



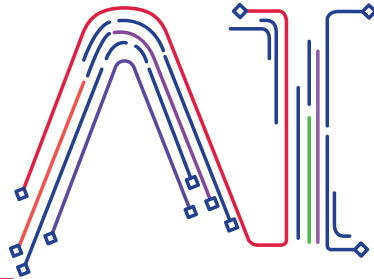
Jubilee
GENERAL INSURANCE



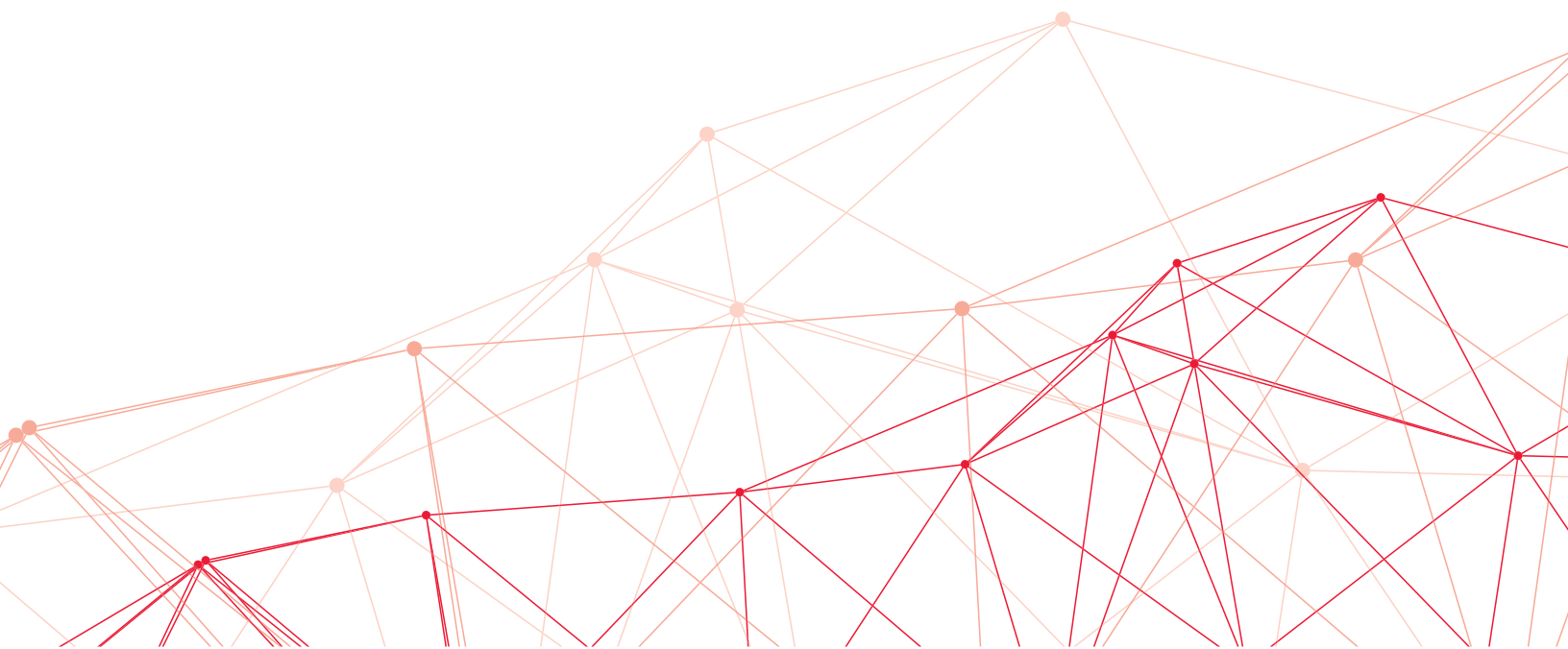
**Advancing
with Intelligence**

**Annual
Report 2017**

Jubilee General Insurance Company Limited



Advancing with Intelligence





JCR-VIS



PACRA

MAP

Top Position in Financial Category
33rd MAP Corporate Excellence
Award

ICAP & ICMAP

Top Position in NBFCs
Best Corporate Report & Sustainability
Award

Lloyd's Register LRQA

ISO 9001:2015
(All Functions including Enterprise
Risk Management)

FPCCI

Outstanding Service in Insurance

Insurance Journal

Corporate Social Responsibility
Highest Donation (2013-2015)

SAFA

Certificate of Merit
(Insurance Sector)



LIGHTING THE WAY TO LEADERSHIP

At Jubilee General, making a difference defines us. On every corporate landscape, we believe in driving excellence, delivering results and demonstrating passion. Our awards this year are a testament to this commitment.

ABLE. WILLING. STRONG.

Advancing with Intelligence

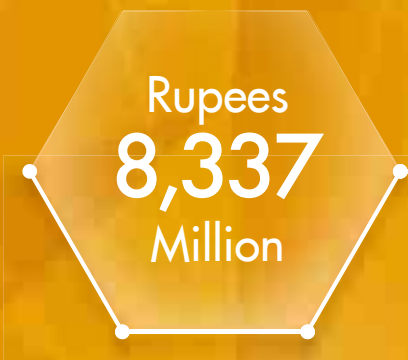
Since the beginning of time, mankind has been curious to know the unknown. From discovering time-travel to making ways in creating the invisible man – the thirst for knowledge has been everlasting. Amongst many of such interests, Artificial Intelligence (AI) is also a subject of distant imagination that has always thrilled mankind. Over a period of time, Artificial Intelligence has crawled out of our imaginations into our daily lives. From the gadgets we use to the simple search options we click for shopping; Artificial Intelligence is secretly embedded in our lives, making it convenient and interesting at the same time.

Involvement of Artificial Intelligence for the functioning of any insurance company helps create efficiency and accuracy while providing satisfactory results for the customers. Knowing the future holds more possibilities, Artificial Intelligence can make businesses within the insurance sector proficient. Jubilee General believes in introducing the impactful advancements of Artificial Intelligence in the insurance sector to make the lives of our customers hassle-free, and providing convenience for a better tomorrow.

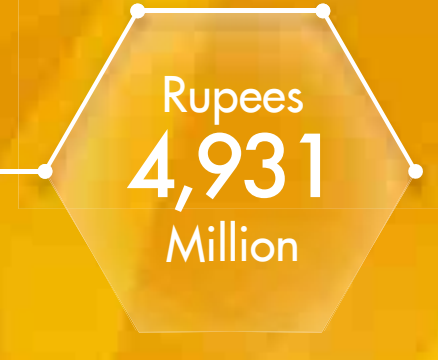


Financial Highlights 2017

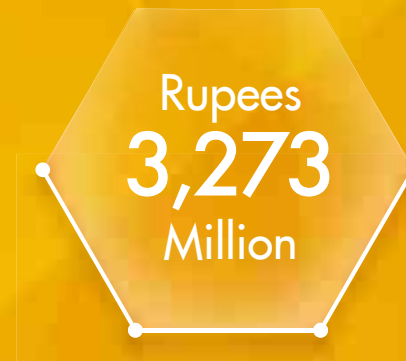
Written Premium/
Contribution



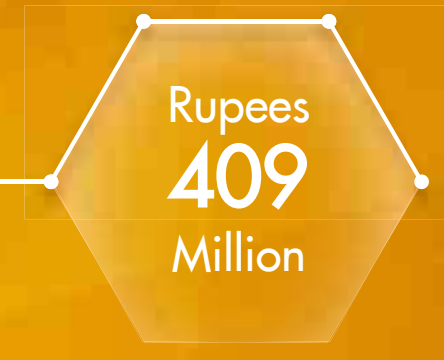
Net Premium/Contribution
Revenue



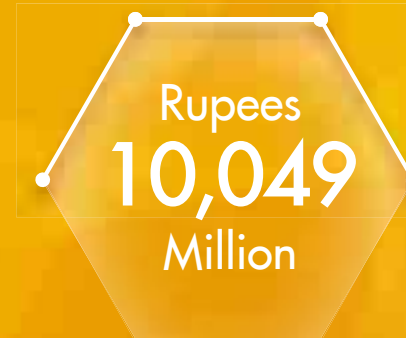
Claims Paid



Underwriting Profit



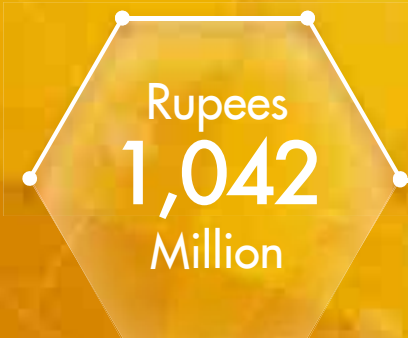
Investments
& Properties



Total Assets



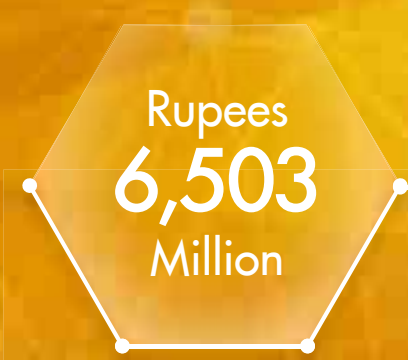
Investment Income



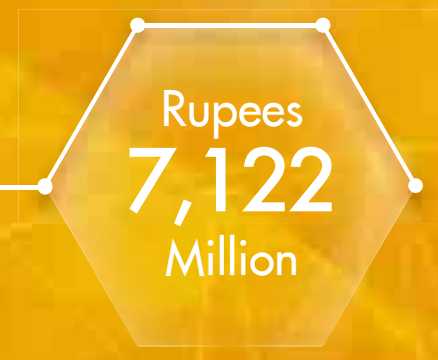
Profit After Tax



Technical Reserves



Shareholders' Equity



Earnings Per Share



Dividend Per Share



This Annual Report is an endeavour to enable our stakeholders to make comprehensive assessment of our ability to generate financial and non-financial value for them.

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Company Information

Holding the Information Sacred



Corporate Information

Chairman of the Board of Directors

Towfiq H. Chinoy

(Non-Executive Director)

Directors

Sadrudin Hashwani

(Non-Executive Director)

Akbarali Pesnani

(Non-Executive Director)

John Joseph Metcalf

(Non-Executive Director)

R. Zakir Mahmood

(Non-Executive Director)

Amin A. Hashwani

(Non-Executive Director)

Salim Amlani

(Non-Executive Director)

Amyr Currimbhoy

(Independent Director)

Managing Director and Chief Executive

Tahir Ahmed

(Executive Director)

Chief Financial Officer

Nawaid Jamal

Company Secretary

Fahad Alam

Auditors

KPMG Taseer Hadi & Co.

Shariah Advisor

Mufti Zeeshan Abdul Aziz

Legal Advisor

SurrIDGE & Beecheno

Bankers

Habib Bank Limited
 Standard Chartered Bank (Pakistan) Limited
 United Bank Limited
 Soneri Bank Limited
 Bank Alfalah Limited
 BankIslami Pakistan Limited
 Dubai Islamic Bank

Share Registrar

THK Associates (Pvt) Limited
 1st Floor, 40-C, Block-6, P.E.C.H.S.,
 Karachi.
 UAN: (92-21):111-000-322
 Tel: (92-21) 34168266-70

Head Office / Registered Office

2nd Floor, Jubilee Insurance House
 I. I. Chundrigar Road, Karachi, Pakistan.

UAN: (92-21) 111 - 654 - 111
 Toll Free: 0800-03786
 Tel: (92-21) 32416022-26
 Fax: (92-21) 32416728 , 32438738

Email: info@jubileegeneral.com.pk
 Website: www.jubileegeneral.com.pk

National Tax Number

0711347-1

Sales Tax Registration Number

1600980500182

Board of Directors

Controlling Systems with Efficiency





Towfiq H. Chinoy
Chairman

(Director since: August 27, 1997)

Mr. Towfiq Habib Chinoy is a seasoned entrepreneur and businessman. He is presently the Chairman of Packages Limited and director of Pakistan Business Council. Mr. Chinoy has served as a Member of the Engineering Development Board, Government of Pakistan, the Advisory Boards of Ports, Shipping Sector, Ministry of Communications, Director on the Board of Port Qasim Authority, National Refinery Limited, Linde Pakistan Limited and Jubilee Life Insurance Company Limited.

Other Corporate Directorships include:

- Packages Limited
- International Steels Limited
- IGI Investment Bank Limited

Role of the Chairman

The Chairman is responsible for leadership of the Board and act as a liaison between the management and the Board. He is elected from non-executive directors. The Chairman will:

- ensure effective and efficient manner of the Board proceedings in conformity with best Practices of the Code of Corporate Governance.
- encourage and foster an environment in which the Board as a whole is enabled to play a full and constructive part in the development and determination of the Company's strategy and overall business objectives.
- ensure that the Board members receive accurate, timely and sufficient information which enable them to form appropriate judgments.
- engage the Board in discussions to promote constructive session which results in effective decision making.
- ensure effective operations of the Board and its committees.
- engage into effective communication with shareholders, and other relevant stakeholders to ensure that the views of the relevant stakeholders are understood by the Board.



Tahir Ahmed
Managing Director & Chief Executive

(Director since: July 9, 2005)

Mr. Tahir Ahmed is a Metallurgical Engineer, an MBA and an Associate of Chartered Insurance Institute (ACII), London. He has been associated with the insurance industry for the last 36 years, during which he has obtained extensive experience in all areas of general insurance business. He is Council Member of Pakistan Insurance Institute (PII) and was its Chairman in 2013-2014. He has held the office of Chairman of Insurance Association of Pakistan (IAP) four times. He was the Chairman of Insurance Reforms Sub-Committee of Securities & Exchange Commission of Pakistan (SECP).

Other Corporate Directorships include:

- Jubilee Kyrgyzstan Insurance Company - CJSC

Role of the Chief Executive

The Chief Executive is responsible for leadership of the management. He will:

- exercise all the powers delegated by the Board within the parameters provided in the Articles and Memorandum of the Company in managing day to day affairs of the Company.
- recommend corporate strategy to the Board and after its approval ensure its implementation accordingly.
- keep the Board updated on progress made against such agreed corporate strategy and overall business objectives.
- lead the management committees in an efficient manner.
- ensure that the management complies with all relevant legislations and regulations.
- develop and maintain an effective framework of internal controls including Enterprise Risk Management System in relation to all business activities.
- ensure that the Company has a suitable system and policy for the timely and accurate disclosure of information in accordance with regulatory requirements.



Sadruddin Hashwani
Director

(Director since: November 17, 1979)

Mr. Sadruddin Hashwani is an accomplished businessman and belongs to an illustrious industrialist family of Karachi. He started his business career in 1960. Mr. Hashwani has a diversified business portfolio, in which Hotel industry is the most prominent. Besides being on the Board of Jubilee General Insurance Company Limited he is also Director in different companies of Hashoo Group.

Other Corporate Directorships include:

- Zaver Petroleum Corp. (Pvt) Limited
- Hashwani Hotels Limited
- Zaver Chemicals Limited
- Pearl Continental Hotels (Pvt) Limited
- Hashoo Holdings (Pvt) Limited
- Gelcaps (Pakistan) Limited
- Hassan Ali & Co. (Pvt) Limited
- Hassan Ali (Grains) (Pvt) Limited
- Hashoo International (Pvt) Limited
- Noor Properties (Pvt) Limited
- Pakistan Services Limited
- Trans Air Travels (Pvt) Limited
- Pearl Tours and Travels (Pvt) Limited
- Zaver Power (Pvt) Limited
- OPI Gas (Pvt) Limited
- Pakistan Services (Azad Kashmir) Limited
- Zaver Mining Company (Pvt) Limited



Akbarali Pesnani
Director

(Director since: August 15, 2002)

Mr. Akbarali Pesnani is a Fellow Chartered Accountant (FCA), a Fellow Cost and Management Accountant (FCMA) and an MBA. He has a vast experience in Accounts and Finance. He serves on the Boards of various prestigious organisations. Mr. Pesnani has a long association with Aga Khan Development Network (AKDN), currently holds a senior level position in this organisation.

Other Corporate Directorships include:

- Cherat Cement Company Limited
- Cherat Packaging Limited
- Air Asia Limited
- Air Safira Limited
- Aga Khan Cultural Services Pakistan Limited



John Joseph Metcalf
Director

(Director since: February 28, 2007)

Mr. John Joseph Metcalf is a Fellow of the Chartered Insurance Institute of UK and a senior insurance professional with extensive international experience in managing insurance companies. He is responsible for the development of strategy for the insurance business of AKFED, including management oversight as director on the Board of all AKFED investments in the insurance sector spread in 5 countries in Africa and Pakistan.

Other Corporate Directorships include:

- Jubilee Life Insurance Company Limited
- Jubilee Holdings Limited Kenya
- Jubilee Insurance Co. of Kenya Limited
- The Jubilee Insurance Co. of Tanzania Limited
- The Jubilee Insurance Co. of Mauritius Limited
- The Jubilee Insurance Co. of Burundi Limited
- The Jubilee Investments Co.Limited, Uganda
- Jubilee Kyrgyzstan Insurance Company - CJSC
- Jubilee Life Insurance Co., Uganda
- Jubilee Life Insurance Co., Tanzania
- Jubilee Life Insurance Co., Burundi



R. Zakir Mahmood
Director

(Director since: June 25, 2008)

Mr. R. Zakir Mahmood has a vast banking experience. He had been President and CEO of Habib Bank Limited for 12 years. Mr. Mahmood is the Chairman of Kyrgyz Investment & Credit Bank. He is a trustee of Aga Khan University. He also serves as director of various other organisations.

Other Corporate Directorships include:

- Jubilee Life Insurance Company Limited



Amin A. Hashwani
Director

(Director since: March 24, 2014)

Mr. Amin A. Hashwani belongs to a well-known business family of Pakistan. He has headed numerous business and non-business organisations, including, Pakistan India CEOs’ Business Forum, Young Presidents’ Organisation, The Network of Organisations Working for People with Disability and AIESEC, Pakistan. He is the recipient of several national and international awards for his work, including an Honorary Doctorate from USA.

Other Corporate Directorships include:

- Hassan Ali Rice Export Company Limited
- Landmark Spinning Industries Limited
- Hassan Ali & Co. (Cotton) (Pvt) Limited
- Stonyx (Pvt) Limited
- Wholesome Foods (Pvt) Limited
- Coronet Enterprises (Pvt) Limited
- Ittehad Cement Industries Limited
- Hashwani Construction Company (Pvt) Limited
- Beaumont Enterprise (Pvt) Limited
- Marvel Enterprises (Pvt) Limited



Salim Amlani
Director

(Director since: June 25, 2017)

He has over 40 years of well-rounded and diverse experience in international and domestic banking. He has held leadership positions since 1991 involving all aspects of Audit, Operations, Quality Assurance, Compliance, Consumer/ Retail Banking, Financial Control and Treasury Front Office.

Other Corporate Directorships include:

None



Aryn Currimbhoy
Director

(Director since: June 25, 2017)

Mr. Aryn Currimbhoy is a Chartered Accountant (Institute of Chartered Accountants in England and Wales), having extensive experience in Finance and General Management in a manufacturing environment, with more than 18 years at a senior level.

Other Corporate Directorships include:

- Jubilee Life Insurance Company Limited

Vision

Enabling people to
overcome uncertainty

Mission

To provide solutions that protect
the future of our customers





Values

Teamwork
Integrity
Excellence
Passion

Strategic Objective

To grow by excelling
in service to our
clients and quality
of our security

Company Overview



Company Overview

Jubilee General Insurance Company Limited has entered its sixty sixth year of Operations marking a legacy of over six decade of living by its core values, of; Teamwork, Integrity, Excellence and Passion.

Since its establishment in 1953, Jubilee General has maintained its presence as the most prominent company launching innovative products and new initiatives in the insurance industry. It has established itself as one of the most reputed and brightest names of the sector. Sustained growth and evolution has secured Jubilee General as one of the "Big Three" insurers of Pakistan in terms of gross direct premium and financial base.

Jubilee General is listed on the Pakistan Stock Exchange. Its major shares are held by, Aga Khan Hospital and Medical College Foundation, Habib Bank Limited, Aga Khan Fund for Economic Development and Hashoo Group. Jubilee General, with its Head Office in Karachi, has an extensive and dynamic branch network in all major cities and towns of Pakistan to ensure prompt service at the customers' doorstep. To ensure sustained long term existence, the Company has embarked on a journey to adopt Enterprise Risk Management (ERM) Framework.

Jubilee General is the highest rated general insurance company in Pakistan with an Insurer Financial Strength Rating of "AA+" with "Stable Outlook" assigned by the both credit rating agencies of Pakistan i.e JCR-VIS and PACRA. The "AA+" with "stable outlook" takes into account financial strength of the Company as demonstrated by its strong capitalisation and liquidity indicators. It also denotes a very strong capacity of the Company to meet policyholders' contract obligations.

Jubilee General is the only insurer in Pakistan to be accorded Financial Strength Rating of "B++" (good) and issuer credit rating of "BBB" by A. M. Best, which is the highest rating to be assigned by an International Rating Agency to any financial institution in Pakistan. According to A.M. Best the rating reflects Jubilee General's strong risk-adjusted capitalisation, solid business profile within Pakistan and good track record of operating performance. Furthermore, the Company has developed better procedures in assessing, measuring and mitigating the key risks associated with its business. A. M. Best is the world's oldest and most authoritative insurance rating and information source.

Over the last decade, Jubilee General has grown at double the industry average growth rate, more than doubling its market share and prides itself in its long-standing reinsurance relationships with internationally renowned reinsurers such as Swiss Re, SCOR Re, Lloyds, Hannover Re, Asia Capital Re and Korean Re. The Company is also supported by internationally acclaimed reinsurance brokers including AON Group, Willis, Marsh, Lockton, Howden, UIB and Crescent Global.

With a broad spectrum of services available, Jubilee General's client-base comprises prominent national and multinational corporations operating in Pharmaceutical, Power Generation and Distribution, Chemical, Textile, Cement, Services (Hospitals & Hotels), Oil & Energy, Manufacturing, FMCG, Engineering, Banking and Financial sectors.

At Jubilee General, diversity is maintained through underwriting all classes of general insurance including Fire, Marine, Motor, Engineering, Health and General Accident. Jubilee General not only offers wide risk coverage, but also provides related risk management services delivered by highly qualified and experienced risk managers. Consumer finance is growing in Pakistan and Jubilee General has developed innovative insurance solutions to meet the growing demand. From auto financing to personal loans, mortgages to plastic cards, and trade finance to capital investment finance, Jubilee General has the customised solutions to secure entire operations, product range and transactions of all financial institutions. With the stream of upcoming power, engineering and infrastructure development projects on the national level, our Engineering & Bonds Department, manned by the most experienced engineers in the industry, is geared to provide technical and quality security to this vital sector.

As pioneers in Group Health Insurance, Jubilee General continues to develop new, flexible and customised plans to suit the diverse needs of our many blue chip Pakistani companies and multinational clients. Jubilee General also has an array of personal health insurance products with wide coverage and scalable benefit limits.

In May 2015, Jubilee General launched its Window Takaful Operations setup. This endeavor helps us not only to cater to the requirements of our existing clientele but also to reach out to new market segments which had not hitherto been obtaining the benefits of General Insurance products. Our General Takaful products are designed under the supervision of a Certified Shari'ah Advisor.

The insurance industry world over is undergoing technological revolution. Jubilee General prides itself as innovator and distributor of technology driven service and delivery of products. Leveraging on its digital know-how, Jubilee General is making rapid progress in automation of processes for faster and improved controls to deliver better customer experience. Thus the Company became that first insurer in Pakistan to launch an online portal providing end-to-end solution complete with payment options. Jubilee General after pioneering the first ever Android Application for motor insurance, has also launched Android Applications for Bus Passenger's Personal Accident by the name of "Musafir" and a Health insurance application; and intends to introduce more applications using Android Mobile Technology to increase the insurance penetration in the retail segment.

Jubilee General recognises that technological innovation is an ongoing process and we continue to invest in this endeavor with a view to improving our efficiencies and provide our customers easy access to the entire insurance value chain from obtaining a quotation, selecting the right insurance product, payment options & reporting claims. Our technology suites now also contains an online motor renewal facility where any Jubilee customer, irrespective of whether they had initially obtained insurance online via our motor android application or offline through our branch network, can renew their policy from the luxury of their home or office hassle free. Jubilee General has also developed a motor claims application which is available to all our customer on our website as well as on Google Playstore. Our customers can now report losses on real time basis on the application which automatically locates and appoints the nearest surveyor and also informs our back office claim service providers. Through this innovation, the surveyor coordinates with customers for settlement of losses in a matter of minutes. For corporate clients, our marine cover-note application has made the process of establishment of LC hassle free as our customers can generate cover notes at their convenience 24/7. This facility, which is currently available on android platform, will soon be available on the web as well. Jubilee General will continue on its Journey of technological innovation and digitalisation and the years ahead will witness an increasing range of end to end process automation.

Jubilee General is cognizant of the need and responsibilities for organizations to return back & contribute to development of societies. Our focus areas for constructive intervention include education, health, culture & sports; as we believe these to be the foundation for wellbeing and development of future generations.

Our social responsibility initiatives include contributing to various institutions involved in providing medical support to the needy. We are also aligned with a number of educational institutions that provide free/subsidized education to deserving communities. We also support snooker and squash to bring forth deserving sportsman and providing them opportunities to shine.

Jubilee General has been recognised as the highest contributor in the social responsibility category amongst all insurance companies of the country by "Insurance Journal".

Above all, at Jubilee General, we remain focused on meeting and exceeding customer expectations.

Insurance / Takaful Products



Property

- Fire & Allied Perils
- Burglary
- Business Interruption following:
 - Fire & Allied Perils
- Comprehensive Machinery (CMI)
- Civil Engineering Complete Risk (CECR)
- Errection All Risks
- Property All Risks
- Industrial All Risks
- Ship Breaking



Marine

- Marine Cargo Import
- Marine Cargo Export
- Marine Cargo Inland Transit
- Marine Umbrella Liability
- Seller's Contingency
- Marine Hull
- Pleasure Craft Policy
- Sports Craft Policy
- Graveyard Policy
- Marine & Delay in Startup
- Containers
- Stevedores Liability



Motor

- Private Car Comprehensive
- Commercial Vehicle Comprehensive
- Motorcycles Comprehensive
- Motor Third Party Liability
- Old Car Comprehensive
- 3T- Old Car
- Trade Plate



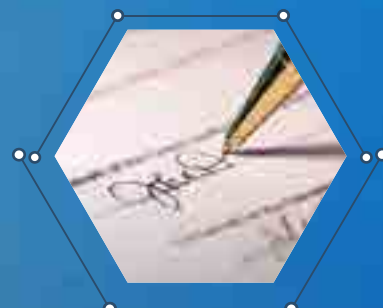
Engineering

- Contractor's All Risk (CAR)
- Comprehensive Project
- Advance Loss of Profit following Errection All Risks (EAR)
- Machinery Breakdown (MBD)
- Boiler & Pressure Vessels
- Business Interruption following MBD
- Computer & Electronic Equipment
- Contractor's Plant & Machinery



Group Health

- Comprehensive Dread Disease Expenses Benefit
- Comprehensive Hospitalisation Expenses Benefit
- Maternity Expenses Benefit
- Out-Patient Expenses Benefit
- Managed Care Solution
- Micro Health



Bonds

- Bid Bond
- Mobilisation Advance Bond
- Performance Bond
- Maintenance Bond
- Customs Bond
- Excise Bond
- Supply Bond
- Retention Money Bond
- Utility Bond
- Travel Agent Bond
- APTTA Custom Bond



Specialised

- Banker's Blanket Bond
- Computer Crime
- Plastic Card
- Safe Deposit Box
- Foreign Currency Exchange
- Comprehensive Security Guard
- Kidnap & Ransom
- Terrorism
- Crop
- Hotel Owner's All Risks
- Professional Indemnity
- Directors' & Officers' Liability
- Residual Value
- Energy Risk
- Protection & Indemnity
- Prize Money
- Event Cancellation
- Network Operator's Policy
- Submarine Cable Policy
- Off Shore Construction Project
- Control of Well Policy
- Oil Liability
- Livestock
- Employment Practice Liability
- Contractual Legal Liability
- Package Policies
- SFIP (Stock Brokers Policy)
- AMV (Guard)
- Delinquency
- Loss of License
- Export Credit Risk
- Sovereign Gaurantee
- Non-Honoring of legible Transaction



Miscellaneous

- Cash in Safe
- Cash in Transit
- Cash on Counter
- Neon Sign
- Plate Glass
- Workmen's Compensation
- General Public Liability
- Product Liability
- Employer's Residual
- Fidelity Guarantee
- Golfer's Policy
- Aviation
- All Risks
- Commercial General Liability
- Purchase Protection
- Extended Warranty



Care line (Retail Products)

- SelfCare
- SelfCare Plus
- HomeCare structured Package
- ShopCare
- ShopCare Plus
- EducationCare
- AllCare
- Travel ViaCare
- Hajj & Umrah Travel ViaCare
- Ziarat ViaCare
- Students Travel ViaCare
- Critical Illness
- SehatCare
- CellCare
- Business Cover
- Wallet Guard Pocket Secure
- Pocket Secure Plus
- Cash Guard
- Medi Cash



On-line (Retail Products)

- SelfCare
- HomeCare
- Travel ViaCare
- Hajj & Umrah Travel ViaCare
- Students Travel ViaCare
- Ziarat ViaCare
- Domestic ViaCare
- Home Trip ViaCare
- CriticalCare
- Family HealthCare
- Personal HealthCare
- ParentCare
- HerCare



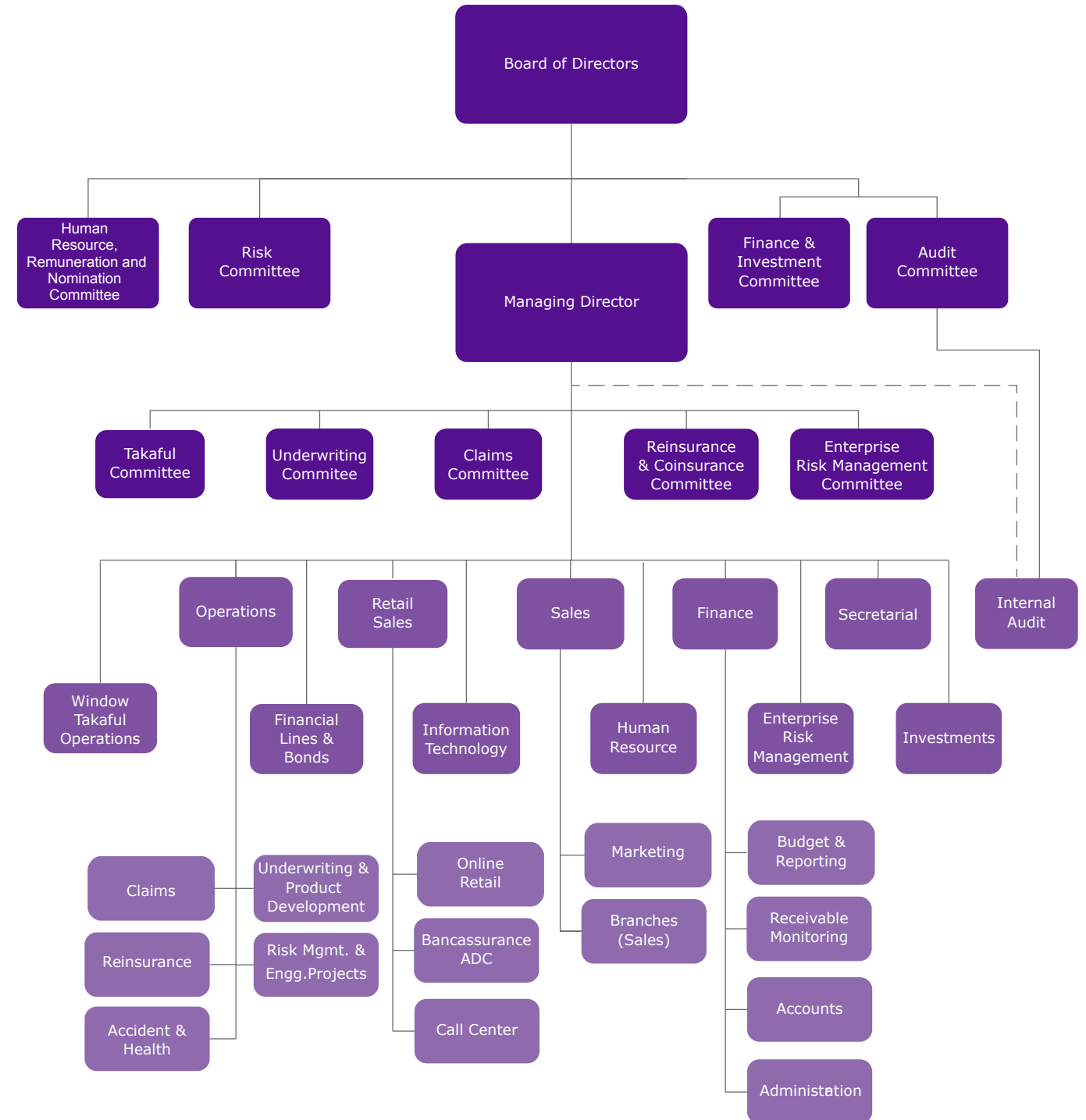
Mobile Apps

- Motor Android App
- Health App
- Musafir App
- Motor Claim App
- Marine Cover Note App

Management Team

1.	Tahir Ahmed	Managing Director & Chief Executive
2.	Azfar Arshad	Executive Vice President
3.	Nawaid Jamal	Executive Vice President
4.	Mohammad Safdar	Executive Vice President
5.	Muhammad Uzair Mirza	Executive Vice President
6.	Syed Sohail Ahmed	Executive Vice President
7.	Syed Imran Rabbani	Executive Vice President
8.	Muhammad Nadeem Irshad	Executive Vice President
9.	Karim Merchant	Executive Vice President
10.	Kamran Arif	Executive Vice President
11.	Imran Mughal	Executive Vice President
12.	Salman Lakhani	Executive Vice President
13.	Muhammad Adnan Junaid	Executive Vice President
14.	Syed Ovais Bin Alam	Executive Vice President
15.	Fayyiaz Ahmad Khan	Executive Vice President
16.	Syed Abid Waseem	Joint Executive Vice President
17.	Zahoor A Shaheen	Joint Executive Vice President
18.	Ejaz Mehmood	Joint Executive Vice President
19.	Muhammad Azfar Sabih	Joint Executive Vice President
20.	Mirza Sajid Baig	Joint Executive Vice President
21.	Muhammad Razzak Chaudhary	Joint Executive Vice President
22.	Munir ul Haq	Joint Executive Vice President
23.	Asif Ali	Joint Executive Vice President
24.	Ahsan Ilyas	Joint Executive Vice President
25.	Sajid Younus	Joint Executive Vice President
26.	Dr. Syed Tanveer Rauf	Chief Medical Officer
27.	Tauseef Hussain Shah	Senior Vice President
28.	Fahad Alam	Senior Vice President
29.	Safar Ali	Senior Vice President
30.	Waqas ur Rehman	Senior Vice President
31.	Laeq Ahmad	Senior Vice President
32.	Rizwan Ehsan Puri	Senior Vice President
33.	Syed M Haroon A Bokhari	Senior Vice President
34.	Tariq Zia	Senior Vice President
35.	Syed Hamid Hussain Zaidi	Senior Vice President
36.	Muhammad Amin Haroon	Senior Vice President
37.	Muhammad Arif	Senior Vice President
38.	Ghulam Qadir	Senior Vice President
39.	Hashim Shamim	Advisor
40.	Saeed Jan Awan	Advisor
41.	Major (R) Khalid Quadeer	Joint Senior Vice President
42.	Saima Tabassum	Joint Senior Vice President
43.	Rai Zahoor Ali Khan	Vice President
44.	Bashir Ahmed Khan	Vice President
45.	Syed Rafiq Ali	Vice President
46.	Farman Ahmed Jatoi	Vice President
47.	Aslam Hayat Khan	Vice President
48.	Muzamil Memon	Vice President

Organisation Structure



———— Functional Reporting
 - - - - - Administrative Reporting

Code of Conduct

Our Integrity guides our conduct towards our policyholders, colleagues, shareholders and the general public. This principle constitutes the foundation of our following code of conduct and ethics:

- Compliance with law and the legal system is a fundamental principle for Jubilee. Every employee, agent and director shall obey the laws and regulations of the legal systems in letter and spirit within which he / she acts. Regardless of the sanctions foreseen by the law, any director, employee or an agent guilty of a violation will be liable to disciplinary consequences related to such violation.
- Respect for personal integrity, privacy and personal right of every individual is a fundamental principle. We work together with individuals of various backgrounds, ethnic types, different cultures, gender, religions, ages and disabilities.
- We compete fairly with the quality and the price of our innovative products and services, not by offering improper benefits to others. Employees are not permitted to use their jobs to solicit, to demand, accept, obtain or be promised advantages.
- Jubilee does not make political contributions (donations to politicians, political parties or political organisations). As a responsible member of society and a good corporate citizen, Jubilee makes donations for education, health, and social and humanitarian projects.
- It is Jubilee's objective to conduct business with reputable clients and business partners who are involved in lawful business activities. We do not facilitate money laundering.
- It is the duty of Jubilee employees to make business decisions in the best interest of Jubilee Insurance and not based on their personal interest.
- Jubilee employees are obligated to protect all assets of the Company, including intangible assets and software products, and use these properly only for the benefit of the Company.
- Open and effective communication requires accurate and truthful reporting. Jubilee is required to maintain sound processes and controls so that transactions are executed within approved authorisation. Confidentiality is maintained with regard to Jubilee's proprietary information that has not been made known to public.
- Protecting the health and safety of employees in the workplace is a high priority for Jubilee. Jubilee promotes sound environment friendly business practices.

Shareholders' and Investors' Information



Notice of Annual General Meeting

Notice is hereby given that the 65th Annual General Meeting of Jubilee General Insurance Company Limited will be held on Tuesday, April 24, 2018 at 09:00 a.m. at the registered office of the Company situated at Jubilee Insurance House, I.I. Chundrigar Road, Karachi to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the annual audited financial statements of the Company for the year ended December 31, 2017 together with the Auditors' and Directors' Report thereon.
2. To consider and approve the payment of final cash dividend of 40% (Rs. 4 per ordinary share of Rs.10/- each) for the year ended December 31, 2017, as recommended by the Board of Directors of the Company.
3. To appoint Auditors of the Company for the year ending December 31, 2018 and fix their remuneration. The present auditors M/s. KPMG Taseer Hadi & Company, Chartered Accountants, being eligible, have offered themselves for reappointment.

By Order of the Board



Fahad Alam
Company Secretary

Karachi: February 13, 2018

NOTES:

1. The Share Transfer Books of the Company will be closed for the purpose of determining the entitlement for the payment of final cash dividend from April 19, 2018 to April 24, 2018 (both days inclusive). Transfer received to the Company's Share Registrar at the close of business on April 18, 2018 will be treated in time for the purpose of Cash Dividend entitlement to the transferees.
2. A member entitled to attend and vote at the Meeting may appoint another member as his/her proxy to attend, speak and vote at the Meeting on his/her behalf. The proxy forms must be deposited at the Registered Office of the Company not later than 48 hours before the time of the Meeting.
3. For attending the Meeting and Appointing Proxies, CDC Account Holders will further have to follow the guidelines as laid down in Circular No. 1 of 2000 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan (SECP).
4. Members are requested to immediately inform the Company of any change in their addresses.
5. **In accordance with the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed company to pay cash dividend to the shareholders only through electronic mode i.e. directly into the bank account designated by the entitled shareholders. Please note that if Bank account details (IBAN) as per prescribed format have not been provided by the shareholders to their Registrar, Broker (participant) or CDC IAS, the Company would be constrained to act in accordance with the provisions of the law and withhold the cash dividend.**
6. All those shareholders possessing physical shares are requested to submitted a photocopy of their valid CNIC along with the Folio Number at the earliest directly to Company's Share Registrar. In case of non-submission of CNIC copy, dividend warrants may be withheld. Corporate are also requested to submit their NTN to Company's Share Registrar.
7. Members are requested to submit declaration as per Zakat & Usher Ordinance, 1980 for zakat exemption to Company's Share Registrar.
8. As per SRO 787(I)/2014 dated September 8, 2014 issued by SECP, members have option to receive Annual Audited Financial Statements and Notice of General Meeting through email. Members can give their consent in this regard on prescribed format to Company's Shares Registrar. Hard copy of Audited Financial Statements can be provided free of cost within seven days of receipt of such request.

9. As per Section 150 of the Income Tax Ordinance, 2001 withholding tax on dividend will be deducted for filers and non-filer of income tax returns at 15% and 20% respectively. According to FBR, withholding tax in case of joint accounts will be determined separately based on the filer and non-filer status of the principal and joint shareholder(s) based on their shareholding proportions.

Members that hold shares with joint shareholders are requested to provide the shareholding proportions of the principal and joint shareholder(s) in respect of shares held by them to Company's Share Registrar in writing by April 17, 2018. In case required information is not provided, it will be assumed that the shares are held in equal proportion by the principal and joint shareholders.

10. Member(s) holding ten (10) percent individually or in aggregate of the total paid up capital residing in a same city; may demand the Company to provide them the facility of video-link for attending the meeting. If you wish to take benefit of this facility, please fill the attached form and submit it to the Company at its registered address at least ten (10) days prior to the date of the meeting. The Company will intimate to the members the venue of the video-link facility at least five (5) days before the date of the General Meeting along with all the information necessary to enable them to access the facility.

Consent for Video Conference Facility

I/We/Messrs. _____ of _____ being a member of Jubilee General Insurance Company Limited holder of _____ ordinary share(s) as per Registered Folio/CDC Account No. _____ hereby opt for video-link facility at _____.

(Please affix company stamp in case of corporate entity)

Address of Company's Share Registrar;

THK Associates (Private) Limited
1st Floor, 40-C, Block-6,
PECHS
Karachi -75400

Calendar of Major Events

Financial

Results

First quarter ended 31 March 2017	Announced on	26 April 2017
Half year ended 30 June 2017	Announced on	22 August 2017
Third quarter ended 30 September 2017	Announced on	23 October 2017
Year ended 31 December 2017	Announced on	13 February 2018

Dividends

Final Cash 2017 (40%)	Announced on	13 February 2018
	Entitlement date	19 April 2018
	Statutory limit upto which payable	23 May 2018
Final Cash (2016) (35%)	Announced on	14 February 2017
	Paid on	24 May 2017
Stock Dividend 2016 (15%)	Announced on	14 February 2017
	Dispatched / Credited in CDS	24 May 2017

Issuance of Annual Report

02 April 2018

65th Annual General Meeting

24 April 2018

Operational

Sales Conference	Held in	February 2017
Online renewal facility for Motor Insurance	Launched in	April 2017
Motor Insurance Banca Application	Launched in	April 2017
Online quotation facility for Motor Insurance	Launched in	June 2017
Motor Claims Android Application	Launched in	September 2017
Online facility for Marine cover notes	Launched in	November 2017

Access to Reports and Enquiries

Financial Reports

Annual report 2017 and Quarterly reports may be downloaded from the Company's website: www.jubileegeneral.com.pk or printed copies can be obtained by writing to the Company Secretary.

Presentation on Company's performance

Video presentation on Company's financial position and performance in 2017 is available on Company's website: www.jubileegeneral.com.pk

Stock Exchange Listing

Jubilee General Insurance Company Limited shares are listed on Pakistan Stock Exchange. The symbol code for dealing in shares of the Company is **JGICL**.

Investors' Grievances Policy

At Jubilee General Insurance Company Limited, we want to ensure that our Investors receive exemplary services. Investor queries and complaints constitute an important voice for us. Following are our guiding principles:

- Investors are treated fairly at all times;
- Complaints raised by Investors are dealt in a timely manner; and
- Investors are informed of avenues to raise their queries and complaints.

M/s THK Associates (Pvt) Limited being the Registrar is primarily responsible to resolve the investor's grievances. Shareholders' enquiries about their holding, dividends or share certificates etc. can be directed to the Share Registrar at the following address:

THK Associates (Pvt) Limited

1st Floor, 40-C, Block-6,
P.E.C.H.S.,
Karachi - 75400
UAN: (92-21):111-000-322
Tel: (92-21) 34168266-70
Fax No: 34168271

In case investor's grievance is not addressed up to his/her satisfaction or within reasonable time, Investors may also directly write to the Company their query/complaint at,

Company Secretary

Jubilee General Insurance Company Limited
2nd Floor, Jubilee Insurance House,
I.I. Chundrigar Road,
Karachi-74000, Pakistan.

Company has a designated email id info@jubileegeneral.com.pk for handling investor grievances on which investor can make a complaint.

Issues raised at the last Annual General Meeting

In the 64th Annual General Meeting of the Company held on April 25, 2017, no significant issue was raised by the members.

Share Price Analysis

Volume Analysis

JGI Share Price on the PSX in the year 2017

Months	Highest	Lowest	Per day Average Volume
	-----Rupees-----		Number of Shares
January	114.99	105.10	2,389
February	127.98	108.10	12,577
March	120.00	111.85	5,079
April	120.00	93.50	8,389
May	101.95	97.50	2,367
June	104.00	99.00	5,884
July	98.00	91.00	4,197
August	94.50	89.31	2,989
September	92.00	85.40	1,867
October	85.40	80.13	872
November	82.00	76.00	121,388
December	83.80	80.00	2,031

Share Price Sensitivity Analysis

The Company's share price is sensitive to the following factors:

- Country's economic conditions;
- Stock market sentiments;
- Company's performance;
- Dividend announcements;
- Change in government policies and regulations relating to insurance business; and
- Company's Financial Strength Rating.

Corporate Governance, Sustainability, Management Review & Representations and Financial Information

Chairman's Review Report

For The Year Ended 31 December 2017

I am pleased to present this Review to the stakeholders of Jubilee General.

Your Company takes pride in being the highest rated general insurer of the country providing a wide range of non-life products to protect the largest and the most complex business risks at one end and micro individual needs at the other.

Review of Financial Performance

Jubilee General's financial performance during the year under review has been positive especially with net premium / contribution growing strongly by 15% and yielding healthy underwriting income of Rs 502 million. Your Company's Window Takaful Operation grew robustly and made a material contribution to our profitability.

Board's Objective

The Board carries out its fiduciary duties with a sense of objective judgment and in good faith in the best interests of the Company and its stakeholders.

Board's Committees

To strengthen its governance framework the Board has constituted four committees namely, Audit Committee, Finance & Investment Committee, Human Resource, Remuneration & Nomination Committee and Risk Committee.

Review of Board's Performance

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 a more effective role in progress of the Company. The evaluation exercise is carried out each year by the said questionnaire being circulated to all directors. To enhance the transparency and confidentiality of the process, the responses are directly sent to the external auditors by the directors, for compilation of the cumulative result. The annual evaluation has been reviewed by the Board in their meeting held on October 23, 2017. The Board discussed the report compiled by external auditors and expressed its satisfaction on the overall results against the set performance criteria.

Outlook

Jubilee General is focused on taking a greater share of the market by making use of innovative products and distribution channels powered by quality manpower supported by digitalisation.

Acknowledgments

I would like to acknowledge and thank all employees of Jubilee General for their professionalism and hard work. I also thank the Board members for their commitment and shareholders for their confidence in the Company.



Towfiq H. Chinoy
Chairman

Karachi: 13 February 2018

چیئر مین کی جائزہ رپورٹ

برائے سال 31 دسمبر 2017

میں جو بلی جزل کے اسٹیک ہولڈرز کے لیے اس جائزہ کو پیش کرتے ہوئے مسرت محسوس کرتا ہوں۔

آپ کی کمپنی کو جزل انشورنس کے میدان میں ملک کی سب سے اعلیٰ کمپنی ہونے کا اعزاز حاصل ہے۔ جو ایک جانب سب سے بڑے اور پیچیدہ ترین کاروباری خطرات کے تحفظ کے لیے جزل انشورنس کی وسیع خدمات فراہم کرتی ہے اور دوسری جانب مائیکرو بنیاد پر انفرادی جزل انشورنس کی ضروریات کو پورا کرتی ہے۔

مالی کارکردگی کا جائزہ

زیر جائزہ سال کے دوران جو بلی جزل کی مالیاتی کارکردگی مثبت رہی۔ خاص طور پر خالص پریکیم میں 15 فیصد کا مضبوط اضافہ ہوا۔ جس سے 502 ملین روپے کی اچھی آمدنی حاصل ہوئی۔ آپ کی کمپنی کے ونڈو تکافل آپریشنز میں تیزی سے ترقی ہوئی۔ جس سے منافع میں خاطر خواہ اضافہ ہوا۔

بورڈ کے مقاصد

بورڈ نے اپنے فرائض منصبی، نیک نیتی، بھرپور دیانت داری، پورے اعتماد اور کمپنی اور اس کے اسٹیک ہولڈرز کے بہترین مفادات میں انجام دیئے۔

بورڈ کمیٹی

بورڈ نے اپنے انتظامی فریم ورک کو مضبوط بنانے کے لئے چار کمیٹیاں تشکیل دی ہیں۔ جن کے نام آڈٹ کمیٹی، فنانس اینڈ انویسٹمنٹ کمیٹی، ہیومن ریسورس، ریونیویشن اینڈ نوٹیفیشن کمیٹی اور رسک کمیٹی ہیں۔

بورڈ کی کارکردگی کا جائزہ

بورڈ نے سوانامے کے ذریعے خود تشخیصی طریقہ کار کو اپناتے ہوئے اپنی کارکردگی کا جائزہ لینے کے لیے ایک خود کار میکانیزم تیار کیا ہے، جو بورڈ کے کام کے بنیادی حصوں کا احاطہ کرتا ہے۔ اس تشخیص کا بنیادی مقصد یہ ہے کہ بورڈ اپنی کارکردگی کے معیار کو جانچ سکے تاکہ وہ کمپنی کی ترقی میں زیادہ مؤثر کردار ادا کر سکے۔ تمام ڈائریکٹرز سے سوالنامہ کے ذریعے جانچ پڑتال کا یہ عمل ہر سال دہرایا جاتا ہے۔ اس عمل کی شفافیت اور رازداری کو قائم رکھنے اور مجموعی نتائج مرتب کرنے کے لئے، تمام ڈائریکٹرز کی جانب سے سوانامے کے جوابات براہ راست آڈیٹرز کو بھیجے جاتے ہیں۔ 23 اکتوبر، 2017 کو منعقد ہونے والے بورڈ اجلاس میں سالانہ تشخیصی جائزہ لیا گیا۔ بورڈ نے آڈیٹرز کی طرف سے مرتب کردہ رپورٹ پر تبادلہ خیال کیا اور متعین کارکردگی کے معیار کے مطابق مجموعی نتائج پر اطمینان کا اظہار کیا۔

آؤٹ لک

جو بلی جزل، ڈیجیٹلائزیشن کے تعاون، اور ڈسٹری بیوشن چینلز کی قوت، جو کہ معیاری افرادی قوت کے تعاون کے ذریعے مارکیٹ سے بڑا شیئر حاصل کرنے پر توجہ مرکوز کیے ہوئے ہے۔

اظہار تشکر

میں جو بلی جزل کے تمام ملازمین کی پیشہ ورانہ صلاحیت اور ان تھک محنت کو سراہتے ہوئے اسے تسلیم کرتا ہوں۔ میں بورڈ ممبران کا ان کے عزم پر اور حصص داروں کا ان کے کمپنی پر اعتماد کرنے پر شکریہ ادا کرتا ہوں۔



توفیق ایچ چنوائے

چیئر مین

کراچی 13 فروری 2018

The Directors' Report

For The Year Ended 31 December 2017

The Directors are pleased to present the Annual Report and the Audited Accounts for the year ended 31 December 2017.

Country Review

Pakistan's economic performance in 2017 remained strong as its Gross Domestic Product (GDP) grew by 5.3% (2016:4.71%). According to the Economic Survey of Pakistan Per Capita Income reached USD 1629 (USD 1533 last year), total investments recorded a growth of 17% and national savings remained 13.1% of GDP against 14.3% last year. Overall size of the economy surpassed USD 300 billion. Powered by better energy availability, improved security situation, access to affordable credit facilities and rising consumer demand on the back of higher purchasing power, the State Bank of Pakistan (SBP) noted that real GDP growth is projected to be 5.8%, significantly higher than 2017, but marginally lower than the annual target of 6%. For some years, the inflation has remained low and stable but driven by higher crude prices and currency devaluation it has now started to move upwards and is being estimated to be 6% by June 2018. Double digit percentage increases in imports, production of motor vehicles and up-take of local cement augur well for the future growth of insurance industry.

Insurance Sector Review

Gross Written Premium (GWP) in the Pakistan non-life insurance market grew by 11% in 2016 (11% also in 2015) to Rs 68 billion. In 2017 industry growth is also expected in the range of 9-11% which is well above the expected inflation rate of 4.5 to 5.5%.

Insurance industry as a whole is experiencing a rare run of underwriting profitability over the last 03 years as major portfolios of fire and marine have performed well due to absence of major claims. Consequently, premium rates across the board are showing a downward trend. However, as the national economy continues to improve, the industry is looking forward to positive growth.

Company Performance

During the year under review, your Company posted healthy growth in the gross premium (including contribution written in Takaful Operations) under Motor and Health portfolios. Overall the Company's written gross premium including Takaful contribution improved to Rs 8.34 billion (2016: Rs 8.23 billion) while the combined net premium / contribution grew strongly by 15% to Rs 4.93 billion (2016: Rs 4.29 billion). Your Company's underwriting profit from conventional business stands at Rs 409 million (2016: Rs 473 million) while combined technical profit from both Conventional and Takaful Operations increased to Rs 502 million (2016: Rs 468 million).

The summarized results of the Company's insurance business for the year under review are as follows:

	2017	2016
	(Rupees in '000)	
Gross Premium	7,694,212	7,850,500
Net Premium Revenue	4,610,717	4,170,928
Underwriting Result	408,689	472,979
Investment Income including		
Capital Gain and Rent	1,041,638	1,315,975
Profit Before Tax	1,615,757	1,854,125
Profit After Tax	1,083,002	1,179,431
Earnings Per Share of Rs 10 each	6.00	6.54

Takaful

Your Company supported by all classes of business, posted a robust 60% growth in Window Takaful Operations to reach gross written contribution of Rs 642 million (2016: Rs 402 million).

SME (Small & Medium Enterprise) sector continues to offer growth potential for Takaful. However, faster growth in larger industrial and commercial sectors is tempered due to constraints in availability of re-takaful capacity. Company continues to invest in innovative distribution channels to find new areas of growth.

Your Window Takaful Operations yielded a profit of Rs 42 million (2016: Rs 14 million) in Operator's Fund for the year ended 31 December 2017 and a surplus of Rs 45 million (2016: Deficit of Rs 17 million) in Participant's Fund revenue account.

The summarised results of Company's Window Takaful Operations for the year under review are as follows:

	2017	2016
	(Rupees in '000)	
Gross Contribution	642,497	402,122
Net Contribution	320,710	118,712
Surplus/(Deficit) before		
Investment Income	38,199	(18,390)
Investment Income	6,467	1,678
Surplus/(Deficit) for the year	44,666	(16,712)
Operator's Fund – Revenue Account	55,170	13,806
Operator's Profit Before Tax	60,109	16,187
Operator's Profit for the year	42,076	13,870

Fire & Property

Fire and Property portfolio is the Company's largest portfolio and contributes 24% of overall written premium and contribution.

This portfolio yielded underwriting profit of Rs 46 million inclusive of Surplus from Window Takaful Operations.

Marine, Aviation & Transport

This portfolio contributed 8% of the overall written premium and contribution.

Despite thinning premium rates, this class of business added healthy underwriting profit of Rs 125 million inclusive of deficit from Window Takaful Operations.

Motor

In line with Company's strategy, motor portfolio's share in business mix has now increased to 21% of overall written premium and contribution. This portfolio posted an overall growth of 12%.

In terms of profitability, motor portfolio continues to be the star performer and yielded underwriting profit of Rs 307 million inclusive of Surplus from Window Takaful Operations.

Liability

Liability class of business constitutes 5% of the total written premium and contribution. It yielded an underwriting profit of Rs 21 million.

Accident and Health

Your Company is the pioneer of Accident & Health business in the country and it is growing in its importance and size. It now contributes 19% of overall written premium and contribution.

Miscellaneous

Miscellaneous portfolio which includes a number of business lines including Construction, Bonding, Banker's Blanket Bond, Machinery Breakdown etc. contributed 23% of Company's total written premium and contribution.

This portfolio generated underwriting profit of Rs 109 million inclusive of Deficit from Window Takaful Operations.

Investment Income

Investment Income of the Company from all sources including dividends, return on bank deposits, realized capital gains from equity securities and income from real estate stands at Rs 1.04 billion in 2017, compared to Rs 1.3 billion in 2016, mainly attributable to Equity Market's performance which plunged substantially in 2017.

The investment portfolio as on 31 December 2017 has an unrealized gain of Rs 6.96 billion, as against Rs 7.3 billion witnessed in 31 December 2016.

Going forward we foresee increased activities in China Pakistan Economic Corridor (CPEC) related projects which has set the stage for strong growth momentum. However, political situation, specifically general elections, external sector's performance and further rupee devaluation will have important implications for the Equity Market. We anticipate uptick in inflation during 2018 and simultaneously increase in interest rates.

As a balanced strategy adopted by the company, we expect the company's investment portfolio to benefit from upward revision in interest rates and strong GDP growth.

Market Share

The Company expects to maintain its position as the third largest company of Pakistan.

Reinsurance

Despite satisfactory profitability of Pakistan Insurance Industry the terms of international reinsurance has hardened due to three major hurricanes which hit North America and a devastating earthquake in Mexico in the final quarter of 2017. Your Company, however, was able to continue its strategy of enhancing reinsurance cover thereby, keeping pace with the growing needs of our clients. We rely on internationally acclaimed reinsurers, like Swiss Re, Hannover Re, Lloyd's of London, ACR and Trust Re which represent highest security.

Product Development

Jubilee General relies on innovation to grow its business. We continue to develop innovative products, efficient delivery channels, on-line retail systems and state-of-the-art contact centre.

Dividend & Appropriation of Profit

The amount available for appropriation is:

	Rupees in '000
Amount brought forward from previous years	8,766
Total Comprehensive income for the year	1,064,633
Foreign Currency transaction difference	<u>(3,477)</u>
Amount available for appropriation	<u>1,069,922</u>

The Directors recommend that this amount be appropriated in the following manner:

Transfer to special reserves	200,000
Transfer to general reserve	100,000
Proposed final cash dividend @ 40%	721,786
Carry forward to next year	<u>48,136</u>
	<u>1,069,922</u>

Board of Directors

The Board of Directors consists of nine individuals having the knowledge, experience and skill required to provide oversight and the strategic guidelines to the Company. All the Directors of the Company are non-executive Directors including an independent Director, except the Chief Executive Officer.

The tenure of the previous directors expired on June 25, 2017. All previous directors have been reappointed for a further term of three years, except for the two directors. Mr. Aly Noormahomed Rattansey who served as Director and Chairman Audit Committee for 9 years and Mr. Aamir Hasan Irshad who served as director for about 3 years did not opt to contest for a further term. The Board acknowledged the contributions of both the directors in governance and direction of the Company. In their place Mr. Aryn Currimbhoy and Mr. Salim Amlani have been elected as directors.

Board Meetings

During the year six (6) meetings of the Board of Directors were held, attendance details of which are as follows:

Name of Directors	Meetings Attended
Towfiq H. Chinoy	6
Tahir Ahmed	6
Akbarali Pesnani	4
R. Zakir Mahmood	6
John Joseph Metcalf	6
Amin A Hashwani	5
Aryn Currimbhoy (Term started on June 25, 2017)	4
Salim Amlani (Term started on June 25, 2017)	4
M. Akhtar Bawany (Alternative Director to Sadruddin Hashwani)	2
Aly Noormahomed Rattansey (Term ended on June 25, 2017)	2
Aamir Hasan Irshad (Term ended on June 25, 2017)	2

Board Committees

During the year under review five (5) meetings each of Board Risk Committee and Finance & Investment Committee, four (4) meetings of Board Audit Committee and three (3) meetings of the Board Human Resource, Remuneration and Nomination Committee were held. The names of the members of the Board Committees and terms of reference are given in the annexure to this report. The Chairman of the Board Audit Committee is a non-executive independent Director.

Management Committees

The Company has five management committees, which cover the core areas of business. The Committees' names, number of meetings, names of members and terms of references of these committees are given in the annexure to this report.

Statement of Directors Responsibilities

In compliance with the Financial Reporting Framework of the Code of Corporate Governance, the Directors confirm the following:

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- 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 as applicable in Pakistan have been followed in the preparation of financial statements. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000, SEC (Insurance) Rules, 2002 and Takaful Rules, 2012. Any departure therefrom has been adequately disclosed.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There is no material departure from the best practices of corporate governance, as detailed in the listing regulations.

Other information under section 227 of the Companies Act, 2017

Other information required under section 227 of the Companies Act, 2017 is disclosed under the sections, Pattern of Shareholding (including trading in shares of the company by its Directors and Executives), Internal Control Framework, Sustainability and Risk & Opportunity Report, of this Annual Report.

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. Critical areas that the questionnaire covers includes but not limited to the following:

- Apprising the basic organization of the Board of Directors;
- The effectiveness and efficiency of the operation of the Board and its Committees;
- Assess the Board's overall scope of responsibilities;
- Evaluate and validate the information provided by the management; and
- Review the operations of the Company and suggest measures for improvement.

The evaluation exercise carried out each year. The said questionnaire is circulated to all directors. To enhance the transparency and confidentiality of the process, the responses are directly sent to the external auditors by the directors, for compilation of the cumulative result. The Directors discuss the result of evaluation in the Board meeting.

Chief Executive Officer (CEO) Performance Review

The Board of Directors appoints the Chief Executive Officer for the tenure of three years. The Human Resource, Remuneration & Nomination Committee of the Board sets operational, financial and strategic objectives to evaluate his performance. The same Committee reviews and monitors the CEO's performance on an annual basis.

Insurer Financial Strength (IFS) Rating

Jubilee General's IFS (Insurer Financial Strength) rating has been affirmed as "AA+" with "Stable Outlook" by both rating agencies of Pakistan JCR-VIS and Pakistan Credit Rating Agency PACRA).

According to JCR-VIS, ratings assigned to the Company draw strength from Jubilee General's extensive experience history and association with strong primary sponsor. Ratings also take into account company's sound capitalization indicators, strong liquidity profile and solid underwriting performance.

PACRA ratings reflect Jubilee General's robust risk management framework facilitating the Company in sustaining sound underwriting performance. The ratings also recognize the management's persistent efforts of penetrating relatively untapped segments, also reflected in its diverse premium mix compared to peers.

A.M. Best has also affirmed Financial Strength Rating of "B++" (Good) and issuer credit rating of "BBB". A.M. Best's rating reflects Jubilee General's track record of good operating performance, well-established business profile and solid risk-adjusted capitalization. A.M. Best rating is under review.

Information Technology

Jubilee General has emerged as an innovator and technology leader in general insurance business. For us digital transformation is not a distant buzzword! We have identified that digitalization is a fundamental tool for developing a more sustainable business model focused on customers and their needs. Therefore, we are undergoing an ambitious digital transformation process in all our activities and in the way we communicate with our customers and the businesses.

We have launched many workflow applications including, Motor Claims Workflow System for customers and surveyors

to settle motor claims through Android & Web Application in real time. Similarly, Marine Cover Note System (Mobile/Web) was developed to enable our agents, customers and banks to create digital Marine cover notes any time anywhere. Jubilee General is proud to join National Rural Support Programme (NRSP) as a partner to facilitate the underprivileged population segment in Pakistan for overcoming their health needs. Our Real-time Micro Health Insurance App assists the nominated panel hospitals to validate insureds and settle their health claims in a timely manner.

At Jubilee General we believe that it's not only about doing the business that provides a positive customer experience but, also to enable the customer journey in back-end systems, to meet the desired goals.

Auditors

Messrs KPMG Taseer Hadi & Co have audited the accounts for the year 2017, and have offered themselves for re-appointment. The Board Audit Committee recommends that they be re-appointed as the statutory auditors for a further term of one year, and the Board endorses this recommendation.

Outlook

Despite concerns on current account deficit, Pakistan's economy is on track and continues its upward trajectory supported by increased power supply and progress in CPEC related projects. Jubilee General continues to invest in technology and is rapidly digitalizing its processes to bring efficiency and to grow its market share. We continue to focus on construction projects and plan to move forward aggressively on retail by leveraging on our first mover advantage. Market for Takaful is growing and we are well positioned to take advantage. Insurance is one business which has social overtones as well and Jubilee General is also making its contribution in expanding microinsurance and we will continue to do so.

Going forward, we expect inflation to increase with corresponding increase in discount rate. National elections are scheduled to be held in the first half of 2018 and we will closely monitor the equity market which is expected to gain strength in the second half. As always our investment strategy will remain balanced.

Acknowledgements

It is primarily because of the support of our clients that Jubilee General remains the best rated general insurer in the market. We thank all our clients who choose us for their protection. We acknowledge our shareholders for their confidence which enables us to maintain and improve our leading position. Professional assistance of our reinsurance brokers and reinsurers gives strength to our security and we are grateful for their constructive role. Our gratitude and appreciation is also due to SECP for their guidance and cooperation. We are able to achieve our goals with the help of our hard working and professional business development officers, staff members and executives. We thank all of them.

On behalf of the Board



Tahir Ahmed
Managing Director & Chief Executive



Amyn Currimbhoy
Director

Karachi: 13 February 2018

جوبلی جنرل کے مالیاتی استحکام کی ریٹنگز پاکستان کی دونوں ریٹنگ ایجنسیوں جے سی آر۔ وی آئی ایس (JCR-VIS) اور پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) کی جانب سے ’’AA+‘‘ مضکم آؤٹ لک کے ساتھ بحال ہیں۔

جے سی آر۔ وی آئی ایس (JCR-VIS) کے مطابق کمپنی کے ریٹنگ کے اشارے، اس کے وسیع تجربے کی تاریخ اور اس کے مضبوط بنیادی اسپانسرز سے جڑے ہوئے ہیں۔ یہ ریٹنگ کمپنی کے مضکم کیپٹل سٹریٹجی کے اشاروں، مضبوط لیکوڈینی پروفاٹیل، اور مضکم انڈر رائٹمنگ کا اظہار یہ ہے۔

کمپنی کا مالیاتی استحکام (آئی ایف ایس) ریٹنگ

جوبلی جنرل کے مالیاتی استحکام کی ریٹنگز پاکستان کی دونوں ریٹنگ ایجنسیوں جے سی آر۔ وی آئی ایس (JCR-VIS) اور پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) کی جانب سے ’’AA+‘‘ مضکم آؤٹ لک کے ساتھ بحال ہیں۔

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پاکرا ریٹنگ جوبلی جنرل کی مضبوط رسک مینجمنٹ فریم ورک اور اس کی انڈر رائٹمنگ کی مضکم کارکردگی کا اظہار یہ ہے۔ یہ ریٹنگ کمپنی کی جانب سے اب تک رسائی نہ پانے والے شعبوں میں مسلسل کوششوں اور متنوع کاروباری مرکب کا اظہار ہے۔

اے ایم بیسٹ (A.M.BEST) نے بھی جوبلی جنرل کی بہتر مالی استحکام کی ’’B++‘‘ (GOOD)،، اور کریڈیٹ ریٹنگ ’’BBB‘‘ جاری کی ہے۔ اے ایم بیسٹ (A.M.BEST) کی ریٹنگ جوبلی جنرل اس کے اچھی آپریٹنگ کارکردگی کے ٹریک ریکارڈ، اچھی ساکھ، مضبوط بزنس پرفائل اور خطرات سے نمٹنے کی مضکم صلاحیت کو ظاہر کرتی ہے۔

انفارمیشن ٹیکنالوجی

جوبلی جنرل پاکستان میں جنرل انشورنس بزنس میں ایک جدت پسند اور ٹیکنالوجی لیڈر کے طور پر ابھر کر سامنے آئی ہے۔ ہمارے لیے جدید ٹیکنالوجی کی جانب منتقلی کوئی بڑی بات نہیں ہے۔ ہم نے اس بات کو پالیا ہے کہ جدیدیت مضکم کاروبار کے لیے ایک بنیادی آلہ کار ہے۔ جس کاروبار کی توجہ اس کے گاہکوں اور ان کی ضروریات پر مرکوز ہوتی ہے۔ لہذا، ہم اپنے تمام سرگرمیوں اور اپنے گاہکوں اور کاروبار کے لیے مقصدیت سے بھرپور ڈیجیٹل تبدیلی کے عمل سے گزر رہے ہیں۔ اور اسی طرح ہم اپنے گاہکوں اور کاروبار سے رابطے میں ہیں۔

ہم نے کام کے بہاؤ کو تیز کرنے کے لیے کئی اپلیکیشنز شروع کی ہیں۔ ان میں سرو بیروز اور گاہکوں کے لیے موڈر کلیم ورک فلو سٹم ہے، جو رینل ٹائم، انڈر رائٹ اور ویب اپلیکیشنز کے ذریعہ کلیم کا تھفیر کرتا ہے۔ اسی طرح سے میرین کورنوٹ سسٹم (موبائل / ویب) تیار کیا گیا ہے۔ جس سے ہمارے ایجنٹ، گاہک اور بینک کسی بھی وقت کہیں سے بھی ڈیجیٹل میرین کورنوٹ تیار کر سکیں گے۔ جوبلی جنرل ایک پائرنر کے طور پر قومی دہلی سپورٹ پروگرام (NRSP) میں شمولیت اختیار کرنے پر بھی فخر محسوس کرتی ہے۔ جس سے ملک کی سہولیات سے محروم آبادی کو اپنی صحت کی ضروریات کو پورا کرنے اور علاج کے حصول میں سہولت فراہم ہوگی۔ ہماری رینل ٹائم مانیکیرو ہیلتھ انشورنس ایپ ہمارے نامزد ہسپتال اپتالوں کو بیمہ داروں کی تصدیق اور ان کے ہیلتھ ٹیم کے بروقت تھفیر میں مدد کرتی ہے۔

جوبلی جنرل انشورنس اس بات پر یقین رکھتی ہے کہ وہ کاروبار نہ صرف گاہکوں کو سہولیات فراہم کرنے کے لئے کرتی ہے بلکہ انھیں انکے مقاصد کو پورا کرنے کے قابل بھی بناتی ہے۔

آڈیٹرز

سال 2017 کے اکاؤنٹس کو کے پی ایم جی تاخیر بادی اینڈ کمپنی نے آڈٹ کیا ہے، اور انھوں نے خود کو دوبارہ تقرری کے لئے پیش کیا ہے۔ بورڈ آڈٹ کمیٹی نے سفارش کی ہے کہ ان کا ایک سال کی مزید مدت کے لئے قانونی آڈیٹرز کے طور پر دوبارہ تقرر کر لیا جائے۔ بورڈ نے اس سفارش کی توثیق کی ہے۔

آؤٹ لک

کرنٹ اکاؤنٹ خسارے پر تھو لیش کے باوجود، پاکستان کی معیشت صحیح سمت پر گامزن ہے۔ اور بجلی کی فراہمی میں اضافہ دوسری بیک سے متعلق منصوبوں میں پیش رفت سے ترقی کی جانب اس کا سفر جاری ہے۔ جوبلی جنرل ٹیکنالوجی میں مسلسل سرمایہ کاری جاری رکھے ہوئے ہے اور اپنے مارکیٹ شیئر کو بڑھانے، اور اپنی کارکردگی کو تیزی سے فروغ دینے کے طریقہ کار کو ڈیجیٹل کرنے کی کوشش میں مصروف ہے۔ ہم تعمیراتی منصوبوں پر توجہ مرکوز کیئے ہوئے ہیں۔ اور رینٹل کی جانب تیزی سے آگے بڑھنے کی منصوبہ بندی کر رہے ہیں۔ نکافل کی مارکیٹ بڑھ رہی ہے، جس سے ہم فائدہ اٹھانا چاہتے ہیں۔ انشورنس ایک ایسا کاروبار ہے جس میں سماجی پہلو بھی شامل ہے۔ اور جوبلی جنرل مانیکیرو انشورنس کو بڑھانے میں اپنا کردار ادا کر رہی ہے اور ہم ایسا کرتے رہیں گے۔

آنے والے وقت میں ہم افراط زر کی شرح میں اضافے کے ساتھ ڈ۔ کاؤنٹ ریٹ میں متعلقہ اضافہ کی توقع رکھتے ہیں۔ شیڈول کے مطابق ملک میں قومی انتخابات 2018 کے وسط میں منعقد ہونے ہیں اور ہم ایک یو بی مارکیٹ پر گہری نظر رکھے ہوئے ہیں اور توقع ہے کہ یہ دوسری ششماہی میں بہتر ہو جائے گی اور ہمیشہ کی طرح ہماری سرمایہ کاری کی حکمت عملی متوازن رہے گی۔

جوبلی جنرل

جوبلی جنرل

اظہار تشکر

یہ بنیادی طور پر ہمارے گاہکوں کے تعاون کی وجہ سے ہے کہ جوبلی جنرل کو مارکیٹ میں، صف اول کی جنرل انشورنس کے طور پر مانا جاتا ہے۔ ہم اپنے تمام گاہکوں کا شکر یہ ادا کرتے ہیں جنہوں نے تحفظ کے لئے جوبلی جنرل کا انتخاب کیا۔ ہم اپنے حصص داروں کے اعتماد پر بھی ان کے شکر گزار ہیں، جس کی وجہ سے ہمیں اپنی قائدانہ حیثیت برقرار رکھنے اور اسے بہتر بنانے میں مدد ملی۔ ہمارے ری انشورنس بروکرز کی پیشہ ورانہ مدد اور ری انشوررز کا استحکام، ہماری سیکورٹی کو مضبوط بناتا ہے اور ہم ان کے تعمیری کردار کے لئے شکر گزار ہیں۔ ہم ایس ای سی پی کی جانب سے رہنمائی اور تعاون کے لئے بھی ان کے بے حد شکر گزار ہیں۔ ہم اپنے بزنس ڈیولپمنٹ آفیسرز، اسٹاف ممبرز، اور ایگزیکٹو یوزر کا بھی شکر یہ ادا کرتے ہیں، جن کی انتھک محنت اور پیشہ ورانہ صلاحیتوں کی مدد سے ہم اپنے مقاصد کو حاصل کرنے کے قابل ہوئے ہیں۔

جوبلی جنرل

جوبلی جنرل

بورڈ کی جانب سے

Salim Akram J.

طاہر احمد

مینجنگ ڈائریکٹر اینڈ چیف ایگزیکٹو

کراچی 13 فروری 2018

Salim Akram J.

امین کریم بھائی

ڈائریکٹر

ڈائریکٹراں کی جانب سے سفاکش کی جاتی ہے کہ اس رقم کو مندرجہ ذیل طریقے سے مختص کیا جائے۔

<p>خصوصی ذخائر کو منتقلی</p> <p>عمومی ذخائر کو منتقلی</p> <p>مجوزہ جسی نقد منافع 40 فیصد</p> <p>انگلے سال کے حساب میں منتقلی</p>	
Rupees in ‘000	
200,000	
100,000	
721,786	
48,136	
1,069,922	

بورڈ آف ڈائریکٹرز

کمپنی کا بورڈ آف ڈائریکٹرز، نو افراد پر مشتمل ہے، جو علم، تجربے اور مہارت اور اداراک کے ساتھ کمپنی کی دور رس رہنمائی اور حکمت عملی کو ترتیب دینے کے لیے موجود ہے۔ ماسوائے ایک چیف ایگزیکٹیو آفیسر کے کمپنی کے تمام ڈائریکٹرز، ایک خود مختار ڈائریکٹرسیت نان ایگزیکٹیو ڈائریکٹرز ہیں۔

گلدنش ڈائریکٹرز کی مدت 25جون، 2017 کو ختم ہوگئی تھی۔ علاوہ دو ڈائریکٹرز کے تمام پچھلے ڈائریکٹروں کو تین برس کی مدت کے لئے دوبارہ منتخب کیا گیا ہے۔ جناب آل نور محمد رتسے جنہوں نے 9 سال ڈائریکٹر اور چیئر مین آڈٹ کمیٹی کے طور پر خدمات انجام دیں اور جناب عامر حسن ارشاد جو تقریباً 3 سال ڈائریکٹر کے طور پر کام کرتے رہے۔ دونوں نے انگلے برسوں کے لیے چناؤ میں حصہ نہیں لیا۔ بورڈ نے کمپنی کی رہنمائی اور گورننس کے لیے دونوں ڈائریکٹرز کی خدمات کو سراہا۔ ان کی جگہ جناب امین کریم بھائی اور جناب سلیم عالمانی کو ڈائریکٹرز کے طور پر منتخب کیا گیا ہے۔

بورڈ کے اجلاس

دوران سال بورڈ آف ڈائریکٹرز کے چھ (6) اجلاس منعقد ہوئے۔ جس میں حاضری کی تفصیلات مندرجہ ذیل ہیں

ڈائریکٹرز کے نام

توفیق ایچ چٹائے	
طاہراحم	
اکبر علی پٹانانی	
آرڈ آکر محمود	
جان جوزف مینکاف	
امین اسے ہاشوانی	

امین کریم بھائی (آغاز مدت 25جون، 2017 کو شروع ہوئی)

سلیم عالمانی (آغاز مدت 25جون، 2017 کو شروع ہوئی)

ایم اختر یواننی (صدر امین ہاشوانی کے تبادل ڈائریکٹر)

آل نور رتسے (اختتام مدت 25جون، 2017 کو ختم ہوئی)

عامر حسن ارشاد (اختتام مدت 25جون، 2017 کو ختم ہوگی)

بورڈ کمیٹی

زیر جائزہ سال کے دوران بورڈ رسک کمیٹی اور فنانس اینڈ انوسٹمنٹ کمیٹی کے پانچ، پانچ اجلاس ہوئے۔ بورڈ آڈٹ کمیٹی کے چار (4) اجلاس اور بورڈ ہیومن ریسورس، ریونیوزیشن اینڈ ٹائمٹیشن کے تین اجلاس ہوئے۔ بورڈ کمیٹیوں کے ارکان کے نام اور ضابطہ کار اس رپورٹ کے ضمیمے میں دیئے گئے ہیں۔ بورڈ آڈٹ کمیٹی کے چیئر مین ایک نان ایگزیکٹیو اور خود مختار ڈائریکٹر ہیں۔

مئنجمنٹ کمیٹی

کمپنی میں پانچ مئنجمنٹ کمیٹیاں ہیں، جو کاروبار کے اہم حصوں کا احاطہ کرتی ہیں۔ کمیٹیوں کے نام، اجلاسوں کی تعداد، ارکان کے نام اور ان کے ضابطہ کار اس رپورٹ کے ضمیمے میں دی گئے ہیں۔

ڈائریکٹرز کی ذمہ داریوں کا اظہار یہ

کوڈ آف کارپوریٹ گورننس کے مطابق مالیاتی رپورٹ کے ضمن میں ڈائریکٹر مندرجہ ذیل امور کی تصدیق کرتے ہیں۔

– کمپنی کی انتظامیہ کی طرف سے تیار مالیاتی گوشوارے ہ، موجودہ جاری شفاف معاملات، آپریشنز کے نتائج، نقد بہاؤ اور ایکیٹی میں تبدیلی صحیح صورتحال کی عکاسی کرتے ہیں۔

– کمپنی کے اکاؤنٹس باقاعدہ طور پر مرتب کیئے گئے ہیں۔

– مالیاتی گوشوارے ترتیب دیتے ہوئے، مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے لحاظ خاطر رکھا گیا ہے، اور مالیاتی گوشوارے اور اکاؤنٹنگ تخمینے مناسب اور دانشمندانہ فیصلے پر مبنی ہیں۔

– پاکستان میں لاگو بین الاقوامی اکاؤنٹنگ کے معیارات کی مالیاتی گوشواروں کی تیاری میں بیرونی کی گئی ہے۔ بین الاقوامی مالیاتی رپورٹنگ معیارات (IFRS) جو کمپنیز آرڈیننس، 1984 کے تحت انٹرنشل اکاؤنٹنگ

اسٹینڈرڈ بورڈ کی جانب سے مشتہر اور کمپنیز آرڈیننس، 1984 کے ذریعے مطلع کیئے گئے ہیں۔ اور اس کے علاوہ انٹرنس آرڈیننس، 2000، ایس ای سی (انٹرنس) رولز 2002 اور کنافل رولز، 2012 کے تحت جاری کردہ ہدایات، دفعات، اور کوئی تبدیلی یا کسی قابل ذکر مادی انخلاء کا مناسب اظہار کیا گیا ہے۔

۔ موجودہ کاروبار کے جاری رکھنے کے بارے میں کمپنی کی صلاحیت شکوک و شبہات سے بالاتر ہے۔

– کارپوریٹ گورننس کے بہترین طریقوں کو اپنانے میں، جن کا لسٹنگ کے ضابطوں میں تفصیلی ذکر موجود ہے، کوئی کوتاہی نہیں ہوئی۔

کمپنیز ایکٹ 2017 کے سیکشن 227 کے تحت دیگر معلومات

کمپنیز ایکٹ 2017 کے سیکشن 227 کے تحت جو دیگر معلومات درکار ہیں۔ یعنی کہ سپٹرن آف شیئر ہولڈنگ (ہشول کمیٹی کے ڈائریکٹران، اور ایگزیکٹیووز کی کمپنی کے حصص میں خرید و فروخت کی تفصیلات) انٹرنل کنٹرول فریم ورک، سسٹیمیٹائی اور رسک و مواقع اس رپورٹ کے ضمیمہ میں ملاحظہ فرمائیں۔

بورڈ کی کارکردگی کا جائزہ

بورڈ نے اپنی کارکردگی کا جائزہ لینے کے لئے ایک سوالنامے کے ذریعے ایک خود مختار مکتبہ غیرم اختیار کیا ہوا ہے۔ جو بورڈ کے کام کرنے کے بنیادی حصوں کا احاطہ کرتا ہے۔ اس جائزے کا بنیادی مقصد بورڈ کو اپنا معیار اور اپنی صلاحیتوں کا اندازہ کرنا ہے، جس سے بورڈ کے ارکان کمپنی کی ترقی میں زیادہ موثر کردار ادا کر سکیں گے۔ سوالنامے میں جن اہم حصوں کو شامل کیا گیا ہے، وہ صرف مندرجہ ذیل تک محدود نہیں ہیں۔

– بورڈ آف ڈائریکٹرز کی بنیادی تنظیم سے آگاہی

– بورڈ اور اس کی کمیٹیوں کے آپریشن، کارکردگی، اور ان کے موثر ہونے کی صلاحیت

– بورڈ کی مجموعی ذمہ داریوں اور اس کے دائرہ کار کا تعین

– انتظامیہ کی جانب سے بورڈ کو پیش کی جانے والی معلومات کی جانچ پڑتال اور کمپنی آپریشن کا جائزہ اور بہتری کی تجویز

جائزہ کا یہ عمل ہر سال کیا جاتا ہے۔ مذکورہ سوالنامہ گمشدی مرا سلمہ تمام ڈائریکٹرز کو بھیجا جاتا ہے۔ اس عمل کی شفافیت اور رازداری کے مد نظر اس سوالنامے کے نتائج کو مرتب کرنے کے لئے جوابات ڈائریکٹرز کی جانب سے بیرونی آڈیٹرز کو براہ راست بھیجے جاتے ہیں۔ بورڈ ان نتائج کو اپنے اجلاس میں زیر بحث لاتا ہے۔

چیف ایگزیکٹو آفیسر (سی ای او) کی کارکردگی کا جائزہ

بورڈ آف ڈائریکٹرز تین سال کی مدت کے لئے چیف ایگزیکٹیو آفیسر مقرر کرتا ہے۔ بورڈ کی ہیومن ریسورس، ہیو نیوریشن اینڈ ٹائمٹیشن کمیٹی، اس کی کارکردگی کا اندازہ لگانے کے آپریشنل، مالیاتی اور اسٹریٹجک مقاصد متعین کرتی ہے۔ اور یہی کمیٹی سالانہ بنیاد پر سی ای او کی کارکردگی کی نگرانی اور جائزہ لیتی ہے۔

تکافل

آپ کی کمپنی نے کاروبار کے تمام شعبہ جات کے توسط سے، ونڈ و تکافل آپریٹمنٹز میں 60 فیصد کی شرح کے توانا اضافے سے مجموعی پرمیٹیم 642 ملین روپے (2016: 402 ملین روپے) حاصل کیا۔

چھوٹے اور درمیانے درجے کے کاروباری شعبے سے تکافل میں ترقی کے مواقع موجود ہیں۔ تاہم، بڑے صنعتی اور تجارتی شعبوں میں تکافل کا تیزی سے اضافہ کارخان، ری تکافل کی سہولیات کی دستیابی میں رکاوٹوں کی وجہ سے متاثر ہوا ہے۔ کمپنی مسلسل جدید ڈسٹری بیوشن چینلز میں سرمایہ کاری کر رہی ہے تاکہ ترقی کے نئے مواقع حاصل کر سکے۔

آپ کے ونڈ و تکافل آپریٹمنٹز نے 31 دسمبر 2017 کو اختتام پذیر سال میں ونڈ و آپریٹر کے فنڈ میں 42 ملین روپے (2016: 14 ملین روپے) کا منافع حاصل کیا۔ اور پارٹیشننٹز فنڈ اکاؤنٹ میں 45 ملین روپے (2016: 17 ملین روپے کی خسارہ) کا اضافہ کیا۔

	2017	2016	
		(Rupees in '000)	
مجموعی کنٹریبیوشن	642,497	402,122	
خالص کنٹریبیوشن	320,710	118,712	
فنڈ میں اضافہ / (خسارہ)۔ سرمایہ کاری آمدنی سے پہلے	38,199	(18,390)	
سرمایہ کاری آمدنی	6,467	1,678	
سال کا مجموعی اضافہ / (خسارہ)	44,666	(16,712)	
آپریٹرز فنڈ- آمدنی کا اکاؤنٹ	55,170	13,806	
قبل از ٹیکس آپریٹرز کا منافع	60,109	16,187	
آپریٹر کا سالانہ منافع	42,076	13,870	

آتشزدگی اور جائیداد (فائر اینڈ پراپرٹی)

فائر اور پراپرٹی کمپنی کا سب سے بڑا پورٹ فولیو ہے اور مجموعی پرمیٹیم اور کنٹریبیوشن میں اس کا 24 فیصد حصہ ہے۔ اس پورٹ فولیو سے ہونے والی انڈر رائٹنگ آمدنی بشمول ونڈ و تکافل آپریٹمنٹز 46 ملین روپے ہے۔

میرین، ایوی ایشن اور ٹرانسپورٹ

اس شعبے کا مجموعی پرمیٹیم اور کنٹریبیوشن میں 8 فیصد حصہ ہے۔ پرمیٹیم کی شرح میں کمی کے باوجود، کاروبار کے اس شعبے سے بشمول ونڈ و تکافل آپریٹمنٹز کے خسارے، 125 ملین روپے کا انڈر رائٹنگ منافع حاصل ہوا۔

موٹر

کمپنی کی حکمت عملی کے مطابق، کاروبار میں موٹر پورٹ فولیو کا حصہ مجموعی پرمیٹیم اور کنٹریبیوشن میں 21 فیصد تک ہو گیا ہے۔ اس شعبہ میں 12 فیصد کی مجموعی ترقی ہوئی ہے۔ منافع کی حیثیت سے، موٹر پورٹ فولیو مسلسل شاندار کارکردگی دکھا رہا ہے۔ اور اس شعبے نے بشمول ونڈ و تکافل فنڈ کے اضافہ سے 307 ملین روپے کا مجموعی منافع حاصل کیا۔

ذمہ داری (لائیبیلیٹی)

لائیبیلیٹی (ذمہ داری) پورٹ فولیو کا مجموعی پرمیٹیم اور کنٹری بیوشن میں 5 فیصد کا حصہ ہے۔ اور اس سے انڈر رائٹنگ کی آمدنی میں 21 ملین روپے حاصل ہوئے ہیں۔

حادثے اور صحت (ایسیڈینٹ اینڈ ہیلمنٹھ)

آپ کی کمپنی کا شمار ملک میں حادثہ اور صحت کے کاروباری شعبہ جات کے بہل کاروں میں ہوتا ہے۔ اور اس شعبے کی اہمیت اور حجم میں مسلسل اضافہ ہو رہا ہے۔ مجموعی پرمیٹیم اور کنٹری بیوشن میں اس کا حصہ 19 فیصد ہے۔

متفرق

متفرق پورٹ فولیو (جس میں مختلف کاروباری شعبے جیسے تعمیرات، ہونڈنگ، بینکرز بلیٹکنٹ بانڈ، مشینری کی خرابی وغیرہ شامل ہیں) نے کمپنی کے مجموعی پرمیٹیم میں 23 فیصد کا حصہ ڈالا ہے۔

اس پورٹ فولیو سے بشمول ونڈ و تکافل آپریٹمنٹز کے خسارے کے 109 ملین روپے کا منافع حاصل ہوا ہے۔

سرمایہ کاری کی آمدنی

کمپنی کی سرمایہ کاری آمدنی بشمول، بینک میں جمع شدہ رقم سے ہونے والی آمدنی، سیکورٹیز پر کیپیٹل گین، ڈیوڈینڈز اور ریٹل اسٹیٹ کے کرایے سے ہونے والی آمدنی 2016 کے 1.3 بلین روپے کے مقابلے میں 1.04 بلین روپے رہی۔ بنیادی طور پر اس کی وجہ ایکویٹی مارکیٹ کی کارکردگی ہے، جو 2017 میں کافی گراوٹ کا شکار رہی۔

31 دسمبر 2017 تک سرمایہ کاری حصص پورٹ فولیو کا غیر حاصل شدہ منافع 6.16 بلین رہا۔ جو کہ 2016 میں یہ 7.3 بلین روپے تھا۔

بعد ازاں ہم چین پاکستان اقتصادی کو ریڈور (سی پیک) سے متعلقہ منصوبوں کی سرگرمیوں میں اضافے کی پیش بینی کر سکتے ہیں۔ جس سے مضبوط ترقی کی رفتار کا مرحلہ تیز ہوگا۔ تاہم، سیاسی صورت حال، خاص طور پر عام انتخابات، بیرونی شعبے کی کارکردگی اور روپے کی قدر میں مزید کمی کے اثرات ایکویٹی مارکیٹ پر پڑیں گے۔ ہمیں 2018 کے دوران افراط زر اور شرح سود میں اضافہ کی توقع ہے۔

کمپنی کی جانب سے ایک متوازن حکمت عملی اختیار کرتے ہوئے ہم اس بات کی توقع رکھتے ہیں کہ کمپنی کی سرمایہ کاری کے پورٹ فولیو میں شرح سود میں بڑھتی ہوئی تبدیلی اور جی ڈی پی کی مضبوط ترقی سے فائدہ ہوگا۔

مارکیٹ شیئر

توقع ہے کہ کمپنی پاکستان کی تیسری بڑی کمپنی کے طور پر اپنی حیثیت برقرار رکھے گی۔

ری انشورنس

پاکستان میں انشورنس کے اطمینان بخش منافع کے باوجود بین الاقوامی ری انشوررز نے ری انشورنس کی شرائط مزید سخت کردی ہیں۔ جس کی وجہ سے 2017 کی آخری سہ ماہی میں شمالی امریکہ سے نکلانے والے تین سمندری طوفان اور میکسیکو میں تباہ کن زلزلہ ہے۔ تاہم، آپ کی کمپنی، اپنے گاہکوں کی بڑھتی ہوئی ضروریات کے پیش نظر ری انشورنس کی سہولیات میں اضافے کی حکمت عملی کو جاری رکھنے میں کامیاب رہی ہے۔ ہم بین الاقوامی طور پر تسلیم شدہ ری انشورنس کمپنیوں، مثلاً سٹکس ری، پینوور ری، لائینڈ آف لندن، اے سی آر اور ٹرسٹ ری کی خدمات حاصل کرنے میں کامیاب رہے ہیں۔ جو اعلیٰ تحفظ کی نمائندگی کرتی ہیں۔

مصنوعات کی ترقی

جوہلی جنرل جدید مصنوعات کے ذریعے اپنے کاروبار کو فروغ دینے پر یقین رکھتی ہے۔ ہم جدید مصنوعات، موٹر ڈیلیوری چینلز، آن لائن ریٹیل سسٹم اور اسٹیٹ آف آرٹ رابطہ سینٹر کے ذریعہ جدید مصنوعات کی ترسیل کے لیے کوشاں رہیں گے۔

منافع اور فوائد کا مختص کرنا

	Rupees in ‘000	
	8,766	
	1,064,633	
	(3,477)	
	<u>1,069,922</u>	

گزشتہ سال سے لائی گئی رقم

اس سال کی مجموعی آمدنی

غیر ملکی کرنی کے لین دین کا فرق

مختص کرنے کے لئے موجود رقم

ڈائریکٹرز رپورٹ

برائے سال منقحہ 31 دسمبر 2017

ڈائریکٹرز 31 دسمبر 2017 کو اختتام پذیر ہونے والے سال کی سالانہ رپورٹ اور آڈٹ شدہ اکاؤنٹس پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

ملک کی صورتحال کا جائزہ

پاکستان کی اقتصادی کارکردگی 2017 میں مستحکم رہی۔ کیونکہ مجموعی قومی پیداوار (جی ڈی پی) کی شرح (سال 2016: 4.71 فیصد) کے مقابلے میں 5.3 فیصد سے بڑھی۔ اقتصادی سروسے آف پاکستان کے مطابق فی کس آمدنی (گذشتہ سال 1533 امریکی ڈالر) 1629 امریکی ڈالر تک پہنچ گئی ہے۔ جبکہ مجموعی سرمایہ کاری میں 17 فیصد اضافہ ہوا۔ قومی بچت کی شرح، مجموعی قومی پیداوار کا 13.1 فیصد رہی جو گذشتہ سال 14 فیصد تھا۔ معیشت کا مجموعی حجم 300 ارب امریکی ڈالر سے زائد رہا۔ توانائی کی دستیابی کی بہتری، بہتر سیکورٹی کی صورتحال، سستے قرض کی سہولیات اور خریداری کی طاقت کے تناظر میں صارفین کی بڑھتی ہوئی مانگ کے سبب، اسٹیٹ بینک آف پاکستان (ایس بی پی) کے مطابق حقیقی مجموعی قومی پیداوار کی ترقی کا تخمینہ 5.8 فیصد ہے، جو 2017 کے مقابلے میں کافی زیادہ ہے اور سالانہ 6 فیصد کے ہدف سے قدرے کم ہے۔ کچھ برسوں سے، افراط زر کی شرح کم اور مستحکم رہی ہے لیکن خام تیل کی قیمتوں میں اضافے اور تخفیف زر سے اب اس میں اضافے کا رجحان ہے اور جون 2018 تک اس کے 6 فیصد تک ہونے کا تخمینہ لگایا گیا ہے۔ درآمدات میں دوہرے عددی (ڈبل ڈیجیٹ) فیصد اضافے، موٹر گاڑیوں کی پیداوار اور مقامی سینٹ کی قبولیت کا آغاز انٹرنیشنل انڈسٹری کے مستقبل کی نگو کے لیے بہت بہتر ہے۔

انشورنس سیکٹرز کا جائزہ

پاکستان میں 2016 میں جزل انشورنس مارکیٹ کا کل مجموعی پرییم (GWP) 11 فیصد کے اضافے (2015 میں بھی 11 فیصد) سے 68 بلین روپے تک پہنچ گیا ہے۔ 2017 میں صنعتی ترقی کی شرح میں متوقع اضافہ 9-11 فی صد ہے۔ جو افراط زر کی متوقع شرح 4.5 سے 5.5 فیصد سے بہتر ہے۔

مجموعی طور پر انشورنس صنعت گذشتہ 03 برسوں کے دوران انڈر رائٹنگ، اچھے منافع میں ہے، کیونکہ موثر انشورنس اور میرین انشورنس کے شعبوں کی کارکردگی بڑے کلیم نہ آنے کے باعث اچھی رہی ہے۔ جس کے نتیجے میں مجموعی طور پر پرییم کی شرح میں کمی کا رجحان ہے۔ تاہم، جیسا کہ قومی معیشت بہتری کی جانب گامزن ہے۔ اس لیے انشورنس کی صنعت مثبت ترقی کے لیے پرامید ہے۔

کمپنی کی کارکردگی

زیر جائزہ سال کے دوران، آپ کی کمپنی نے موثر اور ہیلتھ پورٹ فولیو کے مجموعی پرییم بشمول تکافل پرائیونڈز کے کسٹریوشن سمیت اچھی ترقی کی ہے۔ مجموعی طور پر کمپنی کا مجموعی پرییم بشمول تکافل پرائیونڈز کے 8.34 بلین روپے (2016: 8.23 بلین روپے) تک پہنچ گیا ہے۔ جبکہ مجموعی خالص پرییم 15 بلین روپے (2016: 4.29 بلین روپے) تک پہنچ گیا ہے۔ انشورنس کے کاروبار سے آپ کی کمپنی کا انڈر رائٹنگ منافع 409 بلین (2016: 473 بلین روپے) ہے۔ جبکہ انشورنس اور تکافل کے مجموعی تکنیکی منافع میں 502 بلین روپے (2016: 468 بلین) ہو گیا اضافہ ہوا۔

زیر جائزہ سال کے کمپنی کے انشورنس کاروبار کے نتائج کا خلاصہ درج ذیل ہے۔

2016 2017

(Rupees in '000)

7,850,500	7,694,212
4,170,928	4,610,717
472,979	408,689
1,315,975	1,041,638
1,854,125	1,615,757
1,179,431	1,083,002
6.54	6.00

مجموعی پرییم
خالص پرییم آمدنی
انڈر رائٹنگ کے نتائج
سرمایہ کاری سے آمدنی (بشمول کرایہ آمدنی اور کپیٹل گین)
قبل از ٹیکس منافع
بعد از ٹیکس منافع
فی شیئر آمدنی فی 10 روپے کے شیئر

Corporate Governance Board Committees

The Company has four Board committees, which cover the core areas of business. These Committees meet regularly to review the Company's performance which strengthens its governance framework. The terms of reference and composition of these committees are given below:

Audit Committee

The terms of reference of this committee includes the following:

- Determination of appropriate measures to safeguard the Company's assets.
- Review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:
 - Major judgmental areas;
 - Significant adjustments resulting from the audit;
 - Any changes in accounting policies and practices;
 - Compliance with applicable accounting standards; and
 - Compliance with listing regulations and other statutory or regulatory requirements;
- 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 want to highlight (in the absence of management, where necessary).
- Review of management letter issued by external auditors and management's response thereto.
- Ensuring coordination between the internal and external auditors of the Company.
- Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company.
- Consideration of major findings of internal investigations and management's response thereto.
- Review of related party transactions prior to their approval from the Board of Directors.
- Ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective.
- Review of the Company's statement of internal control system prior to endorsement by the Board of Directors.
- Determination of compliance with relevant statutory requirements.
- Monitoring and compliance with the best practices of corporate governance and identification of any significant violations thereof.
- Consideration of any other issue or matter as may be assigned by the board of directors.

The Committee comprises of four members, including the Chairman being an independent director. All other members are non-executive directors.

Name of Members

Aly Noormahomed Rattansey
Amyr Currimbhoy
Salim Amlani
Akbarali Pesnani
John Joseph Metcalf
Amin A Hashwani

Attendance

2/2
2/2
2/2
4/4
4/4
0/2

Finance & Investment Committee

Term of Reference

The terms of reference of this committee include the following:

Planning & Budgeting:

- Review the annual operating & capital expenditures budgets and recommending the same to the Board.
- Review and approve the long term plan and recommend three years budget of the Company.
- Review and approve proposals for opening of Branch Offices inside and outside Pakistan.

Operating Review:

- Review the operational performance of the Company to analyse the variances between planned and actual results.
- Review and monitor the capital expenditures incurred in accordance with the budget.

Investments:

- Define the strategic objectives of the Investment Policy.
- Allocate funds for investment in the different sectors and sub-sectors.
- Establish the basic parameters governing the investment in the various sectors.
- Review and approve the annual investment plan and budget.
- Review each quarter, the overall investment portfolio with particular reference to purchase and sale of investments made during the quarter, the income accruing from each sector vis-à-vis the budget, and to consider the reasons for variances.
- Review the economic, political and law & order outlook for the foreseeable future and to issue guidance for further investment / disinvestment activity, sectoral reallocation of investment portfolio etc.
- Establish the benchmarks against which the performance of the overall investment portfolio and its sectors are to be assessed.

The Committee comprises of five members, including the Chairman of this Committee, out of which three are non-executive directors and one executive director and the Chief Financial Officer.

Name of Members	Attendance
Akbarali Pesnani	5/5
R. Zakir Mahmood	5/5
John Joseph Metcalf	5/5
Tahir Ahmed	5/5
Nawaid Jamal	3/3

Board Risk Committee

Terms of Reference

The terms of reference of this committee includes the following:

- To brief the board and make recommendation:
 - regarding the design and implementation of risk management, measurement strategies, the procedures for monitoring the adequacy and effectiveness of those processes;
 - about the Company's risk profile relative to current and future strategy, risk appetite and identify any risk trends, concentrations or exposures and any requirement for policy change;
 - with regard to risk management decisions in relation to strategic and operational matters such as corporate strategy;
 - about the risk reports with potential actions for improvement; and
 - about identifying and assessing future potential risks which, by virtue of their, unfamiliarity, uncertainty and deemed low probability, may not have been factored adequately by the management.
- The Committee shall also be responsible for:
 - periodically reviewing and assessing the adequacy of the Terms of Reference of the Committee and based on review make recommendations to the Board for changes which would improve the performance of the Committee;
 - conducting an annual performance evaluation of the Committee and report its findings to the Board;
 - attending to such matters as the Board of Directors may from time to time determine; and
 - maintaining minutes of Committee meetings and report regularly to the Board.

The Committee comprises of five members including Chairman of this Committee, out of which four are non-executive directors and one is the CEO.

Name of Members	Attendance
Towfiq H. Chinoy	5/5
R. Zakir Mahmood	5/5
John Joseph Metcalf	5/5
Amin A Hashwani	1/3
Tahir Ahmed	5/5
Aamir Hasan Irshad	2/2

Human Resource Remuneration and Nomination Committee

Term of Reference

The terms of reference of this committee includes the following:

- Review the HR policies and make appropriate amendments if needed. Review and approve manpower development plan and budget.
- Review and recommend annual appraisal and salary revision of senior executives of the Company.
- Review and approve any changes required in perquisites and benefits of senior executives and employees.
- Approve terminations and acceptance of resignations for senior executives.
- 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 their profiles and any succession plans.
- Ensure proper orientation of Board members in respect of their responsibilities.
- Establish a mechanism for the formal assessment of the effectiveness of the Board as a whole as well as the contributions of individual Board members.
- Make recommendations to the appropriate authority within the Company for dismissal and retirement of members of the Board, Chief Executive Officer, and senior management / key officers of the Company;
- Make recommendations to the Board with respect to succession planning for the Chief Executive Officer and other members of 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 insurer.
- Ensure that all directors receive appropriate ongoing training as required for them to fulfill their role requirements.

The Committee comprises of four members including the Chairman of this Committee, out of which three are non- executive directors and one executive director.

Name of Members	Attendance
Towfiq H. Chinoy	3/3
John Joseph Metcalf	3/3
Tahir Ahmed	3/3
Amin A. Hashwani	2/3

Management Committees

The Company has five management committees, which cover the core areas of business. These Committees meet on regular basis and are headed by the Chief Executive Officer. The functions and composition of the committees are given below:

Underwriting Committee

The underwriting committee’s function is to formulate the underwriting policy of the Company and to set out the criteria for assessing various types of insurance risks, and to determine the premium of different insurance covers. The Committee shall regularly review the underwriting and premium policies with due regard to relevant factors such as business portfolio and the market development. Determination of appropriate measures to safeguard the Company’s assets.

Following are the members of this Committee:

Name of Members

Tahir Ahmed - Chairman
 Azfar Arshad
 Syed Imran Rabbani
 Mohammad Safdar

Claims Settlement Committee

The function of this committee is to devise the claim settling policy of the Company. The committee oversees the claim position of the Company and ensures that adequate claims reserves are made. The committee pays a particular attention to significant claims cases or events, which will give rise to a series of claims. The Committee also determines the circumstances under which the claim disputes shall be brought to its attention, and decides how to deal with such claims disputes. It shall also oversee the implementation of the measures for combating fraudulent claims cases.

Claim Settlement Committee shall oversee the activities of “Grievance Function” of the Company. The Grievance Function shall be responsible for the resolution of complaints and grievance of the policyholders and prospective policyholders.

Following are the members of this committee:

Name of Members

Tahir Ahmed - Chairman
 Nawaid Jamal
 Uzair Mirza
 Kamran Arif

Re-Insurance & Co-Insurance Committee

This committee ensures that adequate reinsurance arrangements are made for the Company. The Committee pursues the proposed reinsurance’s arrangements prior to their execution, reviews the arrangements from time to time and subject to the consent of the participating reinsurers makes appropriate adjustments to those arrangements in the light of the market development. The committee will also assess the effectiveness of the reinsurance program for the future reference.

Following are the members of this committee:

Name of Members

Tahir Ahmed - Chairman
 Karim Merchant
 Mohammad Safdar
 Mohammad Nadeem Irshad

Enterprise Risk Management (ERM) Committee

This Committee shall ensure the continuity of critical business functions and commercial activity of the Company and safe guard its assets. The Committee shall assess, review, record, rank and rate the physical, financial and reputational risks. It will conduct the business impact analysis; assess effects of impact of any physical disruption; its financial implications and people to be affected. It will also evaluate mitigation in place; lay down proactive approach and reactive actions. It will also continue to review and improve Business Continuity Plan of the Company from time to time.

Following are the members of this committee:

Name of Members

- Tahir Ahmed - Chairman
- Azfar Arshad
- Nawaid Jamal
- Mohammad Safdar
- Uzair Mirza
- Mohammad Nadeem Irshad
- Syed Abid Waseem
- Imran Mughal

Takaful Committee

The function of this committee is to review the performance of the Takaful operations and advise the Board accordingly on quarterly basis. The committee endorses the policies and procedures to be implemented in the Takaful operations. It recommends the appointment of key personnel related to Takaful operations. The committee also monitors the adherence to the Takaful Rules and Shariah principles by the Takaful Operations.

Following are the members of this committee:

Name of Members

- Tahir Ahmed - Chairman
- Azfar Arshad
- Nawaid Jamal
- Syed Sohail Ahmed

Board Meetings outside Pakistan

During the year, all Board and its Committees meetings have been arranged in Karachi and none of the meeting conducted outside Pakistan.

Directors' Training and Orientation

All the directors are compliant with necessary eligibility requirement of SECP with respect to Directors' Training Programme either by way of attending Director Training Programme conducted by local and foreign institutions that meet the criteria specified by the SECP or having minimum qualification and experience criteria for exemption stipulated in the Code.

Human Resource Development

To be successful in the rapidly-changing corporate landscape, we are determined to nurture our workforce, facilitating them to polish their knowledge, skills and competencies that lead to perform their jobs more productively and at the same time to prepare them for higher positions, thereby gain competitive edge.

At, the Company, Training & Development programmes both in-house and external address the needs of employees working at various levels. Class room training, job rotation, job sharing, etc play an important role in unlocking the potential of employees. Besides this, the Company subscribes various professional magazines that enable employees to enhance their market orientation.

The Company facilitates its employees by extending financial assistance for acquiring Post-Graduate Diploma in insurance from Karachi University. Moreover, financial assistance is also available to employees for a globally recognised insurance qualification, Advanced Diploma – ACII, from the Chartered Insurance Institute, UK.

Succession Planning

The long-term sustainability of any good organisation depends on its leadership. The Company addresses its leadership pipeline by identifying key positions and their successors that are critical to its success. Our succession planning process ensures that successors have the opportunity to develop their skills and competencies through cross-functional moves, additional assignments, training and other development methods that help in their career advancement which is mutually beneficial. The Company firmly believes in people diversity and therefore hires individuals from different backgrounds with required knowledge, skills and abilities.

Value of Investment in Provident & Gratuity Funds

The value of investments in employees' retirement funds, based on the audited financial statements for the year ended December 31, 2016, are as follows:

	Rupees in '000
Staff Provident Fund	438,218
Employees' Gratuity Fund	205,919

Actual and Perceived Conflicts of Interest

The Board of Directors of the Company subscribes to the highest standards of corporate governance. All Directors of the Company have a duty to avoid conflicts of interest, and a responsibility to identify and disclose actual, potential or perceived conflicts between their personal, family, pecuniary or business interests along with their professional responsibilities to the Company.

Every director of the Company, if in any way, interested in any contract or arrangement to be entered by the Company, is required to disclose the nature of his/her concern or interest to the Board and bound not to take part in the discussion or vote on the matter. The Chairman informs the Board of the existence of conflict (if any) and it is duly reflected in the minutes of the meeting.

A general statement is given by each director annually disclosing the names of the companies, firms and businesses to which they are associated.

Whistle Blowing Mechanism

The Company's Code of Conduct addresses the concerns pertaining to whistle blowing and its protection. Duties and responsibilities of every employee have been defined. Whenever employees become aware of any such situation(s) that are non-compliant with the Code of Conduct or/and assigned duties and responsibilities then the designated competent authority is informed such matters immediately by the employees.

During the year no incident of whistle blowing reported in the Company.

IT Governance Policy

The Company maintains a proper documented IT policy which is also approved by the Board. The policy is aimed to implement integrated framework to achieve the Company's strategic objectives. The policy mainly covers following areas:

- Internal Organisation and responsibility of IT assets;
- IT Operational Procedures;
- System planning, acceptance and data security;
- Backups and Media handling;
- E- Commerce;
- System monitoring procedures; and
- Disaster recovery plan.

Safety of Records of the Company

The Company ensures maintenance of records as per the requirement of repealed Companies Ordinance, 1984 and Companies Act 2017. For the safe custody of physical documents and files, record rooms having appropriate space and proper filing system are located at Head office and Zonal Offices. The safety and maintenance of soft data also governed with a comprehensive IT Backup Policy. The Company also maintains data at Disaster Recovery Sites to ensure its availability at all the time.

Grievance Function

The Company is well prepared to handle the complaints / grievances of insured, (if any), not only to adhere the applicable requirements of the "Code of Corporate Governance for Insurer" (the code) but also for a deep association with them as their insurer and protector. By resolving their complaints /grievances effectively and efficiently within a short span of time, the Company also creates an everlasting bondage with them.

Under the "Grievance Function", complaints/grievance of the policyholders and prospective policyholders are received by the designated staff in writing or through call center of the Company. Afterwards, relevant staff resolves these complaints/grievances within the stipulated time and act according to the requirements of the Code. In order to make "Grievance Function" more effective and efficient, "Claims settlement Committee" comprising higher management representatives, oversees its activities on regular basis and provides the guidance and assistance accordingly.

Engagement with Stakeholders

The Company has wide range of stakeholders particularly shareholders and investors, customers, suppliers and service providers including reinsurers and reinsurance brokers, financial institutions, media, regulatory bodies and analysts. The Company believes in effective communication with all stakeholders and generally adopts following communication procedures:

Shareholders and investors

The Company convenes annual and extra ordinary general meetings in accordance with the requirement of repealed Companies Ordinance, 1984 (Now Companies Act 2017). The Company's interim results and reports are placed on Company's website and are also notified to the Pakistan Stock Exchange for shareholders' information. Any other price sensitive information including dates of Board of Directors' meeting is also communicated to the Stock Exchange on timely basis. The Company's website also has an investor relations section which contains all relevant information for the use of investors which is updated on timely basis.

Customers

The Company's philosophy can be summed up as customer protection, their satisfaction and trust. The Company has proper sales team which meets with corporate clients on regular basis to obtain their feedback, which helps significantly in improvement of level of services provided to them. The Company has also a call center with toll free number to provide better services to all its clients mainly focusing on retail segment of the market. The Company has strong presence on social media to engage with customers and visitors in an efficient manner. The Company's website also has complaint form for the customers to register their complains (if any) which are addressed appropriately.

Suppliers and Service providers

The Company corresponds with its major suppliers and services providers particularly reinsurers and reinsurance brokers on a regular basis and provides them relevant feedback and updates.

Financial Institutions

The Company works with major Banks and other financial institutions in partnership to provide better services to the customers and to increase Company's financial strength. The Company interacts with all partner institutions continuously to explore avenues of growth and investments. The collaboration with the banks is also focused on improvement in banking and insurance services provided by both the counter parties.

Media

The Company promotes its business activities by having strong presence in media. The Company ensures media presence while launching of its products, signing of major agreements with business partners and other organised promotional and social activities.

Regulatory bodies

The Company ensures compliance of all regulatory requirements and submits periodic reports to the regulators. The Company also interacts with various regulators through platform of the Insurance Association of Pakistan and business representative bodies.

Analysts

The Company communicates with both local credit rating agencies on regular basis to secure IFS rating as required by the law. The Company also interact with one of the oldest and most authoritative rating agency A. M Best for its international rating.

The Company also encourages business schools and research houses to conduct research on insurance sector and also disseminate their analysis through various publications.

Internal Control Framework

An internal control system comprises the whole network of systems and procedures established to provide reasonable assurance that organisational objectives will be achieved.

The management of the Company always keen in establishing and strengthening the control to safeguard the interest of all the stakeholders. The effectiveness of internal control rooted in the design of the system itself for which profound thinking is done covering all the necessary exposures to find out any related risk. The Board of Directors and management are responsible to establish and maintain an adequate and effective system of internal controls and procedures. The main objectives of internal control are as follows:

1. Orderly, effective and efficient conduct of business;
2. Safeguard the assets and resources;
3. Completeness, reliability and accuracy of accounting records and financial information;
4. Timely preparation and reporting of financial information;
5. Compliance with the applicable laws and regulations; and
6. Adherence to the Company's policies and plans.

During the year, in order to further strengthen the internal control framework, following mechanisms have been implemented:

1. Segregation of Investment Department into Front, Middle and Back Office along with the implementation of changes in relevant systems and procedures accordingly; and
2. Introduction and implementation of Proxy Voting Policy in the Company as approved by the Board of Directors.

Role of Compliance

Compliance function within the Company is an integrated tool of internal control without which the Company cannot obtain the resistant against risks and threats, particularly with respect to regulatory compliance as it is an important aspect for the smooth running of the operations. In the Company, Chief Compliance Officer (CCO) is responsible for the Compliance function. The CCO takes steps to improve the control environment connected to compliance of various applicable laws and regulations. The CCO also works in close liaison with the other departments and ensures the compliances of regulatory requirements, internal policies and procedures with specific emphasis on SECP's regulations. CCO reviews system and procedures in order to update and make them more effective in preventing the occurrence of compliance lapses in the Company. The CCO is also responsible for promoting compliance culture in the Company.

Role of Risk Management

The Company faces a wide range of uncertain internal and external factors that may affect achievement of its objectives whether they are strategic, operational, or financial. Risk Management focuses on identifying threats and opportunities, while assisting Internal Control function to counter threats and takes advantage of opportunities.

Enterprise Risk Management (ERM) is the process of planning, organising, leading and controlling the activities of an organisation in order to minimise the effects of risk on an organisation's capital and earnings. In the Company, It is an integral part of Internal Control Framework. The Company has a well established Risk Management function which plays a vital role in further strengthening the internal controls in the Company. The Chief Risk Officer (CRO), responsible for the ERM in the Company, directly reports to the Chief Executive Officer under the supervision of the Board Risk Committee. During the year, Risk Control Cycle – risk governance process were remained operative. Moreover risk monitoring, analysis, measuring and reporting mechanism as per the framework were also well in placed.

Role of Internal Audit

Role of Internal Audit Department of the Company is imperative to evaluate the effectiveness of Internal Control Framework. All significant and material findings of Internal Audit are directly reported to the Board Audit Committee. The Board Audit Committee actively monitors implementation of control framework to ensure that the identified risks are mitigated to safeguard the interest of the Company. In that manner, the Internal Audit performs an important part in monitoring and evaluating the internal control framework.

Above all, the Company is more focused on its internal control framework and allied environment in order to safeguard its assets and resources and to provide accurate financial reporting, strong documentary compliance and system assurance for the internal and external stakeholders.

Compliance Framework

A Compliance framework outlines the regulatory compliance standard relevant to the organisation and its business process. Regulatory Compliance is an organisation's adherence to laws, rules, regulations, guidelines and specifications relevant to its business. Violations of these often result in penalties, and sometime may harm Company's reputation. Therefore, compliance of the relevant regulatory requirements plays a vital role in an organisation and one of the pillars to build strong internal control framework.

The Company is working in a sector which is highly regulated. Securities Exchange Commission of the Pakistan (SECP) – Insurance Division is the sole regulator provides the guidelines under which insurance sector is operating in Pakistan. Along with SECP, being listed corporate, the Company is required to adhere the regulations/rules/guidelines of Pakistan Stock Exchange. In respect to the foreign exchange transactions/Investments and being a part of the financial sector of Pakistan, the Company is also required to comply certain limited requirements of the State Bank of Pakistan.

In addition to above, compliance with requirement of Federal Board of Revenue with respect to Income Tax Ordinance and the relevant rules is also required. As Insurance services in Pakistan are chargeable to indirect taxes and the Company operates in province of Sindh, Punjab, Khyber Pakhtunkhwa and Islamabad Capital territory, the respective laws and relevant rules with regard to sales tax applicable in these provinces and Islamabad Capital territory are also to be adhered by the Company. Compliance of all these laws and relevant rules is the foremost priority of the Company.

The Company has a well designed, implemented compliance frame work in order to adhere all the relevant laws, regulations, rules and guidelines. While formulating the policies and procedures with respect to each department/function, the specific compliance requirements have already been incorporated, therefore all the relevant compliance can be ensured while adhering departmental/functional policies and procedures.

The Chief Compliance Officer is responsible for the compliance function. Policies and Procedure of each department of the Company are amended and updated not only for effective, efficient and smooth operation of the Company but also to adhere the newly promulgated compliance requirements.

The Compliance framework is a part and parcel of the Internal Control Frame work of the Company which main purpose is to ensure and remain compliant while achieving its target as well as in day to day operations of the Company.

The Company is strengthening the compliance framework and implementing more robust systems and procedure for effective and efficient operations to avoid any non-compliance which may harm the Company legally or may have an impact on its reputation.

Shariah Compliant Mechanism for Window Takaful Operations

The Company, as operator, is required to carry out its Window Takaful Operations(WTO) under the strict shariah compliance not only to adhere the requirements prescribed by the regulator but also considering it as a primary responsibility towards its participants to provide them pure shariah complaint takaful services upto their satisfaction.

It view of above, it is a fundamental requirement of WTO that the whole business practices, products and operations should be based on shariah rules and principles under the regulatory framework and under the guidance and supervision of our worthy Shariah Advisor.

As an operator of WTO, the Company understands that being shariah compliant is its utmost responsibility and the relevant staff of the WTO is fully committed as their prime objective for its perfect and flawless processes. The Company, as operator of WTO continuously focuses on shariah compliance culture and all the efforts are made for its further improvements. The Shariah Compliance Officer as required under Takaful Rules, 2012, monitors day to day Takaful operations and ensure compliance of procedures laid down by the Shariah Advisor. The Shariah Advisor regularly conducts compliance training of the staff working in WTO.

High level of shariah compliance standards have been maintained during the year which is also reflected in the "Shariah Advisor's Report to the Board of Directors" and "Independent Reasonable Assurance Report to the Board of Directors on Statement of Managements' Assessment of Compliance with the Shariah Principles" are also attached to this Annual Report.

Sustainability

Corporate Social Responsibility

The Company is not only a competitive leader in the insurance industry, but an organisation that has always worked towards an orderly corporate social responsibility plan. Social responsibility has become a global phenomenon due to which corporations around the world now heavily focus on the nurturing of the society.

The Company once again laid great emphasis on education and health, donating generously as part of its Corporate Social Responsibility and in order to observe World Health Day, the Company hosted an Awareness Session and a free Diabetic Screening Camp exclusively for its employees in collaboration with **The Diabetes Centre** where our employees attended the session in large numbers.

The Special Education Department along with Karachi Vocational Training Centre arranged the **Abilities Expo 2017**, which was the first of its kind, purely focusing on the special citizens of our society. The Company also took active participation in the Job Fair section of this Expo where differently-abled individuals came forward and interacted; expressing their inclination to work in the corporate world and play their role as responsible citizens of our society.

Sharing with others gives us pleasure and this pleasure leads us to give or share more for greater happiness. Many of us are far more privileged than most of others, and often this leads to an innate desire to help the underprivileged of our society. **Ramadan Ration Drive** was initiated within the Company, where our officers took part enthusiastically, to not only participate in this noble cause, but also donating generously and took it to the end. Our team went out on the streets and distributed to the individuals who were given the ration bags packed with all the necessary staple food items which is a need of every household.

Noting that even the smallest actions have a large impact on the Community. Our Company employees once again participated in **“Fulfill a Wish Campaign”** for **Sirat ul Jannah Orphanage**. The HR team on behalf of the Company planned, coordinated and executed the drive and bought the items as per the wish list of these children and delivered them personally.

During the year, the Company donated Rs. **23.85 million** to an array of institutions in the education, health and community service sectors.

Sports Activities

Sport activities are very healthy for any companies, for the reason it helps employee to build sportsmanship and cooperation, which is very important in any workplace. For any company, camaraderie and friendship play a very significant role in order for the business to thrive and reach higher heights wherein the Company would not be the one that will benefit but also for the employees. The Company particularly organises such sports activities annually and participated and /or sponsored the following major sports events in 2017:

- 2nd National Junior (U-18) Snooker Championship 2017;
- 9th National Junior (U-21) Snooker Championship 2017;
- 42nd National Snooker Championship 2017;
- 3rd Ranking Snooker Championship 2017;
- Sindh Golf Championship 2017;
- IAP Cricket Tournament 2017; and
- Jubilee General Cricket Tournament 2017.

Energy Conservation

The Company is well aware with its responsibility towards the energy conservation. The Company has installed movement and light sensors along with energy savers in the office premises. The Company also ensures minimum utilisation of electricity during lunch breaks and after office hours besides making full use of natural day light.

Environment Protection Measures

In order to protect the environment which is a global cause, the Company follows the principle of **Save Paper – Save Trees – Save environment**. All emails sent from the Company carries the same message. The Company strongly discourages un-necessary use of paper and encourages re-cycling of paper for internal office use. The Company is also in the process of implementing a Computerised Document Management System which will significantly reduce the use of physical papers.

Consumer Protection Measures

The Company understands its primary objective to protect the due interest of its policyholders. The Company officials working in the field as well as dealing with the customers in the office are easily approachable by the policyholders in order to resolve their grievances (if any) on priority basis. The grievances if any, can also be lodged on Company website and with the call centre.

In order to protect consumer as well as to comply the regulatory requirement, the Company has fixed at prominent place the “awareness message” as prescribed by the regulator at its all business locations. The “awareness message” containing all the details of the person/authorities as designated to be contacted by the policyholder for complains if any. The same “awareness message” is also available on the Company’s website. The Company is also abide by the decision taken by the “Insurance Ombudsman.”

Procedure Adopted for Quality Assurance of Products

Jubilee General Insurance Company is an innovative company, and in order to keep itself on this track, the Company is always eager to serve the society in better ways through its innovative insurance products. All insurance products are designed after going through brain storming sessions wherein all the aspects with respect to customers’ needs and satisfaction are analysed thoroughly. Complete features of the products are properly documented.

All the products related to online retail sales and web portal of the Company such as Customised Android Applications and multiple option payment facilities are checked through various User Acceptance Testing (UAT) protocols. After complete satisfactory reports, these applications and facilities are made available online for our valued customers. The Company is also first insurance company in Pakistan to secure “ISO 9001: 2015 Quality Management Certification”.

Industrial Relations

The Company is fully aware with its responsibilities with respect to industrial relations. The Human Resource Department of the Company is responsible to adhere and implement all the applicable laws, regulations, and conventions in order to keep the work place at its higher professional standards.

Employment of Special Persons

Jubilee General Insurance is an equal opportunity employer and complies with all applicable legal requirements relating to appointment of special persons.

Occupational Safety and Health

The Company keeps foremost the Safety and Health of its employees. It ensures Safety and Health of its employees as well as their families through the following steps:

- All permanent employees are under Health, Group life and Personal Accident Insurance coverage.
- Hygienic food is available for the employees at subsidised rates in the Head Office of the Company.
- Fire extinguishers along with smoke alarms duly installed at various points within the office premises.
- All the employees are provided mineral drinking water at the work place.
- High level of hygiene standards are maintained while serving tea, coffee to the employees and business guest.

- All offices are equipped with adequate security measures including CCTV monitoring.
- In-house facility of a doctor is available at Company's Head Office to take care of employees and their families' health matters and also to advise on preventive health care.
- In-house exercise rooms for male and female employees of the Company is maintained at Company's Head Office building.
- Access to office premises is restricted to staff/authorised persons through the use Radio-Frequency Identification (RFID) Cards to ensure high level of safety and security in the Company.

Business Ethics and Anti-corruption Measures

The Company has developed a proper code of conduct which requires to be followed by each employee. The employees are abide by the Code of Conduct to keep his/her integrity intact while dealing with colleagues, potential customers, policyholders, suppliers and peer group. The Company will always strive to maintain high standards of Business ethics and Anti-corruption measures. The Company follows "Zero Tolerance Policy" for any reported corruption incidence.

Rural Development Programme

The Company is proud to be a business partner of the Microfinance Institutions and Rural Support Network Programme for providing insurance facilities to the individuals and families of our people living just above or below the poverty line in rural areas of the country.

Community Investment and Welfare Schemes

The Company seeks to demonstrate a firm commitment towards the community by being vigilant towards identifying and supporting causes that will facilitate the upliftment and betterment of the society. Furthermore, not only the Company but the also the employees are actively participate in community services of different nature by donating their time and money. The participations of Company's employees in fulfilling the wishes of orphans and under privileged childrens of 'Sirat ul Jannah' and the "Ramadan Ration Drive" were overwhelming.

Financial Contribution to the National Exchequer

The Company has contributed Rs. 1,777 million (2016: Rs. 1,594 million) to the National Exchequer during the year in the form of direct and indirect taxes and other mandatory contribution.

Natural Catastrophe Impact

A natural disaster is a major adverse event resulting from natural processes of the earth such as floods, earthquakes, tsunami and other geologic processes. These can affect several lives and economies. The Company arranges various studies/valuations to assess the potential impact of any natural catastrophe and ensure proper reinsurance protection which creates significant benefits for our customers as well society at large. No such catastrophe event has been reported during the year 2017 which has any significant adverse impact on the Company.

SWOT Analysis

SWOT analysis is a framework for identifying and analysing the internal and external factors that can have an impact on the viability of an organisation. In the Company, great help is taken from SWOT Analysis in order to formulate future strategies and management is ever striving to get maximum benefit from the future business opportunities keeping in view its existing strength, by overcoming its weaknesses and surmounting the threats ahead. Following is a concise SWOT Analysis of the Company as at December 31, 2017:

Strengths	Weaknesses	Opportunities	Threats
Strong and reputable Key Sponsors.	Operations are specific to Pakistan only.	Low Non-Life Insurance penetration to GDP.	Changing climate conditions due to global warming causing floods and earthquakes.
Visionary and Committed Board.	Geographically undiversified investments.	Clients' increasing needs of new insurance products.	Uncertain political situation.
Corporate Brand Identity.		Large un-tapped retail market.	Cut throat competition.
Professional and Competent Management.		Re-engineering of Business processes.	Rapid changes in laws and regulations
Highest Financial Strength Rating in Non-Life Insurance companies of Pakistan.		Growth potential in Takaful business.	Incidence of heavy direct/indirect taxes.
Country wide branch network.		Synergies amongst sister concerns.	
Strong re-insurance arrangements.		Increase in net retention.	
Pioneer in Online Non-Life products.		CPEC Projects.	
Efficient Claims Handling System.			
Effective Enterprise Risk Management System.			

Awards & Certificates

MAP Corporate Excellence Award

The Corporate Excellence Award instituted by Management Association of Pakistan (MAP) in 1982 with the sole aim to recognise and honour the companies showing outstanding performance and demonstrating progress and enlightened management practices. The Company has secured **Top position in Financial Category** of 33rd MAP Corporate Excellence Award. The Financial Category includes commercial banks, insurance companies, financial entities i.e. investment banks, leasing, modaraba and asset management companies. This is in continuation of last year performance as same top position was acquired for the first time in its history of the Company. The achievement of this prestigious award clearly demonstrates excellent performance and management practices of the Company in all areas of Insurance business.

Best Corporate Report Award from ICAP/ICMAP

The Joint Committee of the Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost & Management Accountants of Pakistan (ICMAP) initiated this esteemed award with the aim to encourage local companies to follow transparency in preparing their annual reports. This award also promotes excellence in annual corporate reporting through publication of timely information in a factual and user friendly manner.

The Company has a continuous aim to achieve this award every year. During the year 2017, the Company with its spirited efforts achieved **1st position** among Non Banking Finance Companies (NBFCs) for its 2016 Annual Report. This award is a worthy addition to the 1st position awards secured by the Company among NBFCs in 2009, 2010 and 2011. Overall, the Company has received this prestigious award eight times.

FPCCI Gold Medal on Android Motor Application

Federation of Pakistan Chambers of Commerce & Industry (FPCCI) is a business network, for the organisation of businesses in order to advocate and voice the collective opinion, concern and aspiration of the private sector. The FPCCI also encourages commercial enterprises for their effort and achievement in providing innovative products and services for the consumers. In 2017, the Company received **Gold Medal** from FPCCI for its state of art **Motor Android Application** which facilitates its customers to get their motor vehicle insured with some simple smart touches without visiting premises of the Company. This award reflects the company's solid dedication to provide innovative products and services to its customers in order to make their lives easy and hassle free.

SAFA "CERTIFICATE OF MERIT AWARD"

South Asian Federation of Accountant (SAFA) is an Apex Body of SAARC countries. Every year, SAFA gives awards to different categories to corporate entities on the basis of evaluation of the published annual reports of companies within the SAARC countries.

This year, the Company has achieved **Certificate of Merit** Award on its Annual Report for the year 2016. Including this year, the Company is now having a glowing history of securing seven (7) Certificates of Merit from SAFA for the "Best Presented Annual Report" in "Insurance Sector" on its Annual Reports.

Lloyd's Register Quality Assurance Certificate of Approval

Lloyd's Register Quality Assurance (LRQA) is the world's leading provider of independent assessment services including certification across a broad spectrum of standards and schemes, with recognition from over 50 accreditation bodies.

During the year, the Company has received "Certificate of Approval" from LRQA wherein management systems of the Company have been approved by LRQA that are upto the requirements of ISO 9001 :2015. This certification has been received for all the functions of the Company including Enterprise Risk Management as Non-Life Insurance Company. Certification from LRQA reflects Company's firm commitment towards the standardisation of management processes, procedures and their strict compliance.

Memberships and Affiliations

The Company carries memberships and affiliations of different organisations and institutions not only for business and operational purposes but also to contribute its due share for the welfare of the society, environment protection and to keep itself updated with respect to emerging modern management techniques.

In respect of the business, certain institutions provide platform to address issues currently being faced by the business organisation in Pakistan in general and insurance companies in particular. Memberships of these institutions enable the Company to play its role in the collective organised efforts made to resolve these issues. Memberships of certain institutions have been obtained to keep updated with respect to modern business management techniques and to train the relevant staff accordingly. These institutions conduct training, conferences and learning sessions through which employees of the Company gain more knowledge and techniques in order to face future challenges of the modern business world and become more valuable for the Company while discharging their duties. Membership of certain welfare and environment protection organisations helps the Company to contribute for wellbeing and betterment of the society. During the year, Company carried following memberships:

- Insurance Association of Pakistan (IAP);
- Federation of Pakistan Chambers of Commerce & Industry (FPCCI);
- Karachi Chamber of Commerce & Industry (KCCI)
- Management Association of Pakistan (MAP);
- Pakistan France Business Alliance (PFBA)
- Pakistan Belgium Business Forum (PBBF)
- Employers' Federation of Pakistan (EFP)
- Pakistan Centre of Philanthropy (PCP)
- World Wildlife Fund (WWF)

Management Review & Representations

Management Objectives and Strategies

Following are the management objectives with strategies and the relationship between the Company's financial results with defined objectives. These objectives work as guiding principles to achieve the overall mission of the Company. There has been no change in these objectives comparing with prior year:

Management Objectives	Strategies to meet the objectives	Relationship between Results and Objectives
Maintaining growth levels particularly in Gross Written Premium (GWP) and Contribution from Window Takaful Operations.	In order to maintain the GWP growth, efforts will be made to generate qualitative and quantitative business through various channels of distribution including Window Takaful Operations and Retail Sales.	Gross Written Premium including Contribution Written in Window Takaful Operations has increased by 1.3%.
Maintaining healthy profitability of the business.	The operations of the Company will be run more efficiently and effectively by taking qualitative underwriting measures and for better returns, investments opportunities will be utilised properly.	Underwriting profit including technical profit of Window Takaful Operations has increased by 7% to reach Rs. 502 million. However, Profit before Tax has contracted by 13% over the last year due to decline in investment income.
Maintaining healthy Investment returns with limited exposure to the uncertainties of the stock and money market.	Opportunities in stock market and money market whenever available will be tapped effectively and efficiently to optimise the returns keeping the stock market exposure within the tolerable limits.	Investment income has decreased by 20% over the last year mainly due to declining performance of the equity market during the year.
Maintaining Insurer Financial Strength Rating with the local and International rating agencies.	Valuable suggestions and requirements will be implemented to get more financial strength as per the local and international standards of IFS Rating.	IFRS Rating of AA+ from both local rating agencies and B++ rating from an international rating agency were maintained.
Increasing premium/contribution retention.	The retention capacities will be enhanced by underwriting balanced business mix for the overall portfolio.	Net premium including net Takaful Contribution has increased by 15% over the last year despite nominal increase in gross written premium/contribution.
Increasing shareholders' wealth.	The management will make strenuous efforts to increase the profitability and financial strength of the Company.	Healthy cash dividend of 40% for the year 2017 has been declared by the Board of Directors.
Meeting and exceeding customer expectations.	Advance tools of IT and high quality resource will be utilised for product development and product innovation.	During the year 2017, a number of new innovative products/services were introduced which include Parent Health Care, Motor Claims Android Applications, Marine Cover note Applications, Motor Cycle Insurance and Motor Insurance Portal for Banks. Moreover, Integration with three major online sales portals is a prominent achievement of the Company. Furthermore, various improvements have also been made in the existing products/services already offered to the customers.
Retaining and attracting best employees	The management will make the best efforts for development of Human Resource by adding more professionals and competent staff in the team and also by arranging extensive training programme for the existing staff along with appropriate compensation for their work.	The Company is counted as one of the most reputable employers in Insurance sector of Pakistan. During the year, the employee turnover ratio has remained insignificant.

Organisational Resources

The Company uses different resources to accomplish its strategic objectives, targets and goals. The major resources used by the Company are as under:

1. Financial Resources
2. Human Resources
3. Physical Resources
4. Information Resources

1. Financial Resources

All the financial resources of the Company are utilised effectively and efficiently under the policies and guidelines framed by the Board of Directors. Following are the brief description of major financial resources and their management by the Company:

a) Cash and Liquidity Management

Management of adequate liquidity in order to trade-off in between avoidance of liquidity risk and maximising the fruitful investments is always been a challenge for an organisation.

In the Company, cash and liquidity management is a responsibility of Finance Department wherein experienced and trained staff is responsible to monitor and manage the liquidity on a regular basis under the supervision of professional managers and guidance of the Chief Financial Officer.

The Company actively manages liquidity risk to ensure adequacy of cash flows to meet the policyholders' obligation and to pay healthy dividends to the shareholders. During the year, Rs.3,533 million and Rs. 539 million (2016 : Rs. 3,938 million and Rs. 462 million) cash outflows have been made on account of payments of claims to policyholders and dividends to the shareholders respectively. Currently, the Company has maintained liquid ratio of 1.08 and 65% of the total assets are liquid assets as at December 31, 2017.

b) Investments Management

Effective and efficient investment management is always been a challenges in the economic environment of Pakistan. In the Company, there is a separate function for investment management where highly experienced staff manages the investments keeping up-to-date with the changes in the stock and money market of the country. The Head of Investments is responsible for the investment function and reports to the Managing Director. The investment functions worked as per the requirement of Code of Corporate Governance and the same function has been segregated into Front, Middle and Back Office to ensure high level of internal controls. The investment position and its performance is reviewed regularly by the Finance and Investment Committee of the Board.

2. Human Resources

In the Company, there is a team of technical, trained and professional staff in their related respective fields to run day-to-day operations of the Company. The management is keen in developing of the Human Resource and continuously arranging extensive trainings for the staff. The Human Balance Sheet has been well built to cater the need of human resources for the thriving future and continuous growth of the Company.

3. Physical Resources

All the Assets of the Company including intangibles are under the safe custody and adequately covered against any internal and external threat. The physical assets of the Company are utilised effectively and efficiently for business purposes. Through the Installation of door control devices, access to the Company's premises is restricted to the staff/ authorised persons only through the use of Proximity Cards. Furthermore, during the year, to further strengthen the control over the Company's fixed assets, an integrated software module of "Fixed Asset Register" has been implemented successfully.

4. Information Resources

All the information and data available within the Company and/or acquired by the Company is utilised for business purpose only to achieve the strategic objectives of the Company. The staff, holding information is bound to keep it confidential under the code of conduct of the Company. Information and data is gathered as well as arranged through the modern IT techniques/tools to make it more useful, effective and valuable for meeting the requirements of the relevant departments. Proper DRP sites are maintained for backup of data. IT systems are protected against any cyber attack threats

Capital Structure

The Capital Structure of the Company is fully based on shareholders' equity and comprised as under:

	Rupees in '000
Paid-up Share Capital	1,804,465
Capital Reserve	9,384
Revenue Reserves	5,307,886
Shareholders' Equity	<u>7,121,735</u>

The Revenue Reserves include Rs. 800 million Special Reserves created for meeting catastrophic loss and dividend equalisation in future. The net assets of the Company are significantly higher than the applicable regulatory solvency requirements for an insurance Company in Pakistan. However, the management is determined to make it more robust to support the future growth in operations. The Company's financial strength is reflecting from the confidence of the stock market where its share price is 2.02 times of its break-up value as at December 31, 2017.

Significant Changes

The Company's performance comparison is available in the Directors' Report. The other significant changes for the purpose of the comparison from the last year are as follows:

- 3% growth in book value of total assets
- 2% growth in market value of total assets
- 8% growth in net assets.
- 3.4% growth in Technical Reserves
- 4% growth in investments

Liquidity Management Strategy

Our core liquidity policy is to retain sufficient funds in the form of unencumbered liquid assets to meet potential funding requirements arising from range of obligations and therefore the Company is not supposed to be exposed to any liquidity shortfall. The Company has maintained optimum liquid investments and deposits which make it more robust and weighty in order to coup-up with any kind of liquidity requirement in short term as well as long term time span. Special emphasis is given to diversification of the liquid assets to meet our residual funding needs. All long term liquidity requirements are taken into account, both in our planning process and while managing financial market risk. Early Warning System is in place to timely indicate any expected short fall of the liquidity in future.

Critical Performance Indicators

The Company has demonstrated unwavering performance within the general insurance sector in most Key Performance Indicators. Following are the management objectives, Critical Performance Indicators (CPIs) which also help to measure its performance and setting the targets ahead:

Management Objectives	CPIs
Maintaining growth levels particularly in Gross Written Premium (GWP)/Takaful Contribution to increase market share.	Growth.
Maintaining strong profitability of the business.	Profitability.
Maintaining healthy Investment returns with limited exposure to uncertainties of stock and money market.	Investment income/return.
Maintaining Insurer Financial Strength Ratings.	Financial Strength Ratings.
Increasing premium/contribution retention.	Net Premium/Contribution earned.
Increasing shareholders' wealth.	Healthy profit distribution and Robust capital structure.
Meeting and exceeding customer expectations.	Product development and innovation.
Retaining and attracting best employees.	Adequate Human Balance Sheet.

The management is fully determined to meet its objectives all the times as all the above mentioned CPIs shall remain relevant in future as well.

Business Continuity Plan (BCP)

The BCP is the creation of a strategy, through the recognition of threats and risks facing by an organisation, to ensure that the resource of the Company are protected and it would be able to function properly in the event of any disaster. BCP also provides the means of the recovery of business tools in the event of any loss, damage or failure of facilities which is named as Disaster Recovery Plan (DRP). DRP is a documented process of the procedures to recover and protect an organisation's IT infrastructure in the event of a disaster. DRP is a part of the overall BCP of any organisation.

The Company, being a contemporary and progressive organisation, is one step ahead in the implementation of BCP including DRP as compared to other general insurance companies in Pakistan. The Company's BCP covers all the critical operational processes and procedures and it has been setup in accordance with the Company's need and modern business requirements.

The Company, with the implementation of BCP, has developed the capabilities to continue its usual operations without any undue delay by activating its allocated Disaster Recovery Sites in case of any disaster or calamity. DRP of the Company is integrated to a large extent with BCP and designated key members are familiar with the specific actions they will need to take in event of any disaster.

The assigned department of the Company also does the mock exercise at the allocated DR site to ensure Business Continuity Test. Simulation Drills are conducted in a timely and effective manner. Results/outcomes of these activities are properly document for the determination of corrective measures in the overall BCP of the Company as well as for reporting and review of the Board of Directors.

During the year, four (4) BCP drills were carried out in the Company in order to test on-premises/on-site and off-premises/off-site business continuity. Results of these drills were found satisfactory.

Forward Looking Statement

The economic outlook of Pakistan is positive with the targeted GDP growth rate of 5.8%. The main impetus for industry and services growth will be expended CPEC infrastructure investments, other energy investments and government development expenditure.

The Gross Written Premium in non-life insurance market is expected to achieve a moderate growth for the year 2017. Underwriting results continue to be positive as the industry is experiencing a rare turn of robust profitability as the non-life insurance market has not experienced any major catastrophic property losses for the third consecutive year. In addition, the Motor portfolio is also benefiting from an improved law and order situation. Middle class population growing in the country and Federal and Provincial governments are focusing in providing health facilities to under privileged class. This creates more opportunities in Health insurance.

Historically, Pakistan insurance industry has relied upon investment income to bolster its profitability. However, in wake of political uncertainty, Pakistan Stock Market has turned volatile and investment returns will suffer in medium term.

We believe, the Company is well positioned to avail upcoming business opportunities in the market. The Company is leveraging on its high IFS rating, investment in technology and experienced manpower to expand its market share and profitably. The Company is spending to obtain excellent IT technologies and utilisation of the modern e-business methodology and infrastructure which would have a long lasting productive impact on the ability to generate more business in coming years. Special areas of focus will remain infrastructure projects, Retail and Takaful in 2018. We are confident that the Company's prudent investment strategy will provide stable and healthy investment returns to increase the wealth of shareholders.

Keeping positive view on the economy of Pakistan, the Company is looking forward to give an exemplary performance in the following manner in 2018:

Growth in Gross Written Premium, Underwriting result and overall profitability of the Company.

Healthy Investment returns with vigilantly monitored exposure due to uncertainties in the stock and money markets.

Stable financial strength duly affirmed by both local and International rating agencies through their standard rating procedures.

Increase in shareholders' wealth by generating stable Return on Equity and making handfull dividend payments and constructing more sound and balanced capital structure in future.

Spread insurance coverage to protect well being of middle and under privileged class by increasing penetration in retail and micro insurance.

Innovation in the products and services for meeting and exceeding customer expectations.

Focus on CSR activities to effectively discharge its Corporate Social Responsibility to the society.

Best Employer for the competent professionals and hardworking personnel.

Analysis of Prior Year's Forward Looking Disclosure

Including 2017, premium rates across the board were shown a downward trend due to which the pressure on the underwriting was enormous. During the year, the Company has witnessed 1.3% **growth** over the last year in Gross Written Premium including contribution written in Window Takaful Operations.

Returns from investment may be considered **healthy** upto some extent, despite there was a decline in Pakistan Stock Market performance which witnessed a plunge of 15% in KSE 100 index during the year. Furthermore, uncertain political situation in the country also impacted the economic performance, which resultantly had negative impact on the investment income of the Company.

During the year, as targeted of having a **robust** financial strength, The Company's IFS (Insurer Financial Strength) Rating of AA+ from the both local rating agencies and B++ from an international rating agency were maintained.

A healthy cash dividend of 40% for the year has been declared by the Board of Directors which will definitely **increase** the shareholders' wealth.

During the year, introduction of number of new **innovative** insurance products, along with their Android Web Applications and inclusion of valuable features in many existing Android Applications are definitely milestones on the road of innovation in providing products and services to the customers for meeting and exceeding their expectations.

Being one of the **Best** employer for the competent professional and hardworking personnel, working environment in the Company is improving, more in-house and external training arrangements were made to nurture the capabilities and qualities of existing employees and enabled them to play a vital role in future growth of the Company.

Future Reporting of Financial Statements

SECP vide S.R.O. 88(1)/2017 and S.R.O. 89(1)/2017 both 9 February 2017 has issued the Insurance Accounting Regulations, 2017 and Insurance Rules, 2017. The application of new Rules and Regulations are now effective from 1st January 2018 for the purpose of preparation and presentation of the Company's Financial Statements.

Further, the Companies Act, 2017 was enacted on 30 May 2017. However, SECP has clarified that provision with respect to the preparation and presentation of financial statements will be applied from 1 January, 2018.

Therefore, starting 1 January, 2018 all quarterly, half yearly and annual financial statements of the Company will be prepared and presented in accordance with the requirements of the above mentioned laws and regulations. The expected significant impacts of the forthcoming changes are disclosed in the relevant notes to the Annual Financial Statements - 2017.

Risk and Opportunity Report Enterprise Risk Management - ERM

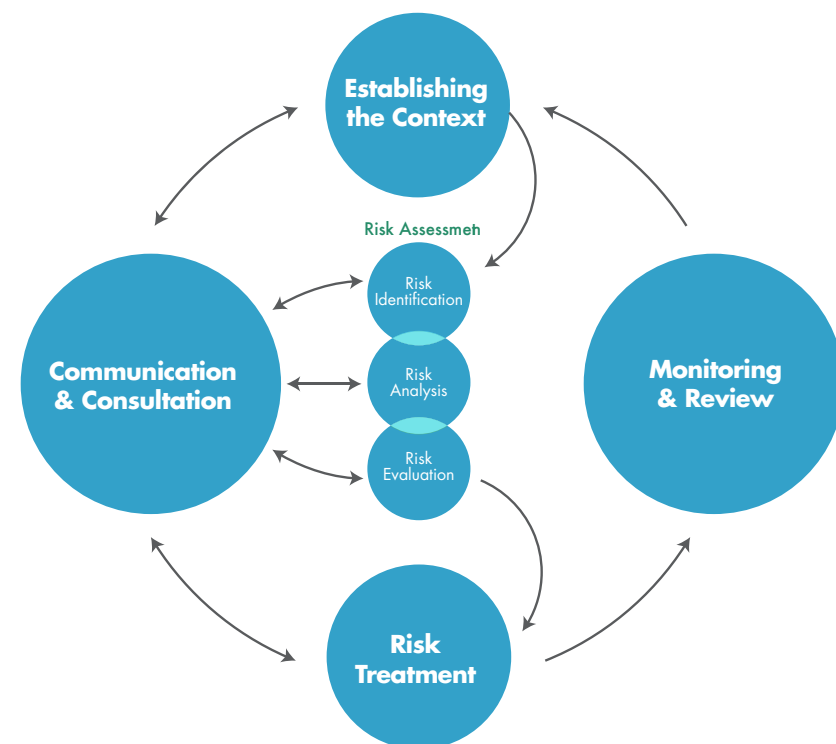
Embedded throughout the Organisation our Risk Management Function ensures an integrated approach to manage current and emerging threats.

The Company has a formally established ERM program and Board has the ultimate responsibility to monitor the risk management. The ERM program is based on a framework which is designed on compilation of Company's traditional risk management practices and latest techniques. The framework offers the necessary foundation and organisational arrangements for managing risk across the Company. The Framework also ensures that the Company manages its risks and opportunities effectively and efficiently.

Risk management process enables the identification and quantification of risks and opportunities; sets risk tolerances based on our overall corporate objectives and takes necessary actions to manage risk while achieving our strategic objectives. This ERM program is another evidence of the Company's commitment to continue and further strengthen strong risk-management practices, integrate it into our core operating processes, and effectively execute its business plan in an increasingly dynamic operating environment.

The Company's risk management main functions are outlined as follows:

- **Establishing the context:** To understand the organisational objectives, internal & external environment and understanding the need of stakeholders.
- **Identification:** To identify and describe risks, to find and document sources, events, causes and consequences.
- **Analyse:** Comprehend the nature of risk and determine the level of a risk and its potential severity.
- **Evaluation:** Compare the results of risk analysis with risk criteria to determine whether the risk is acceptable.
- **Response:** Modify the risk by mitigating, avoiding, transferring, or accepting the risk.
- **Monitoring:** Continually check the status of a risk to identify change from the performance level required or expected.
- **Reporting:** Inform and engage in dialogue with stakeholders regarding the current state of risks and their management.



The following are the major risks faced by the Company and strategies for mitigating them:

Risks	Mitigating factors
Economic and Political Risk Difficult business conditions resulting from economic and political instability may prove to be an impediment in the plans of Company to achieve its business objectives.	The Company has a cautious approach to deal with such risks and develops niche products to maintain and increase its market share without compromising its profitability.
Strategic Risk The uncertainties and untapped opportunities are challenges for the Company, such as increased competition from existing players and new entrants including Takaful companies in insurance market.	The Company relies on its personalised service and customised products to retain its customer base and increase its market share. Strategic risk management process performed by the management to manage risks and scenarios that could impede the organisational ability to achieve its strategy and strategic objectives.
Insurance Risk The risk under any insurance contract is the possibility that the insured event occurs and the uncertainty in the amount of compensation to the insured. Generally most insurance contracts carry the insurance risks for a period of one year.	The Company's exposure is mitigated by employing a comprehensive framework to evaluate, manage and monitor risk. This framework includes implementation of underwriting strategies which aims to ensure that the underwritten risks are well diversified in terms of type and amount of the risk to achieve a balanced mix and adherence to underwriting guidelines. Adequate reinsurance is arranged to mitigate the effects of the potential loss to the Company from individual to large or catastrophic insured events.
Reinsurance Risk Reinsurance ceded does not relieve the Company from its obligation to insured and as a result the Company remains liable for the portion of claim reinsured in case of inability of the reinsurance to discharge its obligation.	To minimise its exposure to losses from reinsurer insolvencies, the Company obtains reinsurance from a number of reinsurers, representing first class security and spread over several geographical regions. The Company also ensures that 80% of all reinsurance treaties are backed by at least "A" rated reinsurers including Pakistan Reinsurance Company Limited and remaining by "BBB" rated.
Capital Adequacy Risk The risk of not meeting the regulatory requirements for Capital, Solvency, underwrite large risks and/or discharge Company's obligations.	The Company maintains its Capital adequately to meet the regulatory requirements with safe margins. The Company also ensures to maintain Solvency Margin over and above the regulator's requirement.
Credit Risk The possibility that the counter party/insured may fail to discharge its obligation for payment and cause the Company to incur a financial loss.	The Company attempts to control credit risk by monitoring credit exposures by undertaking transaction with a large number of counter parties in various industries and by continually assessing the credit worthiness of counter parties.

Risks	Mitigating factors
Investment Risk The changes in stock market variables and interest rates may affect future cash flows of financial instruments.	The Company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in equity, money market fund and term finance certificates (TFCs) markets. In addition, the Company actively monitors the key factors that affect stock, money market and TFCs market.
Reserve Risk The Risk of inadequate reserve to meet future insurance obligation.	The Company has developed a policy to monitor and enhance reserves periodically to control this risk.
Liquidity Risk The Company may encounter difficulty in meeting financial obligations associated with insurance and reinsurance.	The Company manages its liquidity by maintaining healthy cash and cash equivalents and other liquid assets balances. The maturity profile of financial assets and liabilities are also closely monitored for this purpose.
IT Risk The development in Information Technology and its emerging challenges may affect the Company's operational process.	The Company continuously upgrades its IT systems which are managed by able officers and regulated by a formal policy with Disaster Management System.
Regulatory Risk The Company operates in an industry that is highly regulated. Therefore, failure to meet regulatory compliance may expose the Company to fines, other penalties and reputational risks.	The Company's management is fully aware of applicable laws and regulations and assures their compliance. Changes in applicable laws are monitored and reported to the Board. The Company engages with regulators through Insurance Association of Pakistan to ensure that industry views are represented.
Safety and Security Risk Risk of loss/damage to the resources of the Company from external deliberate/accidental attack/threats.	The Company ensures proper safety and security of all its organisational resources. Systems are placed to handle any threat of cyber attacks.

Risk management plays an integrated role in business strength and planning, where our risk appetite framework facilitates risk - return analysis and sets limits to risk taking.

Opportunity Report

Pakistan's economy has exceeded US \$ 300 billion and its middle class is growing rapidly with increasing purchasing power. This factor alone indicates the huge potential in non-life insurance especially in the context of large population of over 200 million people majority of whom is under 30 years of age. Jubilee General is geared to tap this potential powered by digitisation and by leveraging on innovative distribution channels.

More purchasing power of middle class also means higher demand for motor vehicles. Similarly, increasing momentum in CPEC projects is fuelling uptick in cement and steel manufacturing. Jubilee General is cognisant of opportunities and is in the forefront of non-life insurance industry providing both traditional and state-of-the-art insurance solutions to individuals and corporations.

We are convinced that insurance gap in Pakistan can be reduced by expanding the role of micro insurance. Jubilee General continues to make important and enhanced contribution in this area.

Materiality Approach

In order to perform effective communication as well as reporting to the stakeholders, the management has adopted the materiality approach. All the related information which may significantly affect the performance and profitability of the Company is considered by the management to be communicated to its shareholders in an effective manner.

Key Sources of Uncertainty

Preparation of the financial statements requires the management to make certain estimates and judgments and the Board of Directors is required to authorise the financial statements based on these estimate and judgment. These estimate and judgments affect reported amounts of assets, liabilities, revenues and expenses and related disclosures of contingencies. These estimates are based on experience and various other assumptions. Therefore, it is necessary that the management and Board consider that assumptions are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The key areas of estimating uncertainty, which may have a significant effect on the amounts recognised in the financial statements, are discussed below:

Provision for unearned premium

The provision for unearned portion of premiums is calculated by applying twenty fourths' method, except Accident and Health Insurance for which unearned premium is calculated by applying 365 days as prescribed by repealed SEC (Insurance) Rules, 2002.

Provision for outstanding claims including Incurred but Not Reported (IBNR)

A liability for outstanding claims is recognised in respect of all claims incurred as at the reporting date which represents the estimates of the claims intimated or assessed before the end of the reporting period and measured at the undiscounted value of expected future payments.

Provision for IBNR is made for the cost of settling claims incurred but not reported at the reporting date, are in accordance with the SECP's guidelines for estimation of Incurred but not reported claims reserve". As per the guidelines the actuarial valuation as at 31 December, 2017 has been carried out by independent firm of actuaries for determination of IBNR for each class of business.

Premium deficiency reserve

The Company determines adequacy of liability of premium deficiency by carrying out analysis of its loss ratio of expired periods. For this purpose, average loss ratio of last three years inclusive of claim settlement cost but excluding major exceptional claims are taken into consideration to determine ultimate loss ratio to be applied on unearned premium. The liability of premium deficiency in relation to Accident and Health insurance is calculated in accordance with the advice of the actuary.

Employees' retirement benefits – defined benefit plan

The Company operates an approved and funded gratuity scheme for its eligible employees. The Company takes advice from actuary for the determination of the liability/asset as well as actuarial gains/losses and return on plan assets.

Useful lives of fixed assets

Reasonable assumptions have been made while estimating useful lives and residual values of different categories of assets including intangibles. Depreciation methods, useful lives and residual values that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each reporting date.

Provision for receivables related to insurance contract

All receivables related to insurance contract are assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A receivable is considered to be impaired if there is objective evidence that one or more events have had a negative effect on the estimated future cash flows of that receivable amount.

Expenses of management

Expenses of management are allocated to various classes of business as deemed equitable by the management.

Deferred tax

Deferred tax is recognised using balance sheet liability method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the tax rates enacted or substantively enacted at the reporting date.

Impairment

The carrying amount of financial asset is reviewed at each reporting date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less cost to sell and value in use. Impairment losses are recognised in profit and loss account.

With respect to Investments, Impairment is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments.

Sensitivity Analysis of Company's Profitability

Various critical and non-critical variables have potential to impact profitability of the Company. The major components of the Company's profitability are Underwriting and Investment Income. Further, impact of direct tax is significant keeping in view the current applicable tax rate on the corporate sector. Changes in the amount of the both underwriting and investment income and direct taxes play a vital role to determine the overall profitability of the Company. Underwriting Income and Investment Income both are effected by various external variables which are beyond the control of the management. The Management while comparing the actual results with budgets and forecasts also analyse the intensity of these variables in order to measure their impact on the profitability to formulate the future strategy of the Company. Future budgets of the Company are also based on the thorough study of these variables.

Key Sensitivities for Underwriting Income

Gross Written Premium

The amount of Gross Written Premium (GWP) is one of the key variables that play a vital role in building Underwriting Income of the Company. The amount of GWP is dependent on the economic growth of the country that causes to grow existing business, however, the Company's ability to avail new business will further improve the level of GWP. During last three years premium rates are under pressure and became one the important factor affecting underwriting business. In these situations, management has to adopt a prudent approach to underwrite business, not only with a view to increase GWP but also to manage underwriting risk effectively and efficiently at appropriate price. The impact on GWP on Underwriting Income is dependent on net premium of the Company. Net premium is the amount of policies/premiums that remains after amount of premium ceded to reinsurers. While taking decision to set the level of net premium many factors i.e. magnitude of expected claims, reinsurance cost and underwriting risk are considered by the management.

Claims

The whole insurance concept is based on the expectation of claims. Claims are not in the control of the Company. Natural calamities, floods and earthquakes may cause to increase in the amount and number of claims at a great extent. Furthermore, law and order situation in the country is also one of the important factors that affect the amount and number of claims. The impact of claims on the Underwriting Income is managed through appropriate, effective and efficient reinsurance arrangements. Furthermore, prudent underwriting is essential to keep the claims under controllable limits.

A numerical presentation of the sensitivity of Company's profitability to variation in incidence of insured events and severity/size of claims has been given in the relevant notes to the financial statements for the year ended December 31, 2017.

Management Expense

Management expenses directly impact the Underwriting Income of the Company. Increase in inflation and incident of indirect taxes increase the size of management expenses which directly causes to decrease Underwriting Income of the Company. Inflation and taxes are beyond the Company's control. Expenses are categorised into fixed, variable, controllable and uncontrollable to facilitate the control function of the Company over these expenses. All expenses are monitored vigilantly and under strict control in order to avoid any unnecessary cost. Major expenses of the Company include employees' salaries and benefits and advertisement expenses.

Key Sensitivities for Investment Income

Capital Gains

Capital Gains are totally dependent on the performance of equity market. If stock market performs well particularly in long run, the Company would be able to get benefit from stock market in shape of capital gain, however in case of declining market, prudent approach is adopted to avoid taking excess exposure in the stock market which also affects profitability of the Company. Performance of stock market is beyond management's control.

In order to earn short term capital gain from the equity market, the Company also maintains held-for-trading portfolio. Capital gain from held-for-trading portfolio is highly dependent on the performance of equity market in short term.

Dividend Income

Returns from Company's diversified available-for-sale investments are dependent on the dividend income from the shares of the companies in which Company is invested. The amount of dividend income depends upon the respective entity's annual performance which is beyond the Company's control. Since its inception, the Company is in the process of maintaining a suitable investment portfolio by taking wise, efficient, and timely decisions with respect to investment/disinvestment.

Interest Income

The Company earns interest income on the government securities and bank deposits. It maintains a sizeable government securities portfolio which includes Pakistan Investment Bonds and Treasury bills. These are maintained not only to earn the interest income but also to adhere solvency requirement as prescribed by the SECP. Income from government securities is dependent on the discount rate. The discount rate is beyond the Company's control and mostly dependent on the country's economic condition. However, the Company's investment department vigilantly monitors prevailing discount rate and takes appropriate decisions to maximise the interest income.

The Company also maintains term and other type of deposits with commercial banks in order to earn profit along with meeting cash requirement needed to perform day-to-day operations. Profit on bank deposits depends on the prevailing KIBOR in the country and liquidity status in the money market. These deposits are kept with various banks having sound credit worthiness in order to maximize the profit without compromising the safety and security of the Company's funds.

A numerical presentation of the sensitivity of the Company's profitability to a reasonably possible change in interest rates has been given in the relevant notes to financial statements for the year ended December 31, 2017

Prospects of the Company including Targets for Financial and Non-Financial Measures

Keeping in view the long term positive outlook on the backdrop of CPEC, expectation of political stability in the country and improvement in law and order situation, the growth prospects of the Company are bright. The Company is first insurance company in Pakistan which understands the importance of "Insurtech" and has become most technology driven company. The management is keen to provide innovative, advanced and contemporary IT based solution to its customers enable them to get benefited from the quality insurance services of the Company. Furthermore, the management is proactively evaluating and implementing various innovative IT Solutions to further accelerate the processes of claims settlement in order to provide the quality services upto the complete satisfaction of the insured.

Keeping in view the above, the Company is expecting to grow its Gross Written Premium in future. Furthermore, with the help of more better and appropriate reinsurance arrangements, implementation of effective cost controls, the Company is also expecting to improve its Underwriting Income in the future.

Investment Income of the Company is dependent on the performance of stock market, and economic condition of the country. The Company, through effective diversification, timely, wise and prudent investment decisions has built a sustainable investment portfolio which has a capability to generate healthy income from the future opportunities in the stock market and expected change in markup rates.

The Company is also expecting a growth in its Window Takaful Operations which is evident from the fact that proportion of the Gross Written Contribution to the total Gross Written Premium/Contribution has increased to 8% (2016: 5%). We are expecting WTO to be one of the major contributors in the long-term profitability of the Company.

Financial Measures

Budgets/Targets of the year were set after consideration of various factors and variables. Majority of them are outside the control of the Company while other can either be monitored or their impact can be alleviated to a possible extent with the help of proactive and timely remedial measures.

Fluctuation in taxes, incidence of latest direct/indirect taxes and levies, natural calamities and deterioration in law and order situation in the country with the particular reference to claims, level of inflations, discount rate, and stock market performance all are external factors affecting the cost of doing business and profitability of the Company.

The Company's management will energetically work to achieve the targets and its efforts will be continued for growth and better profitability of the business in future.

Non-Financial Measures

The Company has identified the following areas as key non-financial performance measures:

- Compliance with regulatory framework;
- Strong association with customers and business partner;
- Customer satisfaction;
- Corporate Social Responsibility;
- Effectiveness of Enterprise Risk Management framework;
- IT based solutions for its customers to receive quality insurance services of the Company;
- Transparency, accountability and good governance;
- Employees contentment and wellbeing; and
- Enhancing brand equity.

Statement of Value Added

	2017	2016
	(Rupees in '000)	
WEALTH GENERATED		
Net premium revenue	4,610,717	4,170,928
Commission from reinsurers	282,609	323,281
Investment income	1,155,395	1,364,000
Rental income	120,899	121,491
Other income	65,084	17,290
	<u>6,234,704</u>	<u>5,996,990</u>
Less :		
Claims, Commissions and expenses (excluding employees remuneration , depreciation and other taxes)	3,538,744	3,156,108
	<u>2,695,960</u>	<u>2,840,882</u>
WEALTH DISTRIBUTED		
Employees remuneration	950,336	835,640
Government taxes	603,072	757,115
Contribution to society	23,858	30,077
Dividend to shareholders		
- Cash	721,786	549,185
- Stock	-	235,365
	<u>721,786</u>	<u>784,550</u>
Retained in business		
- Depreciation and Amortisation	54,061	50,652
- Earnings	342,847	382,848
	<u>396,908</u>	<u>433,500</u>
	<u>2,695,960</u>	<u>2,840,882</u>

Distribution of Wealth 2017

■ Employees Remunerations	35%
■ Government Taxes	22%
■ Contribution to Society	1%
■ Dividend to Shareholders	27%
■ Retained in Business	15%



Pattern of Shareholding

As at 31 December 2017

Number of Shareholders	Shareholding(s)		Number of Shares held	Percentage
	From	To		
441	1	100	9,802	0.0054
212	101	500	52,826	0.0293
135	501	1,000	98,973	0.0548
355	1,001	5,000	859,608	0.4764
90	5,001	10,000	648,646	0.3595
66	10,001	15,000	762,815	0.4227
28	15,001	20,000	481,938	0.2671
28	20,001	25,000	614,186	0.3404
10	25,001	30,000	268,939	0.1490
6	30,001	35,000	196,144	0.1087
5	35,001	40,000	189,634	0.1051
10	40,001	45,000	420,996	0.2333
3	45,001	50,000	138,375	0.0767
2	50,001	55,000	104,577	0.0580
5	55,001	60,000	289,127	0.1602
4	60,001	65,000	254,074	0.1408
2	65,001	70,000	135,717	0.0752
1	75,001	80,000	78,529	0.0435
1	80,001	85,000	82,202	0.0455
3	85,001	90,000	262,653	0.1456
2	90,001	95,000	185,850	0.1030
2	95,001	100,000	190,768	0.1057
2	100,001	105,000	204,645	0.1134
1	105,001	110,000	107,343	0.0595
2	110,001	115,000	224,598	0.1245
1	130,001	135,000	134,139	0.0743
1	135,001	140,000	136,451	0.0756
1	145,001	150,000	148,060	0.0821
2	155,001	160,000	317,948	0.1762
2	170,001	175,000	342,013	0.1895
1	180,001	185,000	182,858	0.1013
1	185,001	190,000	185,304	0.1027
1	190,001	195,000	193,803	0.1074
1	195,001	200,000	198,374	0.1099
1	210,001	215,000	213,348	0.1182
1	215,001	220,000	217,144	0.1203
2	220,001	225,000	448,878	0.2488

Number of Shareholders	Shareholding(s)		Number of Shares held	Percentage
	From	To		
2	225,001	230,000	456,737	0.2531
1	255,001	260,000	256,776	0.1423
1	265,001	270,000	269,625	0.1494
1	270,001	275,000	270,300	0.1498
1	315,001	320,000	318,453	0.1765
1	320,001	325,000	321,310	0.1781
1	325,001	330,000	329,327	0.1825
1	330,001	335,000	334,020	0.1851
1	345,001	350,000	348,875	0.1933
1	410,001	415,000	411,061	0.2278
2	425,001	430,000	857,999	0.4755
1	480,001	485,000	480,113	0.2661
1	560,001	565,000	562,725	0.3119
1	670,001	675,000	671,350	0.3720
1	780,001	785,000	783,595	0.4343
1	855,001	860,000	857,765	0.4754
2	1,040,001	1,045,000	2,080,283	1.1529
1	1,365,001	1,370,000	1,367,257	0.7577
1	1,450,001	1,455,000	1,451,300	0.8043
1	1,465,001	1,470,000	1,465,130	0.8119
1	1,790,001	1,795,000	1,792,408	0.9933
1	1,885,001	1,890,000	1,887,432	1.0460
1	2,040,001	2,045,000	2,041,703	1.1315
1	2,155,001	2,160,000	2,160,000	1.1970
1	2,290,001	2,295,000	2,292,061	1.2702
1	2,505,001	2,510,000	2,507,057	1.3894
1	2,615,001	2,620,000	2,618,829	1.4513
1	3,090,001	3,095,000	3,091,422	1.7132
1	6,595,001	6,600,000	6,595,260	3.6550
1	9,915,001	9,920,000	9,919,210	5.4970
1	11,125,001	11,130,000	11,129,777	6.1679
1	13,685,001	13,690,000	13,687,874	7.5856
1	25,345,001	25,350,000	25,348,383	14.0476
1	34,730,001	34,735,000	34,734,543	19.2492
1	37,165,001	37,170,000	37,165,338	20.5963
1,469			180,446,583	100.0000

Pattern of Shareholding Additional Information

As at 31 December 2017

Categories of Shareholders	Number of Shareholders	No. of Shares held	Percentage
Associated Companies, Undertakings and Related Parties:	9	129,205,118	71.60
Hassanali & Company (Pvt.) Ltd		562,725	
Hashoo Holdings (Pvt.) Ltd		334,020	
Hashwani Hotels Limited		9,919,210	
Habib Bank Limited		34,734,543	
Aga Khan Fund for Economic Development		25,348,383	
Aga Khan Hospital and Medical College Foundation		37,165,338	
Jubilee Life Insurance Company Limited		857,765	
Aga Khan University Foundation		6,595,260	
Pakistan Services Limited		13,687,874	
NIT and ICP	1	41	-
Investment Corporation of Pakistan			
Directors, CEO & their Spouse and Minor Children:	9	3,830,361	2.12
Towfiq H. Chinoy		40,643	
Sadruddin Hashwani		783,595	
Akbarali Pesnani		103,500	
R. Zakir Mahmood		271	
Amin A. Hashwani		2,598,731	
Amyr Currimbhoy		3,449	
Tahir Ahmed		269,625	
Sakina Pesnani w/o Akbarali Pesnani		26,523	
Shairoz w/o Salim Amlani		4,024	
Executives:	3	180,029	0.10
Azfar Arshad Inam		35,541	
Syed Sohail Ahmed		134,139	
Karim Merchant		10,349	
Public Sector Companies and Corporations		-	
Banks, Development Financial Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas and ICP Mutual Funds	10	819,186	0.46
Individuals	1,410	41,917,759	23.23
Others	27	4,494,089	2.49
	1,469	180,446,583	100.00

Categories of Shareholders	No. of Shares held	Percentage
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Shareholders holding 5 percent or more share in the Company:

- Aga Khan Hospital and Medical College Foundation	37,165,338	20.60
- Habib Bank Limited	34,734,543	19.25
- Aga Khan Fund for Economic Development	25,348,383	14.05
- Pakistan Services Limited	13,687,874	7.59
- Hashwani Hotels Limited	9,919,210	5.50

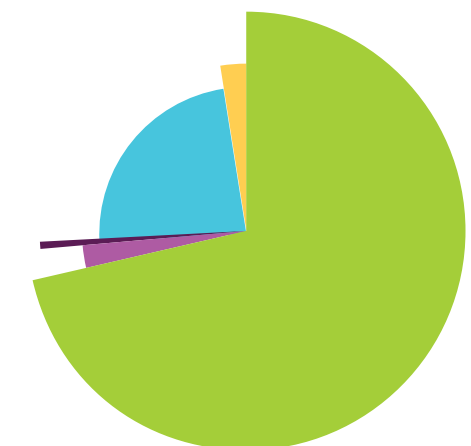
Trading in shares by Directors, CEO, CFO, Company Secretary & their spouses and minor children during the year 2017:

Name	Designation	Transaction	No. of Shares
Tahir Ahmed	Chief Executive Officer	Acquired	17,000

Categories of Shareholders	Number of Shareholders	No. of Shares held	Percentage
Individual	1,398	32,177,899	17.83
Insurance Companies	4	1,235,113	0.68
Joint Stock Companies	24	25,156,370	13.94
Financial Institutions	7	35,166,938	19.49
Modarabas & Mutual Funds	2	9,484	0.01
Non Resident Shareholders	26	39,127,195	21.68
Others - see below	8	47,573,584	26.37
	1,469	180,446,583	100.00

- I. The Aga Khan Hospital & Medical College Foundation
- II. Aga Khan Foundation
- III. The Aga Khan University Foundation
- IV. Trustees Pak Services Ltd, Employees Provident Fund
- V. Trustees Hashwani Hotels Ltd, Employees Provident Fund
- VI. Trustees Artal Restaurants Int'l Employees Provident Fund
- VII. Trustees Saeeda Amin Wakf
- VIII. Trustees Muhammad Amin Wakf Estate

Associated Companies, Undertakings and Related Parties	71.60%
Directors, CEO & their Spouse and Minor Children	2.12%
Executives	0.10%
Other Companies	0.46%
General Public	23.23%
Others	2.49%



Key Financial Data

(Six Years)

	2017	2016	2015	2014	2013	2012
----- (Rupees in million) -----						
FINANCIAL DATA						
Paid-up Capital	1,804	1,569	1,569	1,569	1,364	1,186
General & Capital Reserves	5,318	5,031	4,337	3,854	3,395	2,887
Equity	7,122	6,600	5,906	5,423	4,759	4,073
Total Liabilities	10,870	10,811	9,282	8,116	8,052	6,686
Investments - at Cost	9,424	9,084	8,467	7,777	7,303	5,927
Investment Properties- (at book value)	659	665	672	678	156	149
Cash and Bank Deposits	2,284	2,250	1,757	1,021	1,010	1,260
Other assets - Current	5,414	5,210	4,099	3,900	4,171	3,254
Other assets - Non-Current	211	202	193	163	172	169
Total assets (Book value)	17,992	17,411	15,188	13,539	12,812	10,759
Total Admissible Assets (Market Value)	18,396	17,422	16,242	16,051	14,321	11,448
Total assets (Market value)	25,077	24,612	20,866	18,989	16,185	13,010
OPERATING DATA						
Gross Premium Revenue	7,694	7,851	7,979	6,961	6,569	6,008
Net Premium Revenue	4,611	4,171	4,151	3,645	3,526	3,085
Net Claims	2,450	2,030	2,174	2,083	2,156	1,910
Management Expenses	1,360	1,257	1,085	957	837	734
Underwriting Results	409	473	468	275	223	154
Investment Income	1,042	1,316	1,220	966	979	783
Profit Before Taxation (PBT)	1,616	1,854	1,713	1,270	1,220	946
Taxation - Net	(533)	(675)	(361)	(191)	(175)	(119)
Profit After Taxation (PAT)	1,083	1,179	1,352	1,079	1,045	827
CASH FLOW SUMMARY						
Operating Activities	(373)	229	926	405	465	849
Investing Activities	952	(758)	(459)	4	(369)	(332)
Financing Activities	(539)	(462)	(844)	(401)	(349)	(291)
Cash & Cash Equivalents at the year end	2,054	2,014	1,490	948	940	1,193

	2017	2016	2015	2014	2013	2012
FINANCIAL RATIOS						
Profitability						
Profit Before Tax / Gross Premium	%	21.00	23.61	21.47	18.24	18.57
Profit Before Tax / Net Premium	%	35.05	44.45	41.27	34.84	34.60
Profit After Tax / Gross Premium	%	14.08	15.02	16.94	15.50	15.91
Profit After Tax / Net Premium	%	23.49	28.27	32.57	29.60	29.64
Underwriting Result / Gross Premium	%	5.32	6.02	5.87	3.95	3.39
Underwriting Result / Net Premium	%	8.87	11.34	11.27	7.54	6.32
Profit Before Tax / Total Income	%	28.59	33.79	31.89	27.54	27.08
Profit After Tax / Total Income	%	19.16	21.49	25.17	23.40	23.20
Combined ratio	%	91.13	88.66	88.73	92.46	93.68
Net Claims / Net Premium	%	53.13	48.67	52.37	57.15	61.15
Management Expense / Net Premium	%	29.49	30.14	26.14	26.26	23.74
Return to Share Holders						
Return on Equity - (after tax)	%	15.21	17.86	22.89	19.90	21.96
Earnings Per Share (pre tax)	Rs.	8.96	11.82	10.92	8.09	8.94
Earnings Per Share (after tax)	Rs.	6.00	7.51	8.62	6.88	7.66
Earnings Per Share (pre tax)-Restated	Rs.	8.96	10.28	9.50	7.04	6.76
Earnings Per Share (after tax)-Restated	Rs.	6.00	6.54	7.49	5.98	5.79
Earning growth	%	(8.14)	(12.80)	25.30	3.25	26.36
Price Earning Ratio	Times	13.33	16.60	13.74	17.05	12.08
Price to Book Ratio	Times	2.03	2.58	2.74	2.95	2.01
Breakup value per share	Rs.	39.48	42.07	37.64	34.56	34.89
Return on Assets (Book value)	%	6.02	6.77	8.90	7.97	8.16
Return on Assets (Market value)	%	4.32	4.79	6.48	5.68	6.46
Market Data						
Face Value per share	Rs.	10.00	10.00	10.00	10.00	10.00
Market Price per share at the end of the year	Rs.	80.00	108.50	103.00	102.00	70.00
Market Price per share - Highest during the year	Rs.	128.00	120.00	127.98	122.37	72.90
Market Price per share - Lowest during the year	Rs.	76.00	95.30	76.00	71.01	52.70
Karachi Stock Exchange Index	Points	40,471	47,807	32,816	32,131	25,261
Market Capitalisation	(Rs. M)	14,432	17,024	16,161	16,004	9,548
Cash Dividend Per Share	Rs.	4.00	3.50	4.50	4.00	3.00
Cash Dividend	%	40.00	35.00	45.00	40.00	30.00
Stock Dividend Per Share	Rs.	-	1.50	-	-	1.50
Stock Dividend	%	-	15.00	-	-	15.00
Dividend Yield	%	5.00	3.23	4.37	3.92	4.29
Dividend Pay out	%	66.63	53.55	60.04	66.88	51.79
Dividend Cover	Times	1.50	1.87	1.67	1.50	1.93
Performance / Liquidity						
Current Ratio	Times	1.58	1.53	1.54	1.56	1.55
Liquid Ratio	Times	1.08	1.05	1.10	1.08	1.03
Cash / Current Liabilities	%	21.01	20.81	18.93	12.58	12.54
Total Assets Turnover	Times	0.43	0.45	0.53	0.51	0.51
Fixed Assets Turnover	Times	9.00	9.30	9.66	12.52	22.52
Total Liabilities / Equity	Times	1.53	1.64	1.57	1.50	1.69
Return on Capital Employed (RoCE)	%	23.55	29.65	30.24	24.95	27.63
Liquid Assets / Total Assets	%	65.07	65.10	67.32	64.98	64.88
Paid-up Capital / Total Assets	%	10.03	9.01	10.33	11.59	10.65
Earning assets / Total Assets	%	68.74	68.92	71.74	69.99	66.10
Equity / Total Assets	%	39.58	37.91	38.89	40.05	37.14
Solvency						
Solvency Ratio (Based on Market Value)	Times	8.23	7.92	8.38	10.88	8.89

Comments on Key Financial Data

Performance Ratios

- The Combined and Claims ratios have declined from 95% to 91% and 61% to 53% respectively over the six years reflecting strength in the underwriting profitability of the Company.
- The Company is able to maintain its expense ratio to 26% or below till the year 2015. However, the expense ratios for the years 2016 and 2017 have increased to 30% and 29% respectively which is mainly due to lower growth in the gross premium in both the years.
- The return on equity in 2017 has slightly contracted by 3% as compared to last year which is due to decrease in investment income. In current year, investment income has decreased due to declining performance of Pakistan stock market. In prior years, the Company has managed healthy return on equity i.e. in the range of 20% to 23%.
- The Pre tax earnings per share have improved to Rs. 8.96 per share in 2017 from Rs. 7.98 in 2012. The Company's after tax earnings per share have decreased as compared to last year mainly due to decrease in investment income for the year 2017.
- Cash Dividend per share to the shareholders ranges from 30% to 35% from the years 2012 to 2016 reflecting a healthy dividend payout ratio over these years. In current year, 40% dividend reflects a remarkable growth in the profit distribution history of the Company.

Balance sheet

- The Company's assets have increased by 64% to Rs. 18 billion at the end of year 2017 from Rs. 11 billion at the end of year 2012.
- The book value of total investments has increased to Rs. 10 billion as at 31 December 2017 in comparison to Rs. 6 billion as at 31 December 2012.
- The total equity and technical reserves stood at Rs. 13 billion as at 31 December 2017 in comparison to Rs. 9 billion as at 31 December 31, 2012 which reflects increase of 56% in last six years.
- A continuous improvement in the size of investments out of total assets has been witnessed over the years uptill 2016 as investments were 69% of total assets of the Company in the year 2016 in comparison of 68% in the year 2012. However in year 2017, the size of investment out of total assets has decreased to 68% which reflects prudent investment management despite decline in the stock market.
- Total assets of the Company in terms of market value have grown to 25 billion depicting 92% growth over the year 2012.

Profit and loss Account

- The gross and net premium has increased by 28% and 49% respectively over the period of six years.
- The underwriting profit has increased by 166% as compared to the year 2012.
- The investment income has increased by 33% over the last six years. This reflects better utilisation of the Company's earning assets.
- The profit before tax reached to Rs. 1.62 billion for the year ended 31 December 2017 in comparison to Rs. 946 million at the end of the year 2012, which reflects 71% increase over the period of six years.
- The Company has been achieving more than Rs. 1 billion of profit after tax(PAT) since 2013 including the current year wherein the Company has achieved PAT of Rs. 1.08 billion and maintained the glowing history of achieving high level of profit.

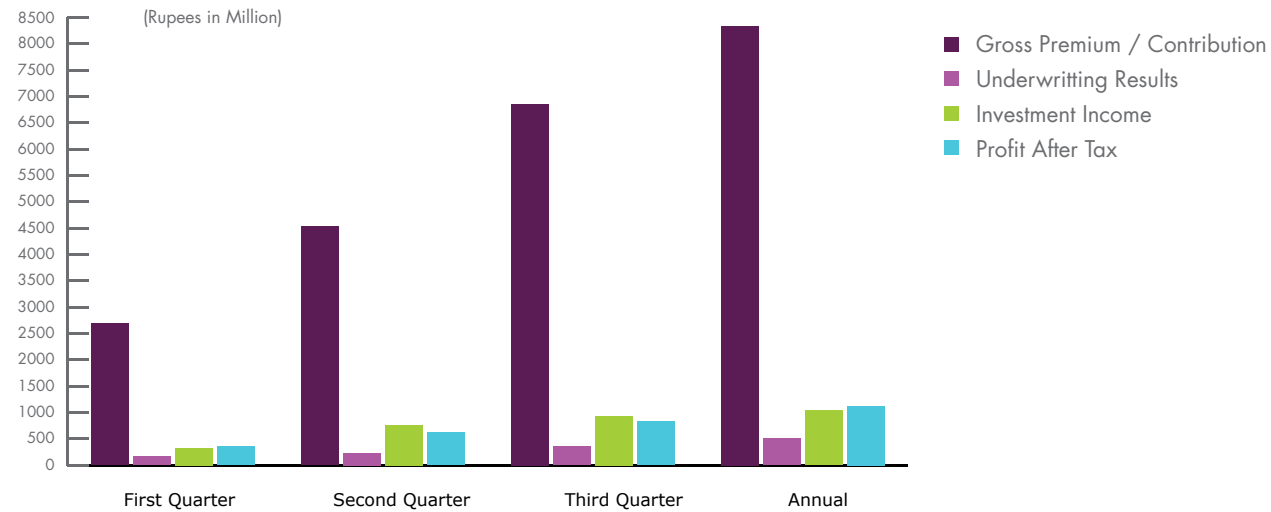
Cash flows

- In the year 2017, Company's operating cash flow remains negative which is due to increase in the payments of net claims and management expenses.
- Significant Cash inflow from investment activities in 2017 reflects prudent investment management despite decline in stock market during the year.
- Due to consistent policy of paying handsome dividends to the shareholders, the cash outflow of financing activities has also gone up significantly over the years.
- Cash & Cash Equivalents has increased by 72% to Rs. 2.05 billion at the end of 2017 from Rs. 1.19 billion at the end of 2012 reflects Company's strong as well as adequate liquidity position keeping in view the growth of the Company since 2012.

Solvency

- The market value of the Company's admissible assets has increased by 61% to 18.40 billion at the end of 2017 from Rs. 11.45 billion at the end of 2012 reflecting robust solvency of the Company which is also evident from the solvency ratio i.e. 8.23 times in 2017.

Quarterly Analysis - 2017



Gross Premium/Contribution

The major amount of premium is underwritten in first and third quarter of the year. The contribution of total premium at the end of each quarter in terms of percentage is remained consistent to past trend. The overall gross premium/contribution achieve 1% growth during the year.

Underwriting Results

Major improvement witnessed in first and fourth quarters of the year where underwriting results have grown considerably. The Company closed the year by posting underwriting profit of Rs. 409 million with combined ratio of 91%.

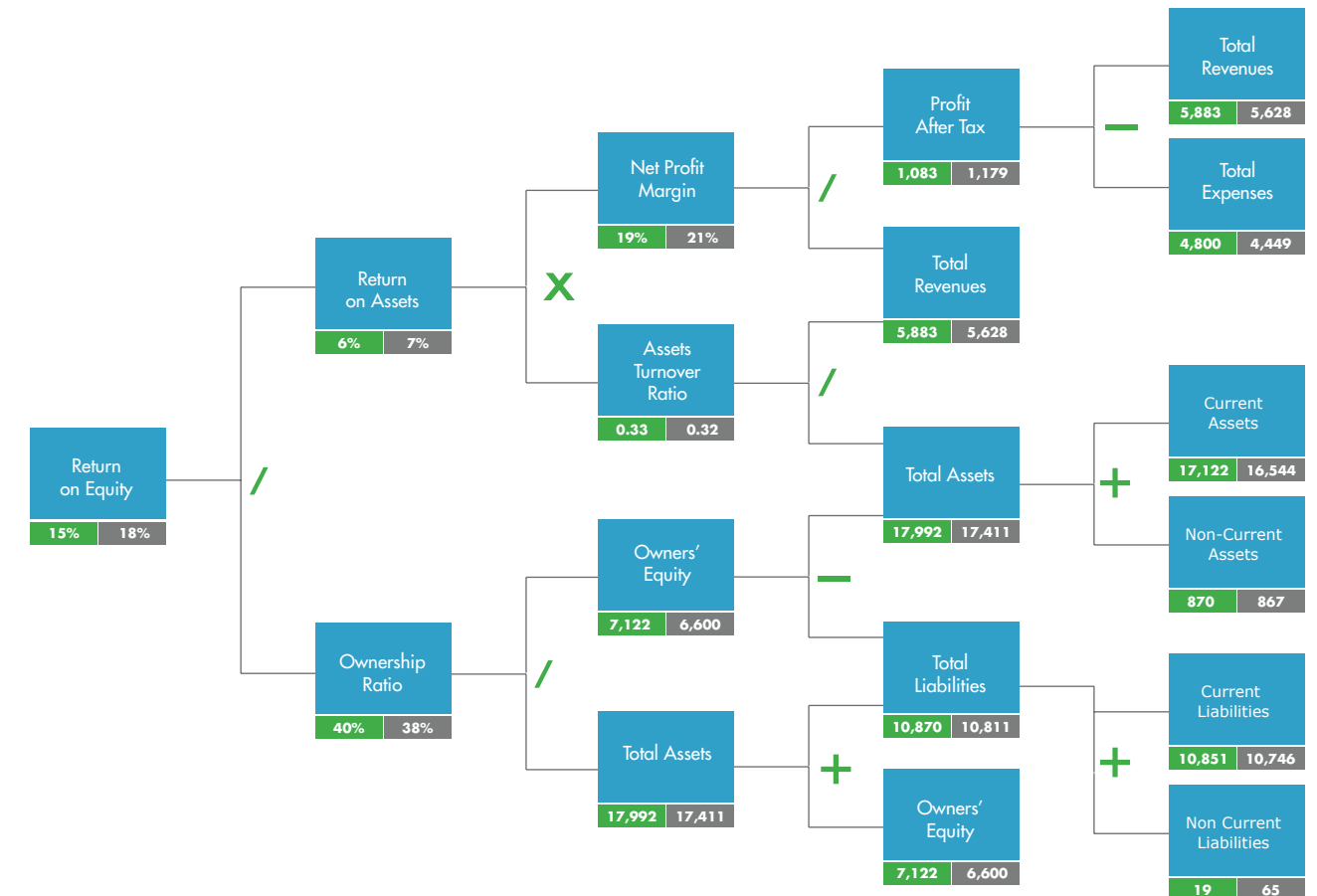
Investment Income

A notable increase in investment income has been witnessed in the second and fourth quarter of the year due to realisation of Capital Gains and dividend income which contributed significantly in achieving total annual investment income of Rs.1,042 million. During the year, despite the decline in the stock market, this level of investment income reflects prudent investment management and optimum utilisation of earning assets.

Profit after Tax

The profit after tax has grown remarkably in the second quarter which is mainly due to robust contribution of the investment income. Healthy contribution of underwriting profit in the first and fourth quarter combined with the contribution from investment income in second and third quarter enable the Company to cross Rs. 1.0 billion PAT Mark in fifth consecutive year.

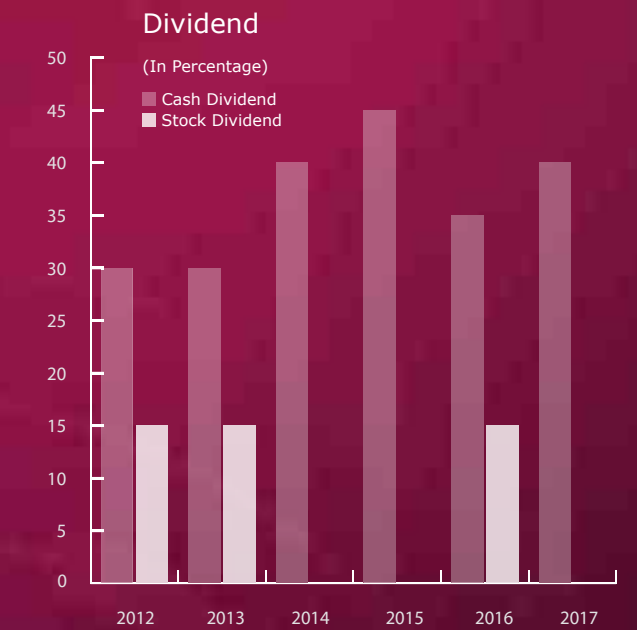
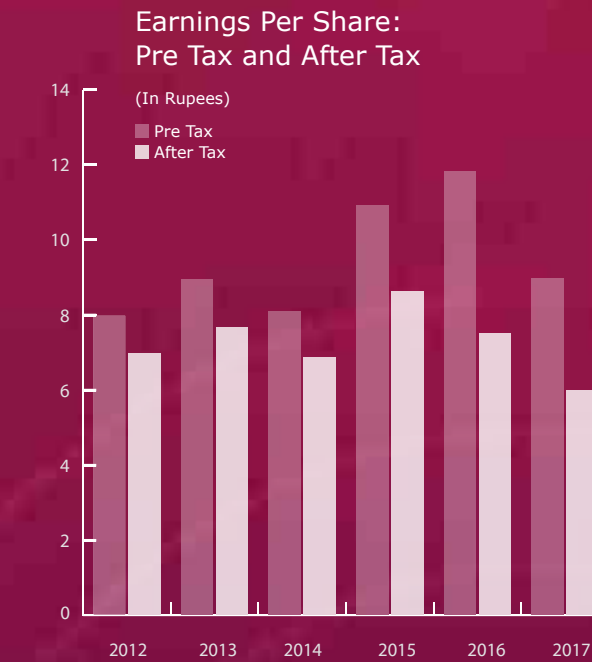
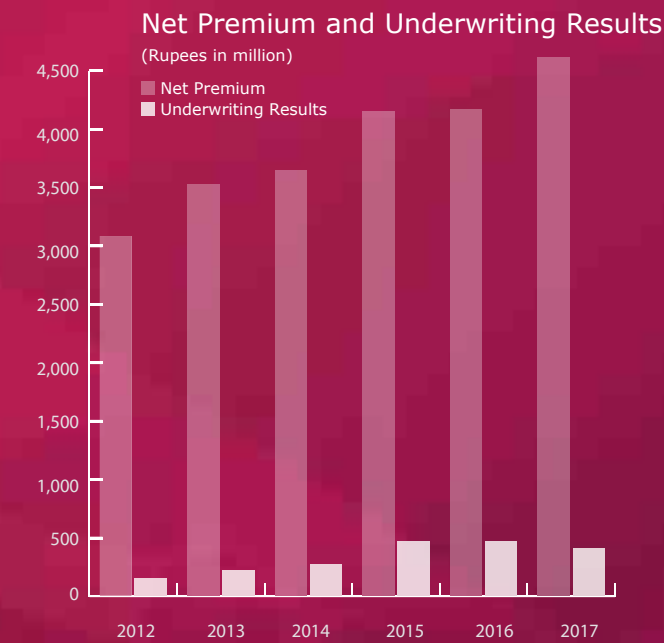
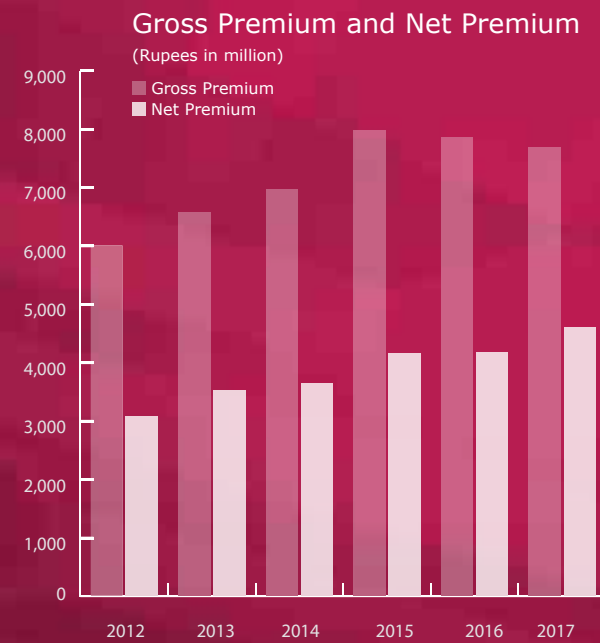
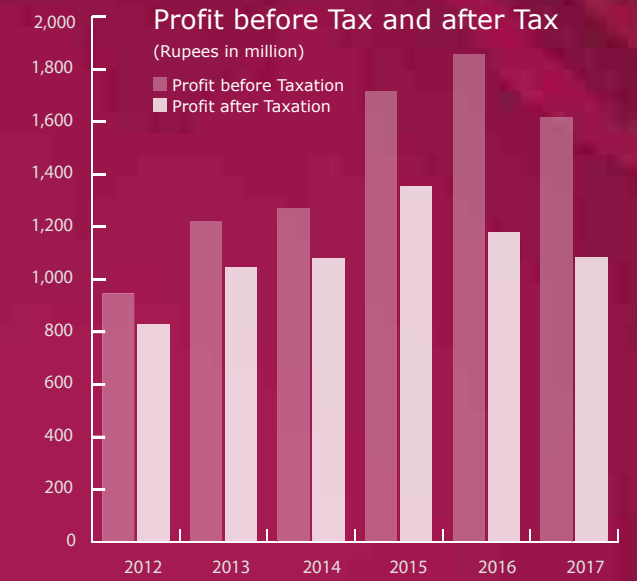
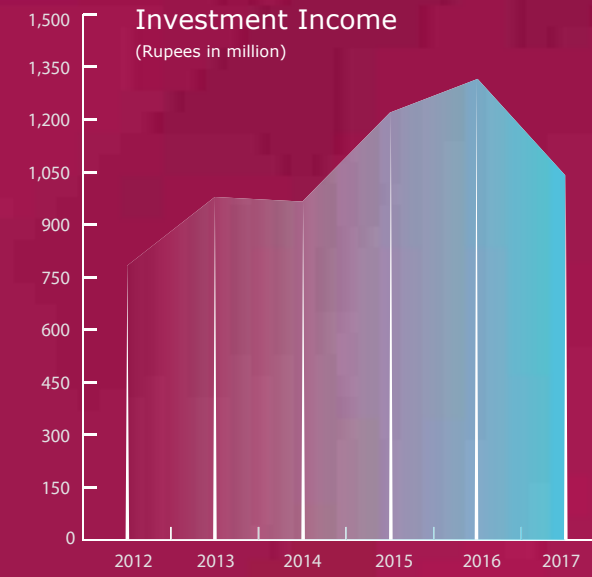
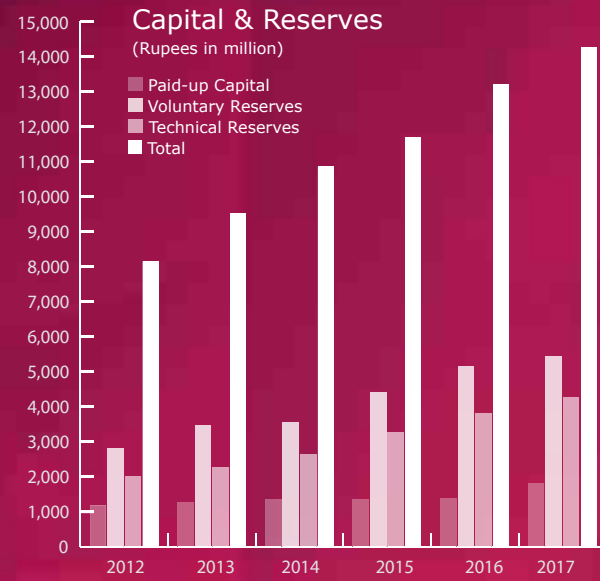
DuPONT Analysis 2017 and 2016



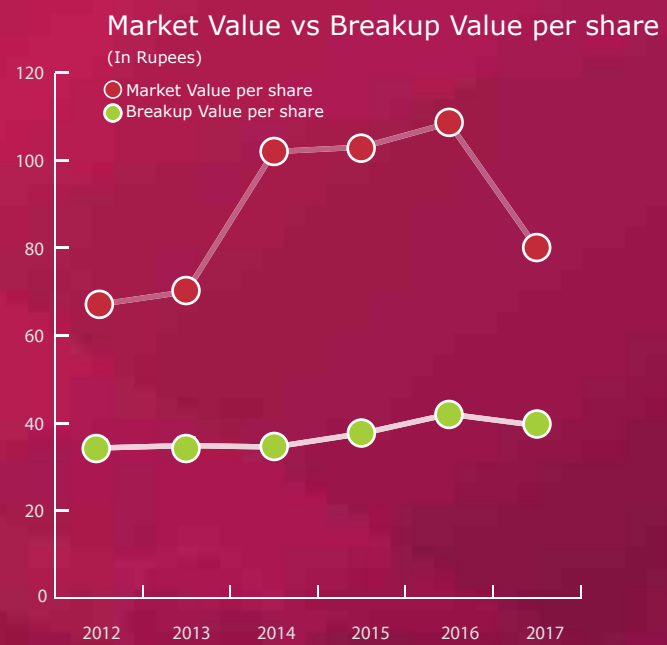
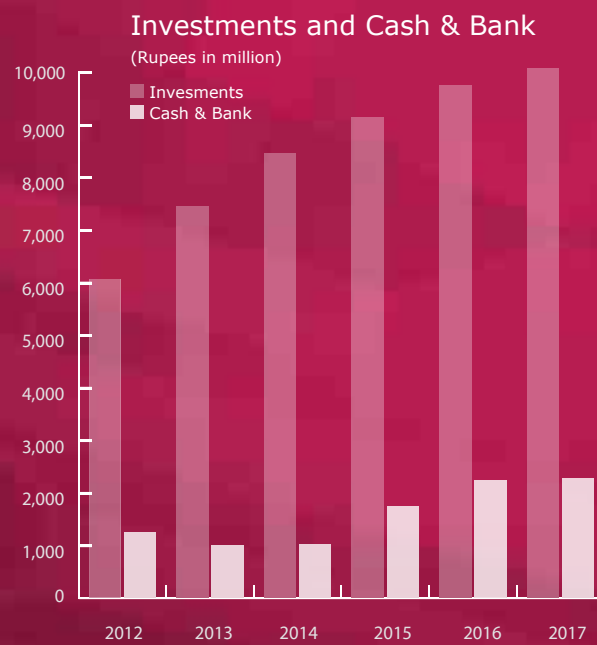
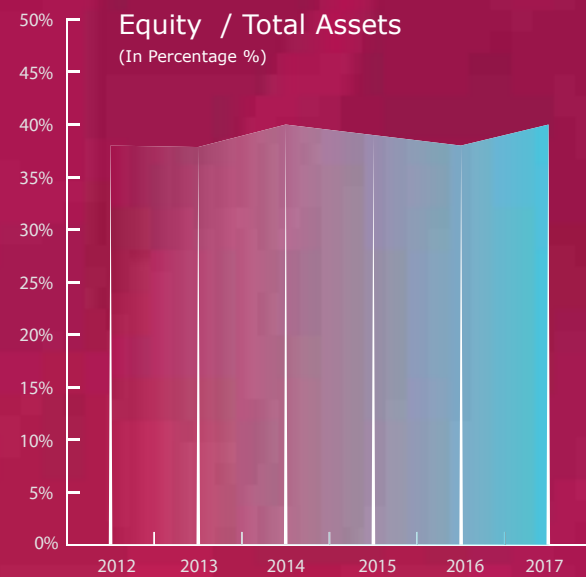
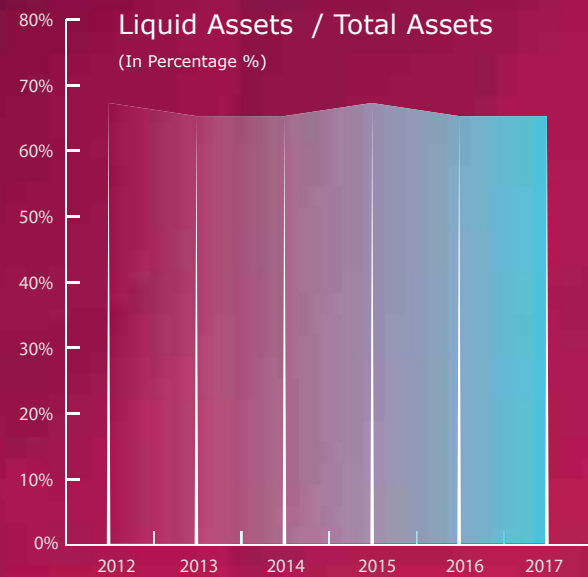
Comments on DuPONT Analysis

- The Net Profit Margin reduced by 2% from last year as claims ratio has increased by 4% during the year 2017.
- The Company's Return on Equity for the year 2017 is 15%, slightly contracted by 3% from the last year's ROE, mainly due to decrease in investment income. Although, the return on assets has decreased by 1%, however, it still reflects better utilisation of earning assets despite the slow economic growth and significant decline in stock market performance during the year 2017.
- The ownership ratio has increased by 2% from the last year due to the issuance of 15% bonus shares netted off with 35% cash dividend of 2016 distributed during the year.

Performance at a Glance - Six years



Performance at a Glance - Six years



Graphical Composition of Financial Statements

Balance Sheet



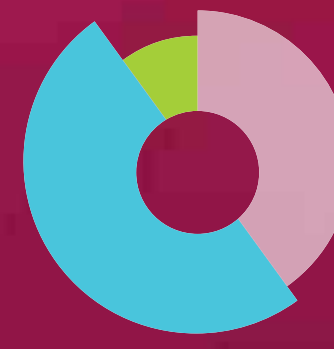
Assets 2017

Earning Assets	68%
Current Assets - others	31%
Fixed Assets	01%



Assets 2016

Earning Assets	68%
Current Assets - others	31%
Fixed Assets	01%



Shareholder's Equity and Liabilities 2017

Share Capital & Reserves	40%
Current Liabilities	50%
Non Current Liabilities	10%



Shareholder's Equity and Liabilities 2016

Share Capital & Reserves	38%
Current Liabilities	51%
Non Current Liabilities	11%

Graphical Composition of Financial Statements Profit and Loss Account



Gross Premium Classwise 2017

■ Fire	25%
■ Marine	08%
■ Motor	18%
■ Liability	05%
■ Accident & health	19%
■ Miscellaneous	25%



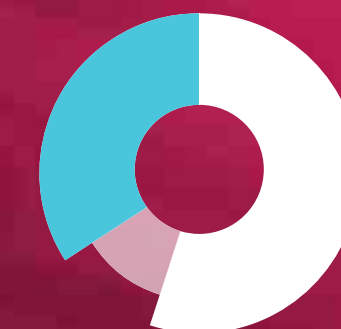
Gross Premium Classwise 2016

■ Fire	29%
■ Marine	08%
■ Motor	17%
■ Liability	05%
■ Accident & health	13%
■ Miscellaneous	28%



Combined Ratio 2017

■ Net Claims	58%
■ Net Commission	09%
■ Management Expenses	33%



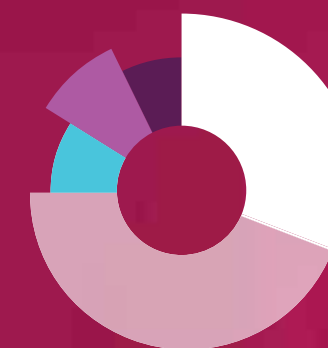
Combined Ratio 2016

■ Net Claims	55%
■ Net Commission	11%
■ Management Expenses	34%



Investment Income 2017

■ Dividend Income	41%
■ Capital Gain	17%
■ Return on Bank Deposits	09%
■ Return on Govt. Securities	25%
■ Rental Income	08%



Investment Income 2016

■ Dividend Income	31%
■ Capital Gain	44%
■ Return on Bank Deposits	09%
■ Return on Govt. Securities	09%
■ Rental Income	07%



Profit before tax 2017

■ Investment and Other Income	75%
■ Underwriting Income	25%



Profit before tax 2016

■ Investment and Other Income	74%
■ Underwriting Income	26%

Graphical Composition of Financial Statements Cash Flows



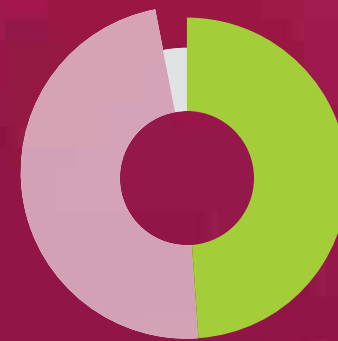
Cash Generated 2017

Operating Activities	47%
Investing Activities	53%



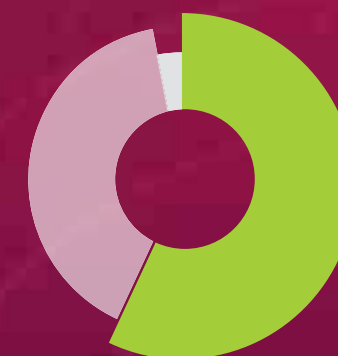
Cash Generated 2016

Operating Activities	57%
Investing Activities	43%



Cash Consumed 2017

Operating Activities	49%
Investing Activities	48%
Financing Activities	03%



Cash Consumed 2016

Operating Activities	57%
Investing Activities	40%
Financing Activities	03%

Report of the Board Audit Committee

For The Year Ended 31 December 2017

The Board Audit Committee comprises of four members, all of whom are non-executive directors and the Chairman of the Committee is an independent director. The independent director meets the criteria of independence as laid down under the Code of Corporate Governance for Insurers, 2016 (the code).

The Audit Committee consists of at least two members that have relevant financial experience and necessary knowledge relating to finance and accounting as required by the Code. The Board has satisfied themselves that the current members of the Audit Committee are competent in financial matters and have an excellent mix of skills and expertise in commercial, financial and audit matters arising from the senior positions they hold or held in other organisations.

The role and responsibilities of Audit Committee are set out in terms of reference, which are reviewed by the Committee taking into account relevant legislations and Code. The role of the Committee in the context of governance framework is to monitor:

- i. The integrity of financial statements;
- ii. The appointment, qualification, independence and performance of External Auditors;
- iii. The performance of internal audit function;
- iv. The effectiveness of system of internal controls and risk management; and
- v. Compliance with legal and regulatory requirements.

The Committee has concluded its annual review of the conduct and operations of the Company for the year ended December 31, 2017 and reports that:

- Four meetings of the Committee were held during the year and presided by the Chairman of the Committee;
- The Committee reviewed the quarterly and annual financial statements of the Company and recommended them for approval of the Board;
- The Company issued a Statement of Compliance with the Code of Corporate Governance, which has also been reviewed by the external auditors of the Company;
- The Chief Executive Officer and the Chief Financial Officer have reviewed the financial statements of the Company and the chairman's and Board of Directors' Report. They acknowledge their responsibility for true and fair presentation of the financial statements, accuracy of reporting, compliance with regulations and applicable accounting standards and establishments and maintenance of internal controls and system of the Company;
- The financial statements have been prepared in accordance with approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under repealed Companies Ordinance, 1984, the Insurance Ordinance, 2000 and repealed Insurance Rules, 2002;
- Appropriate accounting policies have been consistently applied and accounting estimates are based on reasonable and prudent judgment. Applicable accounting standards were followed in preparation of the financial statements of the Company on a going concern basis for the financial year ended December 31, 2017, which present fairly the state of affairs, results of operations, profits, cash flows and changes in equity of the Company for the year under review; and
- Proper, accurate and adequate accounting records have been maintained by the Company in accordance with the repealed Companies Ordinance, 1984.

Internal Audit Function

- The Internal Control framework has been defined and elaborated in the relevant section. The Company's system of internal control is sound in design and internal control framework has been effectively implemented. The internal controls have been continually evaluated for effectiveness and adequacy through in-house internal audit function.
- The Committee has ensured the achievement of operational, compliance and financial reporting objectives, safeguarding of the assets of the Company through effective financial, operational and compliance controls and risk management at all levels within the Company.
- The Head of Internal Audit has direct access to the Chairman Audit Committee and members. The Committee met independently with the Head of Internal Audit during the year without the presence of the management and discussed the results of the audits performed during the year.
- The Committee reviewed audit plan for the year and agreed its budget and resource requirements. The Committee reviewed interim and year-end summary reports along with management's response. The Committee carried out an evaluation of the performance of the internal audit function and is satisfied with the effectiveness of the function.
- Coordination between the external and internal auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

External Auditors

- The statutory auditors of the company, M/s. KPMG Taseer Hadi & Co., Chartered Accountants, have completed their audit of the Company's financial statements and the Statement of Compliance with the Code of Corporate Governance for the year ended December 31, 2017.
- The Management Letter is required to be submitted within 45 days of the date of the Auditors' Report on the financial statements under the listing regulations and will therefore accordingly be discussed in the Committee meeting following the receipt of the management letter.
- The Committee held independent meeting with the external auditors during the year without the presence of the management.
- The Audit firm has been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP) and the firm is fully compliant with the International Federation of Accountants (IFAC) Guidelines on Code of Ethics, as adopted by ICAP. The statutory auditors have indicated their willingness to continue as auditors.
- Being eligible for reappointment under listing regulations, the Board Audit Committee recommends the reappointment of M/s. KPMG Taseer Hadi & Co. as statutory auditors for the financial year ending December 31, 2018 on terms approved by the Board of Directors.



Aryn Currimbhoy
Chairman, Board Audit Committee

Karachi: 12 February 2018

Profile of Shariah Advisor

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

He is serving as the Shariah Advisor of "Jubilee General Takaful" since its commencement and looking after the transactions, day-to-day Shariah matters and services provided by Jubilee General Takaful. 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 Jubilee General Takaful 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, Jubilee Family Takaful, 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 300 Halal Certification audits of different food, beverages, cosmetics and pharmaceuticals companies in different parts of the world.



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Karachi, 75530 Pakistan

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

Shariah Advisor's Report to the Board of Directors

For The Year Ended 31 December 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 Jubilee General - Window Takaful Operations (hereafter referred to as "Takaful Operator") for the year ended 31 December 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 year under review; Jubilee General Window Takaful Operations has achieved significant successes, details of which are as follows:

1. Alhamdulillah, Jubilee General - Window Takaful Operations has become one of the Market Leaders in the Takaful Industry of the country.
2. Under the guidance of undersigned and after getting Shariah approval, Takaful Operator has developed and offered a number of new Retail & Banca-Takaful Products to its Customers/Participants.
3. Divisions and Branches of the Company have fully participated in the business of Takaful from different locations of the country.
4. Significant success has been achieved in the Takaful Agreements with Islamic Banks. At this stage, I am also thankful to the Partners Banks for the confidence they have shown on Jubilee General-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 31 December 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, Islamic Funds and Shariah Compliant Equities, 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); and
- iv. during the year, Rs. 15,348/- has been disbursed as Charity amount through dividend income purification process, with prior Shariah approval.

While concluding; I state that the Shari'ah principles were followed in every aspect of practical implementation of Jubilee General-WTO during the year. I am grateful to the Board of Directors of Jubilee General, Management, Head of Window Takaful Operations, Divisional & 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

Karachi: 13 February 2018

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

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

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

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

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

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

Date: 13 February 2018
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Statement of Compliance with the Code of Corporate Governance for Insurers, 2016

For The Year Ended 31 December 2017

This statement is being presented in compliance with the Code of Corporate Governance for Insurers, 2016 (the Code) for the purpose of establishing a framework of good governance, whereby the Insurer is managed in compliance with the best practices of corporate governance and the Code of Corporate Governance 2012 (CCG 2012) as contained in Regulation No.5.19.24 of the Listing Regulations of the Pakistan Stock Exchange.

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

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

Category	Names
Independent Director	Amyr Currimbhoy
Executive Director	Tahir Ahmed
Non-Executive Director	Towfiq H. Chinoy
	Sadruddin Hashwani
	Akbarali Pesnani
	John Joseph Metcalf
	R. Zakir Mahmood
	Amin A. Hashwani
	Salim Amlani

The independent director meets the criteria of independence as laid down under the Code.

- The directors have confirmed that none of them is serving as a director in more than five listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
- 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 development financial institution or a non-banking financial institution or, being a member of a stock exchange, has been declared as a defaulter by a stock exchange.
- No casual vacancy occurred in the Board during the year 2017.
- The Company has prepared a "Code of Conduct" which has been disseminated among all directors and employees of Company along with its supporting policies and procedures.
- 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.
- 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, and other executive directors and the key officers, have been taken by the Board.
- The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
- The Board has established a system of sound internal control, which is effectively implemented at all levels within the Company. The Company includes all the necessary aspects of internal control given in the Code.
- All the Directors have either attended the orientation course or have been provided appropriate materials / guidelines

in this regard and as such they are fully aware of their duties and responsibilities. Five of the directors have attended "Directors' training program" conducted by local and foreign institutions that meet the criteria specified by the SECP, while two directors possess the minimum qualification and experience criteria for exemption stipulated in the Code. Training of two newly elected directors is scheduled next year.

- The appointment, remuneration and terms and conditions of employment of Chief Financial Officer, Company Secretary and Head of Internal Audit are approved by the Board.
- The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
- The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
- The directors, CEO and other executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
- The Company has complied with all the corporate and financial reporting requirements of the Code. The Company has continued to present the details of all related party transactions before the Audit Committee and upon their recommendation to the Board for review and approval. The definition of related party used is in accordance with repealed Companies Ordinance, 1984 and applicable financial reporting framework as the regulations under Section 208 of the Companies Act, 2017 have not yet been announced.
- The Board has formed the following Management Committees,

Underwriting Committee

Name of Member	Category
Tahir Ahmed	Chairman
Azfar Arshad	Member
Syed Imran Rabbani	Member
Mohammad Safdar	Member

Claim Settlement Committee:

Name of Member	Category
Tahir Ahmed	Chairman
Nawaid Jamal	Member
Uzair Mirza	Member
Kamran Arif	Member

Reinsurance & Co-Insurance Committee:

Name of Member	Category
Tahir Ahmed	Chairman
Karim Merchant	Member
Mohammad Safdar	Member
Mohammad Nadeem Irshad	Member

Risk Management & Compliance Committee

Name of Member	Category
Tahir Ahmed	Chairman
Azfar Arshad	Member
Nawaid Jamal	Member
Mohammad Safdar	Member
Uzair Mirza	Member
Mohammad Nadeem Irshad	Member
Syed Abid Waseem	Member
Imran Mughal	Member

Takaful Committee

Name of Member	Category
Tahir Ahmed	Chairman
Azfar Arshad	Member
Nawaid Jamal	Member
Syed Sohail Ahmed	Member

17. The Board has formed the following Board Committees:

Human Resource, Remuneration & Nomination Committee

Name of Member	Category
Towfiq H. Chinoy – Chairman	Non-Executive
John Joseph Metcalf	Non-Executive
Tahir Ahmed	Executive
Amin A. Hashwani	Non-Executive

Investment Committee:

Name of Member	Category
Akbarali Pesnani – Chairman	Non-Executive
John Joseph Metcalf	Non-Executive
R. Zakir Mahmood	Non-Executive
Tahir Ahmed	Executive
Nawaid Jamal	Executive

18. Audit Committee

The Board has formed an Audit Committee. It comprises of four members, all of whom are non-executive directors and the chairman of the committee is an independent director. The Composition of the Audit Committee is as follows,

Name of Member	Category
Amyr Currimbhoy - Chairman	Independent
Akbarali Pesnani	Non-Executive
John Joseph Metcalf	Non-Executive
Salim Amlani	Non-Executive

- 19. The meetings of the Committees, except Human Resource, Remuneration & Nomination 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. The terms of reference of the committees have been formed and advised to the committees for compliance.
- 20. The Board has set up an effective internal audit function and the members of internal audit function are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they are involved in the internal audit function on a regular basis.
- 21. The Chief Executive Officer, Chief Financial Officer, Compliance Officer and the Head of Internal Audit possess such qualification and experience as is required under the Code. The persons heading the underwriting, claim, reinsurance and risk management functions / departments possess qualification and experience of direct relevance to their respective functions as required under the section 12 of the Insurance Ordinance, 2000.

Name of the person	Designation
Tahir Ahmed	Chief Executive Officer
Nawaid Jamal	Chief Financial Officer
Fahad Alam	Company Secretary & Chief Compliance Officer
Safar Ali	Head of Internal Audit
Azfar Arshad	Head of Operations
Kamran Arif	Head of Claims
Mohammad Safdar	Head of Reinsurance
Imran Mughal	Head of Risk Management
Uzair Mirza	Head of Financial Lines (Incl. Grievance)
Tariq Mushtaq	Head of Underwriting

- 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. The statutory auditors of have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
- 23. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
- 24. The Board ensures that the investment policy of the Company has been drawn up in accordance with the provisions of the Code.
- 25. The Board ensures that the risk management system of the Company is in place as per the requirements of the Code.

26. The Company has set up a risk management function, which carries out its tasks as covered under the Code.
27. The Board ensures that as part of the risk management system, the Company gets itself rated from the credit rating agencies which is being used by its risk management function / department and the respective Committee as a risk monitoring tool. The rating assigned by the rating agencies are as follows,

Rating Agency	Rating	Date
AM Best – UK	B++	15 June 2017
PACRA – Pakistan	AA+	22 January 2018
JCR-VIS - Pakistan	AA+	23 January 2018

28. The Board has set up a grievance function to comply with the requirements of the Code.
29. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of the Company's securities, was determined and intimated to directors, employees and the Pakistan Stock Exchange.
30. Material/price sensitive information has been disseminated amongst all market participants at once through Pakistan Stock Exchange.
31. The Board has developed and approved the criteria for annual evaluation of its own performance as per the requirement of the Code. The evaluation has been done by the Board in the meeting held on October 23, 2017.
32. The Company has complied with the requirements relating to 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 the said Register.
33. The Company has not obtained any exemption(s) from the Securities and Exchange Commission of Pakistan (SECP) in respect of the requirements of the Code.
34. We confirm that all other material principles contained in the Code have been complied with.

By Order of the Board



Tahir Ahmed
Managing Director & Chief Executive



Aryn Currimbhoy
Director

Karachi: 13 February 2018

Statement of Shariah Compliance with the Shariah Principles

For The Year Ended 31 December 2017

The financial arrangements, contracts and transactions, entered into by Window Takaful Operations of Jubilee General Insurance Company Limited ('the Company') for the year ended December 31, 2017 are in compliance with the Takaful Rules, 2012.

Further, we confirmed that:

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

This has been duly confirmed by the Shariah Advisor of the Company.



Tahir Ahmed
Managing Director & Chief Executive

Karachi: 13 February 2018



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Independent Reasonable Assurance Report to the Board of Directors on the Statement of Management’s Assessment of Compliance with the Shariah Principles

We were engaged by the Board of Directors of Jubilee General Insurance Company Limited (“the Company”) to report on the management’s assessment of compliance of the Window Takaful Operations (“Takaful Operations”) of the Company, as set out in the annexed statement prepared by the management for the year ended 31 December 2017, with the Takaful Rules, 2012, in the form of an independent reasonable assurance conclusion about whether the annexed statement presents fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.

Applicable Criteria

The criteria against which the subject matter information (the Statement) is assessed comprise of the provisions of Takaful Rules 2012.

Responsibilities of the Management

The Board of Directors / management of the Company are responsible for designing, implementing and maintaining internal controls relevant to the preparation of the annexed statement that is free from material misstatement, whether due to fraud or error. It also includes ensuring the overall compliance of the Takaful Operations with the Takaful Rules, 2012.

The Board of Directors / management of the Company are also responsible for preventing and detecting fraud and for identifying and ensuring that the Takaful Operations comply with laws and regulations applicable to its activities. They are also responsible for ensuring that the management, where appropriate, those charged with governance, and personnel involved with the Takaful Operations compliance with the Takaful Rules, 2012 are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1 “Quality Control for Firms That Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements” and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibilities

Our responsibility is to examine the annexed statement and to report thereon in the form of an independent reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the annexed statement presents fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.

The procedures selected depend on our judgment, including the assessment of the risks of material non-compliances with the

Takaful Rules, 2012, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the Takaful Operations compliance with the Takaful Rules, 2012, in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Company’s internal control over the Takaful Operations’ compliance with the Takaful Rules, 2012. Reasonable assurance is less than absolute assurance.

A system of internal control, because of its nature, may not prevent or detect all instances of non-compliance with Takaful Rules, 2012, and consequently cannot provide absolute assurance that the objective of compliance with Takaful Rules, 2012, will be met. Also, projection of any evaluation of effectiveness to future periods is subject to the risk that the controls may become inadequate or fail.

The procedures performed included:

- Evaluate the systems, procedures and practices in place with respect to the Takaful operations against the Takaful Rules, 2012 and Shariah advisor’s guidelines;
- Evaluating the governance arrangements including the reporting of events and status to those charged with relevant responsibilities, such as the Audit Committee / Shari’ah Advisor and the board of directors;
- Test for a sample of transactions relating to Takaful operations to ensure that these are carried out in accordance with the laid down procedures and practices including the regulations relating to Takaful operations as laid down in Takaful Rules, 2012; and
- Review the statement of management’s assessment of compliance of the Takaful transactions during the year ended December 31, 2017 with the Takaful Rules, 2012.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In our opinion, the annexed statement, for the year ended 31 December 2017, presents fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.

Date: 13 February 2018
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

Financial Statements



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Chartered Accountants
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Auditors' Report to the Members of Jubilee General Insurance Company Limited

We have audited the annexed financial statements comprising of:

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

of **Jubilee General Insurance Company Limited** ("the Company") as at 31 December 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 repealed Companies Ordinance, 1984 (XLVII of 1984). Our responsibility is to express an opinion on these statements based on our audit.

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

In our opinion:

- a. proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the repealed 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 repealed 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 31 December 2017 and of the profit, its cash flows and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the repealed 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.

Date: 13 February 2018
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Nadeem

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Balance Sheet

As at 31 December 2017

Share capital and reserves

Authorised share capital
[250,000,000 Ordinary shares of Rs.10
each (31 December 2016: 250,000,000
Ordinary shares of Rs.10 each)]

Paid-up share capital
Retained earnings
Reserves

Underwriting provisions

Provision for outstanding claims (including IBNR)
Provision for unearned premium
Commission income unearned
Total underwriting provisions

Deferred liabilities

Deferred taxation - net

Creditors and accruals

Premiums received in advance
Amounts due to other insurers / reinsurers
Accrued expenses
Taxation - provision less payments
Other creditors and accruals

Other liabilities

Deposits and other payables
Unclaimed dividend

Total liabilities of Window Takaful
Operations - Operator's Fund

Total equity and liabilities**Contingencies**

The annexed notes from 1 to 42 form an integral part of these financial statements.



Towfiq H. Chinoy
Chairman



Amin A. Hashwani
Director



Nawaid Jamal
Chief Financial Officer



Aryn Currimbhoy
Director



Tahir Ahmed
Managing Director
(Chief Executive)

Note	2017 (Rupees in '000)	2016 (Rupees in '000)
	2,500,000	2,500,000
4	1,804,465	1,569,100
	1,069,922	1,193,316
5	4,247,348	3,837,441
	7,121,735	6,599,857
	3,431,665	3,337,432
	2,947,608	2,835,155
24	124,063	117,105
	6,503,336	6,289,692
6	19,440	64,676
	150,931	100,682
	1,122,494	1,339,594
	79,273	89,274
7	227,839	240,029
8	891,803	836,964
	2,472,340	2,606,543
9	1,665,900	1,693,482
	82,950	72,707
	1,748,850	1,766,189
10	126,503	84,209
	17,992,204	17,411,166
11		

Cash and bank deposits

Cash and other equivalents
Current and other accounts
Deposits maturing within 12 months

Loans to employees**Investments****Investment properties****Current assets - others**

Premiums due but unpaid
Amounts due from other insurers / reinsurers
Reinsurance recoveries due but unpaid
Salvage recoveries accrued
Accrued investment income
Reinsurance recoveries against outstanding claims
Deferred commission expense
Prepayments
Sundry receivables

Fixed assets**Tangible and intangible**

Buildings
Furniture, fixtures and equipments
Vehicles
Computer software

Total assets of Window Takaful
Operations - Operator's Fund

Total assets

Note	2017 (Rupees in '000)	2016 (Rupees in '000)
12	3,864	2,770
	1,889,412	1,501,917
	242,180	662,684
	2,135,456	2,167,371
13	128	203
14	9,390,571	9,060,592
15	658,873	665,263
16	1,711,972	1,418,760
17	59,854	41,788
	10,998	67,904
	26,505	26,308
	11,446	52,924
18	1,987,502	1,940,557
	269,685	243,958
19	1,145,945	1,263,200
20	115,232	90,257
	5,339,139	5,145,656
21	4,957	5,174
	167,220	156,251
	6,002	6,736
	20,417	18,849
	198,596	187,010
10	269,441	185,071
	17,992,204	17,411,166

Profit and Loss Account

For the year ended 31 December 2017

	Fire and property	Marine, aviation and transport	Motor	Liability	Accident and health	Others	Treaty	2017 Aggregate	2016 Aggregate
(Rupees in '000)									
Revenue account									
Net premium revenue	854,339	520,472	1,324,172	14,799	1,286,879	610,056	-	4,610,717	4,170,928
Less:									
Net claims	442,799	146,987	547,830	2,763	995,200	314,528	-	2,450,107	2,030,292
Expenses	252,034	153,542	390,637	4,366	379,635	179,969	-	1,360,183	1,256,675
Net commission	125,487	91,178	127,082	(13,457)	57,295	4,153	-	391,738	410,982
Underwriting result	34,019	128,765	258,623	21,127	(145,251)	111,406	-	408,689	472,979
Net investment income								869,283	1,111,438
Rental income - net	25							84,017	86,520
Return on bank deposits								88,338	118,017
Other income - net	26							4,975	1,103
General and administration expenses	27							(65,246)	(76,064)
Share in profit of associates	14.1.3 & 14.2.3							165,592	123,945
								1,146,959	1,364,959
Profit before tax from Window Takaful Operations	10							60,109	16,187
Profit before taxation								1,615,757	1,854,125
Taxation - net	28							(532,755)	(674,694)
Profit after taxation								1,083,002	1,179,431
Profit and loss appropriation account:									
Balance at commencement of the year								1,193,316	1,148,493
Total comprehensive income for the year								1,064,633	1,167,398
Foreign currency translation difference - net off tax								(3,477)	(1,845)
Transfer to general reserve								(300,000)	(350,000)
Transfer to special reserve								(100,000)	(300,000)
Final cash dividend 2017: at Rs.3.5 (35%) per share for the year 2016 [2016: Rs.3 (30%) per share for the year 2015]								(549,185)	(470,730)
Issuance of bonus shares at 15% per share of Rs.10 each for the year 2016 (2016: Nil)								(235,365)	-
								(123,394)	44,823
Balance of unappropriated profit at end of the year								1,069,922	1,193,316
Earnings per share of Rs.10 each - basic and diluted	38							6.00	6.54

The annexed notes from 1 to 42 form an integral part of these financial statements.


Towfiq H. Chinoy
 Chairman


Amin A. Hashwani
 Director


Nawaid Jamal
 Chief Financial Officer


Aryn Currimbhoy
 Director


Tahir Ahmed
 Managing Director
 (Chief Executive)

Statement of Comprehensive Income

For the year ended 31 December 2017

	2017	2016
(Rupees in '000)		
Profit after taxation	1,083,002	1,179,431
Other comprehensive income		
<i>Item that will never be reclassified to profit and loss account</i>		
Actuarial (loss) on defined benefit plan - net off tax	(21,846)	(13,878)
<i>Item to be reclassified to profit and loss account in subsequent period</i>		
Foreign currency translation difference - net off tax	3,477	1,845
Total comprehensive income for the year	1,064,633	1,167,398

The annexed notes from 1 to 42 form an integral part of these financial statements.


Towfiq H. Chinoy
 Chairman


Amin A. Hashwani
 Director


Nawaid Jamal
 Chief Financial Officer


Aryn Currimbhoy
 Director


Tahir Ahmed
 Managing Director
 (Chief Executive)

Statement of Cash Flows

For the year ended 31 December 2017

	2017	2016
	(Rupees in '000)	
Operating cash flows		
(a) Underwriting activities		
Premiums received	7,451,249	7,245,785
Reinsurance premiums paid	(3,070,607)	(3,063,236)
Claims paid	(3,273,427)	(3,846,186)
Reinsurance and other recoveries received	909,251	1,756,190
Commissions paid	(663,009)	(613,946)
Commissions received	282,609	323,281
Other underwriting payments (management expenses)	(1,322,793)	(1,168,224)
Net cash inflows from underwriting activities	313,273	633,664
(b) Other operating activities		
Income tax paid	(564,603)	(616,300)
General expenses paid	(34,191)	(39,305)
Other operating payments	(939,553)	(966,527)
Other operating receipts	851,370	1,216,708
Loans advanced	(1,320)	(922)
Loan repayments received	1,374	1,193
Net cash (outflows) from other operating activities	(686,923)	(405,153)
Total cash (outflows) / inflows from all operating activities	(373,650)	228,511
Investment activities		
Profit / return received	408,255	237,441
Dividends received	430,868	396,209
Rentals received - net of expenses	91,285	90,977
Payments for purchase of investments	(9,783,766)	(7,189,293)
Proceeds from disposal of investments	9,868,321	7,290,299
Fixed capital expenditure	(65,764)	(69,947)
Proceeds from sale of fixed assets	3,598	2,729
Total cash inflows from investing activities	952,797	758,415
Financing activities - total cash (outflows) from financing activities		
Dividend paid	(538,942)	(462,357)
Net cash inflows from all activities	40,205	524,569
Cash at beginning of the year	2,014,101	1,489,532
Cash at end of the year	2,054,306	2,014,101

Reconciliation to profit and loss account

	2017	2016
	(Rupees in '000)	
Operating cash flows	(373,650)	228,511
Depreciation / amortisation expense	(47,671)	(44,262)
Loss on sale of fixed assets	(2,755)	(341)
(Loss) / profit on remeasurement of investments at fair value through profit or loss	(51,768)	86,735
Profit on disposal of investments	250,229	498,086
Dividend income	427,152	403,977
Rental income	84,017	86,520
Other investment income	507,003	331,557
Profit from Window Takaful Operations	42,076	13,870
Actuarial loss on defined benefit plans	21,846	13,878
Exchange translation reserve on investment in an foreign associate	(3,477)	(1,845)
Increase in assets other than cash	237,080	1,032,290
(Decrease) in liabilities other than running finance	(7,080)	(1,469,545)
Profit after taxation	1,083,002	1,179,431

Definition of cash

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

Cash for the purposes of the statement of cash flows consists of:

Cash and bank deposits

Cash and other equivalents

Cash	205	161
Policy stamps and bond papers in hand	3,659	2,609
	3,864	2,770

Current and other accounts

Current accounts	147,755	244,814
Profit and loss savings accounts	1,741,657	1,257,103
	1,889,412	1,501,917

* Deposits maturing within 3 months (encashable on demand)

Term deposits - Local Currency	150,000	500,000
Term deposits - Foreign Currency	11,030	9,414
	161,030	509,414
	2,054,306	2,014,101

* These do not include term deposits amounting to Rs. 1,000 thousands (2016: Rs.1,000 thousands) placed under lien and those deposits having maturity exceeding three months amounting to Rs. 80,150 thousands (2016: Rs. 152,270 thousands).

Reconciliation of liabilities arising out of financing activities

Unclaimed dividend as at 01 January	72,707	64,334
Changes from financing activities		
Dividend paid	(538,942)	(462,357)
Others		
Final cash dividend for the year ended 31 December 2016 @ 35% (2015: 30%)	549,185	470,730
Unclaimed dividend as at 31 December	82,950	72,707

The annexed notes from 1 to 42 form an integral part of these financial statements.

Towfiq H. Chinoy
Chairman

Amin A. Hashwani
Director

Nawaid Jamal
Chief Financial Officer

Aryn Currimbhoy
Director

Tahir Ahmed
Managing Director
(Chief Executive)

Statement of Changes in Equity

For the year ended 31 December 2017

Share Capital issued, subscribed and paid-up	Reserves									
	Capital reserve	Revenue reserves								
	Reserve for exceptional losses	General reserve	Special reserve	Exchange translation reserve on investment in an foreign associate	Retained earnings	Company's share of capital contributed to the statutory fund by an associate	Total revenue reserves	Total reserves	Total	
(Rupees in '000)										
Balance as at 01 January 2016	1,569,100	9,384	2,800,000	400,000	(7,697)	1,148,493	(12,876)	4,327,920	4,337,304	5,906,404
Changes in equity for the year ended 31 December 2016										
Total comprehensive income for the year										
Profit after taxation	-	-	-	-	-	1,179,431	-	1,179,431	1,179,431	1,179,431
Other comprehensive income										
Actuarial loss on defined benefit plan - net off tax	-	-	-	-	-	(13,878)	-	(13,878)	(13,878)	(13,878)
Foreign currency translation difference - net off tax	-	-	-	-	1,845	-	-	1,845	1,845	1,845
Transactions with owners recorded directly in equity										
Final cash dividend at Rs.3 (30%) per share for the year 2015	-	-	-	-	-	(470,730)	-	(470,730)	(470,730)	(470,730)
Company's share of capital contributed to statutory fund by an associate	-	-	-	-	-	-	(3,215)	(3,215)	(3,215)	(3,215)
Transfer to general reserve	-	-	350,000	-	-	(350,000)	-	-	-	-
Transfer to special reserve	-	-	-	300,000	-	(300,000)	-	-	-	-
	-	-	350,000	300,000	-	(1,120,730)	(3,215)	(473,945)	(473,945)	(473,945)
Balance as at 31 December 2016	1,569,100	9,384	3,150,000	700,000	(5,852)	1,193,316	(16,091)	5,021,373	5,030,757	6,599,857
Changes in equity for the year ended 31 December 2017										
Total comprehensive income for the year										
Profit after taxation	-	-	-	-	-	1,083,002	-	1,083,002	1,083,002	1,083,002
Other comprehensive income										
Actuarial (loss) on defined benefit plan - net off tax	-	-	-	-	-	(21,846)	-	(21,846)	(21,846)	(21,846)
Foreign currency translation difference - net off tax	-	-	-	-	3,477	-	-	3,477	3,477	3,477
Transactions with owners recorded directly in equity										
Final cash dividend at Rs.3.5 (35%) per share for the year 2016	-	-	-	-	-	(549,185)	-	(549,185)	(549,185)	(549,185)
Issuance of bonus shares at 15% per share for the year 2016	235,365	-	-	-	-	(235,365)	-	(235,365)	(235,365)	-
Company's share of capital returned from statutory fund of an associate	-	-	-	-	-	-	6,430	6,430	6,430	6,430
Transfer to general reserve	-	-	300,000	-	-	(300,000)	-	-	-	-
Transfer to special reserve	-	-	-	100,000	-	(100,000)	-	-	-	-
	235,365	-	300,000	100,000	-	(1,184,550)	6,430	(778,120)	(778,120)	(542,755)
Balance as at 31 December 2017	1,804,465	9,384	3,450,000	800,000	(2,375)	1,069,922	(9,661)	5,307,886	5,317,270	7,121,735

The annexed notes from 1 to 42 form an integral part of these financial statements.


Towfiq H. Chinoy
 Chairman


Amin A. Hashwani
 Director


Nawaid Jamal
 Chief Financial Officer


Aryn Currimbhoy
 Director


Tahir Ahmed
 Managing Director
 (Chief Executive)

Statement of Premiums

For the year ended 31 December 2017

Business underwritten inside Pakistan

Class	Premiums written (note 22)	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium		Reinsurance expense	2017 Net premium revenue	2016 Net premium revenue
		Opening	Closing			opening	Closing			
(Rupees in '000)										
Direct and facultative										
Fire and property damage	1,925,742	932,141	867,698	1,990,185	1,046,587	570,534	481,275	1,135,846	854,339	840,542
Marine, aviation and transport	619,227	55,662	60,757	614,132	94,521	7,258	8,119	93,660	520,472	459,580
Motor	1,391,312	586,882	618,538	1,359,656	44,923	19,851	29,290	35,484	1,324,172	1,284,694
Liability	386,509	69,358	87,078	368,789	372,984	64,765	83,759	353,990	14,799	14,207
Accident and health	1,465,902	368,576	547,585	1,286,893	-	14	-	14	1,286,879	963,890
Miscellaneous	1,905,520	822,536	765,952	1,962,104	1,294,492	583,748	526,192	1,352,048	610,056	608,015
Total	7,694,212	2,835,155	2,947,608	7,581,759	2,853,507	1,246,170	1,128,635	2,971,042	4,610,717	4,170,928
Treaty										
Proportional / non-proportional	-	-	-	-	-	-	-	-	-	-
Grand total	7,694,212	2,835,155	2,947,608	7,581,759	2,853,507	1,246,170	1,128,635	2,971,042	4,610,717	4,170,928

The annexed notes from 1 to 42 form an integral part of these financial statements.


Towfiq H. Chinoy
 Chairman


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 Director


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 Director


Tahir Ahmed
 Managing Director
 (Chief Executive)

Statement of Claims

For the year ended 31 December 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	2017 Net claims expense	2016 Net claims expense
		Opening	Closing			opening	Closing			
(Rupees in '000)										
Direct and facultative										
Fire and property damage	690,874	882,121	1,199,433	1,008,186	296,219	478,293	747,461	565,387	442,799	404,648
Marine, aviation and transport	244,559	342,310	260,778	163,027	49,854	93,147	59,333	16,040	146,987	135,876
Motor	575,323	254,504	233,791	554,610	12,190	35,250	29,840	6,780	547,830	528,580
Liability	11,512	584,879	542,548	(30,819)	10,369	576,273	532,322	(33,582)	2,763	4,546
Accident and health	930,044	148,159	213,315	995,200	-	-	-	-	995,200	776,636
Miscellaneous	821,115	1,125,459	981,800	677,456	501,779	783,902	645,051	362,928	314,528	180,006
Total	3,273,427	3,337,432	3,431,665	3,367,660	870,411	1,966,865	2,014,007	917,553	2,450,107	2,030,292
Treaty										
Proportional / non-proportional	-	-	-	-	-	-	-	-	-	-
Grand total	3,273,427	3,337,432	3,431,665	3,367,660	870,411	1,966,865	2,014,007	917,553	2,450,107	2,030,292

The annexed notes from 1 to 42 form an integral part of these financial statements.


Towfiq H. Chinoy
 Chairman


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 Director


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 Director


Tahir Ahmed
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 (Chief Executive)

Statement of Expenses

For the year ended 31 December 2017

Business underwritten inside Pakistan

Class	Commission paid or payable	Deferred commission		Net commission expense	Management expenses (note 23)	Underwriting expense	Commission from reinsurers (note 24)	2017 Net underwriting expense	2016 Net underwriting expense
		Opening	Closing						
(Rupees in '000)									
Direct and facultative									
Fire and property damage	224,060	81,644	95,047	210,657	252,034	462,691	85,170	377,521	382,358
Marine, aviation and transport	95,160	8,951	9,850	94,261	153,542	247,803	3,083	244,720	220,610
Motor	129,066	63,388	62,255	130,199	390,637	520,836	3,117	517,719	518,946
Liability	6,576	73	2,612	4,037	4,366	8,403	17,494	(9,091)	(5,552)
Accident and health	64,078	16,624	23,407	57,295	379,635	436,930	-	436,930	343,646
Miscellaneous	174,176	73,278	76,514	170,940	179,969	350,909	166,787	184,122	207,649
Total	693,116	243,958	269,685	667,389	1,360,183	2,027,572	275,651	1,751,921	1,667,657
Treaty									
Proportional / non-proportional	-	-	-	-	-	-	-	-	-
Grand total	693,116	243,958	269,685	667,389	1,360,183	2,027,572	275,651	1,751,921	1,667,657

The annexed notes from 1 to 42 form an integral part of these financial statements.


Towfiq H. Chinoy
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 Director


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 (Chief Executive)

Statement of Investment Income

For the year ended 31 December 2017

	2017	2016
	(Rupees in '000)	
Income from trading investments		
Net unrealised (loss) / gain on remeasurement of securities to fair value	(51,768)	86,735
(Loss) / gain on sale of trading investments	(70,702)	61,768
Dividend income	25,260	17,254
	(97,210)	165,757
Income from non-trading investments		
Held to maturity		
Return on government securities	295,720	148,731
Return on other fixed income securities and term finance certificates	-	87
Amortisation of premium - net	(19,683)	(15,578)
	276,037	133,240
Available-for-sale		
Dividend income		
Related parties	48,796	71,697
Others	353,096	315,026
	401,892	386,723
Gain on sale of non-trading investments	320,746	436,318
Impairment in value of available for sale securities	(18,619)	-
Investment related expenses	(13,563)	(10,600)
Net investment income	<u>869,283</u>	<u>1,111,438</u>

The annexed notes from 1 to 42 form an integral part of these financial statements.



Towfiq H. Chinoy
Chairman



Amin A. Hashwani
Director



Nawaid Jamal
Chief Financial Officer



Aryn Currimbhoy
Director



Tahir Ahmed
Managing Director
(Chief Executive)

Notes to the Financial Statements

For the year ended 31 December 2017

1. STATUS AND NATURE OF BUSINESS

Jubilee General Insurance Company Limited ("the Company") is a public limited company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act 2017) on 16 May 1953. The Company is listed on Pakistan Stock Exchange and is engaged in general insurance business. The registered office of the Company is situated at 2nd Floor, Jubilee Insurance House, I.I. Chundrigar Road, Karachi.

The Company was granted authorisation on 10 March 2015 under Rule 6 of the Takaful Rules, 2012 to undertake Takaful Window Operations in respect of general takaful products by Securities and Exchange Commission of Pakistan (SECP) and accordingly the Company commenced Window Takaful Operations on 7 May 2015.

2. BASIS OF PREPARATION

2.1 These financial statements have been prepared on the format of financial statements issued by the Securities and Exchange Commission of Pakistan (SECP) through Repealed Securities and Exchange Commission (Insurance) Rules, 2002 [SEC (Insurance) Rules, 2002], vide S.R.O. 938 dated 12 December 2002 (refer note 2.6.12).

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

2.2 Statement of Compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984, the Insurance Ordinance, 2000, repealed SEC (Insurance) Rules, 2002 and Takaful Rules, 2012. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984, Insurance Ordinance, 2000, repealed SEC (Insurance) Rules, 2002 and Takaful Rules, 2012 shall prevail (refer note 2.6.11 & 2.6.12).

2.3 Basis of measurement

These financial statements have been prepared under the historical cost convention except certain investments which are stated at their fair values.

2.4 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is the Company's functional currency.

2.5 Use of estimates and judgements

In preparing these financial statements, management has made judgement, estimates and assumptions that affect the application of the Company's accounting policies and reported amounts of assets, liabilities, Income and expenses. Actual results may differ from the estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognised prospectively.

Information about judgements made in applying accounting policies that have the most significant effects on the amount recognised in the financial statements and assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the subsequent years are included in following notes:

- a) classification of insurance contracts (note 3.2);
- b) provision for unearned premium (note 3.4);
- c) provision for premium due but unpaid and amount due from other insurers / reinsurers (note 3.5);
- d) provision for outstanding claims (including IBNR) and reinsurance recoveries there against (note 3.6);
- e) premium deficiency reserve (note 3.7);
- f) staff retirement benefits (note 3.8.1);
- g) classification of investments (note 3.9);
- h) residual values and useful lives of investment properties and fixed assets (note 3.10 and 3.11);
- i) allocation of management expenses (note 3.16);
- j) taxation (note 3.17);
- k) segment reporting (note 3.18); and
- l) impairment (note 3.21).

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

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2018:

- 2.6.1** Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on the Company's financial statements.
- 2.6.2** Transfers of Investment Property (Amendments to IAS 40 'Investment Property' -effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on the Company's financial statements.
- 2.6.3** Annual Improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on the Company's financial statements.
- 2.6.4** IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The application of interpretation is not likely to have an impact on the Company's financial statements.
- 2.6.5** IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January

2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on the Company's financial statements.

- 2.6.6** IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The amendments are not likely to have an impact on the Company's financial statements.
- 2.6.7** IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Company is currently in the process of analyzing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard (refer note 2.6.12 and 3.9.2.3).
- 2.6.8** Amendment to IFRS 4 'Insurance Contracts'- Applying IFRS 9 'Financial Instruments' with IFRS 4 (effective for annual periods beginning on or after 1 July 2018). The amendment address issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts'. The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from 1 July 2018 onwards to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied. The amendments are not likely to have an impact on the Company's financial statements.
- 2.6.9** Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on the Company's financial statements.
- 2.6.10** Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:
- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement-the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
 - IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
 - IAS 23 Borrowing Costs -the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.
- The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on Company's financial statements.
- 2.6.11** The Companies Act, 2017 was enacted on 30 May 2017 and SECP vide its circular 23 of 2017 has clarified that the companies whose financial year closes on or before 31 December 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. The Companies Act, 2017 applicable for financial year beginning on 1 January 2018 requires certain additional disclosures and Section 235

of the repealed Companies Ordinance, 1984 relating to treatment of surplus arising out of revaluation of assets has not been carried forward in the Companies Act, 2017. The amendments are not likely to have an impact on Company's financial statements except extended disclosures.

2.6.12 Securities and Exchange Commission of Pakistan ("SECP") vide S.R.O 88(1)/2017 and S.R.O 89(1)/2017 dated 9 February 2017 has issued the Insurance Accounting Regulations, 2017 and Insurance Rules, 2017 (the new Rules and Regulations). The application of these Regulations and Rules for the purpose of preparation and presentation of the financial statements was effective from 1 April 2017.

SECP vide letter ID /OSM /Jubilee General /2017 /10483, dated 4 August 2017 has granted exemption to the Company to prepare their half yearly accounts for the period ended 30 June 2017, third quarter accounts for the period ended 30 September 2017 and annual audited accounts for the year ended 31 December 2017 in accordance with the requirements of repealed SEC (Insurance) Rules 2002 and has allowed the application of New Regulations effective from the accounting year commencing from 1 January 2018. Hence, these financial statements for the year ended 31 December 2017 are prepared in accordance with the requirements of repealed SEC (Insurance) Rules 2002.

The new Rules and Regulations require significant disclosures / requirements, which are relevant to the Company includes but not limited to: Presentation and disclosure of financial statements prescribed in Annexure II of the Insurance Rules, 2017, recognition of available-for-sale investments at fair value as per IAS 39 "Financial Instruments: Recognition and Measurement", recognition of premium receivable under a insurance policy / cover note as written from the date of attachment of risk to the policy / cover note and insurance policy is required to be issued where premium has been received by the insurer either in full or installment. The management has completed an initial assessment of changes required in respect of the above stated requirements and considered major impact in in accordance with the format prescribed by SEC Insurance Rules, 2017 is on Presentation and disclosure of financial statements as per Annexure II of the Insurance Rules, 2017 and on valuation of available-for-sale investments, the impact of which has been disclosed in note 3.9.2.3.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies as said below have been applied consistently to all periods presented in these financial statements.

3.1 Standards, interpretations and amendments effective during the current year

During the year, certain new standards and amendments to existing standards became effective. However, they did not have material affect on these financial statements.

3.2 Insurance contracts

Insurance contracts are those contracts under which the Company as insurer has accepted insurance risk from the insurance contract holder (insured) by agreeing to compensate the insured if a specified uncertain future event (the insured event) adversely affects the insured. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its tenure, even if the insurance risk changes significantly during this period, unless all rights and obligations are extinguished or expired.

The Company's insurance contracts are classified into following main categories, depending on the nature and duration of risk and whether or not the terms and conditions are fixed:

a) Fire and property

Fire and property insurance 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. These contracts are generally one year contracts except some contracts that are of three months period.

b) Marine, aviation and transport

Marine Insurance covers the loss or damage of vessels, cargo, terminals, and any transport or property by which cargo is transferred, acquired, or held between the points of origin and final destination. These contracts are generally for three months period.

c) Motor

Motor insurance provides protection against losses incurred as a result of theft, traffic accidents and against third party liability that could be incurred in an accident. These contracts are generally one year contracts.

d) Liability

Liability insurance contracts protects the insured against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events. These contracts are generally one year contracts.

e) Accident and health

Accident and health insurance contract mainly compensate Hospitalisation and outpatient medical coverage to the insured. These contracts are generally one year contracts.

f) Miscellaneous

Other various types of insurance are classified in miscellaneous category which includes mainly engineering, terrorism, personal accident, worker compensation, travel, products of financial institutions, livestock and crop insurance etc. These contracts are normally one year insurance contracts except some engineering insurance contracts that are of more than one year period, whereas, normally travel insurance contracts expire within one month time.

These insurance contracts are provided to all types of customers based on assessment of insurance risk by the Company. Normally personal insurance contracts e.g. vehicle, travel, personal accident, etc. are provided to individual customers, whereas, insurance contracts of fire and property, marine, aviation and transport, accident and health and other commercial line products are provided to commercial organisations.

The Company also accepts insurance risk pertaining to insurance contracts of other insurer as reinsurance inward. The insurance risk involved in these contracts is similar to the contracts undertaken by the Company as insurer. All reinsurance inward contracts are facultative (specific risk) acceptance contracts.

3.3 Reinsurance contracts held

These are contracts entered into by the Company with reinsurers for compensation of losses suffered on insurance contracts issued. These reinsurance contracts include both facultative and treaty arrangement contracts and are classified in same categories of insurance contracts for the purpose of these financial statements. The Company recognizes the entitled benefits under the contracts as various reinsurance assets and liabilities. Reinsurance assets and liabilities are derecognised when contractual right are extinguished or expired.

The deferred portion of reinsurance premium is recognized as a prepayment. The deferred portion of reinsurance premium ceded is calculated by using twenty fourths' method.

3.4 Provision for unearned premium

The provision for unearned portion of premiums is calculated by applying twenty fourths' method, except Accident and Health Insurance for which unearned premium is calculated by applying 365 days method as prescribed by repealed SEC (Insurance) Rules, 2002.

3.5 Receivables and payables related to insurance contracts

Receivables including premium due but unpaid, relating to insurance contracts are recognised when due. The claim payable is recorded when intimation is received. These are recognized at cost, which is the fair value of the consideration given less provision for impairment, if any. Premium received in advance is recognised as liability till the time of issuance of insurance contract there against.

If there is an objective evidence that any premium due but unpaid is impaired, the Company reduces the carrying amount of that insurance receivable and recognizes the loss in profit and loss account.

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

Provision for outstanding claims include amounts in relation to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

Outstanding claims

The amount of claims that have been reported and are yet unpaid or partially unpaid at the end of reporting year for a given accident year.

A liability for outstanding claims (claim incurred) is recognized for all claims incurred which represents the estimates of the claims intimated or assessed before the end of the reporting period and measured at the undiscounted value of expected future payments. Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates while taking into consideration the past claims settlement experience including handling costs and the Company's reserving policy. Where applicable, deductions are made for salvage and their recoveries.

Reinsurance recoveries against outstanding claims and salvage recoveries are recognized as an asset and measured at the amount expected to be received.

Incurred But Not Reported (IBNR) Claims

The losses that have incurred or are in the occurrence period at the end of reporting year and have not been intimated to the Company by that end of reporting year, or if reported, complete details are not available to the Company, so as to ascertain the amount of loss for that claim as claims outstanding.

The Company is required, as per SECP circular no. 9 of 2016 dated 09 March 2016 "Guidelines for Estimation of Incurred but not reported claims reserve, 2016" to estimate and maintain the provision for claims incurred but not reported for each class of business by using prescribed Method "Chain Ladder Method" and other alternate method as allowed under the provisions of the Guidelines. The actuarial valuation as at 31 December 2017 has been carried out by independent firm of actuaries for determination of IBNR for each class of business.

3.7 Premium deficiency reserve

The Company is required as per repealed SEC (Insurance) Rules, 2002, to maintain a provision in respect of premium deficiency for the class of business where the unearned premium reserve is not adequate to meet the expected future liability, after reinsurance from claims, and other supplementary expenses expected to be incurred after the reporting date in respect of the unexpired policies in that class of business at the reporting date. The movement in the premium deficiency reserve is recorded as an expense in the profit and loss account.

The Company determines adequacy of liability of premium deficiency by carrying out analysis of its loss ratio of expired periods of the contracts. For this purpose average loss ratio of last three years inclusive of claim settlement cost but excluding major exceptional claims are taken into consideration to determine ultimate loss ratio to be applied on unearned premium. The liability of premium deficiency in relation to accident and health insurance is calculated in accordance with the advice of the actuary.

No provision has been made as the unearned premium reserve for each class of business as at the year end is adequate to meet the expected future liability after reinsurance from claims and other expenses, expected to be incurred after the reporting date in respect of policies in force at reporting date.

3.8 Employee benefit plans

3.8.1 Defined benefit plan

The Company operates an approved and funded gratuity scheme for all permanent employees who attain the minimum qualification period for entitlement to gratuity. The liability / asset recognized in the balance sheet is the present value of defined benefit obligation at the reporting date less fair value of plan assets. The defined benefit obligation is calculated annually using Projected Unit Credit Method. Remeasurement which comprise actuarial gains and losses and the return on plan assets (excluding interest) are recognized immediately in other comprehensive income.

The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments. Net interest expense and current service cost are recognized in profit and loss account and actuarial gains / loss are recognised in other comprehensive income as they occur and are not reclassified to profit or loss in subsequent periods.

The last actuarial valuation of the Company's defined benefit plan was carried on as of 31 December 2017.

3.8.2 Defined contribution plan

The Company contributes to a provident fund scheme which covers all permanent employees. Equal contributions are made both by the Company and the employees to the fund at the rate of 8.33 percent of basic salary.

3.8.3 Employees' compensated absences

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

3.9 Investments

3.9.1 Classification and Recognition

All investments are initially recognized at cost, being the fair value of the consideration given and include transaction costs, except for investment at fair value through profit or loss in which case transaction costs are charged to the profit and loss account. These are recognized and classified as follows:

- Investment at fair value through profit or loss
- Held to maturity
- Available-for-sale

The classification depends on the purpose for which the financial assets were acquired.

3.9.2 Measurement

3.9.2.1 Investment at fair value through profit or loss

Investments which are acquired principally for the purposes of generating profit from short term fluctuation in price or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading.

Investments which are designated at fair value through profit or loss upon initial recognition.

Subsequent to initial recognition, these investments are remeasured at fair value. Gains or losses on investments on remeasurement of these investments are recognised in profit and loss account.

3.9.2.2 Held to maturity

Investments with fixed determinable payments and fixed maturity, where management has both the intent and the ability to hold to maturity, are classified as held to maturity.

Subsequently, these are measured at amortised cost less provision for impairment, if any.

Any premium paid or discount availed on government securities and term finance certificates is deferred and amortised over the period to maturity of investment using the effective yield.

3.9.2.3 Available-for-sale

Investments which are not eligible to be classified as "held for trading" or "held to maturity" are classified as 'available-for-sale'. These investments are intended to be held for an indefinite period of time which may be sold in response to the need for liquidity, changes in interest rates, equity prices or exchange rates are classified as available-for-sale.

Quoted

Subsequent to initial recognition at cost, quoted investments are stated at the lower of cost or market value (market value on an individual investment basis being taken as lower if the fall is other than temporary) in accordance with the requirements of the repealed SEC (Insurance) Rules, 2002 vide S.R.O. 938 dated December 2002.

The SECP has allowed the 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.

Had the Company adopted International Accounting Standard (IAS) 39 "Financial Instruments: Recognition and Measurement" in respect of recognition of gain / loss on remeasurement of available-for-sale securities directly into equity, the investments of the Company would have been higher by Rs. 1,531,085 thousands (2016: Rs. 2,936,004 thousands) and the net of tax effect equity would have increased by Rs. 1,071,760 thousands (2016 : Rs 2,055,203 thousands)- Net off tax effect.

Unquoted

Unquoted investments are recorded at cost less accumulated impairment losses, if any.

3.9.2.4 Fair / market value measurements

For investments in Government securities, fair / market value is determined by reference to quotations obtained from Reuters page (PKRV) where applicable. For investments in quoted marketable securities, other than Term Finance Certificates, fair / market value is determined by reference to Stock Exchange quoted market price at the close of business on reporting date. The fair market value of Term Finance Certificates is as per the rates issued by the Mutual Funds Association of Pakistan (MUFAP).

3.9.2.5 Investment in associates - equity method

Investments in associates, where the Company has significant influence but not control, are accounted for by using the equity method of accounting. These investments are initially recognised at cost and the carrying amount is adjusted to recognize the investor's share of the profit and loss, distribution received and change in the comprehensive income and equity of the investee at the end of each reporting period.

The carrying amount of investments in associates is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the investments is estimated

which is higher of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount exceeds its recoverable amount and is charged to the profit and loss account. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount but limited to the extent of carrying amount that would have been determined if no impairment loss had been recognized. A reversal of impairment loss is recognized in the profit and loss account.

3.9.2.6 Date of recognition

Regular way purchases and sales of investments that require delivery within the time frame established by regulations or market convention are recognised at the trade date. Trade date is the date on which the Company commits to purchase or sell the investment.

3.10 Investment property

Investment properties are accounted for under the cost model in accordance with approved International Accounting Standard (IAS) 40, "Investment Property" and S.R.O. 938 issued by the Securities and Exchange Commission of Pakistan.

- Leasehold land is stated at cost.
- Building on leasehold land is depreciated to its estimated salvage value on straight line basis over its useful life, which is estimated to be 40 - 80 years.
- Installations forming a part of building on leasehold land but having separate useful lives are depreciated at 10 years under the straight line method.

Depreciation policy, subsequent capital expenditure on existing properties and gains or losses on disposals are accounted for in the same manner as tangible fixed assets.

3.11 Fixed assets

3.11.1 Tangibles

These are stated at cost less accumulated depreciation and impairment loss, if any. Depreciation is charged over the estimated useful life of the asset on a systematic basis to income applying the straight line method at the rates specified in note 21 to the financial statements.

Depreciation on additions is charged from the month the assets are available for use. While on disposal, depreciation is charged up to the month in which the assets are disposed off.

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

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

Depreciation methods, useful lives and residual values that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each reporting date.

3.11.2 Intangibles

An intangible asset is recognised as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of such asset can be measured reliably.

Costs directly associated with identifiable software that will have probable economic benefits exceeding costs beyond one year, are recognised as an intangible asset.

Infinite Intangible

These are stated at cost less impairment, if any.

Definite Intangible

- These are stated at cost less accumulated amortisation and impairment, if any.
- Intangible assets are amortised on straight line basis over its estimated useful life(s) (refer note 21).
- Amortisation on additions is charged from month in which the asset is put to use, whereas no amortisation is charged from the month the asset is disposed off.

3.12 Premium income

Premiums including administrative surcharge under a policy are recognised as revenue at the time of issuance of insurance policy.

Revenue from premiums is determined after taking into account the unearned portion of premiums. The unearned portion of premium income is recognised as a liability.

Reinsurance premium is recognised as expense after taking into account the proportion of deferred premium expense which is calculated using twenty fourths method. The deferred portion of premium expense is recognised as a prepayment.

3.13 Commission

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

Commission and other forms of revenue (apart from recoveries) from reinsurers are deferred and recognised as liability and recognised in the profit and loss account as revenue in accordance with the pattern of recognition of the reinsurance premiums.

3.14 Rental income

Rental income from investment properties is recognised as revenue on a straight line basis over the period of the lease agreement.

3.15 Investment income

Income from held to maturity investments is recognised on a time proportion basis taking into account the effective yield on the investments. The difference between the redemption value and the purchase price of the held to maturity investments is amortised and taken to the profit and loss account over the term of the investment.

Dividend income is recognised when the Company's right to receive the payment is established.

Gain / loss on sale of investments is included in income currently.

Return on fixed income securities is recognised on a time proportion basis taking into account the effective yield on the investments.

Return on bank deposits is recognised on a time proportion basis taking into account the effective yield.

3.16 Expenses of management

Expenses of management have been allocated to various classes of business as deemed equitable by management. Expenses not allocable to the underwriting business are charged under general and administration expenses.

3.17 Taxation

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

in which case it is recognised in equity or in other comprehensive income respectively. In making the estimates for income taxes currently payable by the Company, the management considers the current income tax law and the decisions of appellate authorities on certain issues in the past.

Current

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Provisions for current taxation is based on taxability of certain income streams of the Company under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime and / or minimum tax liability, as applicable, after taking into account tax credits and tax rebates available, if any.

Deferred tax

Deferred tax is recognised using balance sheet liability method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the tax rates enacted or substantively enacted at the reporting date.

The Company recognises a deferred tax asset to the extent of taxable timing differences or it is probable that taxable profits for the foreseeable future will be available against which the assets can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.18 Segment reporting

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

The Company presents segments reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the repealed SEC (Insurance) Rules, 2002. The reported operating segments are also consistent with the internal reporting process of the Company for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment. All the Company's business segments operate in Pakistan only.

Based on its classification of insurance contracts issued, the Company has six primary business segments for reporting purposes namely fire, marine, motor, accident and health, liability and miscellaneous. The nature and business activities of these segments are disclosed in note 3.2.

Assets and liabilities are allocated to particular segments on the basis of premium earned. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities. Depreciation and amortisation are allocated to a particular segment on the basis of net premium earned.

3.19 Foreign currency**Foreign currency transactions**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Exchange differences, if any, are taken to profit and loss account. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The assets and liabilities of foreign operations are translated into Pakistani rupees at exchange rates prevailing at the reporting date. The income and expense of foreign operations (associate) are translated at average rate of exchange for the year. Translation gains and losses arising on the translation of net investment in foreign associate are recognised in other comprehensive income under "Exchange Translation Reserve" and is transferred to profit and loss account on its disposal.

3.20 Offsetting of financial assets and liabilities

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

3.21 Impairment

The carrying amount of assets are reviewed at each reporting date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Impairment losses are recognised in profit and loss account.

Impairment is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in fair value of an equity investments classified as available-for-sale below its cost is also considered an objective evidence of impairment. Impairment losses are reversed when there is an indication that impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount.

3.22 Provisions

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

3.23 Financial instruments

Financial instruments carried on the balance sheet include cash and bank, loans to employees, premiums due but unpaid, amount due from other insurers / reinsurers, accrued investment income, reinsurance recoveries against outstanding claims, sundry receivables, amount due to other insurers / reinsurers, accrued expenses, other creditors and accruals, deposits and other payables and unclaimed dividends.

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and derecognized when the Company loses control of contractual rights that comprises the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. At the time of initial recognition all financial assets and financial liabilities are measured at cost, which is the fair value of the consideration given or received for it. Any gain or loss on derecognition of financial assets and financial liabilities is taken to income currently.

3.24 Dividend declaration and reserve appropriation

Dividend declaration and reserve appropriation are recognised when approved.

3.25 Window Takaful Operations

The accounting policies followed by Window Takaful Operations are stated in the annexed financial statements of Window Takaful Operations for the year ended 31 December 2017.

4. SHARE CAPITAL

Issued, subscribed and paid-up

	2017	2016		2017	2016
	(Number of shares in '000)			(Rupees in '000)	
	210	210	Ordinary shares of Rs.10 each issued as fully paid in cash	2,100	2,100
	180,237	156,700	Ordinary shares of Rs.10 each issued as fully paid bonus shares	1,802,365	1,567,000
	<u>180,447</u>	<u>156,910</u>		<u>1,804,465</u>	<u>1,569,100</u>

Shares of the Company held by associated undertakings (including associates) amounted to Rs.1,292,051 thousands (129,205,118 shares of Rs.10 each) [2016: Rs.1,109,225 thousands (110,922,512 shares of Rs.10 each)].

5. RESERVES

	Note	2017	2016
		(Rupees in '000)	
Capital reserve			
Reserve for exceptional losses	5.1	9,384	9,384
Revenue reserves			
General reserve	5.2	3,450,000	3,150,000
Special reserve	5.3	800,000	700,000
Company's share of capital contributed to statutory fund by an associate		(9,661)	(16,091)
Foreign currency translation difference - net off tax		(2,375)	(5,852)
		<u>4,247,348</u>	<u>3,837,441</u>

5.1 Under the Income Tax Act, 1922 applicable to insurance companies, the Company set aside in prior years amounts upto 10 percent of premium earnings, net of reinsurances of the year as a reserve for exceptional losses, which was treated as an allowable deduction in arriving at the taxable income. This option was withdrawn by the Income Tax Ordinance, 1979 with retrospective effect upto the accounting year ended 31 December 1978. Accordingly, the Company has ceased to set aside such amounts, but has retained the reserve created upto 31 December 1978.

5.2 General reserve

	2017	2016
	(Rupees in '000)	
Balance at beginning of the year	3,150,000	2,800,000
Transfer from retained earnings	300,000	350,000
Balance at end of the year	<u>3,450,000</u>	<u>3,150,000</u>

5.3 Special reserve

Balance at beginning of the year	700,000	400,000
Transfer from retained earnings	100,000	300,000
Balance at end of the year	<u>800,000</u>	<u>700,000</u>

This represents special reserve created for meeting catastrophic losses and dividend equalisation in future.

6. DEFERRED TAXATION - NET

	2017	2016
	(Rupees in '000)	
Deferred tax debits / (credits) arising in respect of:		
Provision for doubtful debts	52,788	50,988
Unrealised loss / (gain) on investment	11,758	(26,020)
Accelerated depreciation	(11,275)	(10,906)
Share of profit from associates	(115,087)	(85,262)
Other provisions	27,980	-
	<u>(33,836)</u>	<u>(71,200)</u>
Provision for employees' benefits plan	13,378	4,016
Foreign currency translation difference	1,018	2,508
	<u>(19,440)</u>	<u>(64,676)</u>

7. TAXATION - PROVISION LESS PAYMENTS

Provision for taxation	2,788,607	2,252,306
Less: advance tax including tax deducted at source	(2,560,768)	(2,012,277)
	<u>227,839</u>	<u>240,029</u>

7.1 The Company has filed returns upto tax year 2017. The income tax assessments of the Company have been finalised upto and including assessment year 2002-2003 and tax years 2004, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015 and 2016. The returns filed for tax years 2005, 2006, and 2007 are deemed to be orders under the provisions of section 120 of the Income Tax Ordinance, 2001 unless any amendments have been made by the tax authorities. During the year, notice to amend assessment under section 122(9) for the tax year 2017 has been received by the Company. The proceedings in this respect is in progress.

7.2 In the assessment order for the assessment year 2002-2003, made in prior years, certain items have been disallowed and further additional tax has been levied. The appeal against the order filed before the Commissioner of Inland Revenue (Appeals) (CIRA) has been decided mostly in favour of the Company. The Company filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the disallowance of certain items amounting to Rs. 31,700 thousands. The ATIR has set aside disallowances and referred to Taxation Officer for reassessment proceedings. The tax provision amounting to Rs. 11,110 thousands in this respect has been recorded by the Company in prior years.

7.3 In prior years, the Taxation Officer had passed an assessment order in respect of tax year 2004 consequent to finalisation of tax audit proceedings wherein the disallowances have been made on account of bad debts written off, amortisation of negative goodwill and allocation of expenses against dividend income. Further, the claim of tax credits has also not been allowed in full. The Company filed an appeal before the CIRA who maintained the order passed by the Taxation Officer except allocation of expenses against dividend income. The ATIR also maintained the order of CIRA. The Company has filed appeal in the Honourable High Court of Sindh against the said disallowances. Income tax charge amounting to Rs. 54,400 thousands in this respect has been recorded by the Company in prior years.

7.4 In prior years, the Taxation Officer has passed an assessment order in respect of tax year 2008 consequent to finalisation of tax audit proceedings in which disallowances have been made mainly on account of reserve for unexpired risks and allocation of expenses. The Company filed an appeal before the Commissioner of Inland Revenue (Appeals) who had maintained the order passed by the Taxation Officer. The Company filed an appeal to the ATIR and the ATIR has issued an order in which the main disallowances of unexpired risks and allocation of expenses

made by the Taxation Officer are deleted. The tax department has filed an appeal in the High Court of Sindh against the deletion of the unexpired risk disallowances by ATIR. The additional provision of Rs. 124,769 thousands is not made in these financial statements as the management based on its legal advisor opinion, is confident of favourable outcome of the petition.

7.5 In prior years, the Taxation Officer had passed an assessment order in respect of tax year 2009 consequent to finalisation of tax audit proceedings in which disallowances have been made on account of bad debts, amortisation of premium, loss on disposal of assets and impairment in the value of investments. This resulted in aggregate tax liability of Rs. 43,960 thousands, after adjustment of brought forward loss, which has already been accounted for in prior years. Subsequently, adjustment of minimum tax paid in earlier years was adjusted under section 113(2) amounting to Rs. 5,903 thousands. After adjustment tax payable was reduced to Rs. 37,017 thousands. The Company filed an appeal before the CIRA who maintained the disallowances made by the Taxation Officer. The Company's appeal before the ATIR is pending at adjudication.

7.6 In prior years, the Taxation Officer had passed an assessment order in respect of tax year 2010 in which additions / disallowances were made on account of management expenses, rental income, provision for IBNR, etc. The Company had made provision amounting to Rs. 111,440 thousands against the same in prior years. The Company had filed an appeal before the CIRA against additions / disallowances. The CIRA has issued the appeal order by deleting the additions / disallowances made by the Taxation Officer in respect of management expenses and rental income. The CIRA has also set aside additions of provision for IBNR and contribution to provident fund for further verification of the Taxation Officer. The tax department has filed an appeal with ATIR against the order issued by CIRA on certain disallowances which is decided in favour of the Company. The tax department has filed petition with the High Court of Sindh against the decision of ATIR for proportion of expenses. The additional provision of Rs. 28,670 thousands in these financial statements is already provided in prior years.

7.7 In the prior year, the ACIR has further amended the orders under Section 122(5A) of the Income Tax Ordinance, 2001 for the year tax year 2009 and 2010 on the premise that dividend and rental income is taxable at corporate tax rate instead of reduced rates on account of one basket income concept of 4th Schedule of the Income Tax Ordinance, 2001. The ACIR in his orders had created tax demand of Rs. 42,920 thousands and Rs. 42,878 thousands respectively. The Company had filed appeal before the CIRA for the both tax years and the CIRA had confirmed the additional tax demand created by ACIR in his orders pertaining to the both tax years.

The Company has filed an appeal with ATIR for both the tax years 2009 and 2010 which is pending at adjudication. Based on tax advisor opinion the management is confident of favourable outcome of both appeals for the tax years 2009 and 2010 and accordingly, no tax provision of Rs. 85,798 thousands has been recorded in these financial statements.

7.8 In the prior years, the ACIR has passed assessment orders under Section 122(5A) of the Income Tax Ordinance, 2001 for the years 2011, 2012 and 2013 on the premise that dividend and rental income is taxable at corporate tax rate instead of reduced rates on account of one basket income concept of 4th Schedule of the Income Tax Ordinance, 2001. In addition ACIR has also disallowed the bad debts expenses for the respective tax years. The ACIR in his orders had created tax demand of Rs. 49,175 thousands, Rs. 82,222 thousands and Rs. 51,657 thousands for the tax years, 2011, 2012 and 2013 respectively. The Company has filed appeal before the CIRA for the all three tax years.

In prior year, the appeals filed by the Company before the CIRA for the tax years 2011, 2012 and 2013 have been decided in favour of the Company by the Commissioner Inland Revenue Appeals(CIRA). The ACIR has filed appeals against the orders of CIRA before the Appellate Tribunal Inland Revenue which are pending at adjudication. Based on tax advisor opinion the management is confident of favourable outcome of appeals for the tax years 2011, 2012 and 2013 and accordingly, aggregate provision of Rs. 183,054 has not been recorded in these financial statements.

7.9 In prior year, the ACIR has passed assessment order under section 122(5A) of the Income Tax Ordinance, 2001, for the tax year 2014, mainly on the premise that the dividend income is taxable at corporate tax rate instead of reduced rates on account of one basket income concept of 4th Schedule of the Income Tax Ordinance, 2001. The ACIR in his order created a demand of Rs. 50,133 thousands. The Company has filed an appeal before the CIRA against the order of the ACIR.

During the year, the appeal filed by the Company before the CIRA for the tax year 2014 has been decided in favor of the Company by the CIRA. The Commissioner Inland Revenue (CIR) has filed appeal with ATIR against the order of CIRA which is pending at adjudication. Based on tax advisor opinion the management is confident of favourable outcome of appeal for the tax year 2014 and accordingly provision of Rs. 50,133 thousands has not been recorded in these financial statements.

7.10 During the year, the ACIR has passed assessment orders under section 122(5A) for the tax years 2015 and 2016, mainly on the premise that dividend income is taxable at corporate tax rate instead of reduced rates on account of one basket income concept of 4th schedule of the Income Tax Ordinance 2001. The ACIR has also disallowed bad debts in both the tax years and made a disallowance of unpaid commission in the tax year 2016. The ACIR has created tax demand of Rs. 76,406 and Rs. 106,965 thousands for the assessment year 2015 and 2016 respectively.

The Company has filed appeals before the CIRA against the orders of the ACIR in both years where CIRA has decided both appeals in favour of the Company on the issue of dividend income. However, CIRA has confirmed the disallowance made by ACIR for bad debts and unpaid commission. The ACIR has filed appeals with ATIR against on the issue of dividend income which is pending at adjudication. The Company has also filed appeals with ATIR against disallowances confirmed by the CIRA in both the years 2015 and 2016 which are pending at adjudication. Based on tax advisor opinion, the management is confident in favourable outcome of both appeals before the ATIR and accordingly no tax provision of aggregating Rs. 183,371 thousands for the tax years 2015 and 2016 has been recorded in these financial statements.

7.11 The Finance Act 2008 introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended. The amendments were challenged at various levels and conflicting judgments were rendered by the Lahore High Court, Sindh High Court and Peshawar High Court.

The Honourable Supreme Court of Pakistan vide its judgment dated 10 November 2016, has upheld the view of Lahore High Court and decided that WWF is not a tax and hence the amendments introduced through Finance Act, 2008 are ultra-vires to the Constitution.

The Federal Board of Revenue has filed Civil Review Petitions in respect of above judgment with the prayer that the judgment dated 10 November 2016 passed in the Civil Appeal may kindly be reviewed in the interest of justice.

The Company has obtained legal opinion from its legal counsel. The legal counsel is of the view that until the review petitions are decided, it cannot be determined with absolute certainty that the matter has been closed for good. In view of the above, the management has decided not to reverse charge for WWF recorded for the years from 2008 to 2013 amounting to Rs. 91,600 thousands till the decision of Supreme Court in respect of Civil Review Petitions.

8. OTHER CREDITORS AND ACCRUALS

	2017	2016
	(Rupees in '000)	
Federal excise duty and sales tax	95,932	99,112
Federal insurance fee	2,744	2,778
Sindh Workers' Welfare Fund	127,478	96,422
Tax deducted at source	3,854	2,591
Commissions payable	602,227	572,120
Premiums payable	21,507	29,824
Claims payable	22,776	23,838
Miscellaneous	15,285	10,279
	<u>891,803</u>	<u>836,964</u>

9. DEPOSITS AND OTHER PAYABLES

	Note	2017	2016
		(Rupees in '000)	
Advance rent	9.1	37,876	39,193
Security deposits against bond insurance	9.2	1,627,932	1,654,197
Other deposits		92	92
		<u>1,665,900</u>	<u>1,693,482</u>

9.1 This includes an amount of Rs. 16,658 thousands (2016: Rs. 15,144 thousands) received from related parties.

9.2 This represents margin deposits on account of performance and other bond policies issued by the Company.

10. WINDOW TAKAFUL OPERATIONS OPERATOR'S FUND

Assets

Cash and bank deposits	148,538	83,114
Investments	33,451	22,445
Current assets - others	75,209	64,783
Fixed assets	12,243	14,729
Total assets	<u>269,441</u>	<u>185,071</u>
Total liabilities - current	<u>126,503</u>	<u>84,209</u>
Profit before tax for the year	<u>60,109</u>	<u>16,187</u>

Details of total assets, total liabilities and segment disclosure of window takaful operations are stated in the annexed financial statements for the year ended 31 December 2017.

11. CONTINGENCIES

There are no contingencies except for income tax which are disclosed in note 7 of these financial statements.

12. CASH AND BANK DEPOSITS

	Note	2017	2016
		(Rupees in '000)	
Cash and other equivalents			
Cash		205	161
Policy stamps and bond papers in hand		3,659	2,609
		<u>3,864</u>	<u>2,770</u>
Current and other accounts			
Current accounts	12.5	147,755	244,814
Profit and loss savings accounts	12.1 & 12.5	1,741,657	1,257,103
		<u>1,889,412</u>	<u>1,501,917</u>
Deposits maturing within 12 months			
Term deposits - local currency	12.2 & 12.3	176,000	527,750
Term deposits - foreign currency	12.4	66,180	134,934
		<u>242,180</u>	<u>662,684</u>
		<u>2,135,456</u>	<u>2,167,371</u>

12.1 The rate of return on profit and loss savings accounts maintained at various banks range from 3.78% to 6.00% per annum (2016: 3.78% to 5.95% per annum).

12.2 The rate of return on term deposits with various banks range from 4.20% to 6.90% per annum (2016: 4.25% to 9.00% per annum) due on maturity. These term deposits have maturities upto 17 July 2018.

- 12.3** This includes a sum of Rs.1,000 thousands (2016: Rs.1,000 thousands) placed under lien with a commercial bank against bank guarantee.
- 12.4** The rate of return on these term deposits is 1.00% to 1.50% (2016: 1.00% to 1.10%) per annum due on maturity. These term deposits have maturities upto 29 June 2018.
- 12.5** Cash and bank deposits include an amount of Rs. 235,445 thousands (2016: Rs. 455,530 thousands) held with related party.

13. LOANS TO EMPLOYEES

	Note	2017	2016
		(Rupees in '000)	
Considered good			
Secured	13.1	267	494
Unsecured	13.2	508	335
		775	829
Less: Current portion	20	647	626
		128	203

- 13.1** These represent loans provided to employees for the purchase of motor vehicles at the mark-up rate of 6% per annum (2016: 6% per annum) and are recoverable in four to five years. These are secured against title of motor vehicles.
- 13.2** These represent interest free loans to employees for general purposes in accordance with the terms of their employment and are recoverable within one year.
- 13.3** The maximum amount due from executives calculated with reference to month-end balances was Rs. Nil (2016: Rs. Nil).

14. INVESTMENTS

	Note	2017	2016
		(Rupees in '000)	
In related parties			
Associates - equity basis of accounting			
- quoted	14.1	365,588	271,174
- unquoted	14.2	96,942	86,002
		462,530	357,176
Available for sale - quoted equity securities / mutual funds	14.5.1	650,900	690,106
		1,113,430	1,047,282
Others			
Held for trading			
Investment at fair value through profit and loss	14.3	166,589	624,014
Held to maturity			
Government securities	14.4	4,992,394	4,379,920
Available-for-sale			
Quoted equity securities / mutual funds	14.5.2	3,115,658	3,006,876
Unquoted equity shares			
- Matiari Sugar Mills Limited [865,150 shares (2016: 865,150 shares)] Name of CEO: Syed Shafqat Ali Shah Break-up value: Rs. 47.03 (2016: Rs. 47.03)		2,500	2,500
		8,277,141	8,013,310
		9,390,571	9,060,592

14.1 Investment in shares of Jubilee Life Insurance Company Limited (JLIC)

14.1.1 Particulars of investment in associate - quoted

	2017	2016	Face value per share (Rupees)	Name of associate	2017	2016
	Number of shares				(Rupees in '000)	
	4,637,680	4,637,680	10	Jubilee Life Insurance Company Limited (incorporated in Pakistan) (Chief Executive: Javed Ahmed)	365,588	271,174

- 14.1.2** JLIC engaged in life insurance business. Market value of investment and percentage of holding in associate are Rs. 3,596,521 thousands and 6.43% (2016: Rs. 2,643,431 thousands and 6.43%).

14.1.3 Movement of investment in associate

Beginning of the year	271,174	216,337
Share in profit	156,621	120,661
Less: Dividend received	(68,637)	(62,609)
	87,984	58,052
Share in net equity as at September 30	6,430	(3,215)
Closing balance	365,588	271,174

- 14.1.4** The annual financial statements of JLIC have not been published till the date of authorisation of these financial statements of the Company. Therefore, following information has been summarised based on latest unaudited published financial statements available for the nine months period ended 30 September 2017 (2016: 30 September 2016):

	2017	2016
	(Rupees in '000)	
Total assets	114,238,218	88,234,058
Total liabilities	108,552,565	84,016,733
Net assets	5,685,653	4,217,325
Share of net assets	365,587	271,174
Revenue	31,656,550	24,800,579
Profit after tax	1,608,479	1,280,691

14.2 Investment in shares of Jubilee Kyrgyzstan Insurance Company Limited (JKIC)

14.2.1 Particulars of investment in associate - unquoted

2017	2016	Face value per share (KGS)	Name of associate	2017	2016
				(Rupees in '000)	
29,250,000	29,250,000	1	Jubilee Kyrgyzstan Insurance Company Limited (incorporated in Kyrgyzstan) (Chief Executive: Khagai V.I.)	96,942	86,002

14.2.2 Jubilee Kyrgyzstan Insurance Company (JKIC) a Closed Joint Stock Company (CJSC) is engaged in life and non-life insurance business. During the year ended 31 December 2016, the Company has further invested Rs. 29,187 thousands to acquire 19,143,309 right shares into JKIC. At 31 December 2017 the Company holds 19.5% (2016: 19.5%) shares in JKIC. The Break-up value of investment as at 31 December 2017 is Rs. 3.10 per share (2016: Rs. 2.72). The Company assessed the recoverable amount of investment in JKIC based on value in use calculation. This calculation has been on the discounted methodology considering certain assumptions. Based on valuation, the recoverable amount exceeds the carrying amount and accordingly, no impairment is recorded for the year ended 31 December 2017 (2016: Rs. Nil).

14.2.3 Movement of investment in associate

	2017	2016
	(Rupees in '000)	
Beginning of year	86,002	50,897
Investment made during the year	-	29,187
Share in profit	8,971	3,284
Dividend received	(2,998)	-
Foreign currency translation difference	4,967	2,634
Closing balance	96,942	86,002

14.2.4 Following information has been summarised based on financial statements of Jubilee Kyrgyzstan Insurance Company (JKIC) as at 31 December 2017 (2016: 31 December 2016). The functional and presentation currency of JKIC is Kyrgyz Som.

	Unaudited 2017	Audited 2016
	(Rupees in '000)	
Total assets	597,777	560,050
Total liabilities	133,180	151,876
Net assets	464,597	408,174
Share of net assets	90,596	79,594
Revenue	140,542	144,621
Profit after tax	46,004	16,842

14.3 Held for trading

14.3.1 Investment at fair value through profit and loss

All shares are fully paid-up

Number of shares		Face value per share (Rupees)	Name of investee	2017	2016
2017	2016			(Rupees in '000)	
Ordinary shares					
Fertilizers					
70,000	140,000	10	Engro Corporation Limited	19,233	44,253
-	275,000	10	Engro Fertilizers Limited	-	18,695
-	407,000	10	Fatima Fertilizer Company Limited	-	15,014
Chemicals					
-	29,000	10	ICI Pakistan Limited	-	28,818
Power Generation & Distribution					
2,000,000	2,800,000	3.5	K-Electric Limited	12,620	26,235
-	100,000	10	Hub Power Company Limited	-	12,348
50,000	700,000	10	Pakgen Power Limited	1,107	18,739
Glass & Ceramics					
-	25,000	10	Tariq Glass Industries Limited	-	2,511
Commercial Banks					
60,000	113,600	10	MCB Bank Limited	12,739	27,016
-	225,000	10	National Bank of Pakistan Limited	-	16,850
100,000	230,000	10	United Bank Limited	18,797	54,947
Textile Composite					
100,000	390,000	10	Nishat (Chunian) Limited	4,577	24,348
125,000	230,000	10	Nishat Mills Limited	18,688	35,022
Cement					
70,500	180,000	10	D.G. Khan Cement Company Limited	9,427	39,911
300,000	100,000	10	Fauji Cement Company Limited	7,503	4,508
-	5,000	10	Kohat Cement Limited	-	1,458
-	40,000	10	Lucky Cement Limited	-	34,650
34,375	125,000	10	Maple Leaf Cement Limited	2,353	15,948
35,000	80,500	10	Pioneer Cement Limited	2,209	11,438
Refinery					
10,000	-	10	National Refinery Limited	4,309	-
15,000	-	10	Attock Refinery Limited	3,512	-

All shares are fully paid-up

Number of shares		Face value per share (Rupees)	Name of investee	2017	2016
2017	2016			(Rupees in '000)	
Oil & Gas Exploration Companies					
-	20,500	10	Mari Petroleum Company Limited	-	28,186
70,000	190,000	10	Oil and Gas Development Company Limited	11,395	31,416
-	80,000	10	Pakistan Oilfields Limited	-	42,770
-	50,700	10	Pakistan Petroleum Limited	-	9,541
200,000	-	10	Sui Northern Gas Pipelines	18,922	-
Oil & Gas Marketing Companies					
-	100,000	10	Pakistan State Oil Company Limited	-	43,421
Engineering					
250,000	600,000	10	Aisha Steel Limited	4,435	9,438
60,000	75,000	10	Crescent Steel & Allied Products Limited	7,639	11,564
Cables & Electric Goods					
150,000	210,000	10	Pak Elektron Limited	7,124	14,969
				166,589	624,014

14.4 Government securities

14.4.1 Pakistan Investment Bonds

Face value (Rupees)	Profit rate %	Profit payment	Type of Security	Maturity date	2017	2016
					(Rupees in '000)	
50,000,000	10	Semi annually	Pakistan Investment Bond - 20 years	20-01-2024	54,725	55,272
100,000,000	8.75	Semi annually	Pakistan Investment Bond - 3 years	26-03-2018	100,658	103,411
500,000,000	11.25	Semi annually	Pakistan Investment Bond - 3 years	17-07-2017	-	513,902
100,000,000	11.25	Semi annually	Pakistan Investment Bond - 3 years	17-07-2017	-	102,784
50,000,000	11.25	Semi annually	Pakistan Investment Bond - 5 years	17-07-2017	-	49,696
Sub total					155,383	825,065

14.4.2 Treasury Bills

Face value (Rupees)	Profit rate %	Profit payment	Type of Security	Maturity date	2017	2016
					(Rupees in '000)	
250,000,000	5.89	On maturity	Treasury Bills	05-01-2017	-	249,804
250,000,000	5.82	On maturity	Treasury Bills	19-01-2017	-	249,264
250,000,000	5.90	On maturity	Treasury Bills	02-03-2017	-	245,404
250,000,000	5.90	On maturity	Treasury Bills	27-04-2017	-	247,603
250,000,000	5.93	On maturity	Treasury Bills	11-05-2017	-	244,835
114,500,000	5.86	On maturity	Treasury Bills	25-05-2017	-	111,969
250,000,000	5.87	On maturity	Treasury Bills	25-05-2017	-	244,464
250,000,000	5.95	On maturity	Treasury Bills	25-05-2017	-	244,262
150,000,000	5.98	On maturity	Treasury Bills	22-06-2017	-	145,868
250,000,000	5.99	On maturity	Treasury Bills	22-06-2017	-	243,108
125,000,000	5.93	On maturity	Treasury Bills	08-06-2017	-	121,951
250,000,000	5.84	On maturity	Treasury Bills	20-07-2017	-	242,407
250,000,000	5.91	On maturity	Treasury Bills	06-07-2017	-	242,845
250,000,000	5.89	On maturity	Treasury Bills	03-08-2017	-	241,805
250,000,000	5.91	On maturity	Treasury Bills	31-08-2017	-	240,704
250,000,000	5.91	On maturity	Treasury Bills	26-10-2017	-	238,562
250,000,000	5.99	On maturity	Treasury Bills	18-01-2018	249,271	-
250,000,000	6.01	On maturity	Treasury Bills	15-02-2018	248,161	-
50,000,000	5.95	On maturity	Treasury Bills	01-02-2018	49,754	-
150,000,000	6.01	On maturity	Treasury Bills	15-03-2018	148,225	-
250,000,000	6.01	On maturity	Treasury Bills	01-02-2018	248,721	-
250,000,000	5.99	On maturity	Treasury Bills	15-02-2018	248,138	-
250,000,000	6.01	On maturity	Treasury Bills	04-01-2018	249,840	-
250,000,000	5.99	On maturity	Treasury Bills	15-03-2018	247,005	-
250,000,000	6.01	On maturity	Treasury Bills	18-01-2018	249,280	-
250,000,000	6.01	On maturity	Treasury Bills	12-04-2018	245,923	-
250,000,000	6.01	On maturity	Treasury Bills	26-04-2018	245,363	-
250,000,000	5.98	On maturity	Treasury Bills	15-03-2018	247,035	-
250,000,000	6.04	On maturity	Treasury Bills	02-08-2018	241,652	-
250,000,000	6.01	On maturity	Treasury Bills	01-03-2018	247,602	-
250,000,000	6.01	On maturity	Treasury Bills	10-05-2018	244,803	-
250,000,000	5.99	On maturity	Treasury Bills	01-02-2018	248,705	-
250,000,000	5.99	On maturity	Treasury Bills	15-03-2018	247,038	-
200,000,000	5.99	On maturity	Treasury Bills	15-03-2018	197,634	-
250,000,000	6.01	On maturity	Treasury Bills	24-05-2018	244,244	-
250,000,000	6.01	On maturity	Treasury Bills	24-05-2018	244,244	-
250,000,000	6.05	On maturity	Treasury Bills	24-05-2018	244,373	-
Sub total					4,837,011	3,554,855
Total					4,992,394	4,379,920

14.4.3 Market value of Pakistan Investment Bonds is Rs.155,070 thousands (2016: Rs.825,098 thousands) and Treasury Bills is Rs.4,836,021 thousands (2016: Rs.3,551,727).

14.4.4 Pakistan Investment Bonds with face value of Rs. 50,000 thousands (2016: Rs. 69,100 thousands) and Treasury Bills with face value of Rs. 140,000 thousands (2016: Rs. 100,000 thousands) are placed with State Bank of Pakistan under Section 29 of the Insurance Ordinance, 2000.

14.5 Available for sale securities - quoted

14.5.1 In related parties

All shares are fully paid-up

2017	2016	Face value per share / per unit (Rupees)	Name of investee	2017	2016
Number of shares/units				(Rupees in '000)	
Close - end mutual funds					
170,000	515,000	10	PICIC Growth Fund (ICP SEMF)	1,270	3,847
107,879	107,879	10	PICIC Investment Fund	219	219
Ordinary shares					
Commercial Bank					
4,465,537	4,743,037	10	Habib Bank Limited	649,411	686,040
				650,900	690,106

14.5.2 Others

5,855,537	5,509,869	100	UBL Stock Advantage Fund	286,151	259,635
Equity investment instruments					
1,297,972	1,297,972	10	Orix Modaraba Limited (Standard Chartered Modaraba)	8,839	8,839
2,000,000	2,982,500	5	First Habib Modaraba	11,345	16,918
Ordinary shares					
Leasing					
362,323	362,323	10	ORIX Leasing Pakistan Limited	2,300	2,300
Commercial Banks					
2,330,699	1,696,199	10	Bank Al Habib Limited	78,589	44,352
1,253,190	1,088,190	10	National Bank of Pakistan Limited	76,147	63,412
1,180,698	1,148,598	10	United Bank Limited	171,989	164,413
2,950,000	3,200,000	10	Bank Alfalah Limited	80,620	83,927
150,000	85,687	10	Faysal Bank Limited	2,649	1,369
475,000	475,000	10	Habib Metropolitan Bank Limited	15,581	15,581
110,000	-	10	MCB Bank Limited	21,626	-
253,000	-	10	Allied Bank Limited	22,113	-
Textile Composite					
559,889	559,889	10	Nishat Mills Limited	48,269	48,269
24,000	24,000	10	Nishat (Chunian) Limited	1,366	1,366
Textile Spinning					
199,420	199,420	10	Services Textiles Industries Limited	100	100
Automobile parts and accessories					
238,239	238,239	5	Thal Limited	12,228	12,228

2017	2016	Face value per share / per unit (Rupees)	Name of investee	2017	2016
Number of shares/units				(Rupees in '000)	
Insurance					
712,000	712,000	10	Adamjee Insurance Company Limited	39,913	39,913
Cement					
7,030,500	6,980,500	10	Fauji Cement Company Limited	140,037	137,731
95,625	85,000	10	Maple Leaf Cement Factory Limited	4,783	4,093
345,300	300,000	10	Pioneer Cement Limited	37,444	32,605
150,000	-	10	D G Khan Cement Company Limited	21,715	-
87,500	-	10	Lucky Cement Limited	58,030	-
Power Generation & Distribution					
4,399,700	4,800,810	10	Hub Power Company Limited	269,847	294,450
8,400,000	10,313,893	10	Kot Addu Power Company Limited	384,124	471,644
2,300,000	-	3.5	K-Electric Limited	15,076	-
Oil and Gas Marketing Companies					
147,700	112,250	10	Attock Petroleum Limited	76,480	55,606
300,000	275,700	10	Pakistan State Oil Company Limited	48,890	53,467
Oil & Gas Exploration Companies					
235,006	321,380	10	Pakistan Oilfields Limited	92,055	125,888
880,000	920,000	10	Pakistan Petroleum Limited	119,204	124,622
1,195,000	1,170,000	10	Oil and Gas Development Company Limited	167,878	163,745
Engineering					
1,974,000	2,515,706	10	International Industries Limited	60,163	76,673
1,120,000	375,000	10	Mughal Iron & Steels Limited	60,400	34,388
650,000	650,000	10	Amreli Steels Limited	45,965	45,965
Automobile Assemblers					
205,800	220,350	10	Millat Tractors Limited	22,472	24,061
Technology & Communication					
1,470,000	1,470,000	10	Pakistan Telecommunication Company Limited (A)	23,996	23,996
Fertilizer					
1,764,030	1,764,030	10	Fauji Fertilizer Company Limited	168,151	168,151
410,500	410,500	10	Fauji Fertilizer Bin Qasim Limited	16,275	16,275
653,000	628,000	10	Engro Corporation Limited	152,692	145,660
2,832,000	2,525,000	10	Engro Fertilizers Limited	211,935	190,470
Food and Personal Care products					
595,000	541,500	10	Al Shaheer Corporation Limited	13,221	29,764
Miscellaneous					
2,000,000	2,000,000	10	TPL Properties Limited	25,000	25,000
				3,115,658	3,006,876

14.5.3 Market value of quoted available-for-sale investments is Rs. 5,297,643 thousands (2016: Rs. 6,632,986 thousands) at the year end.

15. INVESTMENT PROPERTIES

2017								
Cost			Depreciation			Written down value as at 31 December 2017	Useful life	
As at 01 January 2017	Transfer / disposal	As at 31 December 2017	As at 01 January 2017	For the year	As at 31 December 2017			
----- (Rupees in '000) -----								
Leasehold land	556,600	-	556,600	-	-	-	556,600	
Building on leasehold land	125,563	-	125,563	30,224	3,450	33,674	91,889	40-80 years
Lifts and other installations	33,794	(1,760)	32,034	20,470	2,940 (1,760)	21,650	10,384	10 years
	715,957	(1,760)	714,197	50,694	6,390 (1,760)	55,324	658,873	
2016								
Cost			Depreciation			Written down value as at 31 December 2016	Useful life	
As at 01 January 2016	Transfer / disposal	As at 31 December 2016	As at 01 January 2016	For the year	As at 31 December 2016			
----- (Rupees in '000) -----								
Leasehold land	556,600	-	556,600	-	-	-	556,600	
Building on leasehold land	125,563	-	125,563	26,774	3,450	30,224	95,339	40-80 years
Lifts and other installations	33,794	-	33,794	17,530	2,940	20,470	13,324	10 years
	715,957	-	715,957	44,304	6,390	50,694	665,263	

15.1 The market value of the investment properties as per valuations carried out by professional valuers is Rs. 2,988,078 thousands (2015 : Rs.2,563,465 thousands).

15.2 Disposal of investment properties**Disposal of investment properties during the year**

	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of buyers
----- (Rupees in '000) -----							
Lifts and other installations	1,047	1,047	-	185	185	Auction	Mr. Abdul Quddus
2017	1,047	1,047	-	185	185		
2016	-	-	-	-	-		

16. PREMIUMS DUE BUT UNPAID**Unsecured**

Considered good
Considered doubtful

Less: Provision for doubtful balances

Note	2017	2016
	(Rupees in '000)	
	1,711,972	1,418,760
	158,961	152,961
	1,870,933	1,571,721
	158,961	152,961
	1,711,972	1,418,760

16.1 Provision against doubtful balances

Opening balance
Provision made during the year

	152,961	137,961
	6,000	15,000
	158,961	152,961

16.2 Premium due but unpaid includes an amount of Rs. 89,083 thousands (2016: Rs.67,981 thousands) due from related parties.

17. AMOUNTS DUE FROM OTHER INSURERS / REINSURERS**Unsecured**

Considered good
Considered doubtful

Less: Provision against doubtful balances

	59,854	41,788
	17,000	17,000
	76,854	58,788
	17,000	17,000
	59,854	41,788

17.1 Amount due from other insurer / reinsurer includes an amount of Rs. 27,043 thousands (2016: Rs.16,077 thousands) due from related party.

18. REINSURANCE RECOVERIES AGAINST OUTSTANDING CLAIMS

These are unsecured and considered good.

19. PREPAYMENTS

Prepaid reinsurance premium ceded
Prepaid rent
Miscellaneous expenses

	1,128,635	1,246,170
	11,964	13,102
	5,346	3,928
	1,145,945	1,263,200

20. SUNDRY RECEIVABLES

Current portion of loans to employees
Advances to suppliers and contractors - considered good
Rent receivable
Security deposits
Sales tax recoverable
Medical claims recoverable
Other advances - considered good

13	647	626
	75,528	51,111
	691	2,886
	5,261	7,084
	6,486	7,125
	9,864	7,685
	16,755	13,740
	115,232	90,257

21. FIXED ASSETS - Tangible and intangible

2017

	Buildings	Furniture, fixtures and equipments				Motor vehicles	Computer software	Total	
		Furniture and fixtures	Office equipment	Tracker equipment	Computer equipments				
(Rupees in '000)									
As at 01 January 2017									
Cost	7,069	79,064	91,627	133,568	56,302	360,561	11,462	62,274	441,366
Accumulated depreciation	(1,895)	(55,185)	(61,351)	(46,793)	(40,981)	(204,310)	(4,726)	(43,425)	(254,356)
Net book value as at 01 January 2017	5,174	23,879	30,276	86,775	15,321	156,251	6,736	18,849	187,010
For the year ended 31 December 2017									
Opening net book value	5,174	23,879	30,276	86,775	15,321	156,251	6,736	18,849	187,010
Additions	-	4,851	9,221	32,765	6,858	53,695	138	11,931	65,764
Disposals									
- Cost	-	(3,752)	(6,166)	(11,206)	(1,501)	(22,625)	(489)	-	(23,114)
- Accumulated depreciation	-	2,857	4,504	7,923	1,169	16,453	123	-	16,576
	-	(895)	(1,662)	(3,283)	(332)	(6,172)	(366)	-	(6,538)
Adjustment / transfer									
- Cost	-	3,458	(2,908)	(96)	99	553	97	-	650
- Accumulated depreciation	11	(1,633)	1,040	(36)	(28)	(657)	39	(12)	(619)
	11	1,825	(1,868)	(132)	71	(104)	136	(12)	31
Depreciation charge	(228)	(5,732)	(6,193)	(20,015)	(4,510)	(36,450)	(642)	(10,351)	(47,671)
Net book value as at 31 December 2017	4,957	23,928	29,774	96,110	17,408	167,220	6,002	20,417	198,596
As at 31 December 2017									
Cost	7,069	83,621	91,774	155,031	61,758	392,184	11,208	74,205	484,666
Accumulated depreciation	(2,112)	(59,693)	(62,000)	(58,921)	(44,350)	(224,964)	(5,206)	(53,788)	(286,070)
Net book value as at 31 December 2017	4,957	23,928	29,774	96,110	17,408	167,220	6,002	20,417	198,596
Annual rate of depreciation	3%	17%	17% - 25%	20%	25%		20%	20%	

2016

	Buildings	Furniture, fixtures and equipments				Motor vehicles	Computer software	Total	
		Furniture and fixtures	Office equipment	Tracker equipment	Computer equipments				
(Rupees in '000)									
As at 01 January 2016									
Cost	7,069	79,527	90,161	85,953	53,209	308,850	10,630	57,641	384,190
Accumulated depreciation	(1,602)	(50,517)	(59,854)	(28,942)	(39,553)	(178,866)	(5,153)	(33,942)	(219,563)
Net book value as at 01 January 2016	5,467	29,010	30,307	57,011	13,656	129,984	5,477	23,699	164,627
For the year ended 31 December 2016									
Opening net book value	5,467	29,010	30,307	57,011	13,656	129,984	5,477	23,699	164,627
Additions	-	692	6,693	47,776	6,900	62,061	3,253	4,633	69,947
Disposals									
- Cost	-	(1,155)	(5,267)	(161)	(3,289)	(9,872)	(2,353)	-	(12,226)
- Accumulated depreciation	-	793	4,359	72	2,863	8,087	1,068	-	9,156
	-	(362)	(908)	(89)	(426)	(1,785)	(1,285)	-	(3,070)
Adjustment / transfer									
- Cost	-	-	40	-	(518)	(478)	(68)	-	(546)
- Accumulated depreciation	-	34	-	-	256	290	24	-	314
	-	34	40	-	(262)	(188)	(44)	-	(232)
Depreciation charge	(293)	(5,495)	(5,856)	(17,923)	(4,547)	(33,821)	(665)	(9,483)	(44,262)
Net book value as at 31 December 2016	5,174	23,879	30,276	86,775	15,321	156,251	6,736	18,849	187,010
As at 31 December 2016									
Cost	7,069	79,064	91,627	133,568	56,302	360,561	11,462	62,274	441,366
Accumulated depreciation	(1,895)	(55,185)	(61,351)	(46,793)	(40,981)	(204,310)	(4,726)	(43,425)	(254,356)
Net book value as at 31 December 2016	5,174	23,879	30,276	86,775	15,321	156,251	6,736	18,849	187,010
Annual rate of depreciation	3%	17%	17% - 25%	20%	25%		20%	20%	

21.1 Disposal of tangible assets

	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of buyers
(Rupees in '000)							
Disposal of tangible assets during the year having book value exceeding Rs.50,000							
Motor vehicles	450	99	351	377	26	Auction	Muhammad Ayoub
Disposal of tangible assets during the year having book value upto Rs.50,000							
Furniture and fixtures	3,752	2,857	895	190	(705)	Negotiation	Various
Office equipment, electrical installations, tracker equipment and computers	18,873	13,597	5,276	3,026	(2,250)	Negotiation	Various
Motor vehicles	39	24	15	5	(10)	Auction	Muhammad Ayoub
2017	23,114	16,577	6,537	3,598	(2,939)		
2016	12,225	9,155	3,070	2,729	(341)		

22. ADMINISTRATIVE SURCHARGE

Premium written and net premium revenue include administrative surcharge, class wise detail of which is given below:

	Note	2017	2016
(Rupees in '000)			
Fire and property damage		9,848	9,680
Marine, aviation and transport		18,065	17,066
Motor		39,638	35,964
Liability		645	448
Miscellaneous		9,947	12,360
		78,143	75,518

23. MANAGEMENT EXPENSES

Salaries, wages and benefits	23.1	950,336	835,640
Rent, taxes and electricity		60,652	50,813
Communications		21,417	19,676
Directors' fee and expenses		5,100	5,400
Printing and stationery		52,125	31,726
Travelling and entertainment		38,780	33,267
Legal and professional charges		8,847	11,319
Statutory levies		17,891	15,923
Annual monitoring fee for vehicle tracking devices		48,408	48,722
Inspection fee		7,406	7,883
Repairs and maintenance		15,115	12,155
Advertisement and sales promotion		48,714	85,489
Depreciation	21	37,320	34,779
Amortisation	21	10,351	9,483
Bad debts written off		-	3,967
Provision against doubtful balances	16.1	6,000	15,000
Insurance expense		5,500	4,675
Motor vehicle running expenses		2,369	2,052
Other expenses		23,852	28,706
	23.2	1,360,183	1,256,675

23.1 These include Rs. 23,453 thousands (2016: Rs.20,022 thousands) being contribution for employees' provident fund and Rs. 19,513 thousands (2016: Rs.14,948 thousands) in respect of defined benefit plan.

23.2 The above include costs aggregating Rs. 30,099 thousands (2016: Rs.32,187 thousands) in respect of Accident and Health business common back office operations jointly shared with Jubilee Life Insurance Company Limited, an associated company.

24. COMMISSION FROM REINSURERS

	Commission received or receivables	Unearned Commission		2017	2016
		Opening	Closing		
----- (Rupees in '000) -----					
Fire and property damage	99,784	33,230	47,844	85,170	97,449
Marine, aviation and transport	3,050	131	98	3,083	7,169
Motor	3,728	2,770	3,381	3,117	7,358
Liability	19,820	3,642	5,968	17,494	17,249
Miscellaneous	156,227	77,332	66,772	166,787	195,484
	282,609	117,105	124,063	275,651	324,709

25. RENTAL INCOME - NET

	Note	2017	2016
(Rupees in '000)			
Rental revenue		120,899	121,491
Investment property related expenditure		(36,882)	(34,971)
		84,017	86,520

26. OTHER INCOME - NET

Income from financial assets / liabilities

Exchange gain - net		6,410	1,329
Return on loans to employees		22	50
Balance no longer payable written back		1,297	65

Loss from non-financial assets

Loss on sale of fixed assets	21.1	(2,939)	(341)
Gain on sale of investment property	15.2	185	-
		4,975	1,103

27. GENERAL AND ADMINISTRATION EXPENSES

	Note	2017	2016
(Rupees in '000)			
Legal and professional		4,399	3,158
Subscription		854	2,399
Sindh Workers' Welfare Fund		31,055	36,759
Charity and donations	27.1	23,858	30,077
Auditors' remuneration	27.2	3,149	3,327
Others		1,931	344
		65,246	76,064

27.1 Donations made include the following in which a Director or spouse of a Director is interested.

Name and address of donee	Interested Director	Interest in donee	2017	2016
Aga Khan Rural, Support Programme, Serena Business Complex, Khayaban-e-Suhrawardy, Islamabad	Aly Noormahomed Rattansey	Chairman	5,000	7,500
Aga Khan Cultural Services, Pakistan, Shahr-e-Quaid-e-Azam, Gilgit, Pakistan	Akbarali Pesnani	Chairman	2,000	4,000
Habib University, Gulistan-e-Jauher, Karachi	Towfiq H. Chinoy	Trustee	500	-
			7,500	11,500

27.1.1 Donations, other than those mentioned above, were not made to any donee in which a director or his spouse had any interest at any time during the year.

27.2 Auditors' remuneration

Audit fee	661	575
Interim review fee	132	115
Income Tax advisory services	900	1,100
Special reports and certificates for various government agencies and sundry advisory services	1,114	1,215
Out of pocket expenses	342	322
	3,149	3,327

28. TAXATION - NET

Current		
- Current	518,581	543,719
- Prior	51,538	48,204
	570,119	591,923
Deferred	(37,364)	82,771
	532,755	674,694

28.1 Relationship between tax expense and accounting profit

	2017	2016	2017	2016
	(Effective tax rate)		(Rupees in '000)	
	(Percentage)			
Profit before taxation			1,615,757	1,854,125
Tax at the applicable rate of 30% (2016: 31%)	30.00	31.00	484,727	574,779
Prior year super tax	3.19	2.60	51,538	48,204
Tax on bonus shares	0.99	-	15,940	-
Recognition of deferred tax of prior years	(1.15)	-	(18,647)	-
Tax effect of change in tax rate and others	(0.05)	2.80	(803)	51,711
	32.97	36.40	532,755	674,694

The Board of Directors of the Company has proposed to distribute sufficient cash dividend / bonus shares for the year ended 31 December 2017 (refer note 39) to comply with the requirements of Section 5A of the Income Tax Ordinance, 2001 (Tax on Undistributed Profits). Accordingly, no provision for tax on undistributed profits has been recognised in these financial statements for the year ended 31 December 2017.

29. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise companies having common directorship, associates, directors, major shareholders, key management personnel and retirement benefit funds. The associated companies are associated either based on holding in equity or they are due to same management and / or common directors. All transactions involving related parties arising in the normal course of business are concluded at agreed terms and conditions. Contribution to the employee retirement benefits are made in accordance with the terms of employee retirement benefit scheme. Directors' fees and remuneration to the key management personnel are included in note 31 to these financial statements and are determined in accordance with the terms of their appointment.

Balances, including investments in associates, are disclosed in relevant notes to these financial statements. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	2017	2016
	(Rupees in '000)	
Companies having common directorship		
Insurance premium written (including government levies administrative surcharge, policy stamps and inward facultative acceptance)	435,497	502,449
Insurance premium received / adjusted during the year	411,279	421,912
Insurance commission paid	28,439	19,865
Insurance claims paid	130,735	85,028
Purchases of goods and services	16,071	16,922
Dividend received	48,796	71,697
Dividend received from an associate under equity method	71,636	62,609
Dividend paid	388,829	330,634
Rental income	37,963	32,911

Return on bank deposits	5,733	5,960
Investment in shares / mutual funds other than associate	8,453	163,049
Disposal of shares / mutual funds other than associate	103,921	523,659
Donations	7,500	11,500

Others

Insurance premium written (including government levies administrative surcharge and policy stamps)	431	530
Insurance premium received / adjusted during the year	316	496
Insurance claims paid	9	110
Dividend paid	11,910	10,202
Contributions for staff retirement benefit plans	74,174	54,797
Donation	3,000	2,500

30. EMPLOYEE BENEFITS**30.1 Defined benefit plan**

The actuarial valuations are carried out annually and contributions are made accordingly. Following are the significant assumptions used for valuation of the plan:

- Discount rate 8.00% (2016: 8.00%) per annum.
- Expected rate of increase in the salaries of the employees 8.00% (2016: 8.00%) per annum.
- Expected interest rate on plan assets 8.00% (2016: 9.25%) per annum.
- Expected service length of the employees 9.8 years (2016: 9.8 years).

30.1.1 Asset / (liability) in balance sheet

	Note	2017	2016
		(Rupees in '000)	
Present value of defined benefit obligation	30.1.3	248,408	209,989
Fair value of plan assets	30.1.4	(248,408)	(209,989)
		-	-

30.1.2 Movement in asset / (liability) during the year

Opening balance	-	-	
Charge to profit and loss account	30.1.5	19,513	14,948
Charge to other comprehensive income	30.1.6	31,208	19,826
Contributions to the Fund during the year		(50,721)	(34,774)
Closing balance		-	-

30.1.3 Reconciliation of the present value of the defined benefit obligations

	2017	2016
	(Rupees in '000)	
Present value of obligation as at 01 January	209,989	154,639
Current service costs	19,513	14,948
Interest costs	16,209	14,188
Benefits paid	(14,734)	(2,514)
Actuarial (gain) from changes in financial assumptions	-	(219)
Experience adjustments	17,431	28,947
Present value of obligation as at 31 December	<u>248,408</u>	<u>209,989</u>

30.1.4 Changes in fair value of plan assets

Fair value of plan assets as at 01 January	209,989	154,639
Interest income	16,209	14,188
Contribution to the Fund	50,721	34,774
Benefits paid	(14,734)	(2,514)
Return on plan assets, excluding interest income	(13,777)	8,902
Fair value of plan assets as at 31 December	<u>248,408</u>	<u>209,989</u>

30.1.5 Charge to profit and loss account

Current service costs	19,513	14,948
Interest costs	16,209	14,188
Expected return on plan assets	(16,209)	(14,188)
	<u>19,513</u>	<u>14,948</u>

30.1.6 Remeasurements recognised in other comprehensive income, expense / (income) during the year

Actuarial (gain) from changes in financial assumptions	-	(219)
Experience adjustments	17,431	28,947
Return on plan assets, excluding interest income	13,777	(8,902)
	<u>31,208</u>	<u>19,826</u>

30.1.7 Expected return on assets

	16,209	14,188
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30.1.8 Composition of fair value of plan assets

	2017		2016	
	Fair value	Percentage	Fair value	Percentage
	(Rupees in '000)		(Rupees in '000)	
Equity instruments	23,375	9.41	27,675	13.19
Government securities	146,000	58.77	97,000	46.19
Others	79,032	31.82	85,314	40.62
Fair value of plan assets	<u>248,407</u>		<u>209,989</u>	

30.1.9 Historical data

	2016	2015	2014	2013	2012
	(Rupees in '000)				
Present value of defined benefit obligations	209,889	154,639	128,859	120,020	90,954
Fair value of plan assets	(209,989)	(154,639)	(128,859)	(120,020)	(90,954)
(Surplus) / deficit	-	-	-	-	-
Experience adjustments					
- Actuarial (gain) / loss on obligation	(219)	4,106	(11,117)	11,969	(1,688)
- Actuarial gain / (loss) on assets	(8,902)	(10,832)	6,706	7,553	(9,563)

30.1.10 The estimated charge to profit and loss account for the defined benefit plan for the year ending 31 December 2018 is Rs.21,062 thousands.

30.1.11 Sensitivity analysis on significant actuarial assumptions: Actuarial liability

	2017	2016
	(Rupees in '000)	
Discount rate +1%	229,103	193,744
Discount rate -1%	270,545	228,644
Future salary increases +1%	270,549	228,648
Future salary increases -1%	228,739	193,437

30.2 Defined contribution plan**30.2.1 Provident fund trust**

	(Unaudited)	(Audited)
Size of the fund	462,966	444,967
Cost of investments made	407,187	401,742
Percentage of investments made (based on fair value)	92%	98%
Fair value of investments	426,064	438,218

30.2.2 Investments out of provident fund have been made in accordance with the provisions of section 227 of the repealed Companies Ordinance, 1984 and the rules formulated for this purpose. The break-up of investments is as follows:

Break-up of investments

Listed securities / mutual funds	89,537	185,731
Government securities	326,527	242,487
Other debt instruments	10,000	10,000
	<u>426,064</u>	<u>438,218</u>

31. REMUNERATION OF MANAGING DIRECTOR, DIRECTORS AND EXECUTIVES

	Managing Director		Directors		Executives		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	(Rupees in '000)							
Directors' fees	-	-	5,100	5,400	-	-	5,100	5,400
Managerial remuneration - including bonus	32,909	27,518	-	-	197,588	171,247	230,497	198,765
Staff retirement benefits	2,121	1,709	-	-	12,677	9,605	14,798	11,314
House rent allowance	7,637	6,153	-	-	72,482	62,351	80,119	68,504
Utilities allowance	2,546	2,051	-	-	15,890	14,214	18,436	16,265
Medical expenses	24	73	-	-	3,442	4,246	3,466	4,319
Leave passage / assistance	1,919	1,669	-	-	7,735	6,789	9,654	8,458
Vehicle allowance	2,068	2,068	-	-	59,284	59,452	61,352	61,520
Others	1,061	692	-	-	48,314	41,456	49,375	42,148
	<u>50,285</u>	<u>41,933</u>	<u>5,100</u>	<u>5,400</u>	<u>417,412</u>	<u>369,360</u>	<u>472,797</u>	<u>416,693</u>
Number of persons	1	1	8	8	112	105	121	114

In addition, the managing director and some of the executives are provided with certain items of household furniture, fixtures and equipment in accordance with their entitlements.

32. SEGMENT REPORTING

Class of business wise revenue and results have been disclosed in the profit and loss account prepared in accordance with the requirement of Insurance Ordinance, 2000 and the Repealed SEC (Insurance) Rules, 2002. The following table presents information regarding segment assets, liabilities as at 31 December 2017 and 31 December 2016, unallocated capital expenditure and non-cash expenses during the year:

	Fire		Marine		Motor		Liability		Accident and health		Miscellaneous		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
SEGMENT ASSETS														
Segment assets	1,791,768	1,535,674	221,713	235,544	441,103	387,427	705,413	733,273	326,015	209,388	1,709,139	1,884,139	5,195,151	4,985,445
Unallocated corporate assets													12,527,612	12,240,650
Unallocated assets of Window Takaful Operation - Operator's Fund	2,704,149	2,474,871	503,440	593,481	1,258,222	1,260,555	744,770	800,575	1,141,871	815,171	2,395,385	2,711,554	8,747,837	8,656,207
Consolidated total assets													17,992,204	17,411,166
SEGMENT LIABILITIES														
Segment liabilities														
Unallocated corporate liabilities													1,996,129	2,070,893
Unallocated liabilities of Window Takaful Operation - Operator's Fund													126,503	84,209
Consolidated total liabilities													10,870,469	10,811,309
Depreciation / amortisation	8,834	8,920	5,381	4,877	13,691	13,633	153	151	13,305	10,229	6,307	6,452	47,671	44,262
Non-cash expenses other than depreciation / amortisation	1,112	3,822	677	2,090	1,723	5,842	19	65	1,675	4,383	794	2,765	6,000	18,967
Unallocated capital expenditure													65,764	69,947

33. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

33.1 Financial risk management objectives and policies

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

- Market risk
- Liquidity risk
- Credit risk

The Board meets frequently throughout the year for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

33.1.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and other equity prices. The Company manages the market risk exposure by following internal risk management policies.

33.1.1.1 Interest rate risk exposure

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Company invests in securities and has deposits that are subject to interest / mark-up rate risk. The Company limits interest / mark-up rate risk by monitoring changes in interest / mark-up rates in the currencies in which its cash and investments are denominated.

The information about Company's exposure to interest rate risk based on contractual repricing or maturity dates whichever is earlier is as follows:

	Interest / mark-up bearing financial instruments				Non-interest / mark-up bearing financial instruments	Total	
	Effective rate % per annum	Maturity upto one year	Maturity over one year to five years	Maturity more than five years			
				Sub total			
	(Rupees in '000)						
Financial assets							
Cash and bank deposits	1.00 to 9.00	1,983,837	-	-	1,983,837	151,619	2,135,456
Loans to employees	6.00	139	128	-	267	508	775
Investments	5.95 to 8.75	4,937,669	-	54,725	4,992,394	4,398,177	9,390,571
Premiums due but unpaid		-	-	-	-	1,711,972	1,711,972
Amounts due from other insurers / reinsurers		-	-	-	-	59,854	59,854
Reinsurance recoveries due but unpaid		-	-	-	-	10,998	10,998
Accrued investment income		-	-	-	-	11,446	11,446
Reinsurance recoveries against outstanding claims		-	-	-	-	1,987,502	1,987,502
Sundry receivables		-	-	-	-	32,571	32,571
Total assets of Window Takaful Operations - Operator's Fund		148,538	-	-	148,538	82,671	231,209
		7,070,183	128	54,725	7,125,036	8,447,318	15,572,354

2017

Interest / mark-up bearing financial instruments					Non-interest / mark-up bearing financial instruments	Total
Effective rate % per annum	Maturity upto one year	Maturity over one year to five years	Maturity more than five years	Sub total		
----- (Rupees in '000) -----						
Provision for outstanding claims	-	-	-	-	3,431,665	3,431,665
Amounts due to other insurers / reinsurers	-	-	-	-	1,122,494	1,122,494
Accrued expenses	-	-	-	-	61,836	61,836
Other creditors and accruals	-	-	-	-	661,795	661,795
Deposits and other payables	-	-	-	-	1,628,024	1,628,024
Unclaimed dividend	-	-	-	-	82,950	82,950
Total liabilities of Window Takaful Operations - Operator's Fund	-	-	-	-	24,976	24,976
	-	-	-	-	7,013,740	7,013,740
Interest risk sensitivity gap	7,070,183	128	54,725	7,125,036	1,433,578	8,558,614
Cumulative interest risk sensitivity gap	7,070,183	7,070,311	7,125,036			

2016

Interest / mark-up bearing financial instruments					Non-interest / mark-up bearing financial instruments	Total
Effective rate % per annum	Maturity upto one year	Maturity over one year to five years	Maturity more than five years	Sub total		
----- (Rupees in '000) -----						
Financial assets						
Cash and bank deposits	1.00 to 9.00	1,919,787	-	-	1,919,787	247,584
Loans to employees	6.00	291	203	-	494	335
Investments	5.98 to 11.25	4,221,237	103,411	55,272	4,379,920	4,680,672
Premiums due but unpaid		-	-	-	-	1,418,760
Amounts due from other insurers / reinsurers		-	-	-	-	41,788
Reinsurance recoveries due but unpaid		-	-	-	-	67,904
Accrued investment income		-	-	-	-	52,924
Reinsurance recoveries against outstanding claims		-	-	-	-	1,940,557
Sundry receivables		-	-	-	-	31,395
Total assets of Window Takaful Operations - Operator's Fund		83,114	-	-	83,114	63,929
		6,224,429	103,614	55,272	6,383,315	8,545,848
Financial liabilities						
Provision for outstanding claims		-	-	-	-	3,337,432
Amounts due to other insurers / reinsurers		-	-	-	-	1,339,594
Accrued expenses		-	-	-	-	71,203
Other creditors and accruals		-	-	-	-	636,061
Deposits and other payables		-	-	-	-	1,654,289
Unclaimed dividend		-	-	-	-	72,707
Total liabilities of Window Takaful Operations - Operator's Fund		-	-	-	-	19,640
		-	-	-	-	7,130,926
Interest risk sensitivity gap		6,224,429	103,614	55,272	6,383,315	1,414,922
Cumulative interest risk sensitivity gap		6,224,429	6,328,043	6,383,315		

Cash flow sensitivity analysis of variable rate instruments

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit before tax and equity based upon average balances and rates:

	Increase / (decrease) in basis points	Effect on profit before tax	Effect on equity
	----- (Rupees in '000) -----		
31 December 2017	100 (100)	61,477 (61,477)	43,034 (43,034)
31 December 2016	100 (100)	52,768 (52,768)	36,410 (36,410)

Fair value sensitivity analysis for fixed rate instruments

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

33.1.1.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Company, at present, is exposed to currency risk in respect of its investment in Jubilee Kyrgyzstan Insurance Company (note 14.2) and Term Deposit Receipts (note 12).

33.1.1.3 Other price risk

Other price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest 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.

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

The following table summarizes the Company's other price risk as at 31 December 2017 and as at 31 December 2016. It shows the effects of an estimated increase of 5% in the market prices as on those dates. A decrease of 5% in the fair values of the quoted securities would affect it in a similar and opposite manner.

	Fair value (Rupees in '000)	Price change	Effect on fair value (Rupees in '000)
31 December 2017	5,297,643 (5,297,643)	+5% -5%	264,882 (264,882)
31 December 2016	6,632,986 (6,632,986)	+5% -5%	331,649 (331,649)

However, increase of 5% in equity prices at the reporting date is restricted to amount of cost of investment of such securities as per the policy of the Company (note 3.9.2.3).

33.1.2 Liquidity risk

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due under normal circumstances. To guard against the risk, the Company has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities. The maturity profile is monitored to ensure adequate liquidity is maintained.

The table below summarises the maturity profile of the Company's financial liabilities. The contractual maturities of these liabilities at the year end have been determined on the basis of the remaining period at the reporting date to the contractual maturity date. Financial liabilities not having a contractual maturity are assumed to mature on the expected date on which these liabilities will be settled.

	2017			Total
	Within one year	Over one year to five years	Over five years	
	(Rupees in '000)			
Financial liabilities				
Provision for outstanding claims	3,431,665	-	-	3,431,665
Amounts due to other insurers / reinsurers	1,122,494	-	-	1,122,494
Accrued expenses	61,836	-	-	61,836
Other creditors and accruals	661,795	-	-	661,795
Deposits and other payables	1,628,024	-	-	1,628,024
Unclaimed dividend	82,950	-	-	82,950
	<u>6,988,764</u>	-	-	<u>6,988,764</u>

	2016			Total
	Within one year	Over one year to five years	Over five years	
	(Rupees in '000)			
Financial liabilities				
Provision for outstanding claims	3,337,432	-	-	3,337,432
Amounts due to other insurers / reinsurers	1,339,594	-	-	1,339,594
Accrued expenses	82,300	-	-	82,300
Other creditors and accruals	636,061	-	-	636,061
Deposits and other payables	1,654,289	-	-	1,654,289
Unclaimed dividend	72,707	-	-	72,707
	<u>7,122,383</u>	-	-	<u>7,122,383</u>

33.1.3 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 Company attempts to control credit risk by monitoring credit exposures by undertaking transactions with a large number of counter parties in various industries and by continually assessing the credit worthiness of counter parties.

33.1.3.1 Concentration of credit risk and credit exposure of the financial instruments

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

The Company is exposed to major credit risk on bank balances and deposits, marketable securities, Term Finance Certificates, premiums receivable from customers and co-insurers; and on commission and claim recoveries from re-insurers.

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

Bank	Long term rating	Rating agency	2017 (Rupees in '000)	2016
Soneri Bank Limited	AA-	PACRA	572,158	692,649
Standard Chartered Bank (Pakistan) Limited	AAA	PACRA	632,028	563,272
Habib Bank Limited - a related party	AAA	JCR-VIS	235,445	455,529
Bank Al-Falah Limited	AA+	PACRA	355,037	360,299
United Bank Limited	AAA	JCR-VIS	158,380	63,899
Silk Bank Limited	A-	JCR-VIS	150,000	-
The First Micro Finance Bank Limited	A +	JCR-VIS	25,000	25,000
MCB Bank Limited	AAA	PACRA	3,408	2,006
Pak Oman Micro Finance Bank Limited	BBB+	JCR-VIS	-	1,750
Samba Bank Limited	AA	JCR-VIS	136	197
			<u>2,131,592</u>	<u>2,164,601</u>

The credit quality of Company's quoted equity securities and mutual funds can be assessed as follows:

Rating	2017	2016
A or above	3,233,703	3,746,283
others	1,065,032	845,887
	<u>4,298,735</u>	<u>4,592,170</u>

The management monitors exposure to credit risk in premium receivable from customers and amount due from Co-insurers through regular review of credit exposure and prudent estimates of provision for doubtful receivables as disclosed in note 16 and note 17. The age wise analysis of premium due but unpaid includes amount receivable within one year and above one year Rs. 1,345,917 thousands (2016: 1,345,774 thousands) and Rs. 366,055 thousands (2016 : Rs. 72,986 thousands) net off provision for doubtful balances respectively.

The credit quality of amount due from co-insurer, and claim recoveries from reinsurer can be assessed from external ratings disclosed in note 35.

34. INSURANCE RISK

The risk under any insurance contract is the possibility that the insured event occurs and the uncertainty in the amount of compensation to the insured. Generally, most insurance contracts carry the insurance risk for a period of one year (refer note 3.2).

The Company accepts insurance through issuance of general insurance contracts. For these general insurance contracts the most significant risks arise from fire, atmospheric disturbance, earthquake, terrorist activities and other catastrophes. For health insurance contracts, significant risks arise from epidemics.

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

Frequency and severity of claims

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

The Company's class wise major risk exposure is as follows:

Class	Maximum Gross Risk Exposure	
	2017	2016
	(Rupees in '000)	
Fire and property	40,056,325	40,864,424
Marine, aviation and transport	2,088,528	1,096,409
Motor	59,570	59,570
Liability	68,900,000	16,867,200
Accident and health	31,446,860	18,987,900
Miscellaneous	60,237,000	56,827,763

The reinsurance arrangements against major risk exposure include excess of loss, surplus arrangements, stop loss and catastrophic coverage. The objective of having such arrangements is to mitigate adverse impacts of severe losses on Company's net retentions. As the major reinsurance arrangements are on excess of loss basis, therefore the reinsurance coverage against Company's risk exposures is not quantifiable.

Uncertainty in the estimation of future claims payments

Claims on general insurance contracts are payable on a claim occurrence basis. The Company is liable for all insured events that occur during the term of the insurance contract including the event reported after the expiry of the insurance contract term.

An estimated amount of the claim is recorded immediately on the intimation to the Company. The estimation of the amount is based on management judgment or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims. For the estimation of provision of claims IBNR, the Company follows the recommendation of actuary (note 3.6)

There are several variable factors which affect the amount and timing of recognized claim liabilities. The Company takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be significantly different from initial recognized amount. Similarly, the provision for claims incurred but not reported is based on historic reporting pattern of the claims other than exceptional losses. Hence, actual amount of incurred but not reported claims may differ from the amount estimated.

Key assumptions

The principal assumption underlying the liability estimation of IBNR and Premium Deficiency Reserves is that the Company's future claim development will follow similar historical pattern for occurrence and reporting. The management uses qualitative judgment to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgment includes external factors e.g. treatment of one-off occurrence claims, changes in market factors, economic conditions, etc. The internal factors such as portfolio mix, policy conditions and claim handling procedures are further used in this regard.

During the year actuarial valuation is carried out for the determination of IBNR which is based on a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation as required/ allowed by the circular 9 of 2016. IBNR is determined by using Chain Ladder Method for all class of business including inpatient claims of Accident and Health Class. Alternative method is used for Accident and Health Out Patient (OP) and Micro insurance. The claims outstanding and claims paid till date are deducted from the ultimate claim payments for that particular year to derive an IBNR estimate for that year. IBNR triangles are made on a yearly basis for each class of business except for Marine which is made on a quarterly basis. For accident and Health OP business, IBNR has been set equal to monthly average of OP claims reported

in preceding three months, including margins for adverse deviations. For Accident and Health Micro insurance business a loss ratio method has been used. The methods used, and the estimates made, are reviewed regularly.

The Company determines adequacy of liability of premium deficiency by carrying out analysis of its loss ratio of expired periods of the contracts. For this purpose average loss ratio of last three years inclusive of claim settlement cost but excluding major exceptional claims are taken into consideration to determine ultimate loss ratio to be applied on unearned premium. The liability of premium deficiency in relation to accident and health insurance is calculated in accordance with the advice of the actuary (note 3.7).

The assumed net of reinsurance loss ratios for each class of business for estimation of Premium Deficiency Reserves is as follows:

Class	Assumed net loss ratio	
	2017	2016
Fire and property	38%	47%
Marine, aviation and transport	29%	33%
Motor	43%	44%
Liability	21%	12%
Accident and health	80%	82%
Miscellaneous	31%	31%

Sensitivities

The insurance claim liabilities are sensitive to the incidence of insured events and severity / size of claims. The impact of variation in incidence of insured events on gross claim liabilities, net claim liabilities, profit before tax and equity is as follows:

Average claim cost	Change in assumption	Impact on gross liabilities	Impact on net liabilities	Impact on profit before tax	Impact on equity
		(Rupees in '000)			
2017	± 10%	336,766	245,385	240,573	168,401
2016	± 10%	427,652	204,122	200,119	138,082

Claim development

The Company maintains adequate reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. The uncertainties about the amount and timing of claim payments are normally resolved within one year. The following table shows the development of the claims over a period of time. All amounts are presented in gross numbers before reinsurance.

	2012 and prior	2013	2014	2015	2016	2017
	(Rupees in '000)					
Accident year						
Gross estimate of ultimate claims cost:						
- At end of accident	4,591,705	4,251,876	3,280,439	2,707,931	4,489,286	3,462,817
- One year later	4,418,083	4,940,893	3,367,638	2,856,295	4,503,782	
- Two year later	4,212,094	4,881,139	3,165,287	2,816,460		
- Three year later	4,123,935	4,801,803	3,109,931			
- Four year later	4,033,580	4,765,081				
- Five year later	4,016,636					
Current estimate of cumulative claims	4,016,636	4,765,081	3,109,931	2,816,460	4,503,782	3,462,817
Cumulative payment to date	(3,560,065)	(4,697,616)	(3,035,206)	(2,323,426)	(3,908,694)	(1,862,909)
Liability recognised in balance sheet	456,571	67,465	74,725	493,034	595,088	1,599,908

Statement of Age-wise Breakup of Unclaimed Insurance Benefits

Total amount	Age-wise Breakup					
	1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months	
(Rupees in '000)						
Claims not encashed	84,234	69,656	1,177	3,374	3,469	6,558

35. REINSURANCE RISK

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

To minimise its exposure to significant losses from reinsurer insolvencies, the Company obtains reinsurance rating from a number of reinsurers, who are dispersed over several geographical regions.

An analysis of all reinsurance assets recognised by the rating of the entity from which it is due is as follows:

Rating	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Other reinsurance assets	2017	2016
	(Rupees in '000)				
A or above including Pakistan Reinsurance Company Limited	59,854	1,965,346	10,834	2,036,034	2,032,499
BBB	-	20,519	-	20,519	16,264
Others	-	695	164	859	1,486
	59,854	1,986,560	10,998	2,057,412	2,050,249

36. CAPITAL MANAGEMENT

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

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions

In accordance with SECP Circular no. 03 of 2007 of Securities and Exchange Commission of Pakistan (SECP), minimum paid-up capital requirement to be complied with by Insurance / Takaful companies at the 31 December 2016 and subsequent year is Rs. 300 million. At 31 December 2017 the Company's paid-up capital is in excess of the prescribed limit.

37. FAIR VALUE

37.1 On balance sheet

2017									
Held-for-trading	Available-for-sale	Held-to-maturity	Loans and receivables	Investment in Associate	Other financial liabilities	Total	Level 1	Level 2	Total
(Rupees in '000)									
Financial assets measured at fair value									
Investment at fair value through profit and loss									
166,589	-	-	-	-	-	166,589	166,589	-	166,589
Financial assets not measured at fair value									
Cash and bank deposits*									
-	-	-	2,135,456	-	-	2,135,456	-	-	-
Loans to employees									
-	-	-	775	-	-	775	-	-	-
Investments									
In related parties									
-	650,900	-	-	462,530	-	1,113,430	4,342,667	6,260	4,348,927
Government securities									
-	-	4,992,394	-	-	-	4,992,394	-	4,991,091	4,991,091
Quoted equity securities / mutual funds									
-	3,115,658	-	-	-	-	3,115,658	4,156,019	389,218	4,545,237
Unquoted equity shares									
-	2,500	-	-	-	-	2,500	-	-	-
Premiums due but unpaid*									
-	-	-	1,711,972	-	-	1,711,972	-	-	-
Amounts due from other insurers / reinsurers*									
-	-	-	59,854	-	-	59,854	-	-	-
Reinsurance recoveries due but unpaid*									
-	-	-	10,998	-	-	10,998	-	-	-
Accrued investment income*									
-	-	-	11,446	-	-	11,446	-	-	-
Reinsurance recoveries against outstanding claims*									
-	-	-	1,987,502	-	-	1,987,502	-	-	-
Sundry receivables*									
-	-	-	32,571	-	-	32,571	-	-	-
Total assets of Window Takaful Operations - Operator's Fund*									
-	36,320	-	194,889	-	-	231,209	30,601	-	30,601
Financial liabilities not measured at fair value									
Provision for outstanding claims (including IBNR)*									
-	-	-	-	-	(3,431,665)	(3,431,665)	-	-	-
Amounts due to other insurers / reinsurers*									
-	-	-	-	-	(1,122,494)	(1,122,494)	-	-	-
Accrued expenses*									
-	-	-	-	-	(61,836)	(61,836)	-	-	-
Other creditors and accruals*									
-	-	-	-	-	(661,795)	(661,795)	-	-	-
Deposits and other payables*									
-	-	-	-	-	(1,628,024)	(1,628,024)	-	-	-
Unclaimed dividend*									
-	-	-	-	-	(82,950)	(82,950)	-	-	-
Total liabilities of Window Takaful Operations - Operator's Fund*									
-	-	-	-	-	(24,976)	(24,976)	-	-	-
166,589	3,805,378	4,992,394	6,145,463	462,530	(7,013,740)	8,558,614	8,695,876	5,386,569	14,082,445
2016									
Held-for-trading	Available-for-sale	Held-to-maturity	Loans and receivables	Investment in Associate	Other financial liabilities	Total	Level 1	Level 2	Total
(Rupees in '000)									
Financial assets measured at fair value									
Investment at fair value through profit and loss									
624,014	-	-	-	-	-	624,014	624,014	-	624,014
Financial assets not measured at fair value									
Cash and bank deposits*									
-	-	-	2,167,371	-	-	2,167,371	-	-	-
Loans to employees									
-	-	-	829	-	-	829	-	-	-
Investments									
In related parties									
-	690,106	-	-	-	-	690,106	4,025,468	17,186	4,376,825
Government securities									
-	-	4,379,920	-	-	-	4,379,920	-	4,376,825	-
Quoted equity securities / mutual funds									
-	-	-	-	-	-	-	-	-	5,319,765
Unquoted equity shares									
-	3,006,876	-	-	365,588	-	3,372,464	4,888,563	431,202	-
Premiums due but unpaid*									
-	2,500	-	-	86,002	-	88,502	-	-	-
Amounts due from other insurers / reinsurers*									
-	-	-	1,418,760	-	-	1,418,760	-	-	-
Reinsurance recoveries due but unpaid*									
-	-	-	41,788	-	-	41,788	-	-	-
Accrued investment income*									
-	-	-	67,904	-	-	67,904	-	-	-
Reinsurance recoveries against outstanding claims*									
-	-	-	52,924	-	-	52,924	-	-	-
Sundry receivables*									
-	-	-	1,940,557	-	-	1,940,557	-	-	-
Total assets of Window Takaful Operations - Operator's Fund*									
-	22,445	-	124,598	-	-	147,043	22,343	-	22,343
Financial liabilities not measured at fair value									
Provision for outstanding claims (including IBNR)*									
-	-	-	-	-	(3,337,432)	(3,337,432)	-	-	-
Amounts due to other insurers / reinsurers*									
-	-	-	-	-	(1,339,594)	(1,339,594)	-	-	-
Accrued expenses*									
-	-	-	-	-	(82,300)	(82,300)	-	-	-
Other creditors and accruals*									
-	-	-	-	-	(636,061)	(636,061)	-	-	-
Deposits and other payables*									
-	-	-	-	-	(1,654,289)	(1,654,289)	-	-	-
Unclaimed dividend*									
-	-	-	-	-	(72,707)	(72,707)	-	-	-
Total liabilities of Window Takaful Operations - Operator's Fund*									
-	-	-	-	-	(19,640)	(19,640)	-	-	-
624,014	3,721,927	4,379,920	5,846,126	451,590	(7,142,023)	7,881,554	9,560,388	4,825,213	14,385,601

* The Company has not disclosed the fair value of these items because their carrying amounts are a reasonable approximation of fair value.

37.2 The latest valuation of the investment properties (level 3 measurement) was carried out in 2016. The valuation experts used a market based approach to arrive at the fair value of the Company's properties. The market approach used prices and other relevant information generated by market transactions involving identical or comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these financial statements.

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

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

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

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

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

38. EARNINGS PER SHARE - BASIC AND DILUTED

Basic earnings per share are calculated by dividing the net profit for the year by the weighted average number of shares as at the year end as follows:

	2017	2016
	(Rupees in '000)	
Profit after taxation	1,083,002	1,179,431
	(Number of shares in '000)	
Weighted average number of shares of Rs.10 each	180,447	Restated 180,447
	(Rupees)	
Earnings per share of Rs.10 each - basic and diluted	6.00	6.54

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

38.2 The number of shares for the prior year has also been adjusted for the effect of bonus shares issued during the current year

39. SUBSEQUENT EVENT - NON ADJUSTING

The Board of Directors in its meeting held on 13 February 2018 has proposed a final cash dividend in respect of the year ended 31 December 2017 of Rs. 4.0 per share of Rs.10 each (40%) [31 December 2016: Rs.3.5 per share of Rs.10 each (35%)] and bonus share Nil [31 December 2016: 15%] In addition, the Board of Directors has approved the transfer of Rs. 200,000 thousands (31 December 2016: Rs.100,000 thousands) to special reserve and Rs. 100,000 thousands (31 December 2016: Rs. 300,000 thousands) to general reserve from unappropriated profit. These financial statements do not include the effect of these appropriations which will be accounted for subsequent to the year end.

40. NUMBER OF EMPLOYEES

	2017	2016
	(Numbers)	
As at December 31	722	693
Average Number of employees during the year	709	681

41. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue in accordance with a resolution of the Board of Directors on 13 February 2018.

42. GENERAL

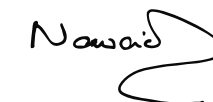
All figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.



Towfiq H. Chinoy
Chairman



Amin A. Hashwani
Director



Nawaid Jamal
Chief Financial Officer



Aryn Currimbhoy
Director



Tahir Ahmed
Managing Director
(Chief Executive)

Window Takaful Operations Financial Statements



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Chartered Accountants
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Auditors' Report to the Members of Jubilee General Insurance Company Limited

We have audited the annexed financial statements comprising of:

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

of **Jubilee General Insurance Company Limited – Window Takaful Operations** ("the Company") as at 31 December 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 repealed Companies Ordinance, 1984 (XLVII of 1984). Our responsibility is to express an opinion on these statements based on our audit.

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

In our opinion:

- a. proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the repealed 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 repealed 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 31 December 2017 and of the results, its cash flows and changes in Fund 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 repealed Companies Ordinance, 1984; and
- d. no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Date: 13 February 2018
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Nadeem

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG Network/Co-operative ("KPMG International"), a Swiss entity.

Balance Sheet

As at 31 December 2017

Note	2017			2016
	Operator's Fund	Participants' Takaful Fund	Aggregate	Aggregate
(Rupees in '000)				
Operator's Fund				
Statutory fund	100,000	-	100,000	100,000
Accumulated profit	42,938	-	42,938	862
	<u>142,938</u>	<u>-</u>	<u>142,938</u>	<u>100,862</u>
Waqf / Participants' Takaful Fund				
Ceded money	-	500	500	500
Accumulated surplus / (deficit)	-	36,731	36,731	(7,935)
	<u>-</u>	<u>37,231</u>	<u>37,231</u>	<u>(7,435)</u>
Liabilities				
Underwriting provisions				
Provision for outstanding claims (including IBNR)	-	94,875	94,875	46,377
Provisions for unearned contribution	-	200,250	200,250	156,473
Provision for unearned re-takaful rebate	16	621	621	1,982
Contributions deficiency reserve	-	-	-	9,037
Total underwriting provisions	-	295,746	295,746	213,869
Creditors and accruals				
Amounts due to other takaful / re-takaful operators	-	43,036	43,036	22,405
Contribution received in advance	-	2,552	2,552	613
Provision for unearned wakala fees	85,399	-	85,399	64,036
Wakala and mudarib fee payable	-	45,694	45,694	41,078
Accrued expenses	1,742	-	1,742	3,539
Taxation - provision less payments	4	15,763	15,763	326
Other creditors and accruals	5	23,599	33,319	21,000
	<u>126,503</u>	<u>101,002</u>	<u>227,505</u>	<u>152,997</u>
Total liabilities	126,503	396,748	523,251	366,866
Total fund and liabilities	<u>269,441</u>	<u>433,979</u>	<u>703,420</u>	<u>460,293</u>
Contingency and commitment	6			

The annexed notes from 1 to 27 form an integral part of these financial statements.


Tawfiq H. Chinoy
Chairman


Amin A. Hashwani
Director


Nawaid Jamal
Chief Financial Officer


Amyn Currimbhoy
Director


Tahir Ahmed
Managing Director
(Chief Executive)

Note	2017			2016
	Operator's Fund	Participants' Takaful Fund	Aggregate	Aggregate
(Rupees in '000)				
ASSETS				
Cash and bank deposits				
	-	253	253	92
	148,538	263,463	412,001	228,896
	-	20,000	20,000	25,000
7	148,538	283,716	432,254	253,988
Investments				
8	33,451	-	33,451	22,445
Current assets - other				
	-	92,531	92,531	54,545
	45,694	-	45,694	41,078
	28,085	-	28,085	22,348
	-	1,255	1,255	84
	-	1,078	1,078	3,581
	-	8,500	8,500	-
	657	687	1,344	613
	-	4,520	4,520	250
9	-	38,924	38,924	44,014
10	773	2,768	3,541	2,618
	75,209	150,263	225,472	169,131
Fixed assets				
Tangible and intangible				
	5,646	-	5,646	7,027
	3,767	-	3,767	4,671
	329	-	329	383
	2,501	-	2,501	2,648
	12,243	-	12,243	14,729
11				
Total assets	<u>269,441</u>	<u>433,979</u>	<u>703,420</u>	<u>460,293</u>

Profit and Loss Account

For the year ended 31 December 2017

	Fire and property	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	2017 Aggregate	2016 Aggregate
(Rupees in '000)							
Participants' Fund - revenue account							
Net contribution revenue	5,713	9,978	192,815	101,089	11,115	320,710	118,712
Net claims	(3,320)	(13,708)	(143,976)	(117,390)	(14,486)	(292,880)	(129,586)
Direct Expenses	12 (4)	(7)	(774)	(66)	(7)	(858)	-
Re-takaful rebate earned	1,109	-	62	-	1,019	2,190	1,521
Contribution deficiency reversal / (expense)	8,763	274	-	-	-	9,037	(9,037)
Surplus / (Deficit) before investment income	<u>12,261</u>	<u>(3,463)</u>	<u>48,127</u>	<u>(16,367)</u>	<u>(2,359)</u>	<u>38,199</u>	<u>(18,390)</u>
Profit on bank deposits - net of mudarib fee						6,467	1,678
Surplus / (Deficit) for the year						<u>44,666</u>	<u>(16,712)</u>
Operator's Fund - revenue account							
Wakala fee income	13					166,421	72,778
Commission expense						(57,583)	(24,336)
Management expenses	15					(53,668)	(34,636)
						55,170	13,806
Mudarib's share of PTF investment income						1,617	419
Profit on bank deposits						5,211	3,266
Net investment income						801	1,153
						62,799	18,644
General and administrative expenses	17					(2,683)	(2,457)
Other (loss)						(7)	-
Profit before tax						60,109	16,187
Taxation	18					(18,033)	(2,317)
Profit for the year						<u>42,076</u>	<u>13,870</u>

The annexed notes from 1 to 27 form an integral part of these financial statements.

Statement of Comprehensive Income

For the year ended 31 December 2017

	2017	2016
(Rupees in '000)		
Profit for the year	42,076	13,870
Other comprehensive income	-	-
Total comprehensive income for the year	<u>42,076</u>	<u>13,870</u>

The annexed notes from 1 to 27 form an integral part of these financial statements.

Towfiq H. Chinoy
Chairman

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Director

Nawaid Jamal
Chief Financial Officer

Aryn Currimbhoy
Director

Tahir Ahmed
Managing Director
(Chief Executive)

Towfiq H. Chinoy
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Managing Director
(Chief Executive)

Statement of Cash Flows



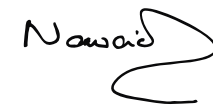


For the year ended 31 December 2017

	2017			2016
	Operator's Fund	Participants' Takaful Fund	Aggregate	Aggregate
----- (Rupees in '000) -----				
Operating cash flows				
(a) Takaful activities				
Contributions received	-	606,450	606,450	376,671
Re-takaful contributions paid	-	(64,505)	(64,505)	(79,009)
Wakala fee received / (paid)	183,432	(183,432)	-	-
Claims paid	-	(259,969)	(259,969)	(92,006)
Re-takaful and other recoveries received	-	4,149	4,149	10,474
Commission paid	(56,120)	-	(56,120)	(29,332)
Re-takaful rebate received	-	829	829	3,018
Other underwriting payments	(52,947)	(858)	(53,805)	(29,179)
Net cash inflows from takaful activities	74,365	102,664	177,029	160,637
(b) Other operating activities				
Income tax paid	(1,661)	-	(1,661)	(643)
General, administration and management expenses paid	(2,690)	-	(2,690)	(2,929)
Other operating payments	(685)	(78,231)	(78,916)	(44,070)
Other operating receipts - net	850	81,929	82,779	46,514
Net cash (outflows) / inflows from other operating activities	(4,186)	3,698	(488)	(1,128)
Total cash inflows from operating activities	70,179	106,362	176,541	159,509
Investment activities				
Profit / return received	4,960	7,604	12,564	5,141
Dividend received	2,404	-	2,404	250
Payments for Investments	(21,885)	-	(21,885)	(22,445)
Proceed from redemption or sale of investment	9,276	-	9,276	35,903
Mudarib fee received / (paid)	1,124	(1,124)	-	-
Proceeds from sale of fixed assets	5	-	5	-
Fixed capital expenditure	(639)	-	(639)	(2,600)
Total cash (outflows) / inflows from investing activities	(4,755)	6,480	1,725	16,249
Net cash inflows from all activities	65,424	112,842	178,266	175,758
Cash at beginning of the year	83,114	170,874	253,988	78,230
Cash at end of the year	148,538	283,716	432,254	253,988
Reconciliation to profit and loss account				
Operating cash flows	70,179	106,362	176,541	159,509
Depreciation / amortisation	(3,086)	-	(3,086)	(2,845)
Impairment in value of available for sale securities	(2,869)	-	(2,869)	-
Increase in assets other than cash	20,146	52,395	72,541	96,250
(Increase) in liabilities	(42,294)	(114,091)	(156,385)	(255,756)
Net profit / surplus / (deficit) for the year	42,076	44,666	86,742	(2,842)

Definition of cash

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

The annexed notes from 1 to 27 form an integral part of these financial statements.

Towfiq H. Chinoy Chairman
Amin A. Hashwani Director
Nawaid Jamal Chief Financial Officer
Aryn Currimbhoy Director
Tahir Ahmed Managing Director (Chief Executive)

Statement of Changes in Fund

For the year ended 31 December 2017

	Operator's Fund		
	Statutory fund	Accumulated profit	Total
----- (Rupees in '000) -----			
Balance as at 1 January 2016	100,000	(13,008)	86,992
Changes in fund for the year ended 31 December 2016			
Total comprehensive income for the year	-	13,870	13,870
- Profit after taxation	-	13,870	13,870
Balance as at 31 December 2016	100,000	862	100,862
Changes in fund for the year ended 31 December 2017			
Total comprehensive income for the period	-	42,076	42,076
- Profit after taxation	-	42,076	42,076
Balance as at 31 December 2017	100,000	42,938	142,938
Participants' Takaful Fund			
	Ceded money	Accumulated surplus	Total
	----- (Rupees in '000) -----		
Balance as at 1 January 2016	500	8,777	9,277
Changes in fund for the year ended 31 December 2016			
(Deficit) for the year	-	(16,712)	(16,712)
Balance as at 31 December 2016	500	(7,935)	(7,435)
Changes in fund for the year ended 31 December 2017			
Surplus for the year	-	44,666	44,666
Balance as at 31 December 2017	500	36,731	37,231

The annexed notes from 1 to 27 form an integral part of these financial statements.







Towfiq H. Chinoy Chairman
Amin A. Hashwani Director
Nawaid Jamal Chief Financial Officer
Aryn Currimbhoy Director
Tahir Ahmed Managing Director (Chief Executive)

Statement of Contributions

For the year ended 31 December 2017

Business underwritten inside Pakistan

Class	Gross contribution written (note 14)	Wakala fee	Net contribution	Unearned contribution reserve		Contribution earned	Re-Takaful ceded	Prepaid re-takaful contribution ceded		Re-takaful expense	2017 Net contribution revenue	2016 Net contribution revenue
				Opening	Closing			Opening	Closing			
				(Rupees in '000)								
Direct and facultative												
Fire and property damage	90,973	30,476	60,497	19,380	28,230	51,647	42,169	24,855	21,090	45,934	5,713	(7,226)
Marine, aviation and transport	42,874	15,006	27,868	1,689	3,857	25,700	17,146	1,338	2,762	15,722	9,978	(6,438)
Motor	353,199	102,427	250,772	75,758	124,481	202,049	12,012	3,486	6,264	9,234	192,815	76,948
Accident and health	114,976	28,744	86,232	44,342	29,485	101,089	-	-	-	-	101,089	53,189
Miscellaneous	40,475	11,131	29,344	15,304	14,197	30,451	13,809	14,335	8,808	19,336	11,115	2,239
Total	642,497	187,784	454,713	156,473	200,250	410,936	85,136	44,014	38,924	90,226	320,710	118,712
Treaty												
Proportional / non-proportional	-	-	-	-	-	-	-	-	-	-	-	-
Grand total	642,497	187,784	454,713	156,473	200,250	410,936	85,136	44,014	38,924	90,226	320,710	118,712

The annexed notes from 1 to 27 form an integral part of these financial statements.

Towfiq H. Chinoy
Chairman

Amin A. Hashwani
Director

Nawaid Jamal
Chief Financial Officer

Aryn Currimbhoy
Director

Tahir Ahmed
Managing Director
(Chief Executive)

Statement of Claims

For the year ended 31 December 2017

Business underwritten inside Pakistan

Class	Claims paid	Outstanding claims		Claims expense	Re-takaful and other recoveries received	Re-takaful and other recoveries in respect of outstanding claims		Re-takaful and other recoveries received	2017 Net claims expense	2016 Net claims expense
		Opening	Closing			Opening	Closing			
		(Rupees in '000)								
Direct and facultative										
Fire and property damage	4,802	7,131	5,649	3,320	-	-	-	-	3,320	13,985
Marine, aviation and transport	14,434	7,103	6,377	13,708	-	-	-	-	13,708	7,036
Motor	126,916	19,008	47,767	155,675	2,812	250	9,137	11,699	143,976	44,399
Accident and health	105,978	10,477	21,889	117,390	-	-	-	-	117,390	61,534
Miscellaneous	7,839	2,658	13,193	18,374	5	-	3,883	3,888	14,486	2,632
Total	259,969	46,377	94,875	308,467	2,817	250	13,020	15,587	292,880	129,586
Treaty										
Proportional / non-proportional	-	-	-	-	-	-	-	-	-	-
Grand Total	259,969	46,377	94,875	308,467	2,817	250	13,020	15,587	292,880	129,586

The annexed notes from 1 to 27 form an integral part of these financial statements.

Towfiq H. Chinoy
Chairman

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Director

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Director

Tahir Ahmed
Managing Director
(Chief Executive)

Statement of Expenses

For the year ended 31 December 2017

Business underwritten inside Pakistan

Class	Commission paid or payable	Deferred commission		Net commission expense	Other Mangement expenses	Underwriting expense	Rebate from re-takaful operators * (note 16)	2017 Net underwriting expense	2016 Net underwriting expense
		Opening	Closing						
(Rupees in '000)									
Direct and facultative									
Fire and property damage	14,201	4,521	7,053	11,669	8,353	20,022	1,109	18,913	11,561
Marine, aviation and transport	7,097	429	1,034	6,492	4,442	10,934	-	10,934	3,797
Motor	32,361	11,039	16,332	27,068	26,286	53,354	62	53,292	25,300
Accident and health	7,129	3,980	2,295	8,814	10,866	19,680	-	19,680	12,489
Miscellaneous	2,532	2,379	1,371	3,540	3,721	7,261	1,019	6,242	4,304
Total	63,320	22,348	28,085	57,583	53,668	111,251	2,190	109,061	57,451
Treaty									
Proportional / non-proportional	-	-	-	-	-	-	-	-	-
Grand total	63,320	22,348	28,085	57,583	53,668	111,251	2,190	109,061	57,451

* Rebate from retakaful operators is arrived at after taking the impact of opening and closing unearned re-takaful rebate.

The annexed notes from 1 to 27 form an integral part of these financial statements.

Statement of Investment Income

For the year ended 31 December 2017

2017 **2016**
(Rupees in '000)

Operator's Fund

Income from non-trading investments

Available for sale

Dividend income	2,404	250
Gain on sale of investment	1,266	903
Impairment in value of available for sale securities	(2,869)	-
Net investments income	801	1,153

The annexed notes from 1 to 27 form an integral part of these financial statements.

Towfiq H. Chinoy
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Director

Tahir Ahmed
Managing Director
(Chief Executive)

Towfiq H. Chinoy
Chairman

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Director

Nawaid Jamal
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Aryn Currimbhoy
Director

Tahir Ahmed
Managing Director
(Chief Executive)

Notes to the Financial Statements

For the year ended 31 December 2017

1. STATUS AND NATURE OF BUSINESS

Jubilee General Insurance Company Limited ("the Operator") is a public limited company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act 2017) on 16 May 1953. The Operator is listed on Pakistan Stock Exchange and is engaged in general insurance business. The registered office of the Operator is situated at 2nd Floor, Jubilee Insurance House, I. I. Chundrigar Road, Karachi.

The Operator was granted authorisation on 10 March 2015 under Rule 6 of the Takaful Rules, 2012 to undertake Window Takaful Operations ("the Operations") by Securities and Exchange Commission of Pakistan ("SECP") under Takaful Rules, 2012 to carry on general takaful operations in Pakistan.

The Operator transferred statutory fund of Rs. 100,000 thousands in a separate bank account for the Operations as per the requirement of circular 8 of 2014. Thereafter, the Operator has formed a Waqf for Participants' Fund ("PTF") by executing the Waqf deed dated 30 April 2015 by investing a ceded money of Rs. 500 thousands. The ceded money is required to be invested in shariah compliant investments and any profit thereon can be utilized only to pay benefits to participants or defray PTF expenses. Waqf Deed governs the relationship of Operator and participants for management of takaful operations, investments of participants' funds and investments of the Operator's funds approved by the shariah advisor of the Operator. The Operator commenced activities of the Operations on 7 May 2015.

2. BASIS OF PREPARATION

2.1 These financial statements have been prepared in line with the format issued by the SECP through repealed SEC (Insurance) Rules, 2002 (refer note 2.6.12), vide SRO 938 dated 12 December 2002 and circular 25 of 2015 dated 9 July 2015.

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

2.2 Statement of Compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984, the Insurance Ordinance, 2000, repealed SEC (Insurance) Rules, 2002 and Takaful Rules, 2012. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984, Insurance Ordinance, 2000, repealed SEC (Insurance) Rules, 2002 and Takaful Rules, 2012 shall prevail (refer note 2.6.11 & 2.6.12).

2.3 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain investments which are stated at their fair values.

2.4 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is the Operations' functional currency.

2.5 Use of estimates and judgements

In preparing these financial statements, management has made judgement, estimates and assumptions that affect the application of the Operation's accounting policies and reported amounts of assets, liabilities, Income and expenses. Actual results may differ from the estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognised prospectively.

Information about judgements made in applying accounting policies that have the most significant effects on the amount recognised in the financial statements and assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the subsequent years are included in following notes:

- a) classification of takaful contracts (note 3.2);
- b) provision for unearned contribution (note 3.4);
- c) provision for contribution due but unpaid and amount due from other takaful / re-takaful operators; (note 3.5)
- d) provision for outstanding claims including IBNR and re-takaful recoveries there against (note 3.6);
- e) contribution deficiency reserve (note 3.7);
- f) provision for unearned wakala fee (note 3.10);
- g) classification and measurement of investments (note 3.14);
- h) residual values and useful lives of fixed assets (note 3.15);
- i) allocation of management expenses (note 3.18);
- j) taxation (note 3.20);
- k) segment reporting (note 3.21); and
- l) impairment (note 3.23)

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

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2018:

2.6.1 Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on the Operation's financial statements.

2.6.2 Transfers of Investment Property (Amendments to IAS 40 'Investment Property' -effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on the Operation's financial statements.

2.6.3 Annual Improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on the Operation's financial statements.

- 2.6.4** IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The application of interpretation is not likely to have an impact on the Operation's financial statements.
- 2.6.5** IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on the Operation's financial statements.
- 2.6.6** IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The amendments are not likely to have an impact on the Operation's financial statements.
- 2.6.7** IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Operator is currently in the process of analyzing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard (refer note 2.6.12 and 3.14.2.3)
- 2.6.8** Amendment to IFRS 4 'Insurance Contracts' - Applying IFRS 9 'Financial Instruments' with IFRS 4 (effective for annual periods beginning on or after 1 July 2018). The amendment address issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts'. The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from 1 July 2018 onwards to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied. The amendments are not likely to have an impact on the Operation's financial statements.
- 2.6.9** Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on the Operation's financial statements.
- 2.6.10** Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:
- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement-the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
- IAS 23 Borrowing Costs -the amendment clarifies that a company treats as part of general borrowings, any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on Operations's financial statements.

- 2.6.11** The Companies Act, 2017 was enacted on 30 May 2017 and SECP vide its circular 23 of 2017 has clarified that the companies whose financial year closes on or before 31 December 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. The Companies Act, 2017 applicable for financial year beginning on 1 January 2018 requires certain additional disclosures and Section 235 of the repealed Companies Ordinance, 1984 relating to treatment of surplus arising out of revaluation of assets has not been carried forward in the Companies Act, 2017. The amendments are not likely to have an impact on Operation's financial statements except for extended disclosures.
- 2.6.12** Securities and Exchange Commission of Pakistan ("SECP") vide S.R.O 88(1)/2017 and S.R.O 89(1)/2017 dated 9 February 2017 has issued the Insurance Accounting Regulations, 2017 and Insurance Rules, 2017 (the new Rules and Regulations). The application of these Regulations and Rules for the purpose of preparation and presentation of the financial statements was effective from 1 April 2017.

SECP vide letter ID /OSM /Jubilee General /2017 /10483, dated 4 August 2017 has granted exemption to the Operator to prepare their half yearly accounts for the period ended 30 June 2017, third quarter accounts for the period ended 30 September 2017 and annual audited accounts for the year ended 31 December 2017 in accordance with the requirements of repealed SEC (Insurance) Rules 2002 and has allowed the application of New Regulations effective from the accounting year commencing from 1 January 2018. Hence, these financial statements for the year ended 31 December 2017 are prepared in accordance with the requirements of repealed SEC (Insurance) Rules 2002.

The new Rules and Regulations require significant disclosures / requirements, which are relevant to the Company includes but not limited to: Presentation and disclosure of financial statements prescribed in Annexure II of the Insurance Rules, 2017, recognition of available-for-sale investments at fair value as per IAS 39 "Financial Instruments: Recognition and Measurement", recognition of premium receivable under a insurance policy / cover note as written from the date of attachment of risk to the policy / cover note and insurance policy is required to be issued where premium has been received by the insurer either in full or installment. The management has completed an initial assessment of changes required in respect of the above stated requirements and considered major impact in in accordance with the format prescribed by SEC Insurance Rules, 2017 is on Presentation and disclosure of financial statements as per Annexure II of the Insurance Rules, 2017 and on valuation of available-for-sale investments, the impact of which has been disclosed in note 3.14.2.3.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies as said below have been applied consistently to all periods presented in these financial statements.

3.1 Standards, interpretations and amendments effective during the current year

During the year, certain new standards and amendments to existing standards became effective. However, they did not have material affect on these financial statements.

3.2 Classification of takaful contracts

The takaful contracts are based on the principles of Wakala. The takaful contracts so agreed usually inspire concept of tabarru (to donate for benefit of others) and mutual sharing of losses with the overall objective of eliminating the element of uncertainty.

Contracts under which the Participant Takaful Fund (PTF) accepts significant takaful risk from another party (the participant) by agreeing to compensate the participant if a specified uncertain future event (the takaful event) adversely affects the participant are classified as takaful contracts. Takaful risk is significant if a takaful event could cause the PTF to pay significant benefits due to the happening of the takaful event compared to its non happening. Once a contract has been classified as a takaful contract, it remains a takaful contract for the remainder of its lifetime, even if the takaful risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

The Operations underwrites non-life takaful contracts that can be categorised into following main categories:

a) Fire and property

Fire and property takaful contracts mainly compensate the participants for damage suffered to their properties or for the value of property lost. Participants 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. These contracts are generally one year contracts except some contracts that are of three months period.

b) Marine, aviation and transport

Marine takaful covers the loss or damage of vessels, cargo, terminals, and any transport or property by which cargo is transferred, acquired, or held between the points of origin and final destination. These contracts are generally for three months period.

c) Motor

Motor takaful provides protection against losses incurred as a result of theft, traffic accidents and against third party liability that could be incurred in an accident. These contracts are generally one year contracts.

d) Accident and health

Accident and health takaful contract mainly compensate hospitalisation and outpatient medical coverage to the participant. These contracts are generally one year contracts.

e) Miscellaneous

All other various types of takaful contracts are classified in miscellaneous category which includes mainly engineering, terrorism, personal accident, workmen compensation, travel and products of financial institutions etc. These contracts are normally one year takaful contracts except some engineering takaful contracts that are of more than one year period, whereas, normally travel takaful contracts expire within one month time.

These takaful contracts are provided to all types of customers based on assessment of takaful risk by the Operator. Normally personal takaful contracts e.g. vehicle, travel, personal accident, etc. are provided to individual customers, whereas, takaful contracts of fire and property, marine, aviation and transport, accident and health and other commercial line products are provided to commercial organizations.

3.3 Re-takaful contracts held

These are contracts entered into by the Operation with re-takaful operators for compensation of losses suffered on takaful contracts issued. These re-takaful contracts include both facultative and treaty arrangement contracts and are classified in same categories of takaful contracts for the purpose of these financial statements. The PTF recognise the entitled benefits under the contracts as various retakaful assets. Re-takaful contribution is recognised as an expense when retakaful is ceded. Re-takaful assets and liabilities are derecognised when contractual right are extinguished or expired.

The deferred portion of re-takaful contribution is recognized as a prepayment in PTF. The deferred portion of re-takaful contribution ceded is calculated by using twenty fourths' method.

3.4 Provision for unearned contribution

The provision for unearned portion of contribution is calculated by applying twenty fourths' method, except Accident and Health Takaful for which unearned contribution is calculated by applying 365 days method as prescribed by repealed SEC (Insurance) Rules, 2002.

3.5 Receivable and payables related to takaful contribution

Receivables including contribution due but unpaid relating to takaful contracts are recognized when due. The claim payable is recorded when intimation is received. These are recognized at cost, which is the fair value of the consideration given less provision for impairment, if any. Contribution received in advance is recognised as liability till the time of issuance of takaful contract there against.

If there is an objective evidence that any contribution due but unpaid is impaired, the Operations reduces the carrying amount of that contribution receivable and recognizes the loss in profit and loss account.

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

Provision for outstanding claims include amounts in relation to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

Outstanding claims

The amount of claims that have been reported and are yet unpaid or partially unpaid at the end of reporting year for a given accident year.

A liability for outstanding claims (claim incurred) is recognized for all claims incurred which represents the estimates of the claims intimated or assessed before the end of the reporting period and measured at the undiscounted value of expected future payments. Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates while taking into consideration the past claims settlement experience including handling costs and the Operation's reserving policy. Where applicable, deductions are made for salvage and their recoveries.

Retakaful recoveries against outstanding claims and salvage recoveries are recognized as an asset and measured at the amount expected to be received.

Incurred But Not Reported (IBNR) Claims

The losses that have incurred or are in the occurrence period at the end of reporting year and have not been intimated to the Operator by that end of reporting year, or if reported, complete details are not available to the Operator, so as to ascertain the amount of loss for that claim as claims outstanding.

The Operations is required, as per SECP circular no. 9 of 2016 dated 09 March 2016 "Guidelines for Estimation of Incurred but not reported claims reserve, 2016" to estimate and maintain the provision for claims incurred but not reported for each class of business by using prescribed Method "Chain Ladder Method" and other alternate method as allowed under the provisions of the Guidelines. The actuarial valuation as at 31 December 2017 has been carried out by independent firm of actuaries for determination of IBNR for each class of business.

3.7 Contribution deficiency reserve

The Operations is required as per repealed SEC (Insurance) Rules, 2002, to maintain a provision in respect of contribution deficiency for the class of business where the unearned contribution reserve is not adequate to meet the expected future liability, after re-takaful recoveries from claims, and other supplementary expenses expected to be incurred after the reporting date in respect of the unexpired takaful contracts in that class of business at the reporting date. The movement in the contribution deficiency reserve is recorded as an expense in the profit and loss account.

The Operator determines adequacy of liability of contribution deficiency by carrying out analysis of its loss ratio of expired periods of the contracts. The liability of contribution deficiency in relation to accident and health takaful contracts is calculated in accordance with the advice of the actuary.

No provision has been made as the unearned contribution reserve for each class of business as at the year end is adequate to meet the expected future liability after re-takaful from claims and other expenses, expected to be incurred after the reporting date in respect of policies in force at reporting date.

3.8 Defined contribution plan

The Operator contributes to a provident fund scheme which covers all permanent employees. Equal contributions are made both by the Operator and the employees to the fund at the rate of 8.33 percent of basic salary.

3.9 Takaful surplus

Takaful surplus attributable to the participants is calculated after charging all direct cost and setting aside various reserves. Allocation to participants, if applicable, is made after adjustment of claims paid to them during the period.

3.10 Provision for unearned wakala fee

The Operator manages the general takaful operations for the participants and charges wakala fee to PTF on gross contributions recognized for each class of business to meet the general and administrative expenses of the Operator including commissions to agents at following rates:

Class	Percentage
Fire and property damage	33.50%
Marine, aviation and transport	35.00%
Motor	29.00%
Health	25.00%
Miscellaneous	27.50%

Wakala fee is recognised as income in Operator's Fund on the same basis on which the related contribution revenue is recognized. Unearned portion of wakala fee is recognised as a liability of Operator's Fund.

3.11 Modarib's fee

The Operator also manages the participants' investment as Modarib and charges 20 percent of the investment income earned by the PTF as Modarib's fee. It is recognized on the same basis on which related revenue is recognised.

3.12 Qard-e-Hasna

Qard-e-Hasna is provided by Operator's Fund to PTF in case of deficit or to fulfil cash flow requirements.

3.13 Cash and cash equivalents

Cash and cash equivalents for cash flow purposes include cash in hand, policy stamps, bank balances and the term deposit receipts having a maturity of not more than twelve months and are subject to insignificant risk of change in value.

3.14 Investments

3.14.1 Classification and recognition

All investments are initially recognized at cost, being the fair value of the consideration given and include transaction costs, except for investment at fair value through profit or loss in which case transaction costs are charged to the profit and loss account. These are recognized and classified as follows:

- Investment at fair value through profit or loss
- Held to maturity
- Available-for-sale

The classification depends on the purpose for which the financial assets were acquired.

3.14.2 Measurement

3.14.2.1 Investment at fair value through profit or loss

Investments which are acquired principally for the purposes of generating profit from short term fluctuation in price or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading.

Investments which are designated at fair value through profit or loss upon initial recognition.

Subsequent to initial recognition, these investments are premeasured at fair value. Gains or losses on remeasurement of these investments are recognised in profit and loss account.

3.14.2.2 Held to maturity

Investments with fixed determinable payments and fixed maturity, where Operations has both the intent and the ability to hold to maturity, are classified as held to maturity.

Subsequently, these are measured at amortised cost less provision for impairment, if any.

Any premium paid or discount availed on government securities and term finance certificates is deferred and amortised over the period to maturity of investment using the effective yield.

3.14.2.3 Available-for-sale

Investments which are not eligible to be classified as "held for trading" or "held to maturity" are classified as 'available-for-sale'. These investments are intended to be held for an indefinite period of time which may be sold in response to the need for liquidity, changes in interest rates, equity prices or exchange rates are classified as available-for-sale.

Quoted

Subsequent to initial recognition at cost, quoted investments are stated at the lower of cost or market value (market value on an individual investment basis being taken as lower if the fall is other than temporary) in accordance with the requirements of the repealed SEC (Insurance) Rules, 2002 vide S.R.O. 938 dated December 2002.

The SECP has allowed the 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.

Had the Operator adopted International Accounting Standard (IAS) 39 "Financial Instruments: Recognition and Measurement" in respect of recognition of gain / loss on remeasurement of available-for-sale securities directly into Operator's Fund, the investments of the Operator would have been lower by Rs. 2,850 thousands (2016: higher by Rs. 898 thousands) and the net Operator's Fund would have decreased by Rs. 1,995 thousands (2016: increased by Rs. 629 thousands)-net of tax effect.

Fair / market value measurements

For investments in Government securities, fair / market value is determined by reference to quotations obtained from Reuters page (PKRV) where applicable. For investments in quoted marketable securities, other than Term Finance Certificates, fair / market value is determined by reference to Stock Exchange quoted market price at the close of business on reporting date. The fair market value of Term Finance Certificates is as per the rates issued by the Mutual Funds Association of Pakistan (MUFAP).

Date of recognition

Regular way purchases and sales of investments that require delivery within the time frame established by regulations or market convention are recognised at the trade date. Trade date is the date on which the Operator commits to purchase or sell the investment.

3.15 Fixed assets

3.15.1 Tangibles

These are stated at cost less accumulated depreciation and impairment loss, if any. Depreciation is charged over the estimated useful life of the asset on a systematic basis to income applying the straight line method at the rates specified in note 11 to these financial statements.

Depreciation on additions is charged from the month the assets are available for use. While on disposal, depreciation is charged up to the month in which the assets are disposed off.

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

An item of tangible fixed asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss account in the year the asset is derecognized. Depreciation methods, useful lives and residual values that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each reporting date.

Intangibles

An intangible asset is recognised as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of such asset can be measured reliably.

Costs directly associated with identifiable software that will have probable economic benefits exceeding costs beyond one year, are recognised as an intangible asset.

Infinite Intangible

These are stated at cost less impairment, if any.

Definite Intangible

- a) These are stated at cost less accumulated amortisation and impairment, if any.
- b) Intangible assets are amortised on straight line basis over its estimated useful life(s) (refer note 11).
- c) Amortisation on additions is charged from month in which the asset is put to use, whereas no amortisation is charged from the month the asset is disposed off.

3.16 Contribution income

Contributions including administrative surcharge under a takaful contract are recognised as revenue at the time of issuance of takaful contract.

Contributions income net of wakala fee is determined after taking into account the unearned portion of contributions. The unearned portion of contribution income is recognised as a liability in PTF.

Re-takaful ceded is recognised as expense after taking into account the proportion of deferred re-takaful contribution expense which is calculated using twenty fourths method. The deferred portion of re-takaful contribution expense is recognised as a prepayment.

3.17 Commission

Commission expense incurred in obtaining and recording policies is deferred and recognised in Operator's Fund as an expense in accordance with pattern of recognition of contribution revenue.

Rebate and other forms of revenue (apart from recoveries) from re-takaful operators are deferred and recognised as liability and recognised in the profit and loss account as revenue of PTF in accordance with the pattern of recognition of the re-takaful contributions.

3.18 Allocation of management expenses

Expenses of management have been allocated to various classes of business as deemed equitable by the Operator. Expenses not allocable to the underwriting business are charged under general and administration expenses.

3.19 Investment income

Profit on bank deposits is recognised on a time proportion basis taking into account the effective yield.

Income from held to maturity investments is recognised on a time proportion basis taking into account the effective yield on the investments. The difference between the redemption value and the purchase price of the held to maturity investments is amortised and taken to the profit and loss account over the term of the investment.

Dividend income is recognised when the Operation's right to receive the payment is established.

Return on fixed income securities is recognised on a time proportion basis taking into account the effective yield on the investments.

Gain / loss on sale of investments is included in income currently.

3.20 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Operator's profit and loss account in accordance with Rule 12 of Takaful Rule 2012, except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case it is recognised in equity or in other comprehensive income respectively. In making the estimates for income taxes currently payable by the Operator, the management considers the current income tax law and the decisions of appellate authorities on certain issues in the past.

Current

Current tax is the expected tax payable or receivable on the taxable income or loss for the year of the Operator's Fund, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Provisions for current taxation is based on taxability of certain income streams of the Operator's Fund under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime and / or minimum tax liability, as applicable, after taking into account tax credits and tax rebates available, if any.

Deferred tax

Deferred tax is recognised using balance sheet liability method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the tax rates enacted or substantively enacted at the reporting date.

The Operator recognises a deferred tax asset to the extent of taxable timing differences or it is probable that taxable profits for the foreseeable future will be available against which the assets can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The taxation of the Operator's Fund is made while including in the Company's results as a whole and accordingly taxation has been recorded.

3.21 Segment reporting

An operating segment is a component of the Operations that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Operator's other components. All operating segments' results are reviewed regularly by the Operator's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. However, based on its classification of takaful contracts issued, the Operations has five primary business segments for reporting purposes namely fire, marine, motor, accident and health and miscellaneous.

The Operator presents segments reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the repealed SEC (Insurance) Rules, 2002. The reported operating segments are also consistent with the internal reporting process of the Operator for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment. All the Operator's business segments operate in Pakistan only.

Based on its classification of takaful contracts issued, the Operations has five primary business segments for reporting purposes namely fire, marine, motor, accident and health and miscellaneous. The nature and business activities of these segments are disclosed in note 3.2.

Assets and liabilities are allocated to particular segments on the basis of contribution earned. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities. Depreciation and amortisation are allocated to a particular segment on the basis of net contribution earned.

3.22 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are only offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amount and the Operator intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.23 Impairment

The carrying amount of assets are reviewed at each reporting date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less cost to sell and value in use. Impairment losses are recognised in profit and loss account.

Impairment is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in fair value of an equity investments classified as available-for-sale below its cost is also considered an objective evidence of impairment. Impairment losses are reversed when there is an indication that impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount.

3.24 Provisions

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

3.25 Financial instruments

Financial instruments carried on the balance sheet include contributions due but unpaid, amount due to other takaful / re-takaful operator, accrued investment income, sundry receivables, accrued expenses, other creditors and accruals.

All the financial assets and financial liabilities are recognised at the time when the Operations becomes a party to the contractual provisions of the instrument and derecognized when the Operations loses control of contractual rights that comprises the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired.

At the time of initial recognition all financial assets and financial liabilities are measured at cost, which is the fair value of the consideration given or received for it. Any gain or loss on derecognition of financial assets and financial liabilities is taken to profit and loss account of the period in which financial instrument is derecognised.

4. TAXATION - PROVISION LESS PAYMENTS

	2017	2016
	(Rupees in '000)	
Provision for taxation	18,033	2,317
Less: taxes paid / deducted at source	(2,270)	(1,991)
	15,763	326

5. OTHER CREDITORS AND ACCRUALS

	2017		2016	
	Operator's Fund	Participants' Takaful Fund	Aggregate	Aggregate
	----- (Rupees in '000) -----			
Federal excise duty and sales tax	-	5,331	5,331	3,772
Federal insurance fee	-	401	401	291
Commissions payable	23,495	-	23,495	16,294
Tax deducted at source	62	1,555	1,617	607
Contribution payable	-	1,695	1,695	-
Miscellaneous	41	738	779	35
Charity payable	1	-	1	1
	23,599	9,720	33,319	21,000

6. CONTINGENCY AND COMMITMENT

There is no contingency and commitment as at 31 December 2017 (2016 : Rs. Nil).

7. CASH AND BANK DEPOSITS

Note	2017			2016
	Operator's Fund	Participants' Takaful Fund	Aggregate	Aggregate
	----- (Rupees in '000) -----			
Cash and other equivalents				
Policy stamps and bond papers in hand	-	253	253	92
Current and other accounts				
Current accounts	-	17,115	17,115	10,671
Savings accounts	7.1	148,538	246,348	394,886
		148,538	263,463	412,001
Deposits maturing within 12 months	7.2	-	20,000	25,000
	7.3	148,538	283,716	432,254
				253,988

- 7.1** Savings accounts carry expected profit rates ranging from 2.48% to 5.60% (2016: 2.61% to 5.16%) per annum.
- 7.2** This represent term deposit receipts carrying expected profit rates ranging from 4.14% to 5.29% (2016: 5.50% to 5.75%) per annum.
- 7.3** Cash and bank deposits include Rs. 215,557 thousands (2016: Rs. 164,669 thousands) held with a related party.

8. INVESTMENTS

	2017			2016
	Operator's Fund	Participants' Takaful Fund	Aggregate	Aggregate
	----- (Rupees in '000) -----			
Available-for-sale				
Quoted equity securities	33,451	-	33,451	22,445

Available for sale securities - quoted

Number of shares		Face value per share (Rupees)	Name of Investee	2017	2016
2017	2016			(Rupees in '000)	
Ordinary Shares					
Textile Composite					
10,000	40,000	10	Nishat Mills Limited	1,467	5,868
-	15,000	10	Nishat Chunia Limited	-	879
Cement					
100,000	50,000	10	Fauji Cement Company Limited	2,502	2,108
20,000	-	10	Pioneer Cement Limited	2,915	-
23,625	-	10	Maple Leaf Cement Factory Limited	1,617	-
Oil Refinery Companies					
1,800	-	10	National Refinery Limited	1,132	-
Power Generation & Distribution					
10,000	-	10	The Hub Power Company Limited	1,312	-
Oil and Gas Exploration Companies					
6,150	8,500	10	Pakistan Oil Fields Limited	2,870	3,993
10,000	-	10	Pakistan Petroleum Limited	1,641	-
10,000	-	10	Sui Northern Gas Pipeline Limited	1,376	-
Engineering					
30,500	-	10	Mughal Iron & Steel Industries Limited	2,302	-
15,100	-	10	Amreli Steels Limited	1,799	-
Fertilizer					
5,000	-	10	Engro Corporation Limited	1,639	-
160,000	140,000	10	Engro Fertilizer Limited	10,879	9,597
				33,451	22,445

- 8.1** The market value of the quoted available-for-sale investments is Rs. 30,601 thousands (2016 : Rs. 23,343 thousands).

9. RE-TAKAFUL RECOVERIES AGAINST OUTSTANDING CLAIMS

These are unsecured and considered good.

10. SUNDRY RECEIVABLES - Considered good

	2017			2016
	Operator's Fund	Participants' Takaful Fund	Aggregate	Aggregate
----- (Rupees in '000) -----				
Sales tax recoverable	179	1,008	1,187	374
Advance tax	-	-	-	893
Advance to supplier - considered good	21	-	21	21
Medical claims recoverable	-	1,438	1,438	1,262
Others	573	322	895	68
	<u>773</u>	<u>2,768</u>	<u>3,541</u>	<u>2,618</u>

11. FIXED ASSETS - Tangible and intangible**2017**

	Furniture, fixtures and equipments				Computer software	Total
	Furniture and fixtures	Office equipment	Computer equipment	Sub total		
----- (Rupees in '000) -----						
As at 01 January 2017						
Cost	9,208	6,101	596	15,905	3,144	19,049
Accumulated depreciation	(2,181)	(1,430)	(213)	(3,824)	(496)	(4,320)
Net book value as at 01 January 2017	<u>7,027</u>	<u>4,671</u>	<u>383</u>	<u>12,081</u>	<u>2,648</u>	<u>14,729</u>
For the year ended 31 December 2017						
Opening net book value	7,027	4,671	383	12,081	2,648	14,729
Additions	-	52	98	150	489	639
Disposals						
- Cost	-	(10)	-	(10)	-	(10)
- Accumulated depreciation	-	3	-	3	-	3
Adjustment / transfer						
- Cost	-	(32)	-	(32)	-	(32)
- Accumulated depreciation	-	-	-	-	-	-
	-	(32)	-	(32)	-	(32)
Depreciation charge	(1,381)	(917)	(152)	(2,450)	(636)	(3,086)
Net book value as at 31 December 2017	<u>5,646</u>	<u>3,767</u>	<u>329</u>	<u>9,742</u>	<u>2,501</u>	<u>12,243</u>
As at 31 December 2017						
Cost	9,208	6,111	694	16,013	3,633	19,646
Accumulated depreciation	(3,562)	(2,344)	(365)	(6,271)	(1,132)	(7,403)
Net book value as at 31 December 2017	<u>5,646</u>	<u>3,767</u>	<u>329</u>	<u>9,742</u>	<u>2,501</u>	<u>12,243</u>
Annual rate of depreciation	<u>17%</u>	<u>17% - 25%</u>	<u>25%</u>		<u>20%</u>	

2016

	Furniture, fixtures and equipments				Computer software	Total
	Furniture and fixtures	Office equipment	Computer equipment	Sub total		
----- (Rupees in '000) -----						
As at 01 January 2016						
Cost	9,148	6,061	596	15,805	644	16,449
Accumulated depreciation	(800)	(521)	(79)	(1,400)	(75)	(1,475)
Net book value as at 01 January 2016	<u>8,348</u>	<u>5,540</u>	<u>517</u>	<u>14,405</u>	<u>569</u>	<u>14,974</u>
For the year ended 31 December 2016						
Opening net book value	8,348	5,540	517	14,405	569	14,974
Additions	60	40	-	100	2,500	2,600
Depreciation charge	(1,381)	(909)	(134)	(2,424)	(421)	(2,845)
Net book value as at 31 December 2016	<u>7,027</u>	<u>4,671</u>	<u>383</u>	<u>12,081</u>	<u>2,648</u>	<u>14,729</u>
As at 31 December 2016						
Cost	9,208	6,101	596	15,905	3,144	19,049
Accumulated depreciation	(2,181)	(1,430)	(213)	(3,824)	(496)	(4,320)
Net book value as at 31 December 2016	<u>7,027</u>	<u>4,671</u>	<u>383</u>	<u>12,081</u>	<u>2,648</u>	<u>14,729</u>
Annual rate of depreciation	<u>17%</u>	<u>17% - 25%</u>	<u>25%</u>		<u>20%</u>	

12. DIRECT EXPENSES

2017 **2016**
(Rupees in '000)

Annual monitoring fee for vehicle tracking devices
Inspection fee
Co-takaful service charges

	106	-
	542	-
	210	-
	<u>858</u>	<u>-</u>

13. WAKALA FEE INCOME

	Wakala fee	Reserve for unearned wakala fee		2017 Net wakala fee income	2016 Net wakala fee income
		Opening	Closing		
----- (Rupees in '000) -----					
Direct and facultative					
Fire and property damage	30,476	9,921	14,496	25,901	14,063
Marine, aviation and transport	15,006	975	2,207	13,774	4,228
Motor	102,427	32,509	53,424	81,512	31,347
Accident and health	28,744	14,780	9,828	33,696	17,730
Miscellaneous	11,131	5,851	5,444	11,538	5,410
	<u>187,784</u>	<u>64,036</u>	<u>85,399</u>	<u>166,421</u>	<u>72,778</u>

14. ADMINISTRATIVE SURCHARGE

Contribution written and net contribution revenue include administrative surcharge, class wise detail of which is given below:

	Note	2017 (Rupees in '000)	2016
Fire and property damage		1,070	584
Marine, aviation and transport		1,482	452
Motor		11,894	6,796
Accident and health		-	1
Miscellaneous		357	251
		<u>14,803</u>	<u>8,084</u>

15. MANAGEMENT EXPENSES

	Note	2017	2016
Salaries, allowances and other benefits	15.1	34,755	20,753
Rent, taxes and electricity	15.2	3,249	2,851
Communication		474	301
Printing, stationery and postage		2,960	2,501
Statutory levies		230	-
Repairs and maintenance		29	25
Advertising and sales promotion		7,837	2,835
Depreciation	11	2,648	2,553
Amortisation		687	292
Bank Charges		88	201
Others		711	2,324
		<u>53,668</u>	<u>34,636</u>

15.1 This include Rs. 9,043 thousands remuneration of key management personnel (2016: Rs. 6,460 thousands), allocation of personnel expense Rs. 7,028 thousands (2016: Rs. 2,044 thousands) and Rs.658 thousands (2016: Rs.493 thousand being contribution for employee provident fund and Rs. 846 thousands (2016: Rs.634 thousands) in respect of defined benefit plan - staff gratuity.

15.2 This include rent amounting to Rs. 1,771 thousands (2016: Rs. 2,134 thousands) paid to the Operator.

16. REBATE FROM RE-TAKAFUL OPERATORS

	Rebate received or receivable	Unearned re-takaful rebate		2017	2016
		Opening	Closing		
----- (Rupees in '000) -----					
Fire and property damage	998	715	603	1,110	988
Motor	7	57	3	61	3
Miscellaneous	(176)	1,210	15	1,019	530
	<u>829</u>	<u>1,982</u>	<u>621</u>	<u>2,190</u>	<u>1,521</u>

17. GENERAL AND ADMINISTRATION EXPENSES - Operator's Fund

	Note	2017 (Rupees in '000)	2016
Shariah Advisor fee		1,980	1,735
Subscription		17	15
Auditors' remuneration	17.1	671	706
Non-shariah compliant income		15	1
		<u>2,683</u>	<u>2,457</u>

17.1 Auditors' remuneration

Audit fee	230	200
Interim review fee	86	75
Shariah Compliance audit	287	265
Special reports and certificates for various government agencies and sundry advisory services	-	100
Out of pocket expenses	68	66
	<u>671</u>	<u>706</u>

18. TAXATION - NET

The current tax charge for the year is Rs. 18,033 thousand at the tax rate of 30 percent and the same has been recorded in these financial statements hence no tax reconciliation has been made.

19. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise the Operator, associated companies, companies under common control, companies with common directors, major shareholders, employees' retirement benefit plans, directors and key management personnel of the Operator. All transactions involving related parties arising in the normal course of business are conducted at commercial terms and conditions. Transactions with the key management personnel are included in note 20 to these financial statements and are determined in accordance with the terms of their employment / entitlements.

	Note	2017 (Rupees in '000)	2016
Associated companies / undertakings			
Takaful contribution written (including government levies, administrative surcharge and policy stamps)		342	-
Contribution due but unpaid		342	-
Rent	19.1	1,771	2,134
Reimbursement of expenses	19.2	10,372	3,682
Profit on bank deposits		7,350	3,623
Others			
Takaful contribution written (including government levies, administrative surcharge and policy stamps)		33	309
Takaful contribution received / adjusted during the year		30	309
Contribution due but unpaid		3	-
Contributions to staff retirement benefit plans		1,504	493

19.1 This represents rent amounting to Rs. 1,771 thousands (2016: Rs. 2,134 thousands) paid to the operator.

19.2 These expenses pertain to Accident and Health business common back office operations jointly shared with Jubilee Life Insurance Company Limited, an associated company and allocation of personnel expenses of the employees who invested their efforts in takaful business, to the operator.

20. REMUNERATION OF HEAD OF WINDOW TAKAFUL OPERATIONS

	2017	2016
	(Rupees in '000)	
Managerial remuneration - including bonus	5,026	3,660
Staff retirement benefits	354	261
House rent allowance	1,909	1,410
Utilities allowance	424	313
Medical expenses	39	27
Leave passage / assistance	-	202
Vehicle allowance	874	874
Others	417	444
	<u>9,043</u>	<u>7,191</u>

21. SEGMENT REPORTING

Class of business wise revenue and results have been disclosed in the profit and loss account prepared in accordance with the requirement of Insurance Ordinance, 2000 and the repealed SEC (Insurance) Rules, 2002. The following table presents information regarding segment assets, liabilities as at 31 December 2017, unallocated capital expenditure and non-cash expenses during the year:

	2017					
	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Others	Total
	(Rupees in '000)					
SEGMENT ASSETS						
Segment assets	33,013	8,695	62,043	24,774	19,721	148,246
Unallocated assets						
- Participants' Takaful Fund						285,733
- Operator's Fund						269,441
Consolidated total assets						<u>703,420</u>
SEGMENT LIABILITIES						
Segment liabilities						
- Participants' Takaful Fund	47,176	16,551	221,911	76,220	34,890	396,748
Unallocated liabilities						
- Operator's Fund						126,503
Consolidated total liabilities						<u>523,251</u>
Depreciation / amortisation	480	255	1,512	625	214	3,086
Unallocated capital expenditure						639

	2016					
	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Others	Total
	(Rupees in '000)					
SEGMENT ASSETS						
Segment assets	33,776	3,863	29,066	18,148	18,883	103,736
Unallocated assets						
- Participants' Takaful Fund						171,486
- Operator's Fund						185,071
Consolidated total assets						<u>460,293</u>
SEGMENT LIABILITIES						
Segment liabilities						
- Participants' Takaful Fund	46,531	12,050	124,756	74,774	24,546	282,657
Unallocated liabilities						
- Operator's Fund						84,209
Consolidated total liabilities						<u>366,866</u>
Depreciation / amortisation	550	165	1,225	693	212	2,845
Unallocated capital expenditure						<u>2,600</u>

22. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

- Market risk
- Liquidity risk
- Credit risk

The Board meets frequently throughout the year for developing and monitoring the Operator's risk management policies. The Operations' risk management policies are established to identify and analyse the risks faced by the Operation, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Operation's activities. The Operator, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Operator's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Operations.

22.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise of interest rate risk, foreign currency risk and other price risk. The objective of market risk management is to manage and control market risk exposures within an acceptable range.

22.1.1 Profit rate risk

Profit rate risk is the risk that the value of a financial instrument will fluctuate due to change in the market profit rate.

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

All financial assets of the operations are non profit bearing except for cash and bank deposits ranging profit rate of 2.48% to 5.60%.

22.1.2 Foreign Currency risk

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

22.1.3 Other price risk

Other price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest 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. The Operations at present, is not materially exposed to other price risk.

22.2 Liquidity risk

Liquidity risk is the risk that the Operations will not be able to meet its financial obligations as they fall due. The Operations' approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the operation's reputation. The following are the contractual maturities of financial liabilities based on the remaining period at the reporting date to maturity date.

The table below summaries the maturity profile of the financial liabilities. The contractual maturities of these liabilities at the year end have been determined on the basis of the remaining period at the reporting date to the contractual maturity date. Financial liabilities not having a contractual maturity are assumed to mature on the expected date on which these liabilities will be settled:

	2017			Total
	Within one year	Over one year to five year	Over five year	
----- (Rupees in '000) -----				
Financial liabilities				
Provision for outstanding claims (including IBNR)	94,875	-	-	94,875
Amounts due to other takaful / re-takaful operators	43,036	-	-	43,036
Wakala and mudarib fee payable	45,694	-	-	45,694
Accrued expenses	1,440	-	-	1,440
Other creditors and accruals	25,970	-	-	25,970
	211,015	-	-	211,015

	2016			Total
	Within one year	Over one year to five year	Over five year	
----- (Rupees in '000) -----				
Financial liabilities				
Provision for outstanding claims (including IBNR)	46,377	-	-	46,377
Amounts due to other takaful / re-takaful operators	22,405	-	-	22,405
Wakala and mudarib fee payable	41,078	-	-	41,078
Accrued expenses	3,337	-	-	3,337
Other creditors and accruals	16,330	-	-	16,330
	129,527	-	-	129,527

22.3 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 operations attempts to control credit risk by monitoring credit exposures by undertaking transactions with a large number of counter parties in various industries and by continually assessing the credit worthiness of counter parties.

22.3.1 Concentration of credit risk

The bank balances and deposits represents low credit risk as they are placed with reputed financial institutions with strong credit ratings.

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

Bank	Long Term Rating	Rating Agency	2017	2016
----- (Rupees in '000) -----				
Standard Chartered Bank (Pakistan) Limited	AAA	PACRA	15,548	6,383
Habib Bank Limited - a related party	AAA	JCR-VIS	215,557	164,669
Bank Alfalah Limited	AA+	PACRA	52,898	47,316
Dubai Islamic Bank Limited	A+	JCR-VIS	16,791	35,528
BankIslami Pakistan Limited	A+	PACRA	131,207	-
			432,001	253,896

The credit quality of Company's equity securities and mutual funds can be assessed as follows:

	2017	2016
	(Rupees in '000)	
Rating		
A or above	29,308	20,337
Others	4,143	2,108
	33,451	22,445

The management monitors exposure to credit risk in contribution receivable from customers and amount due from Co-insurers through regular review of credit exposure. The age wise analysis of contribution due but unpaid includes amount receivable within one year and above one year Rs. 92,208 thousands (2016: 54,327 thousands) and Rs. 323 thousands (2016 : Rs. 218 thousands) respectively.

The credit quality of amount due from co-insurer, and claim recoveries from reinsurer can be assessed from external ratings disclosed in note 24.

23. TAKAFUL RISK

The risk under any takaful contract is the possibility that the covered event occurs and the uncertainty in the amount of compensation to the participant. Generally, most takaful contracts carry the takaful risk for a period of one year (refer note 3.2).

The Operations accepts takaful through issuance of general takaful contracts. For these general takaful contracts the most significant risks arise from fire, atmospheric disturbance, earthquake, terrorist activities and other catastrophes. For health takaful contracts, significant risks arise from epidemics.

Frequency and severity of claims

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

The operation's class wise major risk exposure is as follows:

	Maximum gross risk exposure	
	2017	2016
	(Rupees in '000)	
Class		
Fire and property	5,440,000	6,800,000
Marine, aviation and transport	399,400	230,450
Motor	22,796	17,550
Accident and health	172,579	580,075
Miscellaneous	5,441,360	11,053,800

The re-takaful arrangements against major risk exposure include excess of loss, quota arrangements, facultative arrangements and catastrophic coverage. The objective of having such arrangements is to mitigate adverse impacts of severe losses on operation's net retentions. As the major re-takaful arrangements are on excess of loss basis, therefore the re-takaful coverage against PTF's risk exposures is not quantifiable.

Uncertainty in the estimation of future claims payment

Claims on general takaful contracts are payable on a claim occurrence basis. The PTF is liable for all covered events that occur during the term of the takaful contract including the event reported after the expiry of the takaful contract term.

An estimated amount of the claim is recorded immediately on the intimation to the operations. The estimation of the amount is based on operator's judgment or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims.

There are several variable factors which affect the amount and timing of recognized claim liabilities. The operations takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be significantly different from initial recognized amount.

Key assumptions

The principal assumption underlying the liability estimation of IBNR and Contribution Deficiency Reserves is that the Operator's future claim development will follow similar historical pattern for occurrence and reporting. The management uses qualitative judgment to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgment includes external factors e.g. treatment of one-off occurrence claims, changes in market factors, economic conditions, etc. The internal factors such as portfolio mix, policy conditions and claim handling procedures are further used in this regard.

The actuarial valuation as at 31 December 2017 has been carried out by independent firm of actuaries for determination of IBNR for each class of business. The actuarial valuation is based on a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation as required / allowed by the circular 9 of 2016. IBNR reserve is calculated using the lag factors of the conventional business of the Company for each line of business. This is due to inadequate claim experience of the Takaful business and for this reason no further analysis can be performed on the claims data. The ultimate claims to be settled are calculated by applying the above factors to the Incurred claims in paid claims data as at year end. The claims outstanding and claims paid are deducted from the ultimate claims to be settled claims for that particular year to derive an IBNR estimate for that year. The methods used, and the estimates made, are reviewed regularly.

The Operator determines adequacy of liability of contribution deficiency by carrying out analysis of its loss ratio of expired periods of the contracts. For this purpose average loss ratio of last three years inclusive of claim settlement cost but excluding major exceptional claims are taken into consideration to determine ultimate loss ratio to be applied on unearned contribution. The liability of contribution deficiency in relation to accident and health insurance is calculated in accordance with the advice of the actuary (note 3.7).

The assumed net of reinsurance loss ratios for each class of business for estimation of Contribution Deficiency Reserves is as follows:

	Assumed net loss ratio	
	2017	2016
Class		
Fire and property	44%	55%
Marine, aviation and transport	88%	70%
Motor	49%	42%
Accident and health	85%	82%
Miscellaneous	53%	21%

Sensitivities

The insurance claim liabilities are sensitive to the incidence of insured events and severity / size of claims. The impact of variation in incidence of insured events on gross claim liabilities, net claim liabilities, profit before tax and equity is as follows:

Average claim cost	Change in assumption	Impact on gross liabilities	Impact on net liabilities	Impact on Surplus / Deficit	Impact on fund
	----- (Rupees in '000) -----				
2017	± 10%	30,847	29,288	29,288	29,288
2016	± 10%	13,109	12,959	12,959	12,959

Claims development

The Operator maintains adequate reserves in respect of its takaful business in order to protect against adverse future claims experience and developments. The uncertainties about the amount and timing of claim payments are normally resolved within one year. The following table shows the development of the claims over a period of time. All amounts are presented in gross numbers before retakaful.

	2015	2016	2017
	----- (Rupees in '000) -----		
Accident year			
Gross estimate of ultimate claims cost:			
- At end of accident year	14,239	127,598	281,984
- One year later	15,929	137,541	-
- Two year later	15,829	-	-
Current estimate of cumulative claims	15,829	137,541	281,984
Cumulative payment to date	(15,722)	(135,116)	(208,080)
Liability recognised in balance sheet	107	2,425	73,904

Statement of Age-wise Breakup of Unclaimed Takaful Benefits

Total amount	Age-wise Breakup			
	1 to 6 months	7 to 12 months	13 to 24 months	Beyond 24 months
	----- (Rupees in '000) -----			
Claims not encashed	7,400	6,915	485	-

24. RE-TAKAFUL RISK

Re-takaful 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 minimise its exposure to significant losses from re-takaful operators' insolvencies, the operations obtain retakaful rating from a number of retakaful operators, who are dispersed over several geographical regions.

An analysis of all retakaful assets recognised by the rating of the entity from which it is due is as follows:

Amount due from other takaful / re-takaful operators	Re-takaful recoveries against outstanding claims	Other re-takaful assets	2017	2016
----- (Rupees in '000) -----				

Rating

A or above including Pakistan

Reinsurance Company Limited	1,255	4,361	700	6,316	3,341
BBB	-	159	378	537	574
	1,255	4,520	1,078	6,853	3,915

25. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy:

Note	2017						
	Available-for-sale	Fair value through profit or loss	Receivables and other financial assets	Other financial liabilities	Total	Level 1	Level 2
	----- (Rupees in '000) -----						

On-balance sheet financial instruments

Financial assets not measured at fair value

Cash and bank deposits*	-	-	432,254	-	432,254	-	-	-
Investments	33,451	-	-	-	33,451	30,601	-	30,601
Contribution due but unpaid*	-	-	92,531	-	92,531	-	-	-
Wakala and mudarib fee receivable*	-	-	45,694	-	45,694	-	-	-
Amount due from other takaful / re-takaful operators*	-	-	1,255	-	1,255	-	-	-
Re-takaful recoveries due but unpaid*	-	-	1,078	-	1,078	-	-	-
Accrued Investment Income*	-	-	1,344	-	1,344	-	-	-
Re-takaful recoveries against outstanding claims*	-	-	4,520	-	4,520	-	-	-
Sundry receivables*	-	-	1,780	-	1,780	-	-	-

Financial liabilities not measured at fair value

Provision for outstanding claims*	-	-	-	(94,875)	(94,875)	-	-	-
Amounts due to other takaful / re-takaful operators*	-	-	-	(43,036)	(43,036)	-	-	-
Wakala and mudarib fee payable*	-	-	-	(45,694)	(45,694)	-	-	-
Accrued expenses*	-	-	-	(1,440)	(1,440)	-	-	-
Other creditors and accruals*	-	-	-	(25,970)	(25,970)	-	-	-
	33,451	-	580,456	(211,015)	402,892	30,601	-	30,601

Note	2016							
	Available-for-sale	Fair value through profit or loss	Receivables and other financial assets	Other financial liabilities	Total	Level 1	Level 2	Total
(Rupees in '000)								
On-balance sheet financial instruments								
Financial assets not measured at fair value								
25.1								
Cash and bank deposits*	-	-	253,988	-	253,988	-	-	-
Investments	22,445	-	-	-	22,445	-	23,343	23,343
Contribution due but unpaid*	-	-	54,545	-	54,545	-	-	-
Wakala and mudarib fee receivable*	-	-	41,078	-	41,078	-	-	-
Amount due from other takaful / re-takaful operators*	-	-	84	-	84	-	-	-
Re-takaful recoveries due but unpaid*	-	-	3,581	-	3,581	-	-	-
Accrued Investment Income*	-	-	613	-	613	-	-	-
Re-takaful recoveries against outstanding claims*	-	-	250	-	250	-	-	-
Sundry receivables*	-	-	1,351	-	1,351	-	-	-
Financial liabilities not measured at fair value								
Provision for outstanding claims*	-	-	-	(46,377)	(46,377)	-	-	-
Amounts due to other takaful / re-takaful operators *	-	-	-	(22,405)	(22,405)	-	-	-
Wakala and mudarib fee payable*	-	-	-	(41,078)	(41,078)	-	-	-
Accrued expenses*	-	-	-	(3,337)	(3,337)	-	-	-
Other creditors and accruals*	-	-	-	(16,330)	(16,330)	-	-	-
	22,445	-	355,490	(129,527)	248,408	-	23,343	23,343

* The operator has not disclosed the fair value of these items because their carrying amounts are a reasonable approximation of fair value.

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

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

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

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

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

26. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue in accordance with a resolution of the Board of Directors on 13 February 2018.

27. GENERAL

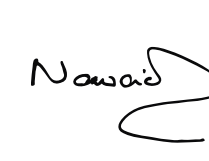
All figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.



Towfiq H. Chinoy
Chairman



Amin A. Hashwani
Director



Nawaid Jamal
Chief Financial Officer



Amyn Currimbhoy
Director



Tahir Ahmed
Managing Director
(Chief Executive)

Glossary

Actuary	Qualified expert who analyses problems from the area of insurance, investments and pensions using methods of probability theory and financial mathematics, and develops solutions with due regard to legal and economic parameters.
Actuarial Valuation	A determination by an actuary at a special date of the value of a insurance Company's assets and its liabilities.
Amortisation	The reduction of the value of an asset by prorating its cost over a period of years.
Associate	Is a company in which the investor has significant influence and which is neither a subsidiary nor a joint venture of the investor.
Authorised Share Capital	The maximum value of share that a Company can legally issue.
Book Value	The value of an asset as entered in a company's books.
Budget	An estimate of income and expenditure for a set period of time.
Business mix	The combination of different types of business activities that a company is engaged in.
Capital Expenditure	The cost of long-term improvements and fixed assets.
Capital Gain	Portion of the total gain recognised on the sale or exchange of a non inventory asset.
Capital Reserve	Any reserve not regarded free for distribution by way of dividends.
Cedant	Client of a reinsurance company.
Combined Ratio	Percentage ratio of the sum of net claims plus management expenses and net commission to net earned premiums. It corresponds to the sum of the loss ratio, commission ratio and the expense ratio.
Commission	Remuneration to an intermediary for services such as selling and servicing an insurer's products.
Consumer online Portal	An internet window presence for selling all retails consumer products.
Contact Centre	Also known as call centre. It is a central location of an enterprise from which all customer contacts are managed.
Claims	The amount payable under a contract of insurance arising from occurrence of an insured event.
Claims Incurred	The aggregate of all claims paid during the accounting period together with attributable claims handling expenses, where appropriate, adjusted by the gross claims reserve at the beginning and end of the accounting period.
Corporate Social Responsibility (CSR)	Is 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.
Cover Note	A cover note is a temporary document issued by an insurance company that provides proof of insurance coverage until a final insurance policy can be issued.

CPEC	The China-Pakistan Economic Corridor(CPEC) is a collection of infrastructure projects currently under construction throughout Pakistan
Currency Devaluation	Reduction in the value of a country's currency.
Current Account Deficit	The situation where value of the goods and services of a country it imports exceeds the value of the goods and services it exports.
Deferred Commission	Expenses which vary with and are primarily related to the acquisition of new insurance contracts and renewal of existing contracts, which are deferred as they relate to a period of risk subsequent to the Balance Sheet date.
Deferred Tax	An accounting concept (also known as future income taxes), meaning a future tax liability or asset in respect of taxable temporary differences.
Defined benefit Plans	Are post-employment benefit plans other than defined contribution plans.
Depreciation	Is the systematic allocation of the cost of an asset over its useful life.
Dividend cover	Profit after tax divided by Dividend measures the number of times dividends are covered by distributable profit for the period.
Doubtful debts	Is a debt where circumstances have rendered its ultimate recovery uncertain.
Earnings per share	Amounts for profit or loss attributable to ordinary shareholders of the entity.
Energy Conservation	Refers to efforts made to reduce energy consumption.
Equity method	Method of accounting whereby the investment is initially recognised at cost and adjusted hereafter for the post-acquisition changes in the investor's share of net assets of the investee.
Exchange Gain (Loss)	Difference resulting from translating a given number of units of one currency into another currency at different exchange rates.
Facultative reinsurance	The reinsurer assumes a share of selected individual risks. The primary insurer can offer an individual risk in reinsurance, which the reinsurer for its part can either accept or decline.
Fair Value	The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing business partners in an arm's length transaction.
Fiscal Deficit	When a government's total expenditures exceed the revenue that it generates.
General Insurance	All kind of Insurance except Life Insurance. i-e, Fire, Marine, Motor and Other Insurance.
General Takaful	Protection to participants for losses arising from perils such accident, fire, flood, liability and burglary.
Gross Contribution	It is the payment of an amount by a participant to the Takaful Participant's Fund, whether direct, through intermediaries for the purpose of mutual protection and assistance.
Gross Domestic Product	The total value of goods produced and services provided in a country during one year.
Gross Written Premium	Premium which an insurer is contractually entitled to receive from the insured in relation to contracts of insurance

Group Health Insurance	A single health policy covering a group of individuals, usually employees of the same company or members of the same association and their dependents.
Impairment	The amount by which the carrying amount of an asset or a cash generating unit exceeds its recoverable amount.
Incurred but not reported (IBNR)	Claim incurred but not reported to the insurer until the financial statements reporting date.
Inflation	A general increase in prices and fall in the purchasing value of money.
Insurance Contracts	A contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder for a specified uncertain future event.
Insurer Financial Strength Rating	Provides an assessment of the financial strength of an insurance company.
Intangibles	An identifiable non-monetary asset without physical substance.
Internal Control	An accounting procedure or system designed to promote efficiency or assure the implementation of a policy to safeguard assets or avoid fraud and error etc.
KGS - (Kyrgyz Som)	Code of Official currency of the Kyrgyz Republic.
KIBOR – (Karachi Interbank Offered Rate)	Interbank clean (without collateral) lending/borrowing rates quoted by the banks.
Loss Ratio	Percentage ratio of claims expenses to net premium.
Macroeconomics	Branch of economics dealing with the performance, structure, behavior, and decision-making of an economy as a whole.
Market Share	The portion of a market controlled by a particular company or product.
Market Value	The highest estimated price that a buyer would pay and a seller would accept for an item in an open and competitive market.
MIS	Management Information System
Mutual fund	A type of professionally managed investment fund that pools money from many investors to purchase securities.
National Exchequer	The account into which tax funds and other public funds are deposited.
Net Asset Value	The value of all tangible and intangible assets of a company minus its liabilities.
Net Contributions	Gross Contributions less all retakaful contributions payable.
Net Premium Revenue	Gross written premium less Reinsurance expense.
Non-Life Insurance	Non Life Insurance and General Insurance have the identical meaning.
Open-end mutual fund	Collective Investment Scheme which can issue and redeem shares at any time.
Outstanding Claims	A type of technical reserve or accounting provision in the financial statements of an insurer to provide for the future liability for claims.
Paid up Capital	The amount paid or contributed by shareholders in exchange for shares of a company's Stock.
Pakistan Investment Bonds	Long term instruments of the Government of Pakistan with tenors available in 3, 5, 10, 15 and 20 years.

Participants' Takaful Fund(PTF) /Waqf Fund	An account to credit a portion of contribution from the participant for the purpose of tabarru'
Present Value	Future amount that has been discounted to the present.
Proxy	Power of attorney by which a shareholder transfers the voting rights to another shareholder.
Prudent Judgment	Wise in planning for the future.
Qard-e-Hasna	An interest free loan from the Takaful Operator to the Takaful Participant Fund in order to meet any short fall.
Quoted	Being listed on a Stock Exchange.
Registered Office	The registered office is an address which is registered with the government registrar as the official address of a company.
Reinsurance	A method of insurance arranged by insurers to share the exposure of risks accepted.
Re-takaful	The arrangement under which a part of the risk is shared between the companies originally issuing the policy (the takaful operator) to another Takaful company (Re-Takaful) known as the re-takaful.
Reinsurance Commission	Commission received or receivable in respect of premium paid or payable to a reinsurer.
Reinsurance Premium	The premium payable to the reinsurer in respect of reinsurance contract.
Related Party	Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operational decisions.
Retrocession	Transfer of risk from a reinsurer to another reinsurer.
Revenue Reserves	Reserves that are normally regarded as available for distribution through the profit and loss account, including general reserve and other specific reserves created out of profit and un-appropriated profit.
RFID Card	Radio-Frequency Identification (RFID) card uses electromagnetic fields to automatically identify and track tags attached to an object.
Risk	Condition in which there is a possibility of loss.
Risk Management	Includes analysing all exposures to gauge the likelihood of loss and choosing options to better manage or minimise loss.
Statutory levies	Fee charged (levied) by a government on a product, income, or activity.
Strategic Objectives	A broadly defined objective that an organisation must achieve to make its strategy succeed.
Subsequent Event - Non Adjusting	Are events concerning conditions which arose after the balance sheet date, but which may be of such materiality that their disclosure is required to ensure that the financial statements are not misleading.
Tabarru	A portion of participant's contribution for the purpose of mutual helps and used to pay 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 arrangements.
Tangibles	An asset whose value depends on particular physical properties.
Term Finance Certificate	A debt instrument issued by an entity to raise funds.
Underwriting Profit	This is the profit generated purely from the General Insurance business without taking into account the investment income and other non-technical income and 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/her behalf.

Executives

President & Managing Director

Tahir Ahmed, BE (MET), MBA, ACII,
Chartered Insurer

Executive Vice Presidents

Azfar Arshad, BE (Mech), MBA
Fayyiaz Ahmad Khan, BA
Imran Mughal, B Com
Kamran Arif, B Com
Karim Merchant, BE (Mech), ACII
Mohammed Safdar, MBA, ACII
Muhammad Adnan Junaid, MBA
Muhammad Nadeem Irshad, B Sc
Muhammad Uzair Mirza, BE (Elec), MBA
Nawaid Jamal, FCA
Salman Lakhani, ACA, FCCA
Syed Imran Rabbani, MA
Syed Ovais Bin Alam, BE (Chemical)
Syed Sohail Ahmed, MBA

Joint Executive Vice Presidents

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Ali Aasim Khan, BA, LLB
Asif Ali, BA
Dr Syed Tanveer Rauf, MBBS
Ejaz Mehmood, BA
Junaid Memon
Mirza Sajid Baig, MBA
Muhammad Azfar Sabih, MCS
Muhammad Razzak Chaudhary
Munawar Ali Siddiqui, MA, EMBA
Munir ul Haq, M Sc
Sajid Younus, B Com, CII
Syed Abdul Rahim, B Com
Syed Abid Waseem, MBA
Syed Zamin Zafar, MBA
Talha ul Islam, B Sc, FCII
Tariq Mushtaq, M Com
Zahoor A Shaheen, MBA

Senior Vice Presidents

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Azhar ul Islam, BA
Chaudhary Sardar Ali, BA
Fahad Alam, ACA, APA
Ghulam Qadir
Ghulam Shabbir Goraya
Haji Muhammad Ramzan, BA
Ilyas Mohammed
Laeq Ahmad, MBA, ACII
Muhammad Afzal Qureshi, MA
Muhammad Amin Haroon, B Com
Muhammad Arif, B Com
Muhammad Arif Bashir, MBA
Nasimul Haq, B Com, LLB
Rizwan Ehsan Puri
Safar Ali, ACA
Suleman Faisal, B Com
Syed Hamid Hussain Zaidi, B Com
Syed Kamran Ali, FCMA, ACIS
Syed M Haroon A Bokhari, MBA
Tariq Mahmood, MBA
Tariq Zia, B Sc
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Waqas ur Rehman, MBA
Zafar Ahmed Qazi, B Sc, ACII
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Captain Mahmood Sultan, FCII
Saeed Jan Awan, M Com
Muhammad Afzaluddin, B Com

Joint Senior Vice Presidents

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Abdul Hayee Khan, BA
Alamgir Anwar Shaikh, B Com
Amar Mumtaz Piracha, BA
Ghufranullah Khan, MBA
Haroon Ahmed Khan, MBA
Imran Ahmad, B Com
Imran Arif, BE (Metallurgy)
Irfan Mujeeb, M Com
Jawad Shaheen, MBA
Major (R) Khalid Quadeer, M Sc
Mazhar Ahmed Sabir, MBA
Mirza Muhammad Khurshid, BA
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Muhammad Afzal Panawala, BA
Muhamamd Arif, B Com
Muhammad Ashraf Tahir, BA
Muhammad Asif Akhtar
Muhammad Azam Siddiqui, MBA
Muhammad Khurram Siddiqui, B Com
Muhammad Raza, B Com, LLB, ACII
Munaf Ahmed Khokhar, M Com
M Sajjad Chaudhary
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Naveed Khan, B Com
Qamar Saleem, B Com
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Saima Tabassum, B Sc
Syed Imran Kazmi, MAS
Tariq Aziz Khan
Tariq Rafiq, B Com
Zulfiqar Anwar Ali, B Com

Branch Network



Branch Network

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Proxy Form

JUBILEE GENERAL INSURANCE COMPANY LIMITED
JUBILEE INSURANCE HOUSE
I.I. CHUNDRIGAR ROAD,
KARACHI

I/We _____ of _____

being a member of Jubilee General Insurance Company Limited and a holder of _____

ordinary shares, as per Share Register Folio No. _____ and/or CDC

Participant I.D. No. _____ and Sub Account No. _____

hereby appoint _____ of _____
(Name)

failing him _____ of _____
(Name)

who are also members of Jubilee General Insurance Company Limited, as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on April 24, 2018 at 09:00 a.m. and at any adjournment thereof.

Signed this _____ day of _____ 2018.

WITNESS

1. Signature: _____
Name: _____
Address: _____

CNIC No: _____

2. Signature: _____
Name: _____
Address: _____

CNIC No: _____

Signature

Revenue
Stamp

Note:

1. Signature should agree with the specimen signature registered with the Company.
2. The Proxy Form must be deposited at the Registered Office of the Company not later than 48 hours before the time of holding the Meeting.
3. No person shall act as proxy unless he/she is a member of the Company.
4. CDC Shareholders and their proxies are each requested to attach an attested Photocopy of their Computerised National Identity Card or Passport with this proxy form before submission to the Company.

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