,946	11,779	7,734	9,830	56,052
Disposals at net book value	20.3	-	(1)	(82)	(528)	(9,655)	(10,266)
Depreciation charge	23	(2,568)	(1,160)	(2,592)	(3,700)	(5,898)	(15,918)
Closing net book value	<u>1,168</u>	<u>27,320</u>	<u>8,119</u>	<u>17,532</u>	<u>12,149</u>	<u>22,790</u>	<u>89,078</u>
<b>Gross carrying value basis</b>							
<b>As at December 31, 2017</b>							
Cost	1,168	40,673	11,896	27,730	29,475	35,512	146,454
Accumulated depreciation	-	(13,353)	(3,777)	(10,198)	(17,326)	(12,722)	(57,376)
Net book value	<u>1,168</u>	<u>27,320</u>	<u>8,119</u>	<u>17,532</u>	<u>12,149</u>	<u>22,790</u>	<u>89,078</u>
<b>Depreciation rate % per annum</b>		5 - 20	10 - 20	15 - 20	30	20	
<b>Net carrying value basis</b>							
<b>Year ended December 31, 2016</b>							
Opening net book value	1,168	10,658	2,513	9,500	7,897	23,501	55,237
Additions (at cost)	-	-	87	505	3,858	15,695	20,145
Disposals at net book value	-	-	(8)	(128)	(97)	(4,931)	(5,164)
Adjustment at net book value	-	-	-	-	-	(164)	(164)
Depreciation charge	23	(533)	(258)	(1,450)	(3,015)	(5,588)	(10,844)
Closing net book value	<u>1,168</u>	<u>10,125</u>	<u>2,334</u>	<u>8,427</u>	<u>8,643</u>	<u>28,513</u>	<u>59,210</u>
<b>Gross carrying value basis</b>							
<b>As at December 31, 2016</b>							
Cost	1,168	20,910	4,957	16,216	25,266	39,144	107,661
Accumulated depreciation	-	(10,785)	(2,623)	(7,789)	(16,623)	(10,631)	(48,451)
Net book value	<u>1,168</u>	<u>10,125</u>	<u>2,334</u>	<u>8,427</u>	<u>8,643</u>	<u>28,513</u>	<u>59,210</u>
<b>Depreciation rate % per annum</b>		5	10	15	30	20	

20.1.1 The depreciation charge for the year has been allocated to general and administration expenses as disclosed in note 23.

	Note	2017 (Rupees in thousand)	2016
<b>20.2 Intangible</b>			
<b>Net carrying value basis</b>			
<b>Year ended December 31, 2017</b>			
Opening net book value		-	994
Additions (at cost)		-	-
Disposals at net book value		-	-
Amortization charge	20.2.1	-	(994)
Closing net book value		<u>-</u>	<u>-</u>
<b>Gross carrying value basis</b>			
<b>As at December 31, 2017</b>			
Cost		6,458	6,458
Accumulated amortization		(6,458)	(6,458)
Net book value		<u>-</u>	<u>-</u>
<b>Amortization rate % per annum</b>		33%	33%

20.2.1 The amortization charge for the year has been allocated to general and administration expenses as disclosed in note 23.

**20.3 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 BGM-090	Shirazi Investments (Private) Limited - a related party	3,166	507	2,659	2,660	Company's Policy
Honda BRV LEE-17-9307	Shirazi Investments (Private) Limited - a related party	2,205	37	2,168	2,168	Company's Policy
Honda Civic BDN-968	Shirazi Investments (Private) Limited - a related party	2,507	943	1,564	1,564	Company's Policy
Honda City LED-16-5876	Mr. Imran Zia Khan	1,646	289	1,357	1,357	Company's Policy
Honda Civic LEF-12-4774	Mr. Arshad P. Rana - a related party	2,483	1,517	966	966	Company's Policy
Suzuki Cultus LEF-15-1072	Mr. Mohsin Raza	1,039	353	686	686	Company's Policy
Honda CG-125 LEQ-17-2045	Mr. Muhammad Shakil Paracha	118	6	112	100	Company's Policy
Honda Pridor LEP-16A-1351	Mr. Arif Iqbal	82	18	64	64	Company's Policy
<b>Office equipments</b>						
Laptop	Shirazi Investments (Private) Limited - a related party	193	89	104	103	Company's Policy
Microsoft surface Pro4	Shirazi Investments (Private) Limited - a related party	133	45	88	88	Company's Policy
<b>Other assets with book value less than Rs. 50,000</b>		3,685	3,187	498	384	Negotiations
		<u>17,257</u>	<u>6,991</u>	<u>10,266</u>	<u>10,140</u>	
			<b>Note</b>	<b>2017</b>	<b>2016</b>	
			<b>(Rupees in thousand)</b>			

**21. Expenses**

Salaries, wages and other benefits	21.2	258,951	232,251
Utilities		4,664	3,947
Rent, rates and taxes		21,371	12,270
Telephone and communication		6,741	6,036
Vehicle running and maintenance		11,229	10,272
Repairs and maintenance		3,549	3,905
Travelling and conveyance		4,888	4,935
Printing, stationery and computer expenses		6,097	7,295
Education and training		431	258
Fee and subscriptions		16,867	10,263
Service charges		4,260	482
Entertainment		1,099	1,112
Advertisement expenses		7,771	5,460
Trackers		46,210	46,347
Others		18,137	13,639
		<u>412,265</u>	<u>358,472</u>

**21.1** 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.

**21.2** Included in salaries, wages and benefits are Rs. 6,046 thousand (2016: Rs. 6,130 thousand) and Rs. 2,623 thousand (2016: Rs. 1,689 thousand) in respect of provident fund contribution and provision for gratuity fund, respectively, by the Company.

**22. Other income**

	Note	2017	2016
<b>(Rupees in thousand)</b>			
<b>Income from financial assets</b>			
Return on bank deposits		15,079	15,132
<b>Income from non-financial assets</b>			
(Loss) / gain on sale of fixed assets - net		(126)	863
Reversal of provision of Workers' Welfare Fund	22.1	84,000	-
		<u>98,953</u>	<u>15,995</u>

**22.1** In prior years, the Company provided for Workers' Welfare Fund (WWF) consequent to changes introduced through the Finance Act, 2008 which brought Insurance companies into the ambit of WWF. The amendments made to through Finance Act, 2008 were challenged and the Honorable Supreme Court of Pakistan through its order dated November 10, 2016 decided that the changes to the WWF Ordinance, 1971 made through the Finance Act, 2008 was ultra vires to the Constitution of Pakistan. The Federal Board of Revenue (FBR) has filed Civil Review Petitions against the aforesaid order of the Supreme Court, the decision of which is currently pending.

In consultation of its legal counsel, the Company is of the view that since no payment has been made to the FBR on account of WWF and it is unlikely that the above mentioned decision of the Supreme Court of Pakistan will be reversed, hence there is no need to maintain such provision.

	<u>Note</u>	<u>2017</u> <u>(Rupees in thousand)</u>	<u>2016</u> <u>(Rupees in thousand)</u>
<b>23. General and administration expenses</b>			
Legal and professional charges		610	2,151
Donations	23.1	9,985	9,525
Directors fee		800	550
Auditors' remuneration	23.2	1,753	1,435
Depreciation	20.1.1	15,918	10,844
Provision for doubtful debts	15.1	436	2,423
Workers' Welfare Fund		-	18,711
Amortization of intangible asset	20.2.1	-	994
Others		417	199
		<u>29,919</u>	<u>46,832</u>
<b>23.1 Donations</b>			
This amount represents Rs. 9,985 thousand (2016: Rs. 9,525 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:			
<b>Name of Directors</b>			
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.			
<b>23.2 Auditors' remuneration</b>		<u>2017</u> <u>(Rupees in thousand)</u>	<u>2016</u> <u>(Rupees in thousand)</u>
Audit fee		605	550
Half yearly review		333	303
Audit of provident fund, gratuity funds and other certifications		618	412
Out of pocket expenses		197	170
		<u>1,753</u>	<u>1,435</u>
<b>24. Window takaful operations - OPF</b>			
Wakala fee		29,256	7,883
Management expenses		(17,483)	(9,783)
Commission expenses		(9,039)	(2,018)
Other (loss) / income		(470)	2,468
General and administration expenses		(1,417)	(857)
Profit / (loss) before taxation		<u>847</u>	<u>(2,307)</u>
<b>25. Provision for taxation</b>			
<b>Current tax</b>			
- For the year		272,820	281,220
- Prior year		27,475	25,303
		300,295	306,523
<b>Deferred tax</b>			
- Relating to reversal and origination of temporary differences		23,517	(8,669)
- Income resulting from reduction in tax rate		1,048	818
		<u>24,565</u>	<u>(7,851)</u>
		<u>324,860</u>	<u>298,672</u>
<b>25.1 Tax charge reconciliation</b>		<u>2017</u> <u>%</u>	<u>2016</u> <u>%</u>
Numerical reconciliation between the average effective tax rate and the applicable tax rate			
Applicable tax rate		30	31
Tax effect of amounts that are:			
- Not admissible for tax purpose		2.23	2.02
- Deductible for tax purpose		(4.37)	(2.68)
- Chargeable to tax at a lower rate		-	-
- Effective prior year adjustment		2.78	2.70
- Tax effect of income exempt from tax		(0.28)	(0.26)
Effective tax rate		<u>30.36</u>	<u>32.78</u>



**26. Earnings per share**

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

	<u>2017</u>	<u>2016</u>
	(Rupees in thousand)	
Profit after taxation for the year	663,987	618,174
	(Number of shares)	
Weighted average number of ordinary shares	70,161,381	70,161,381
	(Rupees per share)	
Earnings per share (basic / diluted)	9.46	8.81

**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:

	Chief Executive Officer		Directors		Executives	
	2017	2016	2017	2016	2017	2016
	(Rupees in thousand)					
Managerial remuneration	21,230	19,300	4,822	8,678	48,145	41,161
Bonus	8,559	7,711	5,275	3,971	16,420	15,615
Medical reimbursement	-	376	282	774	762	2,520
House rent and utility expenses	10,153	9,230	2,306	4,150	31,367	25,666
Retirement benefits						
a) Provident fund	2,031	1,846	461	830	4,260	3,836
b) Service gratuity	769	932	175	419	1,832	2,077
Other reimbursable expenses	525	525	712	1,328	7,422	6,263
Total	<u>43,267</u>	<u>39,920</u>	<u>14,033</u>	<u>20,150</u>	<u>110,208</u>	<u>97,138</u>
Number of persons	1	1	1	1	43	37

Fees paid to 3 (2016: 3) non-executive directors for attending meetings during the year amounts to Rs. 800 thousand (2016: Rs. 550 thousand). In addition, the Chief Executive, a Director and some of the executives are also provided with use of the Company cars, in accordance with the policy of the Company.

**28. Transactions with related parties**

Related parties comprises of associated entities, entities under common control, entities with common Directors, major shareholders, post employment benefit plans and key management personnel, inclusive of directors and their close family members. 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 9 to the financial statements. Year end balances and transactions with related parties are as follows:

		<u>2017</u>	<u>2016</u>
		(Rupees in thousand)	
<b>Associated companies</b>	<b>Year end balances</b>		
	Provision for outstanding claims (including IBNR)	40,311	105,292
	Premium received in advance	49,398	43,298
	Premiums due but unpaid	136,757	93,319
	<b>Transactions during the year</b>		
	Premium underwritten	1,277,098	995,993
	Premium collected	1,467,633	1,097,983
	Claims paid	200,488	173,402
	Vehicles purchased	4,410	17,702
	Vehicles sold	6,393	-
	Office equipment purchased	334	278
	Computer equipment purchased	242	-
	Computer equipment sold	281	-
	Office equipment sold	-	15
	Rent received	531	6,260
Rent paid	3,349	3,044	
Expenses paid	459	1,427	
Dividends received	105,224	56,717	
Dividends paid	356,079	328,689	
Donations	9,168	7,978	
Investments purchased	1,445,239	1,041,620	
Investments sold	1,900,454	1,046,666	
<b>Post employment benefit plans</b>	<b>Transactions during the year</b>		
	Contributions in respect of retirement benefit plans	8,079	7,943
<b>Key management personnel</b>	<b>Year end balances</b>		
	Premiums due but unpaid	-	130
	<b>Transactions during the year</b>		
	Premium underwritten	247	235
	Premium collected	373	163
Computer equipment sold	15	-	
Dividends paid	621	6	

## 29. Segment reporting

The Company has four (2016: five) primary business segments for reporting purposes namely fire and property damage, marine, aviation and transport, motor 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		Miscellaneous		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<b>Corporate segment</b>	<b>(Rupees in thousand)</b>									
Premiums earned	609,434	591,031	764,784	536,940	485,934	497,878	607,555	506,565	2,467,707	2,132,414
<b>Segment Results</b>	139,191	111,727	357,503	287,498	30,435	62,551	68,186	22,427	595,315	484,203
Investment income									321,547	458,140
Rental income									2,570	8,327
Other income									98,953	15,995
Financial Charges									(466)	(680)
General and administration expenses									(29,919)	(46,832)
									392,685	434,950
									988,000	919,153
Profit / (loss) before taxation from window takaful operations - OPF									847	(2,307)
									988,847	916,846
Provision for taxation									(324,860)	(298,672)
Profit after taxation for the year									663,987	618,174
<b>Other information</b>										
Assets - conventional	273,322	317,771	337,212	284,625	192,203	267,217	130,474	344,988	933,211	1,214,601
Corporate segment assets - Takaful OPF	4,106	2,101	1,838	470	25,242	15,072	643	259	31,829	17,902
Unallocated corporate assets - conventional									3,196,135	2,988,437
Unallocated corporate assets - Takaful OPF									43,032	56,663
Consolidated total assets									4,204,207	4,277,603
Corporate segment liabilities - conventional	480,682	472,162	593,044	422,912	338,021	397,046	229,462	512,602	1,641,209	1,804,722
Corporate segment liabilities - Takaful OPF	3,395	2,292	1,520	513	20,875	16,439	531	283	26,321	19,527
Unallocated corporate liabilities - conventional									287,214	385,746
Consolidated total liabilities									1,954,744	2,209,995

Capital expenditure and depreciation / amortization 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 personnels 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	
	2017	2016	2017	2016	2017	2016
	(Rupees in thousand)					
Fire and property damage	243,507,833	264,381,425	231,604,265	252,829,517	11,903,568	11,551,908
Marine, aviation and transport	54,211,377	20,612,224	18,431,868	13,875,056	35,779,509	6,737,168
Motor	16,574,561	25,583,484	3,700,654	6,711,329	12,873,907	18,872,155
Miscellaneous	123,703,172	110,849,789	100,020,280	95,369,919	23,682,892	15,479,870
	<u>437,996,943</u>	<u>421,426,922</u>	<u>353,757,067</u>	<u>368,785,821</u>	<u>84,239,876</u>	<u>52,641,101</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 the 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% on**

	Underwriting results		Shareholder's equity	
	2017	2016	2017	2016
	(Rupees in thousand)			
Fire and property damage	1,995	1,910	1,397	1,318
Marine, aviation and transport	4,743	2,036	3,320	1,405
Motor	18,276	11,048	12,793	7,623
Miscellaneous	18,239	11,895	12,767	8,207
<b>Total</b>	<b>43,253</b>	<b>26,889</b>	<b>30,277</b>	<b>18,553</b>

**Claim development**

Accident year	2013	2014	2015	2016	2017	Total
	(Rupees in thousand)					
Estimate of ultimate claims costs:						
At end of accident year	210,292	129,165	418,039	219,614	223,465	
One year later	166,129	179,537	416,091	171,235	-	
Two years later	165,004	168,444	407,820	-	-	
Three years later	163,409	166,315	-	-	-	
Four years later	162,684	-	-	-	-	
Current estimate of cumulative claims	162,684	166,315	407,820	171,235	223,465	1,131,519
Cumulative payments to date	(161,667)	(153,874)	(383,500)	(145,473)	-	(844,514)
Liability recognized in balance sheet	1,017	12,441	24,320	25,762	223,465	287,005

**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 the 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, Treasury Bills and National Investment (Unit) 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 13.2 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.

	<u>Note</u>	<u>2017</u> <b>(Rupees in thousand)</b>	<u>2016</u>
<b>Fixed rate instruments</b>			
<b>Financial assets</b>			
Statutory deposits	13.1	72,999	74,998
<b>Variable rate instruments</b>			
<b>Financial assets</b>			
Bank balances - savings accounts	11	686,144	228,352
<b>Total exposure</b>		<u>759,143</u>	<u>303,350</u>

**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. 1,508 thousand (2016: Rs. 1,513 thousand) and impact on shareholder's equity would have been higher / lower by Rs. 1,056 thousand (2016: Rs. 1,044 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. 3,555,316 thousand (2016: Rs. 3,516,778 thousand) the financial assets which are subject to credit risk amounted to Rs. 3,555,316 thousand (2016: Rs. 3,516,579 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>2017</u> <b>(Rupees in thousand)</b>	<u>2016</u>
Current and other accounts	11	702,252	250,237
Loans to employees	12	37	97
Investments	13	2,365,824	2,608,556
Premiums due but unpaid		218,616	208,898
Amounts due from other insurers / reinsurers	16	89,884	112,884
Salvage recoveries accrued		3,942	3,235
Accrued investment income	17	5,874	5,720
Reinsurance recoveries against outstanding claims		150,668	300,469
Sundry receivables	19	18,219	26,483
		<u>3,555,316</u>	<u>3,516,579</u>

The Company maintains a general provision against doubtful receivables. The related movement is disclosed in note 15.1. 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 premium due but unpaid is as follows:**

	2017		
	Related parties	Others	Total
	(Rupees in thousand)		
- Up to one year	135,696	73,763	209,459
- Past one but less than three years	1,061	9,326	10,387
- Over three but less than five years	-	1,629	1,629
- More than five years	-	-	-
- Less provision	-	(2,859)	(2,859)
	<u>136,757</u>	<u>81,859</u>	<u>218,616</u>

	2016		
	Related parties	Others	Total
	(Rupees in thousand)		
- Up to one year	79,681	109,589	189,270
- Past one but less than three years	271	21,186	21,457
- Over three but less than five years	-	594	594
- More than five years	-	-	-
- Less provision	-	(2,423)	(2,423)
	<u>79,952</u>	<u>128,946</u>	<u>208,898</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:

Banks	Rating		Rating Agency	2017	2016
	Short term	Long term			
	(Rupees in thousand)				
National Bank of Pakistan	A1+	AAA	PACRA	108	820
Allied Bank Limited	A1+	AA+	PACRA	2,181	670
Summit Bank Limited	A-1	A-	JCR-VIS	422,346	29,908
Bank Alfalah Limited	A1+	AA+	PACRA	61,975	33,829
Faysal Bank Limited	A1+	AA	PACRA	129,208	113,577
Habib Bank Limited	A-1+	AAA	JCR-VIS	10,161	4,309
MCB Bank Limited	A1+	AAA	PACRA	11,861	15,896
NRSP Microfinance Bank Limited	A1	A	PACRA	31,369	30,705
Sindh Bank Limited	A-1+	AA	JCR-VIS	4	7
Bank of Punjab	A1+	AA	PACRA	-	60
Askari Bank Limited	A1+	AA+	PACRA	26,035	20,456
Mobilink Microfinance Bank Limited	A1	A	PACRA	7,004	-
				<u>702,252</u>	<u>250,237</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**

	Held to maturity		Available for sale		Loans and receivables		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	(Rupees in thousand)							
<b>Financial assets as per balance sheet</b>								
Cash and other equivalents	-	-	-	-	-	199	-	199
Current and other accounts	-	-	-	-	702,252	250,237	702,252	250,237
Loans to employees	-	-	-	-	37	97	37	97
Investments	72,999	74,998	2,292,825	2,533,558	-	-	2,365,824	2,608,556
Premiums due but unpaid	-	-	-	-	218,616	208,898	218,616	208,898
Amounts due from other insurers / reinsurers	-	-	-	-	89,884	112,884	89,884	112,884
Salvage recoveries accrued	-	-	-	-	3,942	3,235	3,942	3,235
Accrued investment income	-	-	-	-	5,874	5,720	5,874	5,720
Reinsurance recoveries against outstanding claims	-	-	-	-	150,668	300,469	150,668	300,469
Sundry receivables	-	-	-	-	18,219	26,483	18,219	26,483
	<u>72,999</u>	<u>74,998</u>	<u>2,292,825</u>	<u>2,533,558</u>	<u>1,189,492</u>	<u>908,222</u>	<u>3,555,316</u>	<u>3,516,778</u>

Financial liabilities as per balance sheet	Other financial liabilities	
	2017	2016
Provision for outstanding claims (including IBNR)	324,385	414,528
Amounts due to other insurers / reinsurers	255,654	279,308
Accrued expenses	145,259	133,679
Other creditors and accruals	19,648	96,836
Deposit against performance bonds	23,942	19,421
Unclaimed dividends	72,763	64,367
	<u>841,651</u>	<u>1,008,139</u>

### Maturity analysis of financial assets and liabilities

	2017						2017
	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	-	-	-	-	-	-	-
Current and other accounts	686,144	-	686,144	16,108	-	16,108	702,252
Loans to employees	-	-	-	37	-	37	37
Investments	72,999	-	72,999	2,292,825	-	2,292,825	2,365,824
Premiums due but unpaid	-	-	-	218,616	-	218,616	218,616
Amounts due from other insurers / reinsurers	-	-	-	89,884	-	89,884	89,884
Salvage recoveries accrued	-	-	-	3,942	-	3,942	3,942
Accrued investment income	-	-	-	5,874	-	5,874	5,874
Reinsurance recoveries against outstanding claims	-	-	-	150,668	-	150,668	150,668
Sundry receivables	-	-	-	18,219	-	18,219	18,219
	<u>759,143</u>	<u>-</u>	<u>759,143</u>	<u>2,796,173</u>	<u>-</u>	<u>2,796,173</u>	<u>3,555,316</u>
<b>Off balance sheet</b>	-	-	-	-	-	-	-
<b>Total</b>	<u>759,143</u>	<u>-</u>	<u>759,143</u>	<u>2,796,173</u>	<u>-</u>	<u>2,796,173</u>	<u>3,555,316</u>
<b>Financial liabilities</b>							
<b>On balance sheet</b>							
Provision for outstanding claims (including IBNR)	-	-	-	324,385	-	324,385	324,385
Amounts due to other insurers / reinsurers	-	-	-	255,654	-	255,654	255,654
Accrued expenses	-	-	-	145,259	-	145,259	145,259
Creditors and accrued expenses	-	-	-	19,648	-	19,648	19,648
Deposits against performance bonds	-	-	-	23,942	-	23,942	23,942
Dividend payable	-	-	-	72,763	-	72,763	72,763
	-	-	-	<u>841,651</u>	-	<u>841,651</u>	<u>841,651</u>
<b>Off balance sheet</b>	-	-	-	-	-	-	-
<b>Total</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>841,651</u>	<u>-</u>	<u>841,651</u>	<u>841,651</u>
<b>On balance sheet gap</b>	<u>759,143</u>	<u>-</u>	<u>759,143</u>	<u>1,954,522</u>	<u>-</u>	<u>1,954,522</u>	<u>2,713,665</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**

	2016						Total 2016
	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	-	-	-	199	-	199	199
Current and other accounts	228,352	-	228,352	21,885	-	21,885	250,237
Loans to employees	-	-	-	97	-	97	97
Investments	74,998	-	74,998	2,533,558	-	2,533,558	2,608,556
Premiums due but unpaid	-	-	-	208,898	-	208,898	208,898
Amounts due from other insurers / reinsurers	-	-	-	112,884	-	112,884	112,884
Salvage recoveries accrued	-	-	-	3,235	-	3,235	3,235
Accrued investment income	-	-	-	5,720	-	5,720	5,720
Reinsurance recoveries against outstanding claims	-	-	-	300,469	-	300,469	300,469
Sundry receivables	-	-	-	26,483	-	26,483	26,483
	303,350	-	303,350	3,213,428	-	3,213,428	3,516,778
<b>Off balance sheet</b>							
	-	-	-	-	-	-	-
<b>Total</b>	<u>303,350</u>	<u>-</u>	<u>303,350</u>	<u>3,213,428</u>	<u>-</u>	<u>3,213,428</u>	<u>3,516,778</u>
<b>Financial liabilities</b>							
<b>On balance sheet</b>							
Provision for outstanding claims (including IBNR)	-	-	-	414,528	-	414,528	414,528
Amounts due to other insurers / reinsurers	-	-	-	279,308	-	279,308	279,308
Accrued expenses	-	-	-	133,679	-	133,679	133,679
Creditors and accrued expenses	-	-	-	96,836	-	96,836	96,836
Deposits against performance bonds	-	-	-	19,421	-	19,421	19,421
Dividend payable	-	-	-	64,367	-	64,367	64,367
	-	-	-	1,008,139	-	1,008,139	1,008,139
<b>Off balance sheet</b>							
	-	-	-	-	-	-	-
<b>Total</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,008,139</u>	<u>-</u>	<u>1,008,139</u>	<u>1,008,139</u>
<b>On balance sheet gap</b>	<u>303,350</u>	<u>-</u>	<u>303,350</u>	<u>2,205,289</u>	<u>-</u>	<u>2,205,289</u>	<u>2,508,639</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 13 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:

	2017		2016	
	Level 1	Fair value measurement using Level 2	Level 1	Level 2
<b>Available for sale investment</b>	(Rupees in thousand)			
Listed shares and mutual funds	4,860,698	-	6,362,762	-
Government securities	-	74,711	-	76,334
	<u>4,860,698</u>	<u>74,711</u>	<u>6,362,762</u>	<u>76,334</u>

### 33. Provident fund trust

The Company has maintained an employee provident fund trust and investments out of the provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017. Compliance with rules formulated for this purpose under S.R.O 770 (1)/2016 dated August 17, 2016 "Employees' Provident Fund (Investment in Listed Securities) Rules, 2016 ('the Rules')", will be ensured by the Trustees of the provident fund within the two years transition period as prescribed under the aforementioned Rules. The salient information of the fund is as follow:

	Note	2017 (Rupees in thousand)	2016 (Rupees in thousand)
Size of the fund		102,230	171,380
Percentage of investments made		96.7%	95.6%
Fair value of investments	33.1	98,876	163,871
Cost of investments made		111,644	139,968

	Investments as a % size of fund		Investments (Rupees in thousand)	
	2017	2016	2017	2016
33.1 Government securities	7%	27%	7,000	46,536
Listed securities and mutual funds	90%	68%	91,876	117,335
			<u>98,876</u>	<u>163,871</u>

The information for the financial year 2017 is based on un-audited financial statements of the provident fund.

### 34. Number of employees

Number of management and non management staff employed are as follows:

	Number of persons	
	2017	2016
Total employees	173	176
Average employees	167	166

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

The Board of directors has proposed a final dividend for the year ended December 31, 2017 of Rs. 6.5 (2016: Rs. 6.5) per share, amounting to Rs. 456,049 thousand (2016: Rs. 456,049 thousand) at their meeting held on February 27, 2018, for the approval of the members at the Annual General Meeting to be held on April 10, 2018. The Board has also recommended to transfer Rs. 208,000 thousand (2016: Rs. 162,000 thousand) to general reserves.

**36. Date of authorization for issue**

These financial statements were authorized for issue by the Board of directors of the Company on February 27, 2018.

**37. Corresponding figures**

There has been no significant re-classifications / restatements in these financial statements except for engineering class of business, which has been reclassified to miscellaneous class and is not presented separately in respective notes and statements to these financial statements.

**38. General**

Figures in these financial statements have been rounded off to nearest thousand rupees, unless otherwise specified.



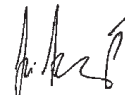
**Rashid Amin**  
Chief Financial Officer



**Arshad P. Rana**  
Chief Executive



**Jawaid Iqbal Ahmed**  
Director



**Ali H. Shirazi**  
Director



**Yusuf H. Shirazi**  
Chairman



تكاافل

TAKAFUL

 **Atlas Insurance**  
Window Takaful Operations  
Annual Report 2017

## Shariah Advisor's Report to the Board of Directors For the year ended December 31, 2017

### الحمد لله رب العالمين و الصلوة و السلام على سيد الأنبياء و المرسلين و بعد

I have reviewed the Takaful products including all related documents, as well as, the Participant Takaful Fund Policy, Investment Policy, Re-Takaful arrangements and the related transactions of Atlas Insurance Limited - Window Takaful Operations (hereafter referred to as "Takaful Operator") for the year ended December 31, 2017.

It is the responsibility of the Takaful Operator to ensure that the rules, principles and guidelines set by the Shariah Advisor and Takaful Rules, 2012 are complied with, and that all products and policies are duly approved by the Shariah Advisor.

My responsibility is to approve the products and policies, and express an opinion that the financial arrangements, Re-Takaful arrangements, contracts and transactions entered into by the Takaful Operator with its participants and stakeholders are in accordance with the requirements of Shariah rules and principles.

The primary objective of Shariah Advisor's report is to inform about the Takaful Operator's compliance with Shariah Guidelines, including the transactions undertaken by the Takaful Operator during the year and express his opinion on transactions and operational aspects of Window Takaful Operations.

Progress of the Year:

During the period under review; Atlas Insurance Limited - Window Takaful Operations has achieved significant successes, details of which are as follows:

1. Under the guidance of undersigned and after getting Shariah approval, Takaful Operator has developed and offered various types of Takaful coverage to its Customers / Participants.
2. Divisions and Branches of the Company have fully participated in the business of Takaful from different locations of the country.
3. Significant success has been achieved in the Takaful coverage agreements with Islamic Banks for their leasing & financing portfolios. At this stage, I am also thankful to the Partners Banks for the confidence they have shown on Atlas Insurance Limited - WTO's Takaful Products and Services.

Shariah Certification:

I confirm that in my opinion and to the best of my understanding based on the provided information and explanations:

- i. transactions undertaken by the Takaful Operator for the year ended December 31, 2017 were in accordance with guidelines issued by Shariah Advisor as well as requirements of Takaful Rules, 2012;
- ii. for the investment purpose of Takaful Funds, a Shari'ah Compliant Investment Policy has been drafted with the consultation of undersigned and the investments have been done from the Operator's Fund & Participant Takaful Fund into Shariah Compliant avenues, including Islamic Banks and Islamic Mutual Funds, with prior Shariah approval. Further, all bank accounts related to Window Takaful Operations have been opened in Islamic Banking Institutions (IBIs) with Shariah Advisor's approval which are completely separate from the conventional insurance business;
- iii. transactions and activities of Window Takaful Operations are in accordance with the Shariah principles in respect of the Participants Takaful Fund (Waqf Fund) and Operator's Fund (OF);

While concluding; I state that the Shari'ah principles were followed in every aspect of practical implementation of Atlas Insurance Limited - WTO during the year. I am grateful to the Board of Directors of Atlas Insurance Limited, Management, Head of Window Takaful Operations, Branch Heads and all relevant departments who cooperated with the Shariah Compliance function and provided every possible support to ensure Shari'ah Compliance in our Takaful practices.

"And Allah Knows Best"



Mufti Zeeshan Abdul Aziz  
Shariah Advisor

Date: February 27, 2018

## Auditors' Report to the Members

### Introduction

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 fund;
- (v) statement of cash flows;
- (vi) statement of contribution;
- (vii) statement of claims;
- (viii) statement of expenses - Operator's Fund;
- (ix) statement of expenses - Participants' Takaful Fund; and
- (x) statement of investment income

of Atlas Insurance Limited - Window Takaful Operations ("the Company") as at December 31, 2017 together with the notes forming part thereof, for the period 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 Ordinances, 1984 (XLVII of 1984). Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management as well as, evaluating the overall financial statements presentation. We believe that one 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 record of the Company and are further in accordance with accounting policies consistently applied;
- (c) the financial statements together with the notes thereon, present fairly, in all material respect, the state of the Company's affairs as at December 31, 2017 and of the profit, its comprehensive income, its cash flows and changes in equity for the year ended, in accordance with approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000, and the Companies Ordinance, 1984; and
- (d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).



**A. F. Ferguson & Co.**  
Chartered Accountants

Engagement partner: Hammad Ali Ahmad

Lahore

Date: February 27, 2018



## Window Takaful Balance Sheet

	Note	OPF 2017	PTF 2017	Total 2017	Total 2016
<b>(Rupees in thousand)</b>					
<b>Operator's Fund (OPF)</b>					
Statutory fund		50,000	-	50,000	50,000
Accumulated loss		(1,460)	-	(1,460)	(2,307)
		48,540	-	48,540	47,693
<b>Waqf / Participants' Takaful Fund (PTF)</b>					
Cede money		-	500	500	500
Accumulated surplus / (deficit)		-	1,650	1,650	(5,625)
		-	2,150	2,150	(5,125)
<b>PTF underwriting provisions</b>					
Provision for outstanding claims (including IBNR)		-	9,049	9,049	3,132
Provision for unearned contribution		-	62,743	62,743	35,303
Contribution deficiency reserve		-	1,291	1,291	-
Unearned retakaful rebate		-	2,018	2,018	1,018
Total underwriting provisions		-	75,101	75,101	39,453
<b>Creditors and accruals</b>					
Contribution received in advance		-	4,088	4,088	1,379
Amounts due to other takaful / retakaful operator		-	13,261	13,261	6,385
Unearned wakala fee		19,970	-	19,970	11,043
Wakala fee payable		-	21,309	21,309	13,926
Other creditors and accruals	5	6,351	3,182	9,533	12,116
		26,321	41,840	68,161	44,849
<b>TOTAL LIABILITIES</b>		26,321	116,941	143,262	84,302
<b>TOTAL FUND AND LIABILITIES</b>		74,861	119,091	193,952	126,870
<b>CONTINGENCIES AND COMMITMENTS</b>	19				

The annexed notes 1 to 21 form an integral part of these financial statements.

## Operations

### As at December 31, 2017

	Note	OPF 2017	PTF 2017	Total 2017	Total 2016
(Rupees in thousand)					
<b>Cash and bank deposits</b>					
Current and other accounts	6	3,461	76,870	80,331	43,585
<b>Investments</b>					
	7	38,377	-	38,377	40,000
<b>Current assets - others</b>					
Contribution due but unpaid - net		-	4,878	4,878	5,673
Amounts due from other takaful / retakaful operator		-	1,079	1,079	447
Accrued investment income	8	732	244	976	412
Retakaful recoveries against outstanding claims		-	1,232	1,232	-
Deferred commission expense		6,129	-	6,129	3,330
Wakala fee receivable		21,309	-	21,309	13,926
Deferred wakala fee		-	19,970	19,970	11,043
Prepayments	9	1,828	14,818	16,646	5,783
		29,998	42,221	72,219	40,614
<b>Fixed assets</b>					
<b>Tangible</b>					
Motor vehicles	10	2,480	-	2,480	2,238
<b>Intangible</b>					
Computer software	10	545	-	545	433
<b>TOTAL FIXED ASSETS</b>		3,025	-	3,025	2,671
<b>TOTAL ASSETS</b>		74,861	119,091	193,952	126,870



Rashid Amin  
Chief Financial Officer



Arshad P. Rana  
Chief Executive



Jawaid Iqbal Ahmed  
Director



Ali H. Shirazi  
Director



Yusuf H. Shirazi  
Chairman

## Window Takaful Operations

### Profit and Loss Account

For the financial year ended December 31, 2017

	Notes	Fire & property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	2017	2016
<b>( Rupees in thousand )</b>								
<b>PTF revenue account</b>								
Net contribution revenue		1,950	2,312	73,128	1,430	-	78,820	20,273
Wakala expense		(4,133)	(2,075)	(22,429)	(619)	-	(29,256)	(7,883)
Net claims		(387)	(244)	(26,139)	(869)	-	(27,639)	(6,679)
Contribution deficiency reserve		-	(1,291)	-	-	-	(1,291)	-
Direct expenses		(21)	-	(18,491)	-	-	(18,512)	(12,348)
Retakaful rebate	11	2,132	1,323	94	78	-	3,627	527
Underwriting result		(459)	25	6,163	20	-	5,749	(6,110)
Net investment income							1,588	535
General and administrative expenses							(62)	(50)
Surplus / (deficit) for the year / period							7,275	(5,625)
<b>OPF Revenue account</b>								
Wakala fee		4,133	2,075	22,429	619	-	29,256	7,883
Management expenses	12	(2,257)	(1,049)	(13,827)	(350)	-	(17,483)	(9,783)
Commission expenses		(1,668)	(884)	(6,329)	(158)	-	(9,039)	(2,018)
		208	142	2,273	111	-	2,734	(3,918)
(Loss) / income on investment							(470)	2,468
General and administrative expenses							(1,417)	(857)
<b>Profit / (loss) for the year / period</b>							847	(2,307)

The annexed notes 1 to 21 form an integral part of these financial statements.



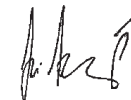
**Rashid Amin**  
Chief Financial Officer



**Arshad P. Rana**  
Chief Executive



**Jawaid Iqbal Ahmed**  
Director



**Ali H. Shirazi**  
Director



**Yusuf H. Shirazi**  
Chairman



## Window Takaful Operations

### Statement of Comprehensive Income

For the year ended December 31, 2017

	<u>2017</u>	<u>2016</u>
	(Rupees in thousand)	
<b>Operator's Fund</b>		
Profit / (loss) for the year / period	847	(2,307)
Other comprehensive income for the year / period	-	-
<b>Total comprehensive income / (loss) for the year / period</b>	<u>847</u>	<u>(2,307)</u>

The annexed notes 1 to 21 form an integral part of these financial statements.



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Chief Financial Officer



**Arshad P. Rana**  
Chief Executive



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Director



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Director



**Yusuf H. Shirazi**  
Chairman



## Window Takaful Operations

### Statement of Changes in Fund

For the year ended December 31, 2017

	Operator's Fund (OPF)		
	Statutory fund	Accumulated (loss) / profit	Total
	(Rupees in thousand)		
<b>Balance as at March 12, 2016</b>	-	-	-
Contribution made during the period	50,000	-	50,000
<b>Total comprehensive income / (loss) for the period</b>			
Loss for the period	-	(2,307)	(2,307)
Other comprehensive income for the period	-	-	-
<b>Balance as at December 31, 2016</b>	50,000	(2,307)	47,693
<b>Total comprehensive income / (loss) for the year</b>			
Profit for the year	-	847	847
Other comprehensive income for the year	-	-	-
<b>Balance as at December 31, 2017</b>	50,000	(1,460)	48,540
	Participants' Takaful Fund (PTF)		
	Cede money	Accumulated (deficit) / surplus	Total
	(Rupees in thousand)		
<b>Balance as at March 12, 2016</b>	-	-	-
Cede Money	500	-	500
<b>Total comprehensive income / (loss) for the period</b>			
Deficit for the period	-	(5,625)	(5,625)
Other comprehensive income for the period	-	-	-
<b>Balance as at December 31, 2016</b>	500	(5,625)	(5,125)
<b>Total comprehensive income / (loss) for the year</b>			
Surplus for the year	-	7,275	7,275
Other comprehensive income for the year	-	-	-
<b>Balance as at December 31, 2017</b>	500	1,650	2,150

The annexed notes 1 to 21 form an integral part of these financial statements.



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Chairman

## Window Takaful Operations

# Statement of Cash Flows

### For the year ended December 31, 2017


	Note	OPF 2017	PTF 2017	Total 2017	Total 2016
<b>(Rupees in thousand)</b>					
<b>Operating activities</b>					
<b>Takaful activities</b>					
Contributions received		-	145,347	145,347	63,289
Retakaful contributions paid		-	(35,148)	(35,148)	(10,101)
Retakaful contributions received		-	3,056	3,056	794
Claims paid		-	(26,448)	(26,448)	(3,547)
Commissions paid		(11,060)	-	(11,060)	(3,998)
Wakala fee received		30,800	-	30,800	5,000
Wakala fee paid		-	(30,800)	(30,800)	(5,000)
<b>Net cash generated from underwriting activities</b>		19,740	56,007	75,747	46,437
<b>Other operating activities</b>					
Income tax paid		(478)	(200)	(678)	(284)
General, administration and management expenses		(23,639)	(17,961)	(41,600)	(15,377)
Other underwriting receipts		-	2,253	2,253	368
Net cash used in other operating activities		(24,117)	(15,908)	(40,025)	(15,293)
<b>Total cash (used in) / generated from all operating activities</b>		(4,377)	40,099	35,722	31,144
<b>Investment activities</b>					
Profit / return (paid) / received		2,597	1,478	4,075	2,591
Payments for purchase of investments		(23,611)	-	(23,611)	(40,000)
Proceeds from disposals of investments		21,714	-	21,714	-
Fixed capital expenditures		(2,505)	-	(2,505)	(600)
Proceeds from disposal of fixed assets		1,457	-	1,457	-
<b>Total cash (used in) / generated from investing activities</b>		(348)	1,478	1,130	(38,009)
<b>Financing activities</b>					
Contribution to the operator's fund		-	-	-	50,000
Cede money		-	-	-	500
Financial charges paid		(3)	(103)	(106)	(50)
<b>Total cash (used in) / generated from financing activities</b>		(3)	(103)	(106)	50,450
<b>Net cash (used in) / generated from all activities</b>		(4,728)	41,474	36,746	43,585
<b>Cash at the beginning of the year / period</b>		8,189	35,396	43,585	-
<b>Cash at the end of the year / period</b>	6	3,461	76,870	80,331	43,585

Reconciliation of operating cash flows to profit and loss account is given in note 18 to these financial statements.


The annexed notes 1 to 21 form an integral part of these financial statements.

  
Rashid Amin  
Chief Financial Officer

  
Arshad P. Rana  
Chief Executive

  
Jawaid Iqbal Ahmed  
Director

  
Ali H. Shirazi  
Director

  
Yusuf H. Shirazi  
Chairman

## Window Takaful Operations Statement of Contribution

### For the year ended December 31, 2017

#### Business underwritten inside Pakistan

Class	Contribution written	Unearned contribution reserve		Contribution earned	Retakaful ceded	Prepaid retakaful contribution ceded		Retakaful expense	Net contribution revenue	
		Opening	Closing			Opening	Closing		2017	2016
(Rupees in thousand)										
<b>Direct and facultative</b>										
Fire and property damage	15,919	5,490	9,475	11,934	15,235	4,769	10,020	9,984	1,950	285
Marine, aviation and transport	7,124	350	1,339	6,135	6,000	376	2,553	3,823	2,312	170
Motor	97,873	28,751	50,533	76,091	4,732	67	1,836	2,963	73,128	19,678
Miscellaneous	2,492	712	1,396	1,808	374	137	133	378	1,430	140
<b>Total</b>	<b>123,408</b>	<b>35,303</b>	<b>62,743</b>	<b>95,968</b>	<b>26,341</b>	<b>5,349</b>	<b>14,542</b>	<b>17,148</b>	<b>78,820</b>	<b>20,273</b>
<b>Treaty</b>										
Proportional / non-proportional	-	-	-	-	-	-	-	-	-	-
<b>Grand total</b>	<b>123,408</b>	<b>35,303</b>	<b>62,743</b>	<b>95,968</b>	<b>26,341</b>	<b>5,349</b>	<b>14,542</b>	<b>17,148</b>	<b>78,820</b>	<b>20,273</b>

#### Note:

Contribution written includes administrative surcharge of Rs. 2,253 thousand (2016: Rs. 368 thousand).

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Director



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Director



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Chairman

## Window Takaful Operations

### Statement of Claims

For the year ended December 31, 2017

#### Business underwritten inside Pakistan

Class	Claims paid	Outstanding claims		Claims expense	Retakaful and other recoveries received	Retakaful and other recoveries in respect of outstanding claims		Retakaful and other recoveries received	Net claims expense	
		Opening	Closing			Opening	Closing		2017	2016
(Rupees in thousand)										
<b>Direct and facultative</b>										
Fire and property damage	2,504	-	847	3,351	2,289	-	675	2,964	387	-
Marine, aviation and transport	230	-	550	780	145	-	391	536	244	-
Motor	23,270	3,132	7,146	27,284	1,060	-	85	1,145	26,139	6,679
Miscellaneous	444	-	506	950	-	-	81	81	869	-
<b>Total</b>	<b>26,448</b>	<b>3,132</b>	<b>9,049</b>	<b>32,365</b>	<b>3,494</b>	<b>-</b>	<b>1,232</b>	<b>4,726</b>	<b>27,639</b>	<b>6,679</b>
<b>Treaty</b>										
Proportional / non-proportional	-	-	-	-	-	-	-	-	-	-
<b>Grand total</b>	<b>26,448</b>	<b>3,132</b>	<b>9,049</b>	<b>32,365</b>	<b>3,494</b>	<b>-</b>	<b>1,232</b>	<b>4,726</b>	<b>27,639</b>	<b>6,679</b>


The annexed notes 1 to 21 form an integral part of these financial statements.

  
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 Director

  
**Ali H. Shirazi**  
 Director

  
**Yusuf H. Shirazi**  
 Chairman

## Window Takaful Operations

### Statement of Expenses - PTF

For the year ended December 31, 2017

#### Business underwritten inside Pakistan

Class	Gross wakala fee	Deferred wakala fee		Net expenses	PTF direct expenses	Rebate from retakaful operators	Net PTF expenses	
		Opening	Closing				2017	2016
(Rupees in thousand)								
<b>Direct and facultative</b>								
Fire and property damage	5,572	2,014	3,453	4,133	21	2,132	2,022	273
Marine, aviation and transport	2,493	118	536	2,075	-	1,323	752	180
Motor	29,362	8,616	15,549	22,429	18,491	94	40,826	19,185
Miscellaneous	756	295	432	619	-	78	541	66
<b>Total</b>	<b>38,183</b>	<b>11,043</b>	<b>19,970</b>	<b>29,256</b>	<b>18,512</b>	<b>3,627</b>	<b>44,141</b>	<b>19,704</b>
<b>Treaty</b>								
Proportional / non-proportional	-	-	-	-	-	-	-	-
<b>Grand total</b>	<b>38,183</b>	<b>11,043</b>	<b>19,970</b>	<b>29,256</b>	<b>18,512</b>	<b>3,627</b>	<b>44,141</b>	<b>19,704</b>

#### Note:

Rebate from retakaful operations is arrived at after taking impact of opening and closing unearned rebate.

The annexed notes 1 to 21 form an integral part of these financial statements.



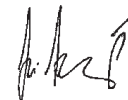
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**Ali H. Shirazi**  
Director



**Yusuf H. Shirazi**  
Chairman



## Window Takaful Operations

### Statement of Expenses - OPF

For the year ended December 31, 2017

#### Business underwritten inside Pakistan

Class	Commissions paid or payable	Deferred commission		Net commission expenses	Other management expenses	Net OPF expenses	
		Opening	Closing			2017	2016
(Rupees in thousand)							
<b>Direct and facultative</b>							
Fire and property damage	2,139	784	1,255	1,668	2,257	3,925	1,357
Marine, aviation and transport	1,030	54	200	884	1,049	1,933	396
Motor	8,446	2,428	4,545	6,329	13,827	20,156	9,895
Miscellaneous	223	64	129	158	350	508	153
<b>Total</b>	<b>11,838</b>	<b>3,330</b>	<b>6,129</b>	<b>9,039</b>	<b>17,483</b>	<b>26,522</b>	<b>11,801</b>
<b>Treaty</b>							
Proportional / non-proportional	-	-	-	-	-	-	-
<b>Grand total</b>	<b>11,838</b>	<b>3,330</b>	<b>6,129</b>	<b>9,039</b>	<b>17,483</b>	<b>26,522</b>	<b>11,801</b>


The annexed notes 1 to 21 form an integral part of these financial statements.

  
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Director

  
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Chairman

## Window Takaful Operations

### Statement of Investment Income

For the year ended December 31, 2017

	<u>2017</u>	<u>2016</u>
	(Rupees in thousand)	
<b>Operator's Fund (OPF)</b>		
Profit on bank deposits for the year / period	756	2,468
Dividend income - related party	2,295	-
Loss on sale of available for sale investments	(3,521)	-
	<u>(470)</u>	<u>2,468</u>
<b>Participants' Fund (PTF)</b>		
Profit on bank deposits for the year / period	2,118	713
Modarib's share	(530)	(178)
	<u>1,588</u>	<u>535</u>

The annexed notes 1 to 21 form an integral part of these financial statements.



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Director



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Director



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Chairman

# Window Takaful Operations

## Notes to the Financial Statements

### For the year ended December 31, 2017

#### 1. Legal status and nature of business

Atlas Insurance Limited (the Operator) has been granted a license to undertake Window Takaful Operations (WTO) in Pakistan on March 02, 2016 by the Securities and Exchange Commission of Pakistan (SECP) under SECP Takaful Rules, 2012.

For the purpose of carrying on the takaful business, as per requirement of circular 8 of 2014 the Operator has transferred Rs. 50,000 thousand in a separate bank account and thereafter, formed a Waqf / Participants' Takaful Fund (PTF) on March 12, 2016 under a Waqf deed with the cede money of Rs. 500 thousand. The Waqf deed governs the relationship of Operator and Participants for management of takaful operations.

#### 2. Basis of preparation and statement of compliance

##### 2.1 Basis of preparation

These financial statements have been prepared in line with the format issued by the previously applicable SEC (Insurance) Rules, 2002 and SECP circular No. 25 of 2015 dated July 09, 2015.

These financial statements reflect the financial position and results of operations of both the Operator's Fund (OPF) and Participants' Takaful (PTF) in a manner that the assets, liabilities, income and expenses of the OPF and PTF remain separately identifiable.

##### 2.2 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan for financial reporting. The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017. However, as allowed by the SECP vide Circular No. 23/2017 dated October 04, 2017, companies whose financial year closes on or before December 31, 2017, shall prepare financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Furthermore, the SECP vide S.R.O. 89(I)/2017 dated February 9, 2017 issued the Insurance Rules, 2017 (the Rules) for insurance companies which were enforceable with immediate effect. However, the SECP vide letter No.ID/OSM/Atlas/2017/12196 dated October 05, 2017 has granted exemption to the Company to prepare these financial statements, for the year ended December 31, 2017, in accordance with the requirements of the previously applicable SEC (Insurance) Rules, 2002.

Accordingly, the approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984, the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002, the Insurance Accounting Regulations, 2017, SECP Takaful Rules, 2012 and directives issued by the SECP. Wherever the requirements differ, the provisions of or directives issued under the repealed Companies Ordinance, 1984, the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002, the Insurance Accounting Regulations, 2017 and SECP Takaful Rules, 2012 or the requirements of the said directives take precedence.

##### 2.3 Basis of measurement

These financial statements have been prepared under the historical cost convention.

##### 2.4 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is the Operator's functional and presentation currency.

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

There are certain new and amended standards and interpretations that are mandatory for the Company's accounting period beginning on or after January 1, 2017 but are considered either not to be relevant to the Company's operations or do not have any significant impact on Company's financial statements, and are therefore not detailed in these financial statements.



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

The following other standards, amendments and interpretations of approved accounting standards are effective for accounting periods beginning on or after January 1, 2018:

	<b>Effective date (accounting periods beginning on or after)</b>
- IFRS 2 Share based payments (amendments)	January 1, 2018
- IFRS 9 Financial Instruments: Classification and Measurement	January 1, 2018
- IFRS 15 Revenue from contracts	January 1, 2018
- IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception (Amendment)	January 1, 2018
- IFRS 16 Leases	January 1, 2019
- IFRS 17 Insurance contracts	January 1, 2021

IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition. The standard introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognize revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

There are other new and amended standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 1, 2018 but are considered not to be relevant or do not have any significant effect on the Company's operations and are therefore not detailed in these financial statements.

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation / disclosures.

## 3. Accounting estimates and judgements

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.

In particular, judgements and estimates made by the management in the application of approved accounting standards, as applicable in Pakistan, that involve a high degree of complexity or assumptions and are significant to these financial statements are as follows:

	<b>Note</b>
- Classification of takaful contracts	4.1
- Provision for unearned contributions	4.3
- Contributions deficiency reserve	4.4
- Provision for outstanding claims (including IBNR)	4.6
- Receivable and payable related to takaful contracts	4.12
- Fixed assets	4.13
- Expenses of management	4.14
- Operating segments	4.16

## 4. Significant accounting policies

### 4.1 Takaful contracts

Takaful contracts are based on the principles of Wakala where the Participants' Takaful Fund (PTF) accepts significant Takaful risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event adversely affects the policyholders.

Takaful contracts once classified, remains so for the remainder of its lifetime, even if the Takaful risk reduces significantly during the period, unless all rights and obligations are extinguished or expired.

The Operator underwrites non-life takaful contracts categorized into fire and property damage, marine, aviation and transport, motor and miscellaneous contracts. The contracts may have a fixed term of one year or less and in some cases for more than one year. Takaful contracts entered into by the Operator under which the contract holder is another Takaful Operator (inwards retakaful) of a facultative nature are included within the individual category of takaful contracts, other than those which fall under Treaty. The takaful risk involved in these contracts is similar to the contracts undertaken by the Operator as takaful operator based on its assessment of the takaful risk involved.

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

Marine, aviation and transport class of business provides coverage against loss and damage to goods in transit by any means of conveyance, physical loss or damage to aircraft, ships, and liabilities to third parties and passengers arising from their use.

Motor takaful covers physical loss or damage to the vehicle and liabilities to third parties as provided under the requirements of the Motor Vehicle Ordinance, 1965.

Other various types of takaful which includes mainly engineering, terrorism, personal accident, worker compensation, travel, products of financial institutions, livestock and crop takaful etc. are included under Miscellaneous takaful cover.

#### 4.2 Contribution

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

#### 4.3 Provision for unearned contributions

The unearned contribution reserve is the unexpired portion of the contribution including administrative surcharge which relates to business in force at the balance sheet date. Unearned contributions have been calculated by applying the method as specified in the Insurance Accounting Regulations, 2017.

#### 4.4 Contribution deficiency reserve

At each balance sheet date, liability adequacy tests are performed separately for each class of business to ensure the adequacy of the unearned contribution liability for that class. It is performed by comparing the expected future liability, after retakaful, from claims and other expenses, including retakaful expense, commissions and other underwriting expenses, expected to be incurred after balance sheet date in respect of policies in force at balance sheet date with the carrying amount of unearned contribution liability. Any deficiency is recognized by establishing a provision (contribution deficiency reserve) to meet the deficit.

Where ratios are adverse an assessment is made if this is due to one off claim and if not, a deficiency in contribution is recognized in the current period. The loss ratios for the current year is as follows:

	<u>2017</u>	<u>2016</u>
- Fire and property damage	20%	Nil
- Marine, aviation and transport	11%	Nil
- Motor	36%	34%
- Miscellaneous	61%	Nil

#### 4.5 Claims

Claims are charged to PTF income as incurred based on estimated liability for compensation owed under the takaful contracts. It includes claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries and any adjustments to claims outstanding from previous years.

#### 4.6 Provision for outstanding claims (including 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. The company engaged an actuary to estimate the IBNR as per SECP Circular No. 9 of 2016, "SEC guidelines for estimation of Incurred But Not Reported claim reserve, 2016". Retakaful 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.

#### 4.7 Retakaful contracts

Retakaful contribution is recognized as an expense at the time the retakaful is ceded. Rebate from retakaful is recognized in accordance with the policy of recognizing contribution revenue. Retakaful assets represent balances due from retakaful operators and retakaful recoveries against outstanding claims. Retakaful liabilities represent balances due to retakaful operators and are primarily retakaful contributions payable for retakaful contracts and are recognized at the same time when retakaful contributions are recognized as an expense.

#### 4.8 Commission

##### 4.8.1 Commission expense

Commission expenses incurred in obtaining and recording policies is deferred and recognized as an expense in accordance with pattern of recognition of contribution revenue by applying 1/24 method as specified in the Insurance Accounting Regulations, 2017.

##### 4.8.2 Rebate from retakaful operators

Rebate from retakaful operators is deferred and is recognized as revenue in accordance with the pattern of recognition of the retakaful contribution to which it relates.

#### 4.9 Wakala and Modarib's share

The Operator manages the general takaful operations for the participants and charges 35% for fire and property, damage, 35% for marine, aviation and transport, 30% for motor, 35% for engineering, 30% for health and 30% for miscellaneous, of gross contribution written including administrative surcharge as Wakala fee against the services. Wakala fee is recognized on the same basis on which the related revenue is recognized. Unexpired portion of Wakala fee is recognized as a liability of Operator's fund and an asset of Participant's takaful fund.

The Operator also manages the participant's investment as Modarib and charges 25% of the investment income earned by the PTF as Modarib fee. It is recognized on the same basis on which related revenue is recognized.

#### 4.10 Revenue recognition

##### 4.10.1 Participants' takaful fund (PTF)

###### 4.10.1.1 Contribution

The revenue recognition policy for contributions is given under note 4.2.

###### 4.10.1.2 Rebate from retakaful operators

The revenue recognition policy for rebate from retakaful operator is given under note 4.8.2.

##### 4.10.2 Investment income

Return on investments, profit on profit and loss sharing accounts and bank deposits are recognized on accrual basis.

#### 4.11 Creditors, accruals and provisions

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and or services received, whether or not billed to the Company. Provisions are recognized when the Company has a legal or constructive obligation as a result of a past event and it is probable that 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. However, the provisions are reviewed at balance sheet date and adjusted to reflect current best estimates.

#### 4.12 Receivables and payables related to takaful contracts

Receivables and payables related to takaful contracts are recognized when due at cost which is the fair value of the consideration given less provision for impairment, if any.



**4.13 Fixed assets****4.13.1 Tangible**

Fixed assets except freehold land are stated at cost less accumulated depreciation and accumulated impairment losses, 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.

**4.13.2 Intangible**

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

**4.14 Expenses of management**

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

**4.15 Cash and cash equivalents**

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

**4.16 Operating segments**

An operating segment is a component of the Operator that engages in business activities from which it may earn revenues and incur expenses. The Operator presents segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000, Takaful Rules 2012 and the SEC (Insurance) Rules, 2002 as the primary reporting format.

The Operator has four primary business segments for reporting purposes namely, fire and property damage, marine, aviation and transport, motor and miscellaneous. The nature and business activities of these segments are disclosed in note 4.1.

**4.17 Qard-e-Hasna**

When the PTF including reserves are insufficient to meet the current payments less receipts, the deficit is funded by way of interest free loan (qard-e-hasna) from the shareholder's fund.

**5. Other creditors and accrual****Operator's Fund - OPF**

	<u>2017</u>	<u>2016</u>
	(Rupees in thousand)	(Rupees in thousand)
Commission payable to agent	1,950	1,333
Sundry creditors	2,116	4,897
Payable against vehicles acquired	-	2,334
Tax deducted at source	851	614
Provision for bonus to staff	1,434	849
	<u>6,351</u>	<u>10,027</u>

**Participants' Fund - PTF**

Modarib share of investment	708	178
PMD stamps	27	6
Tracker expenses payable	1,283	1,021
Income tax deducted	213	124
Federal excise duty payable	699	690
Federal takaful fee payable	96	70
Others	156	-
	<u>3,182</u>	<u>2,089</u>

**6. Current and other accounts**

	Note	2017			2016		
		OPF	PTF	Total	OPF	PTF	Total
		(Rupees in thousand)			(Rupees in thousand)		
Saving accounts	6.1	3,461	76,870	80,331	8,189	35,396	43,585

6.1 The rate of profit on profit and loss sharing accounts from various banks range from 2% to 4.74% (2016: 3.4% to 5%) per annum, depending on the size of average deposits.

**7. Investments - OPF****Available for sale**

	2017	2016
Mutual funds	38,377	40,000

The market value of investments in mutual funds as at December 31, 2017 is Rs. 38,479 thousand (2016: Rs. 40, 492 thousand)

**7.1 Mutual funds - Quoted**

	2017	2016	Face Value Rupees	Fund's Name	2017	2016
	Number of units				(Rupees in thousand)	
	42,472	40,327	500	Atlas Islamic Stock Fund Market value Rs. 21,823 thousand (2016: Rs. 24,456 thousand)	21,714	24,000
	32,328	31,008	500	Atlas Islamic Income Fund Market value Rs. 16,656 thousand (2016: Rs. 16,036 thousand)	16,663	16,000
					38,377	40,000

**8. Accrued investment income**

	2017			2016		
	OPF	PTF	Total	OPF	PTF	Total
	(Rupees in thousand)			(Rupees in thousand)		
Modarib share receivable from PTF	708	-	708	178	-	178
Profit receivable	24	244	268	100	134	234
	732	244	976	278	134	412

**9. Prepayments**

	2017	2016	2017	2016
Tax deducted at source	1,154	265	219	65
Advance to suppliers	5	11	150	-
Others	669	-	-	-
Prepaid re-takaful contribution ceded	-	14,542	-	5,349
	1,828	14,818	369	5,414

**10. Fixed assets - OPF**

	Note	2017	2016
		(Rupees in thousand)	
Tangible	10.1	2,480	2,238
Intangible	10.3	545	433
		3,025	2,671

## 10.1 Tangible - OPF

**Vehicles owned**  
**(Rupees in thousand)****Net carrying value basis****Year ended December 31, 2017**

Opening net book value	2,238
Additions (at cost)	2,205
Disposals at net book value	(1,457)
Depreciation charge	(506)
Closing net book value	2,480

**Gross carrying value basis****As at December 31, 2017**

Cost	2,893
Accumulated depreciation	(413)
Net book value	2,480

**Depreciation rate % per annum**

20%

**Net carrying value basis****Period ended December 31, 2016**

Opening net book value	-
Additions (at cost)	2,334
Disposals at net book value	-
Depreciation charge	(96)
Closing net book value	2,238

**Gross carrying value basis****As at December 31, 2016**

Cost	2,334
Accumulated depreciation	(96)
Net book value	2,238

**Depreciation rate % per annum**

20%

## 10.2 Disposal of operating fixed assets

<u>Particulars of the assets</u>	<u>Sold to</u>	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Book value</u>	<u>Sale proceeds</u>	<u>Mode of disposal</u>
(Rupees in thousand)						
<b>Vehicles</b>						
Honda City - LE-17-402	Abdul Razzaq Ghauri	1,646	189	1,457	1,457	Company's policy

		<b>2017</b>
		<b>(Rupees in thousand)</b>
<b>10.3</b>	<b>Intangible - OPF</b>	
	<b>Net carrying value basis</b>	
	<b>Year ended December 31, 2017</b>	
	Opening net book value	433
	Additions (at cost)	300
	Disposals at net book value	-
	Amortization charge	(188)
	Closing net book value	545
	<b>Gross carrying value basis</b>	
	<b>As at December 31, 2017</b>	
	Cost	900
	Accumulated amortization	(355)
	Net book value	545
	<b>Amortization rate % per annum</b>	33%
	<b>Intangible - OPF</b>	
	<b>Net carrying value basis</b>	
	<b>Period ended December 31, 2016</b>	
	Opening net book value	-
	Additions (at cost)	600
	Disposals at net book value	-
	Amortization charge	(167)
	Closing net book value	433
	<b>Gross carrying value basis</b>	
	<b>As at December 31, 2016</b>	
	Cost	600
	Accumulated amortization	(167)
	Net book value	433
	<b>Amortization rate % per annum</b>	33%

	Rebate received or receivable	2017		Rebate from retakaful operators
		Unearned retakaful Opening	retakaful rebate Closing	
(Rupees in thousand)				
<b>11. Rebate from retakaful operator</b>				
Fire and property damage	2,917	967	1,752	2,132
Marine, aviation and transport	1,296	83	56	1,323
Motor	332	(57)	181	94
Miscellaneous	82	25	29	78
	4,627	1,018	2,018	3,627
	Rebate received or receivable	2016		Rebate from retakaful operators
		Unearned retakaful Opening	retakaful rebate Closing	
(Rupees in thousand)				
<b>Rebate from retakaful operator</b>				
Fire and property damage	1,258	-	967	291
Marine, aviation and transport	317	-	83	234
Motor	(62)	-	(57)	(5)
Miscellaneous	32	-	25	7
	1,545	-	1,018	527

	<u>Note</u>	<u>2017</u> (Rupees in thousand)	<u>2016</u> (Rupees in thousand)			
<b>12. Management expenses - OPF</b>						
Salaries, wages and other benefits	12.1	10,664	5,219			
Shariah advisor fee		1,505	1,851			
Vehicle running and maintenance		978	244			
Travelling and conveyance		177	20			
Printing, stationery and computer expenses		314	331			
Fee and subscriptions		2,863	1,820			
Advertisement expense		838	293			
Other expenses		144	5			
		<u>17,483</u>	<u>9,783</u>			
<b>12.1</b>	This includes staff retirement benefits amounting to Rs. 460,000 (2016: Rs. 182,803).					
<b>13. Auditors' remuneration</b>						
Audit fee		330	300			
Professional fee for certifications		264	240			
Out of pocket expenses		60	54			
		<u>654</u>	<u>594</u>			
<b>14. Operating segments</b>						
<b>14.1 Operator's fund</b>						
	<b>2017</b>					
	<b>Fire and property damage</b>	<b>Marine, aviation and transport</b>	<b>Motor</b>	<b>Miscellaneous</b>	<b>Treaty</b>	<b>Total</b>
	(Rupees in thousand)					
Corporate segment assets	4,106	1,838	25,242	643	-	31,829
Corporate unallocated assets						43,032
<b>Total assets</b>						<u>74,861</u>
Corporate segment liabilities	3,395	1,520	20,875	531	-	26,321
Corporate unallocated liabilities						-
<b>Total liabilities</b>						<u>26,321</u>
Capital expenditure	-	-	-	-	-	2,505
Segment depreciation	-	-	-	-	-	-
Unallocated depreciation / amortization						694
<b>Total depreciation / amortization</b>						<u>694</u>
	<b>2016</b>					
	<b>Fire and property damage</b>	<b>Marine, aviation and transport</b>	<b>Motor</b>	<b>Miscellaneous</b>	<b>Treaty</b>	<b>Total</b>
	(Rupees in thousand)					
Corporate segment assets	2,102	470	15,072	259	-	17,903
Corporate unallocated assets						50,860
<b>Total assets</b>						<u>68,763</u>
Corporate segment liabilities	2,473	554	17,738	305	-	21,070
Corporate unallocated liabilities						47,693
<b>Total liabilities</b>						<u>68,763</u>
Capital expenditure	-	-	-	-	-	2,934
Segment depreciation	-	-	-	-	-	-
Unallocated depreciation / amortization						263
<b>Total depreciation / amortization</b>						<u>263</u>

**14.1 Participants' takaful fund**

	2017					Total
	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Treaty	
	(Rupees in thousand)					
Corporate segment assets	5,445	2,437	33,485	854	-	42,221
Corporate unallocated assets						76,870
<b>Total assets</b>						<b>119,091</b>
Corporate segment liabilities	14,918	6,676	91,721	2,335	-	115,650
Corporate unallocated liabilities						1,291
<b>Total liabilities</b>						<b>116,941</b>
Capital expenditure	-	-	-	-	-	-
Segment depreciation	-	-	-	-	-	-
Unallocated depreciation / amortization						-
<b>Total depreciation / amortization</b>						<b>-</b>
	2016					
	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Treaty	Total
	(Rupees in thousand)					
Corporate segment assets	2,666	597	19,119	329	-	22,711
Corporate unallocated assets						35,396
<b>Total assets</b>						<b>58,107</b>
Corporate segment liabilities	7,422	1,662	53,232	916	-	63,232
Corporate unallocated liabilities						(5,125)
<b>Total liabilities</b>						<b>58,107</b>
Capital expenditure	-	-	-	-	-	-
Segment depreciation	-	-	-	-	-	-
Unallocated depreciation / amortization						-
<b>Total depreciation / amortization</b>						<b>-</b>

**15. Surplus distribution**

Takaful surplus attributable to the participants, if any, is calculated after charging all direct cost, setting aside various reserves and adjusting claims paid to them.

**16. Management of takaful and financial risk****16.1 Takaful risk**

The principal risk that is faced under any takaful contracts is the possibility that the covered event occurs and the uncertainty of the resulting amount claimed i.e. the frequency and severity of claims and that the actual claims and benefit payments exceed the carrying amount of the takaful liabilities. The objective of the Operator is to ensure that sufficient reserves are available to cover these liabilities when they occur. The Operator manages the risk through its strategy of underwriting and claims handling. The underwriting strategy aims to minimize takaful risks with a balanced mix and spread of business classes, and by observing underwriting guidelines and limits. To mitigate the risk, takaful contracts are generally executed where claims are normally intimated and settled within one year.

Underwriting limits are in place to enforce appropriate risk selection criteria. In addition, for large risks annual renewals are preceded by on-site surveys and risk inspections are carried out before accepting the risks. Where needed, risk mitigation measures are identified and communicated to the clients to improve the risk to an acceptable level. Retakaful arrangements in place include treaty and facultative arrangements, on proportional and non-proportional basis and also include catastrophe cover. The effect of such retakaful arrangements is that the PTF may not suffer ultimate net takaful losses beyond the PTF's risk appetite in any one year.

The Operator obtains retakaful cover only from companies with sound financial health. The Operator's arrangement of retakaful is diversified such that it is neither dependent on a single retakaful operator nor the operations of the Operator are substantially dependent upon any single retakaful contract.



### 16.1.1 Frequency and severity of claims

The frequency and severity of claims can be affected by several factors like political violence, environmental and economical, atmospheric disturbances, natural disasters, concentration of risks, civil riots etc. The Operator limits its exposure to catastrophic and riot events by use of retakaful arrangements. The objective of having such arrangements is to mitigate adverse impacts of severe losses on operation's net retentions.

The Operator monitors concentration of takaful risks primarily by class of business. The table below sets out the concentration of the claims and contribution liabilities by class of business at balance sheet date:

Class	2017			
	Gross claims liabilities	Net claims liabilities	Gross contribution liabilities	Net contribution liabilities
	%			
Fire and property damage	9%	2%	15%	(1%)
Marine, aviation and transport	6%	2%	2%	(3%)
Motor	78%	89%	81%	101%
Miscellaneous	6%	5%	2%	3%
	99%	98%	100%	100%

Class	2016			
	Gross claims liabilities	Net claims liabilities	Gross contribution liabilities	Net contribution liabilities
	%			
Fire and property damage	-	-	16%	2%
Marine, aviation and transport	-	-	1%	-
Motor	100%	100%	81%	96%
Miscellaneous	-	-	2%	2%
	100%	100%	100%	100%

The Operator also monitors concentration of risk by evaluating multiple risks covered in the same geographical location. For fire and property damage risk a particular building and neighboring buildings, which could be affected by a single claim incident, are considered as a single location. For earthquake risk, a complete city is classified as a single location. Similarly, for marine risk, multiple risks covered in a single vessel voyage are considered as a single risk while assessing concentration of risk.

The Operator evaluates the concentration of exposures to individual and cumulative takaful risks and establishes its retakaful policy to reduce such exposures to levels acceptable to the Operator.

The operations class wise major gross risk exposure is as follows:

Class	2017	2016
	(Rupees in thousand)	
Fire and property damage	12,576,270	4,842,777
Marine, aviation and transport	1,315,735	708,548
Motor	7,524,406	5,551,686
Miscellaneous	13,852,268	518,135

Since the Operator operates in Pakistan only, hence, all the takaful risks relate to policies written in Pakistan.

### 16.1.2 Sources of uncertainty in estimation of future claim payments

The key source of estimation uncertainty at the balance sheet date relates to valuation of outstanding claims, whether reported or not, and includes expected claims settlement costs. Management judgement is required for estimation of amounts due to policyholders arising from claims made. There are several variable factors which affect the amount and timing of recognized claim liabilities. The Operator takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, the actual results may differ from estimates made, resulting in future changes in estimated liabilities.

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the balance sheet date and for the expected ultimate cost of claims Incurred But Not Reported (IBNR) at the balance sheet date. The details of estimation of outstanding claims (including IBNR) are given under note 4.6.

### 16.1.3 Process used to decide on assumptions

The process used to determine the assumptions for calculating the outstanding claim reserve is intended to result in neutral estimates of the most likely or expected outcome. Due to the uncertainty relating to the likely outcome of any particular claim and the ultimate cost of notified claims, each notified claim is assessed on a separate, case to case basis, with due regards to claim circumstances, the information available from surveyors and the historical evidence of the amount of similar claims.

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

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

### 16.1.4 Sensitivity analysis

The risks associated with the takaful contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Operator considers that the liability for claims recognized in the balance sheet is adequate. However, these amounts are not certain and actual payments may differ from the claims liabilities provided in the financial statements. The impact on the PTF surplus of the changes in the claim liabilities net of retakaful is analyzed below. The sensitivity to changes in claim liabilities net of retakaful is determined separately for each class of business while keeping all other assumptions constant.

	2017		2016	
	PTF Revenue (Rupees in thousand)	PTF Equity (Rupees in thousand)	PTF Revenue (Rupees in thousand)	PTF Equity (Rupees in thousand)
<b>Impact of change in claim liabilities by +10%</b>				
Fire and property damage	(39)	(39)	-	-
Marine, aviation and transport	(24)	(24)	-	-
Motor	(2,614)	(2,614)	(668)	(668)
Miscellaneous	(87)	(87)	-	-
	<u>(2,764)</u>	<u>(2,764)</u>	<u>(668)</u>	<u>(668)</u>
<b>Impact of change in claim liabilities by -10%</b>				
Fire and property damage	39	39	-	-
Marine, aviation and transport	24	24	-	-
Motor	2,614	2,614	668	668
Miscellaneous	87	87	-	-
	<u>2,764</u>	<u>2,764</u>	<u>668</u>	<u>668</u>

### 16.2 Retakaful risk

Retakaful ceded does not relieve the PTF from its obligation towards participants and, as a result, the PTF remains liable for the portion of outstanding claims covered through retakaful to the extent that retakaful operators fails to meet the obligation under the retakaful agreements. To minimize its exposure to significant losses from retakaful operators' insolvencies, the operations obtain retakaful rating from a number of retakaful operators, who are dispersed over several geographical regions.

An analysis of all re-takaful assets recognised, by the rating of the entity from which it is due, is as follows:

Rating	2017		2016	
	Amount due from other takaful / retakaful (Rupees in thousand)	Other retakaful assets (Rupees in thousand)	Amount due from other takaful / retakaful (Rupees in thousand)	Other retakaful assets (Rupees in thousand)
A or above	675	14,542	378	5,349
	<u>675</u>	<u>14,542</u>	<u>378</u>	<u>5,349</u>

### 16.3 Financial risk

The Operator's activities expose it to a variety of financial risks i.e. credit risk, liquidity risk and market risk (comprising of profit rate risk, currency risk and other price risk). The Operator's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Operator's financial performance.

The Board of directors has overall responsibility for establishment and over sight of the Operator's risk management framework.

### 16.3.1 Credit risk

Credit risk is the risk, which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The management monitors exposure to credit risk through regular review of credit exposure, undertaking transactions with a large number of counter parties in various industries and by continually assessing the credit worthiness of counter parties.

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

The carrying amounts of the following financial assets represent the Operator's maximum exposure to credit risk:

	2017			2016		
	OPF	PTF	Total	OPF	PTF	Total
	(Rupees in thousand)			(Rupees in thousand)		
<b>Financial assets</b>						
Bank balances and deposits	3,461	76,870	80,331	8,189	35,396	43,585
Investments	38,377	-	38,377	40,000	-	40,000
Contributions due but unpaid - net	-	4,878	4,878	-	5,673	5,673
Amounts due from other takaful / retakaful	-	1,079	1,079	-	447	447
Accrued investment income	732	244	976	278	134	412
Retakaful recoveries against outstanding claims	-	1,232	1,232	-	-	-
Wakala fee receivable	21,309	-	21,309	13,926	-	13,926
	<u>63,879</u>	<u>84,303</u>	<u>148,182</u>	<u>62,393</u>	<u>41,650</u>	<u>104,043</u>

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

	2017			OPF	PTF	Total
	Short term	Long term	Rating agency			
	(Rupees in thousand)					
<b>Banks</b>						
Askari Bank Limited	A1+	AA+	PACRA	-	31,956	31,956
Bank Alfalah Limited	A1+	AA+	PACRA	-	3,207	3,207
Sindh Bank Limited	A-1+	AA	JCR-VIS	3,461	41,707	45,168
				<u>3,461</u>	<u>76,870</u>	<u>80,331</u>
	2016			OPF	PTF	Total
	Short term	Long term	Rating agency			
	(Rupees in thousand)					
<b>Banks</b>						
Askari Bank Limited	A1+	AA+	PACRA	-	18,496	18,496
Bank Alfalah Limited	A1+	AA	PACRA	-	299	299
Sindh Bank Limited	A-1+	AA	JCR-VIS	8,189	16,601	24,790
				<u>8,189</u>	<u>35,396</u>	<u>43,585</u>

The management monitors exposure to credit risk in contribution receivable from customers through regular review of credit exposure and prudent estimates of provisions for doubtful receivables.

### 16.3.2 Liquidity risk

Liquidity risk is the risk that the Operator will not be able to meet its obligations associated with financial liabilities as the fall due. In respect of major loss event, there is also a liquidity risk associated with the timing differences between gross cash out-flows and expected retakaful recoveries.

The objective of the Operator's liquidity management process is to ensure, as far as possible, that it will always have sufficient liquidity to meet its claim and other liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Operator's reputation. It includes measuring and monitoring the 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.



The information about Operator's exposure to profit rate risk based on contractual reprising or maturity dates whichever is earlier is as follows:

2017 - OPF							
Profit / mark-up bearing							
Effective yield %	Up to one year	Over one year to five year	Over five year	Sub total	Non-profit / mark-up bearing	Total	
(Rupees in thousand)							
<b>Financial assets</b>							
Cash and other equivalent Investment	3.75 - 4.5	3,461	-	-	3,461	-	3,461
Accrued investment income		-	-	-	-	38,377	38,377
Wakala fees receivable		-	-	-	-	732	732
		-	-	-	-	21,309	21,309
		<u>3,461</u>	<u>-</u>	<u>-</u>	<u>3,461</u>	<u>60,418</u>	<u>63,879</u>
<b>Financial liabilities</b>							
Other creditors and accruals		-	-	-	-	5,500	5,500
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,500</u>	<u>5,500</u>
On-Balance sheet sensitivity gap		<u>3,461</u>	<u>-</u>	<u>-</u>	<u>3,461</u>		
Total yield / mark-up rate risk sensitivity gap		<u>3,461</u>	<u>-</u>	<u>-</u>	<u>3,461</u>		

2016 - OPF							
Profit / mark-up bearing							
Effective yield %	Up to one year	Over one year to five year	Over five year	Sub total	Non-profit / mark-up bearing	Total	
(Rupees in thousand)							
<b>Financial assets</b>							
Cash and other equivalents Investment	5	8,189	-	-	8,189	-	8,189
Accrued investment income		-	-	-	-	40,000	40,000
Wakala fee receivable		-	-	-	-	278	278
		-	-	-	-	13,926	13,926
		<u>8,189</u>	<u>-</u>	<u>-</u>	<u>8,189</u>	<u>54,204</u>	<u>62,393</u>
<b>Financial liabilities</b>							
Other creditors and accruals		-	-	-	-	10,027	10,027
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,027</u>	<u>10,027</u>
On balance sheet sensitivity gap		<u>8,189</u>	<u>-</u>	<u>-</u>	<u>8,189</u>		
Total yield / mark-up rate risk sensitivity gap		<u>8,189</u>	<u>-</u>	<u>-</u>	<u>8,189</u>		



## 2017 - PTF

	Profit / mark-up bearing					Non-profit / mark-up bearing	Total
	Effective yield %	Up to one year	Over one year to five year	Over five year	Sub total		
(Rupees in thousand)							
<b>Financial assets</b>							
Cash and other equivalent	2 - 4.74	76,870	-	-	76,870	-	76,870
Contribution due but unpaid		-	-	-	-	4,878	4,878
Amounts due from other							
Takaful / retakaful		-	-	-	-	1,079	1,079
Accrued investment income		-	-	-	-	244	244
Retakaful recoveries against outstanding claims		-	-	-	-	1,232	1,232
		<u>76,870</u>	<u>-</u>	<u>-</u>	<u>76,870</u>	<u>7,433</u>	<u>84,303</u>
<b>Financial liabilities</b>							
Provision for outstanding claims (including IBNR)		-	-	-	-	9,049	9,049
Amounts due to other takaful / retakaful operator		-	-	-	-	13,261	13,261
Wakala fee payable		-	-	-	-	21,309	21,309
Other creditors and accruals		-	-	-	-	2,174	2,174
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,793</u>	<u>45,793</u>
On balance sheet sensitivity gap		<u>76,870</u>	<u>-</u>	<u>-</u>	<u>76,870</u>		
Total yield / mark-up rate risk sensitivity gap		<u>76,870</u>	<u>-</u>	<u>-</u>	<u>76,870</u>		

## 2016 - PTF

	Profit / mark-up bearing					Non-profit / mark-up bearing	Total
	Effective yield %	Up to one year	Over one year to five year	Over five year	Sub total		
(Rupees in thousand)							
<b>Financial assets</b>							
Cash and other equivalents	3.4 - 4.75	35,396	-	-	35,396	-	35,396
Contribution due but unpaid		-	-	-	-	5,673	5,673
Amounts due from other							
takaful / retakaful		-	-	-	-	447	447
Accrued investment income		-	-	-	-	134	134
		<u>35,396</u>	<u>-</u>	<u>-</u>	<u>35,396</u>	<u>6,254</u>	<u>41,650</u>
<b>Financial liabilities</b>							
Provision for outstanding claims (including IBNR)		-	-	-	-	3,132	3,132
Amounts due to other takaful / retakaful operator		-	-	-	-	6,385	6,385
Wakala fee payable		-	-	-	-	13,926	13,926
Other creditors and accruals		-	-	-	-	2,089	2,089
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,532</u>	<u>25,532</u>
On balance sheet sensitivity gap		<u>35,396</u>	<u>-</u>	<u>-</u>	<u>35,396</u>		
Total yield / mark-up rate risk sensitivity gap		<u>35,396</u>	<u>-</u>	<u>-</u>	<u>35,396</u>		



### 16.3.3.2 Foreign currency risk

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

### 16.3.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

## 16.4 Fair value

The fair value of all major financial assets is estimated to be not significantly different from their carrying values.

## 17. Related party transactions

Related parties comprises of associated entities, entities under common control, entities with common directors, major shareholders, post employment benefit plans and key management personnel, inclusive of directors, and their close family members. Transactions with related parties are carried out at arm's length except for compensations to key management, which are on employment terms. The balances and transactions with related parties, other than remuneration under the terms of employment, are as follows:

		<u>2017</u>	<u>2016</u>
		(Rupees in thousand)	
<b>Associated companies</b>	<b>Year / period end balances</b>		
	Contribution received in advance	62	-
	<b>Transactions during the year / period</b>		
	Contribution underwritten	1,555	928
	Contribution collected	2,463	504
	Claims Paid	353	-
	Vehicle purchased	2,255	1,676
	Dividend received	2,295	-
	Investment purchased	23,611	40,000
	Investment sold	21,714	-
<b>Post employment benefit plans</b>	<b>Transactions during the year / period</b>		
	Contributions in respect of retirement benefit plans	284	-
<b>Key management personnel</b>	<b>Year / period end balances</b>		
	Contribution received in advance	3	-
	<b>Transactions during the year / period</b>		
	Compensation	5,726	5,219
	Contribution underwritten	35	3
	Contribution collected	44	3
	Vehicle sold	1,457	-

	<u>2017</u>			<u>2016</u>		
	OPF	PTF	Total	OPF	PTF	Total
	(Rupees in thousand)			(Rupees in thousand)		
<b>18. Reconciliation to profit and loss account</b>						
Operating cash flows	(4,377)	40,099	35,722	(3,401)	34,545	31,144
Depreciation / amortization expense	(694)	-	(694)	(263)	-	(263)
Financial charges	(3)	(103)	(106)	-	(50)	(50)
Net investment (loss) / income	(470)	1,588	1,118	2,468	535	3,003
Increase in assets other than cash	11,642	19,400	31,042	19,959	22,577	42,536
Increase in liabilities other than running finance	(5,251)	(53,709)	(58,960)	(21,070)	(63,232)	(84,302)
Profit / (loss) for the year / period	<u>847</u>	<u>7,275</u>	<u>8,122</u>	<u>(2,307)</u>	<u>(5,625)</u>	<u>(7,932)</u>

**19. Contingencies and commitments**

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

	<u>2017</u>	<u>2016</u>
	(Rupees in thousand)	
Not later than one year	7,582	6,307
Later than one year and not later than five years	5,185	2,457
Later than five years	-	-
	<u>12,767</u>	<u>8,764</u>

There are no other outstanding contingencies and commitments of Atlas Insurance Limited - Window Takaful Operations (WTO) as on December 31, 2017.

**20. General**

- Figures in these financial statements have been rounded off to the nearest thousand rupees, unless otherwise specified.
- Comparative figures in these financial statements are for the period from March 12, 2016 to December 31, 2016.

**21. Date of authorization for issue**

These financial statements were authorized for issue on February 27, 2018 by the Board of directors of the Company.



**Rashid Amin**  
Chief Financial Officer



**Arshad P. Rana**  
Chief Executive



**Jawaid Iqbal Ahmed**  
Director



**Ali H. Shirazi**  
Director



**Yusuf H. Shirazi**  
Chairman

## Company Offices

### HEAD OFFICE

63/A, Block - XX, Phase III (Commercial), Khyaban-e-Iqbal, DHA, Lahore.	PABX: Fax:	(042) 37132611-18 (042) 37132622
ARSHAD P. RANA Chief Executive Officer	Direct: Fax:	(042) 37132600-01 (042) 37132623
RASHID AMIN Chief Financial Officer	Direct: Extension:	(042) 37132607 758
MUHAMMAD SAEED Head of Claims	Direct: Extension:	(042) 37132608 777
QUDSIA NAHEED Head of HR & Admin.	Direct: Extension:	(042) 37132606 717
ABDUL RAZZAQ GHOURI Head of Window Takaful	Direct: Extension:	(042) 37132605 738
SYED IRTIZA KAZMI Vice President (Underwriting)	Direct: Extension:	(042) 37132604 718
MUHAMMAD AASIM GUL Compliance Officer	Extension:	744
SALEEM MEHMOOD Chief Internal Auditor	Extension:	737

### NORTH ZONE OFFICES & BRANCHES

#### LAHORE

CH. TAYYAB HUSSAIN Circle Chief, Lahore Circle - I	City Branch 64/A, Block - XX, Phase III, (Commercial), Khyaban-e-Iqbal, DHA, Lahore.	(042) 37132624-26 37132628-29 Fax: (042) 37132627
MUHAMMAD MUNIR QAZI Chief Manager	Gulberg Branch Office No. 335, 3rd Floor, Land Mark Plaza, Jail Road, Lahore	(042) 35775733-4 Fax: (042) 35714514
MUHAMMAD IJAZ Chief Manager	Al-Noor Branch Al-Noor Building, 43-Bank Square Shahrah-e-Quaid-e-Azam, Lahore.	(042) 37237343 Fax: (042) 37358805
KH. MUHAMMAD NADEEM Deputy Chief Manager	Napier Road Branch Nairobi Mansion Napier Road, Lahore.	(042) 37358190 Fax: (042) 37352560
MUHAMMAD WASIM PURI Branch Manager	Mall Road Branch Hafeez Chambers, 85- Shahrah-e-Quaid-e-Azam, Lahore.	(042) 36305595, 36370838 Fax: (042) 36369576



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**NORTH ZONE OFFICES & BRANCHES****LAHORE**

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MUHAMMAD WASIM PURI Branch Manager	Mall Road Branch Hafeez Chambers, 85- Shahrah-e-Quaid-e-Azam, Lahore.	(042) 36305595, 36370838 Fax: (042) 36369576
CH. ZEESHAN AHMED Deputy Chief Manager	Main Boulevard Branch Office No-6, 2nd Floor, Al-Hafeez View, 67-D/1, Sir Syed Road, Gulberg-III, Lahore	(042) 35784309, 37034673 Fax: (042) 35784310

**RAWALPINDI**

MANZAR ALI NAQVI Manager	101/13, Bank Road, Grand Hotel Building, P.O. Box 119, Rawalpindi.	(051) 5563413, 5516546 Fax: (051) 5798083
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**FAISALABAD**

MUHAMMAD ASIF AKRAM Chief Manager	Faisalabad Branch 123-B, People's Colony No. 1, D - Ground, Faisalabad.	(041) 8721256, 8734176 8546338, 8735080 Fax: (041) 8732499
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IRSHAD FARRUKH BHATTI Chief Manager	Busniess Center Branch Room No. 6, Ground Floor, The Business Center, New Civil Lines Faisalabad.	(041) 2619978, 2629978 Fax: (041) 2409978
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**SIALKOT**

REHAN NAZIR GHUMAN Branch Manager	Ugoki Road, Shahabpura, Sialkot.	(052) 3550450, 3550460 Fax: (052) 3550470
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**ISLAMABAD**

AASIM MAJEED Chief Manager	Office No. 4, 4th Floor, Sector F-7/G-7 Channab Center, Jinnah Avenue, Blue Area, Islamabad.	(051) 2347047, 48 Fax: (051) 2804115
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**SAHIWAL**

RANA MUHAMMAD AAMIR NAZ Branch Manager	407- Stadium Road, Sahiwal.	(040) 4222266 Fax: (040) 4222267
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**MULTAN**

Ghulam Ali Office Incharge	Atlas Honda Building Azmat Wasti Road, Multan.	(061) 4544494 Fax: (061) 4544494
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**SOUTH ZONE OFFICE**

Ground Floor, Federation House, Shahrah-e-Firdousi, Main Clifton, Karachi.	PABX: Fax:	(021) 35378806-7 35369395-6 (021) 35378515
--	---------------	--

ARSHAD P. RANA Chief Executive Officer	Direct:	(021) 35378757
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ABBAS SAJJAD General Manager Sales & Marketing	Direct: Extension:	(021) 35269447 215
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M. WAQARUDDIN RAUF Vice President ZO	Extension:	216
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MUHAMMAD AFZAL Company Secretary	Extension:	202
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**SOUTH ZONE BRANCHES**

## Glossary

<b>Actuary</b>	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.
<b>Actuarial valuations</b>	A determination by an actuary at a special date of the value of a company's assets and its liabilities.
<b>Amortization</b>	Reduction of the value of an asset by prorating its cost over a period.
<b>Associate</b>	A company in which the investor has significant influence and which is neither a subsidiary nor a joint venture of the investor.
<b>Authorized share capital</b>	Maximum value of share capital that a company can legally issue.
<b>Bonus shares</b>	Free shares issued to the shareholders.
<b>Book value</b>	The value of an asset as entered in a company's books.
<b>Budget</b>	An estimate of income and expenditure for a set period of time.
<b>Capital expenditure</b>	Cost of long-term improvements and fixed assets.
<b>Capital gain</b>	Portion of the total gain recognized on sale of a non-inventory asset.
<b>Capital reserves</b>	Any reserve not regarded free for distribution by way of dividends.
<b>Cedant</b>	Client of a reinsurance company.
<b>Combined ratio</b>	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.
<b>Commission</b>	Remuneration to an intermediary for services such as selling and servicing an insurer's products.
<b>Consumer online portal</b>	An internet window for selling of retail consumer products.
<b>Claims</b>	Amount payable under a contract of insurance arising from occurrence of an insured event.
<b>Claims incurred</b>	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.
<b>Corporate social responsibility</b>	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.
<b>Deferred commission</b>	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.
<b>Deferred tax</b>	An accounting concept (also known as future income taxes) meaning a future tax liability or asset in respect of taxable temporary differences.
<b>Defined benefit plans</b>	Post-employment benefit plans other than defined contribution plans.
<b>Depreciation</b>	Systematic allocation of the cost of an asset over its useful life.



<b>Dividend cover</b>	Profit after tax divided by dividend, measures the number of times dividends are covered by distributable profit for the period.
<b>Doubtful debts</b>	A debt where circumstances have rendered its ultimate recovery uncertain.
<b>Earnings per share</b>	Amounts for profit per share attributable to ordinary shareholders of the entity.
<b>Equity method</b>	Method of accounting whereby the investment is initially recognized at cost and adjusted hereafter for the post-acquisition change in the investor's share of net assets of the investee.
<b>Exchange gain (loss)</b>	Difference resulting from translating a given number of units of one currency into another currency at different exchange rates.
<b>Facultative reinsurance</b>	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.
<b>Fair value</b>	Amount for which an asset could be exchanged, or a liability settled.
<b>Fiscal deficit</b>	When government's total expenditures exceed the revenue that it generates.
<b>General insurance</b>	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.
<b>General takaful</b>	Protection to participants for losses arising from perils such as accident, fire, flood, liability and burglary.
<b>Gross contribution</b>	Payment of an amount by a participant to the Takaful Participant Fund, whether direct, or through intermediaries for the purpose of mutual protection and assistance.
<b>Gross domestic products</b>	The total value of goods produced and services provided in a country during a fiscal year.
<b>Gross premium</b>	Premium which an insurer is contractually entitled to receive from the insured in relation to contracts of insurance.
<b>Group health insurance</b>	A single health policy covering a group of individuals, usually employees of the same company or members of the same association and their dependents.
<b>Human resource development</b>	A framework for the expansion of within an organization through the development of both the organization and the individual to achieve performance improvement.
<b>Impairment</b>	The amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount.
<b>Incurred But Not Reported (IBNR)</b>	Claim incurred but not reported to the insurer until the reporting date of the financial statements.
<b>Inflation</b>	A general increase in prices and fall in the purchasing value of money.
<b>Insurance contracts</b>	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.
<b>Insurer Financial Strength Rating</b>	Provides an assessment of the financial strength of an insurance company.
<b>Intangibles</b>	An identifiable non-monetary asset without physical substance.
<b>Internal control</b>	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.
<b>KIBOR</b>	Karachi Interbank Offered Rate (KIBOR) is the interbank clean (without collateral) lending / borrowing rates quoted by the banks.



<b>Knowledge base product</b>	Product produces using knowledge-based systems.
<b>Loss ratio</b>	Percentage ratio of claims expenses to net premium.
<b>Macroeconomics</b>	Branch of economics dealing with the performance, structure, behavior, and decision-making of an economy as a whole.
<b>Market share</b>	The portion of a market controlled by a particular company or a product.
<b>Market treasury bill</b>	A negotiable debt instrument issued by the State Bank of Pakistan on behalf of the government of Pakistan with tenors available in 3, 6, and 12 months.
<b>Market value</b>	Estimated price that a buyer would pay and a seller would accept for an item in a competitive market.
<b>National exchequer</b>	The account in which tax funds and other public funds are deposited.
<b>Net asset value</b>	The value of all tangible and intangible assets of a company minus its liabilities.
<b>Net premium revenue</b>	Gross premium written less reinsurance expense.
<b>Non-life insurance</b>	Non-life insurance and general insurance have identical meaning.
<b>Outstanding claims</b>	A type of technical reserve or accounting provision in the financial statements of an insurer to provide for the future liability for claims.
<b>Paid up capital</b>	The amount paid or contributed by shareholders in exchange for shares of a company.
<b>Pakistan investment bonds</b>	Long term instruments of the government of Pakistan with tenors available in 3, 5, 10, 15 and 20 years.
<b>Participant</b>	The participant is the contributing party to the Takaful policy who is covered through the mutual protection and solidarity of the Takaful policy.
<b>Premium</b>	The amount to be paid for the insurance cover provided by an insurer.
<b>Present value</b>	Future amounts that have been discounted to the present.
<b>Proxy</b>	Power of attorney by which the shareholder transfers the voting rights to another shareholder.
<b>Qard e-Hasna</b>	An interest free loan from the Takaful operator to the Takaful Participant Fund in order to meet any shortfall created in the Fund.
<b>Quoted</b>	Being listed on a stock exchange.
<b>Registered office</b>	An address which is registered with the government registrar as the official address of a company.
<b>Reinsurance</b>	A method of insurance arranged by insurers to share the exposure of risks accepted.
<b>Reinsurance commission</b>	Commission received or receivable in respect of premium paid or payable to a reinsurer.
<b>Reinsurance premium</b>	The premium payable to the reinsurer in respect of reinsurance contract.
<b>Related party</b>	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.
<b>Retrocession</b>	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**

Events concerning conditions which arise after the balance sheet date, which may be of such materiality that their disclosures are required to be ensured that the financial statements are not misleading.

**Tabarru**

A portion of participant's contribution for the purpose of mutual help which is used to pay the claims submitted by eligible claimants.

**Takaful**

An Islamic concept of insurance.

**Takaful operator**

A legal entity, who underwrites, administers and manages the Takaful program on behalf of the participants.

**Takaful policy**

The agreement entered into between the operator and the participant(s) for the purposes of Takaful arrangement.

**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.

**Wakala**

Islamic terminology for agent-principal relationship, where a person nominates another to act on his behalf.



 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
 Atlas Power	2007
 Atlas World Wide	2007
 Atlas Venture	2008
 Atlas Autos	2011
 Atlas Hitec	2012
 Atlas Metals	2012
 Atlas Global	2015
 Atlas Aluminium	2016
 Atlas Die Casting	2016

## Investors' Education

In pursuance of SRO 924(1)/2015 dated September 9, 2015 issued by the Securities and Exchange Commission of Pakistan (SECP), the following informational message has been reproduced to educate investors.

[www.jamapunji.pk](http://www.jamapunji.pk)



**Be aware, Be alert,  
Be safe**

Learn about investing at  
[www.jamapunji.pk](http://www.jamapunji.pk)

### Key features:

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- Scam meter\*
- Jamapunji games\*
- Tax credit calculator\*
- Company Verification
- Insurance & Investment Checklist
- FAQs Answered
- Stock trading simulator (based on live feed from KSE)
- Knowledge center
- Risk profiler\*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

[jamapunji.pk](http://jamapunji.pk)

[@jamapunji\\_pk](https://twitter.com/jamapunji_pk)

\*Mobile apps are also available for download for android and ios devices

# 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 83rd Annual General Meeting of the Company to be held on April 10, 2018 at 3:00 p.m. at 63/A, Block-XX, Phase III (Commercial), Khyaban-e-Iqbal, DHA, Lahore, and at every adjournment thereof.

As witness my / our hand this \_\_\_\_ day of \_\_\_\_\_ 2018.

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

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

\_\_\_\_\_

Witness:

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

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

\_\_\_\_\_

Affix Revenue Stamp
Signature

## 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 deposited at the Company's registered office, 63/A, Block-XX, Phase III (Commercial), Khyaban-e-Iqbal, DHA, Lahore at least 48 hours before the time of the Meeting.



The Secretary  
Atlas Insurance Limited  
63/A, Block-XX,  
Phase III (Commercial),  
Khyaban-e-Iqbal, DHA,  
Lahore

AFFIX  
POSTAGE

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# پراکسی فارم

میں/ہم \_\_\_\_\_ سکنہ \_\_\_\_\_ بطور ائلس انشورنس لمیٹڈ کے رکن / ارکان \_\_\_\_\_  
عمومی حصص کی ملکیت رکھتا ہوں / رکھتے ہیں جس کا رجسٹرڈ فوئیو نمبر \_\_\_\_\_ ہے۔ میں بطور پراکسی \_\_\_\_\_ سکنہ \_\_\_\_\_  
اور ان کی عدم موجودگی کی صورت میں \_\_\_\_\_ سکنہ \_\_\_\_\_ جو خود بھی کمپنی کا رکن ہے / ہیں، کو بطور پراکسی مقرر کرتا ہوں / کرتے ہیں تاکہ وہ  
میری / ہماری جگہ اور میری / ہماری جانب سے کمپنی کے 83 ویں عام اجلاس، جو کہ 10 اپریل 2018 کی دوپہر 3:00 بجے بمقام 63/A، بلاک XX، فیز III (کمرشل)، خیابان اقبال، ڈی ایچ اے، لاہور  
میں منعقد ہو رہا ہے۔ اس میں یا اس کے کسی ملتی شدہ اجلاس میں شرکت کرے اور ووٹ ڈالے۔

دن \_\_\_\_\_ مہینہ \_\_\_\_\_ 2018 کو مجھے / ہمیں ثبوت دیا گیا ہے۔

دستخط: \_\_\_\_\_

پتا: \_\_\_\_\_

گواہ: \_\_\_\_\_

دستخط: \_\_\_\_\_

پتا: \_\_\_\_\_

درست رقم کا ٹکٹ  
چسپاں کریں  
دستخط

نوٹ:

- 1 - کمپنی کے عام اجلاس میں شرکت اور ووٹ کا حقدار رکن اپنی جگہ شرکت اور ووٹ کے لئے پراکسی مقرر کرنے کا حقدار ہے۔ کوئی بھی شخص جو کمپنی کا رکن نہیں ہے اسے بطور پراکسی مقرر نہیں کیا جاسکتا سوائے اُس شخص کے جسے کوئی ادارہ رکن نہ ہونے پر مقرر کرے۔
- 2 - پراکسی مقرر کرنے کا تقرر نامہ کسی مجاز آفیسر سے تصدیق شدہ تحریر میں ہونا چاہئے اور اگر ایسا تقرر کنندہ کوئی کارپوریشن یا کمپنی ہو تو کارپوریشن یا کمپنی ہذا سے تصدیق کیا گیا ہو۔
- 3 - پراکسی کا مکمل پُر شدہ فارم کمپنی کے رجسٹرڈ آفس 63/A، بلاک XX، فیز III (کمرشل)، خیابان اقبال، ڈی ایچ اے، لاہور میں اجلاس کے مقرر کردہ وقت سے کم از کم 48 گھنٹے پہلے جمع کروانا لازمی ہوگا۔

درست رقم کا ٹکٹ  
چسپاں کریں

کمپنی سیکریٹری  
اٹلس انشورنس لمیٹڈ  
63/A، بلاک XX، فیزا III (کمرشل)،  
نجیابان اقبال، ڈی ایچ اے، لاہور

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