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## Company Information

### Board of Directors

<b>Chairman</b>	:	Rafiq M. Habib
<b>Directors</b>	:	Ali Raza D. Habib <i>Executive Vice Chairman</i>
		Abbas D. Habib
		Mansoor G. Habib
		Mohamedali R. Habib
		Aun Mohammad A. Habib
		Ali Fadool
<b>Chief Executive Officer</b>	:	Shabbir Gulamali <i>(subject to approval of SECP)</i>
<b>Chief Financial Officer &amp; Company Secretary</b>	:	Murtaza Hussain
<b>Auditors</b>	:	EY Ford Rhodes Chartered Accountants
<b>Share Registrar</b>	:	M/s. Central Depository Company of Pakistan Limited CDC House, 99-B, Block-B, SMCHS, Main Shahrah-e-Faisal, Karachi-74400
<b>Registered Office</b>	:	1st Floor, State Life Bldg. No. 6, Habib Square, M. A. Jinnah Road, P.O. Box 5217, Karachi-74000, Pakistan Tel : (92-21) 32424030/38/39 Fax : (92-21) 32421600 UAN : (92-21) 111 03 03 03 Website : <a href="http://www.habibinsurance.net">www.habibinsurance.net</a>

## Seventy Fourth Report of the Directors to the Shareholders for the year ended December 31, 2016

The Shareholders,

The Board of Directors have pleasure in presenting the Seventy Fourth Annual Report along with the audited accounts of the Company for the year ended December 31, 2016.

	Rupees in '000
Total comprehensive income after tax for the year 2016	182,221
Amount available after appropriations for the year 2015	36,655
	<u>218,876</u>
The Board of Directors now propose:	
Payment of dividend at Rs. 1.75 per share of Rs. 5/- each i.e. @ 35%	216,781
Unappropriated profit carried forward	2,095
	<u>218,876</u>
Basic earnings per share of Rs. 5/- each	1.55

The Directors are pleased to recommend a payout of 35% to shareholders, as was distributed last year despite a decrease in profit after tax, owing to unexpected imposition of high tax as recently declared taking a heavy toll on our profits and also because of a substantial amount having to be placed in Reserves due to the large amount of business underwritten in the last quarter of the year.

Consequently, the underwriting profits for the year in review reduced to Rs. 78.9 million as compared to Rs. 117.9 million for the previous year. The gross written premium grew by 24.7% to Rs. 1.4 billion with net premium revenue increasing to Rs. 544.7 million from Rs. 500.4 million of last year. However, the investment income increased to Rs. 238.6 million against Rs. 199.6 million of the previous year with Capital Gains rising from Rs. 118.9 million to Rs. 152.5 million and with a significant contribution on Dividend Income growing by 13.4% to Rs. 84.8 million over the previous year.

Finally the overall profit after tax of the Company for 2016 is Rs. 191.7 million compared to Rs. 226.9 million for the previous year.

Shareholders will be happy to learn that Habib Insurance Company has by the Grace of Allah, been honoured with the Award, as annually declared by the Pakistan Stock Exchange as qualifying among the Top 25 Companies for the year 2014, being the only Non-Life Insurance Company to do so.

Another significant achievement of your Company has been its Rating & Placement by Hannover Re, a World leading Reinsurance Underwriting Company among the Top Companies in the Asia Pacific Region.

The Pakistan Rating Agency has maintained the positive outlook to the Company's Insurer Financial Strength (IFS) rating to A+. This denotes strong capacity to meet policy holders and contract obligations.

*We also wish to share with you the wonderful news of Habib Insurance Company Limited Mashallah, entering in 2017, the Historic Landmark of 75 years of its existence. It is our wish to participate with shareholders on the commemoration of this Grand Event.*

On the overall performance of the economy for 2016, the GDP growth for the FY2015-16 was 4.7% compared to 4.0% of last year. Though there was a rise in inflation, the discount rate was reduced to 6.25% by State Bank of Pakistan. Foreign exchange reserves stood at US\$ 23.2 billion and direct foreign investment at US\$ 2.0 billion. The KSE 100 Index also witnessed a phenomenal growth of 45.7% during the year, closing at 47807.

We are indeed very thankful to all our clients and customers who have placed their confidence in our Company and will, Inshallah, continue to strive for all their satisfaction and comfort. Also we wish to Thank our Reinsurers for all their support & guidance with a special word of our deep Gratitude to Hannover Re for all the Honour given to our Company in their Rating & Recognition as mentioned above. The Board of Directors would also like to express their appreciation to all staff members of the Company for their dedication and hard work throughout the year.

We pray to Allah that 2017 be another rewarding year for the Company and above all for the peace and prosperity of our Nation.

### **Corporate Social Responsibility (CSR)**

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

- corporate philanthropy amounting to Rs. 2.0 million by way of donations during the year for social and educational development and welfare of under privileged classes;
- energy conservation, environmental protection, and occupational safety and health by restricting unnecessary lighting, implementing tobacco control law and “No Smoking Zone”, and providing a safe and healthy work environment;
- business ethics, requiring all staff members to comply with the Company’s “Code of Conduct”;
- amicable staff relations, recognition of merit and performance, and on-going opportunities for learning and growth of staff, both on-the-job and through formal training programmes;
- employment through a transparent procedure, without discrimination on the basis of religion, caste, language, etc.;
- contribution to the national exchequer by the Company by way of direct taxes of over Rs. 93.0 million during the year; furthermore, an additional amount of over Rs. 265.2 million was deducted/ collected by the Company on account of withholding taxes, sales tax on services and federal excise duties paid to the Government of Pakistan.

### **Board Committees**

#### ***Audit Committee***

The Audit Committee of the Company comprises of four members all of whom are Non-Executive Directors. The Audit Committee met four times during the year. Attendance of meetings is as follows:

		No. of Meetings attended
Mr. Mansoor G. Habib	Chairman	3
Mr. Mohamedali R. Habib	Member	2
Mr. Aun Mohammad A. Habib	Member	4
Mr. Ali Fadoo	Member	4

### **Ethics, Nomination, Human Resource & Remuneration Committee**

The Ethics, Nomination, Human Resource & Remuneration Committee comprises of four members with representation of Executive Vice Chairman, two Non-Executive Directors, & an Independent Director. No meetings were conducted as the Committee was formed on March 27, 2017.

Mr. Ali Raza D. Habib	Chairman
Mr. Aun Mohammad A. Habib	Member
Mr. Mansoor G. Habib	Member
Mr. Ali Fadoo	Member

### **Investment Committee**

The Investment Committee comprises of five members with representation of two Non-Executive Directors, Executive Vice Chairman, Chief Executive Officer & Chief Financial Officer. No meetings were conducted as the Committee was formed on March 27, 2017.

Mr. Ali Raza D. Habib	Chairman
Mr. Mansoor G. Habib	Member
Mr. Mohamedali R. Habib	Member
Mr. Shabbir Gulamali	Member
Mr. Murtaza Hussain	Member

### **Directors Training Programme**

Three of our Directors have completed the Directors formal Training programme.

### **Auditors**

The present auditors EY Ford Rhodes, Chartered Accountants, retire and offer themselves for reappointment. As suggested by the Audit Committee, the Board of Directors has recommended their appointment as auditors of the Company for the year ending December 31, 2017, at a fee to be mutually agreed.

### **Statement on Corporate and Financial Reporting Framework**

1. The financial statements, prepared by the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of account of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements, changes if any, have been adequately disclosed and accounting estimates are based on reasonable and prudent judgement.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no doubts upon the Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
8. Key operating and financial data for the last six years is annexed.
9. Information about the taxes and levies is given in the notes to the financial statements.
10. Value of investments and balance in deposit accounts of Provident Fund as at December 31, 2016 is Rs. 83.2 million.

11. During the year four Board meetings were held and the attendance of the Directors is as follows:

<b>Date of Meeting</b>	<b>Attended by</b>	
February 24, 2016	Mr. Rafiq M. Habib Mr. Abbas D. Habib Mr. Mansoor G. Habib Mr. Mohamedali R. Habib Mr. Sajjad Hussain Habib Mr. Aun Mohammad A. Habib Mr. Ali Fadoo Mr. Ali Raza D. Habib	Chief Executive
April 27, 2016	Mr. Rafiq M. Habib Mr. Abbas D. Habib Mr. Aun Mohammad A. Habib Mr. Ali Fadoo Mr. Ali Raza D. Habib	Chief Executive
August 30, 2016	Mr. Rafiq M. Habib Mr. Abbas D. Habib Mr. Mansoor G. Habib Mr. Aun Mohammad A. Habib Mr. Ali Fadoo Mr. Zeeshan Raza	Chief Executive
October 25, 2016	Mr. Ali Raza D. Habib Mr. Abbas D. Habib Mr. Mansoor G. Habib Mr. Mohamedali R. Habib Mr. Aun Mohammad A. Habib Mr. Ali Fadoo Mr. Zeeshan Raza	Chief Executive

12. The pattern of shareholding and additional information regarding pattern of shareholding is annexed.

13. Except as stated below, no trades in the shares of the Company were carried out by the Directors, CEO, CFO, Company Secretary and their spouses and minor children.

<b>Sold</b>	<b>No. of Shares</b>
Mr. Mansoor G. Habib	45,000

On behalf of the Board of Directors

  
ALI RAZA D. HABIB  
Executive Vice Chairman

Karachi: March 27, 2017

**Six Years' Review at a Glance**

	(Rupees in '000)					
Years	2016	2015	2014	2013	2012	2011
Gross Written Premium	1,400,881	1,123,213	1,009,255	963,147	955,934	894,331
Net Premium Revenue	544,701	500,364	458,726	438,332	435,966	420,310
Investment Income	238,626	199,615	256,869	240,301	204,350	117,389
Net Claims	281,560	221,739	221,537	215,023	229,906	231,180
Profit after Tax	191,708	226,867	260,008	243,981	194,988	126,296
Paid-up Capital	619,374	619,374	619,374	495,499	495,499	450,454
Reserves & Retained Earnings	480,274	514,834	540,673	529,536	462,232	426,409
Total Assets - at Book Value	2,759,878	2,742,865	2,850,999	2,237,670	2,005,434	1,878,731
Cash Dividend - %	35	35	40	25	35	25
Stock Dividend - %	—	—	—	25	—	10

## **Statement of Compliance with the Code of Corporate Governance for Insurers, 2016 for the year ended December 31, 2016**

This statement is being presented in compliance with the Code of Corporate Governance for Insurers, 2016 for the purpose of establishing a framework of good governance, whereby an insurer is managed in compliance with the best practices of corporate governance.

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

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

<b>Category</b>	<b>Names</b>
Independent Director	Mr. Ali Fadoo
Executive Director	Mr. Ali Raza D. Habib
Non-Executive Directors	Mr. Rafiq M. Habib Mr. Abbas D. Habib Mr. Mansoor G. Habib Mr. Mohamedali R. Habib Mr. Aun Mohammad A. Habib

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

2. The Directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.
3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy occurring on the Board on June 30, 2016 was filled up by the Directors on July 01, 2016.
5. The insurer has prepared a Code of Conduct, which has been signed by all the Directors and Employees of the Company.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies has been maintained and amended/ updated from time to time.
7. All powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Executive Director, CEO, and the key officers, have been taken by the Board. A casual vacancy occurred in the office of Chief Executive Officer on June 30, 2016 which was filled on July 01, 2016. Subsequent to the year end, the Board of Directors in their meeting held on March 27, 2017 have appointed Mr. Shabbir Gulamali as Chief Executive Officer. Further, the remuneration and terms and conditions of the Executive Vice Chairman was also approved in the said Board Meeting.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board has established a system of sound internal control, which is effectively implemented at all levels within the Company. The Company has adopted and complied with all the necessary aspects of internal controls given in the Code.



10. The Board arranged Orientation course for its Directors in its meeting held on March 27, 2017 to apprise them of their duties and responsibilities and changes due to induction of Code of Corporate Governance for Insurers, 2016. While all the Directors are professionals and Senior Executives who possess wide experience of duties of Directors, the Company appraises its Directors of new laws and regulations and amendments in the existing ones. At present, three Directors have acquired the formal Directors' Training Certificate.
11. The Board has approved appointment of CFO during the year including his remuneration and terms and conditions of employment.
12. The Directors' Report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance for Insurers, 2016 and fully describes the salient matters required to be disclosed.
13. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
14. The Directors, CEO and other executives do not hold any interest in the shares of the Company other than disclosed in the pattern of shareholding.
15. The Company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance for Insurers, 2016.
16. The Board has formed the following Management Committees in its meeting held on March 27, 2017:

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

<b>Name of the Member</b>	<b>Category</b>
Mr. Aun Mohammad A. Habib	Chairman – Non-Executive Director
Mr. Ali Fadoo	Member – Independent Director
Mr. Shabbir Gulamali	Member – Chief Executive Officer
Capt. Mohammad Akram	Member – Chief Operating Officer
Mr. Tariq Awan	Member – General Manager

***Claim Settlement Committee:***

<b>Name of the Member</b>	<b>Category</b>
Mr. Mansoor G. Habib	Chairman – Non-Executive Director
Mr. Shabbir Gulamali	Member – Chief Executive Officer
Mr. Murtaza Hussain	Member – Head of Grievance Function
Mr. Fawwad A. Razzak	Member – Joint General Manager
Mr. Murtaza Barristor	Member – Assistant General Manager

***Risk Management & Compliance Committee:***

<b>Name of the Member</b>	<b>Category</b>
Mr. Aun Mohammad A. Habib	Chairman – Non-Executive Director
Mr. Mohamedali R. Habib	Member – Non-Executive Director
Mr. Shabbir Gulamali	Member – Chief Executive Officer
Capt. Mohammad Akram	Member – Chief Operating Officer
Mr. Murtaza Hussain	Member – Chief Financial Officer

17. The Board has formed the following Board Committees in its meeting held on March 27, 2017:

***Ethics, Nomination, Human Resource & Remuneration Committee:***

<b>Name of the Member</b>	<b>Category</b>
Mr. Ali Raza D. Habib	Chairman – Executive Vice Chairman
Mr. Aun Mohammad A. Habib	Member – Non-Executive Director
Mr. Mansoor G. Habib	Member – Non-Executive Director
Mr. Ali Fadoo	Member – Independent Director

**Investment Committee:**

<b>Name of the Member</b>	<b>Category</b>
Mr. Ali Raza D. Habib	Chairman – Executive Vice Chairman
Mr. Mansoor G. Habib	Member – Non-Executive Director
Mr. Mohamedali R. Habib	Member – Non-Executive Director
Mr. Shabbir Gulamali	Member – Chief Executive Officer
Mr. Murtaza Hussain	Member – Chief Financial Officer

18. The Board has formed an Audit Committee. It comprises of four members, of whom three are Non-Executive Directors and one is Independent Director. The Chairman of the Committee is a Non-Executive Director. The composition of the Audit Committee is as follows:

**Audit Committee:**

<b>Name of the Member</b>	<b>Category</b>
Mr. Mansoor G. Habib	Chairman – Non-Executive Director
Mr. Mohamedali R. Habib	Member – Non-Executive Director
Mr. Aun Mohammad A. Habib	Member – Non-Executive Director
Mr. Ali Fadoo	Member – Independent Director

19. The terms of references of the Committees have been formed and advised to the Committees for compliance. No meetings of the newly formed Committees were conducted as these were formed on March 27, 2017.
20. The Board has set up an effective internal audit department which is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
21. The CEO, CFO, Compliance Officer and the Head of Internal Audit possess such qualification and experience as required under the Code of Corporate Governance for Insurers, 2016. Moreover, the persons heading the Underwriting, Claim, Reinsurance, Risk Management and Grievance Departments possess qualification and experience of direct relevance to their respective functions, as required under section 12 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000).

<b>Name of the Person</b>	<b>Designation</b>
Mr. Shabbir Gulamali	Chief Executive Officer
Mr. Murtaza Hussain	Chief Financial Officer, Company Secretary & Compliance Officer
Syed Fakhar Imam Zaidi	Head of Internal Audit
Capt. Mohammad Akram	Head of Underwriting, Claims, Reinsurance & Risk Management
Mr. Murtaza Hussain	Head of Grievance Function

22. The statutory auditors of the Company have been appointed from the panel of auditors approved by the Commission in terms of section 48 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000). The statutory auditors have confirmed that they have been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.

23. The statutory auditors or the persons associated with them have not been appointed to provide other services and the auditors have confirmed that they have observed IFAC guidelines in this regard.
24. The Company will prepare the Investment Policy as per the requirements of Code of Corporate Governance for Insurers, 2016 within the prescribed timeline.
25. The Board ensures that the Risk Management System of the Company is in place as per the requirements of the Code of Corporate Governance for Insurers, 2016.
26. The Company has set up a Risk Management Department. The tasks of Risk Management & Compliance Function of the Company as per the requirements of the Code of Corporate Governance for Insurers, 2016 has been approved by the Board in its meeting held on March 27, 2017.
27. The Board ensures that as part of the Risk Management System, the Company gets itself rated from the Pakistan Credit Rating Agency which is being used by its Risk Management Department and the respective Committee as a risk monitoring tool. The rating assigned by the said rating agency in January 2017 is A+ with positive outlook.
28. The Board has set up a Grievance Function. The tasks of Grievance Function of the Company as per the requirements of the Code of Corporate Governance for Insurers, 2016 has been approved by the Board in its meeting held on March 27, 2017.
29. The 'closed period', prior to the announcement of interim/ final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to the Directors, employees and Stock Exchange.
30. Material/ price sensitive information has been disseminated amongst all market participants at once through Stock Exchange.
31. The Company has complied with the requirement relating to maintenance of register of persons having access to inside information by designated Senior Management Official in a timely manner and maintained proper record including basis of inclusion or exclusion of names of persons from the said list.
32. The Company has not obtained any exemption from the Securities and Exchange Commission of Pakistan in respect of requirements of the Code of Corporate Governance for Insurers, 2016.
33. We confirm that all other material principles contained in the Code of Corporate Governance for Insurers, 2016 have been complied with.

On behalf of the Board of Directors



SHABBIR GULAMALI  
Chief Executive Officer

Karachi: March 27, 2017

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **Habib Insurance Company Limited** (the Company) for the year ended **31 December 2016** to comply with the requirements of Rule Book of Pakistan Stock Exchange Limited Chapter 5, clause 5.19.23(b) of the Code of Corporate Governance where the company is listed.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 31 December 2016.

Further, we highlight below instance of non-compliance with the requirement of the code as reflected in the note reference where this is stated in the Statement of Compliance:

<b>Note Reference</b>	<b>Description</b>
7	Remuneration and terms and conditions of employment of Executive Vice Chairman was approved subsequent to the year end in the board meeting held on March 27, 2017

Karachi: March 27, 2017

**EY Ford Rhodes**  
Chartered Accountants

## Auditors' Report to the Members

We have audited the annexed financial statements comprising of:

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

of **Habib Insurance Company Limited** (the Company) as at **31 December 2016** together with the notes forming part thereof, for the year then ended.

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

We conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as, evaluating the overall financial statements presentation. We believe that 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 Companies Ordinance, 1984;
- (b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied except for the changes as stated in notes 4.1 with which we concur;
- (c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at **31 December 2016** and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and
- (d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of the Ordinance.

Karachi: March 27, 2017

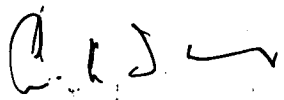
**EY Ford Rhodes**  
Chartered Accountants  
Shabbir Yunus

**Balance Sheet as**

	Note	2016 (Rupees in '000)	2015 (Rupees in '000)
<b>Share Capital and Reserves</b>			
Authorised share capital [130,000,000 (December 31, 2015: 130,000,000) ordinary shares of Rs. 5 each]		650,000	650,000
Paid-up share capital	5.1	619,374	619,374
Retained earnings		216,152	250,712
Reserves		264,122	264,122
<b>TOTAL EQUITY</b>		<b>1,099,648</b>	<b>1,134,208</b>
<b>Underwriting Provisions</b>			
Provision for outstanding claims (including IBNH)		599,060	688,411
Provision for premium deficiency		20,344	6,125
Provision for unearned premium		601,796	463,255
Commission income unearned		86,034	55,631
Total underwriting provisions		1,307,234	1,213,422
<b>Deferred Liability</b>			
Staff retirement benefits	6.4	83,083	62,270
<b>Creditors and Accruals</b>			
Amounts due to other insurers/ reinsurers	7	66,370	102,631
Accrued expenses		16,804	12,595
Taxation - provision less payments		50,915	39,325
Other creditors & accruals	8	86,684	134,096
		220,773	288,647
<b>Other liabilities</b>			
Unclaimed dividends		49,140	44,318
<b>TOTAL LIABILITIES</b>		<b>1,660,230</b>	<b>1,608,657</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,759,878</b>	<b>2,742,865</b>
<b>Contingencies and Commitments</b>			
9			

The annexed notes from 1 to 33 form an integral part of these financial statements.


  
**RAFIQ M. HABIB**  
 Chairman

  
**ALI RAZA D. HABIB**  
 Executive Vice Chairman

at December 31, 2016

	Note	2016 (Rupees in '000)	2015
<b>Cash and Bank Deposits</b>	10		
Cash and other equivalents		468	139
Current and other accounts		147,548	136,225
		<u>148,016</u>	<u>136,364</u>
<b>Loans - secured, considered good to employees</b>	11	48,344	38,439
<b>Investments</b>	12	801,506	895,064
<b>Deferred Taxation</b>	13	19,824	19,172
<b>Current Assets - others</b>			
Premiums due but unpaid	14	425,588	319,230
Amounts due from other insurers/ reinsurers	15	297,928	341,179
Accrued investment income	16	2,970	3,274
Reinsurance recoveries against outstanding claims		511,525	597,207
Salvage recoveries outstanding		19,251	43,124
Deferred commission expense		51,234	49,716
Advances, deposits and prepayments	17	391,322	256,985
Sundry receivables	18	26,735	18,682
		<u>1,716,553</u>	<u>1,629,397</u>
<b>Fixed Assets</b>	19		
<b>Tangible and intangible</b>			
Furniture, fixtures and office equipment		12,602	13,119
Computers and related equipment		1,976	2,479
Motor vehicles		6,831	5,901
Computer software		4,226	2,930
		<u>25,635</u>	<u>24,429</u>
<b>TOTAL ASSETS</b>		<u><u>2,759,878</u></u>	<u><u>2,742,865</u></u>

  
MANSOOR G. HABIB  
Director

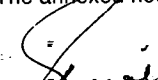
  
SHABBIR GULAMALI  
Chief Executive Officer

**Profit and Loss Account for the year ended December 31, 2016**

							(Rupees in '000)	
Note	Fire and Property	Marine and Transport	Motor	Group Hospitalisation	Other Classes	2016 Aggregate	2015 Aggregate	
<b>Revenue Account</b>								
	107,165	128,149	170,473	72,617	66,297	544,701	500,364	
	(16,677)	(45,275)	(108,251)	(88,698)	(22,659)	(281,560)	(221,739)	
	-	-	-	(14,219)	-	(14,219)	(5,862)	
20	(89,598)	(42,414)	(45,685)	(32,434)	(21,728)	(231,859)	(199,941)	
	38,998	12,507	(7,189)	22,904	(5,437)	61,783	45,118	
	39,888	52,967	9,348	(39,830)	16,473	78,846	117,940	
						238,626	199,615	
21						41,109	7,312	
20						(73,471)	56,318)	
						285,110	258,549	
22						(93,402)	51,682)	
						191,708	226,867	
<b>Profit and loss appropriation account</b>								
						250,712	236,551	
						182,221	221,911	
						-	10,000)	
						(216,781)	(247,750)	
						(34,560)	35,839)	
						216,152	250,712	
						1.55	1.83	
23						Rupees		

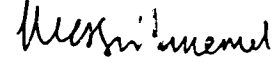
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The annexed notes from 1 to 33 form an integral part of these financial statements.

  
**RAFIQ M. HABIB**  
 Chairman

  
**ALI RAZA D. HABIB**  
 Executive Vice Chairman

  
**MANSOOR G. HABIB**  
 Director

  
**SHABBIR G. LAMALI**  
 Chief Executive Officer



**Statement of Comprehensive Income  
for the year ended December 31, 2016**


	2016	2015
	(Rupees in '000)	
Net profit after tax for the year	191,708	226,867
Other comprehensive income for the year		
Not to be reclassified to profit and loss account in subsequent periods		
Actuarial loss on defined benefit plan	(13,749)	(7,289)
Related tax impact	4,262	2,333
Total comprehensive income for the year	<u>182,221</u>	<u>221,911</u>

The annexed notes from 1 to 33 form an integral part of these financial statements.

  
**RAFIQ M. HABIB**  
 Chairman

  
**ALI RAZA D. HABIB**  
 Executive Vice Chairman


  
**MANSOOR G. HABIB**  
 Director

  
**SHABBIR GULAMALI**  
 Chief Executive Officer

Statement of Cash Flow for the

	2016 (Rupees in '000)	2015 (Rupees in '000)
<b>Operating Cash Flows</b>		
<b>a) Underwriting activities</b>		
Premiums received	1,337,774	1,030,038
Reinsurance premiums paid	(867,053)	(578,206)
Claims paid	(757,385)	(816,777)
Reinsurance and other recoveries received	496,029	599,039
Commissions paid	(139,818)	(114,413)
Commissions received	201,543	150,666
Net cash inflow from underwriting activities	271,090	270,347
<b>b) Other operating activities</b>		
Income tax paid	(78,202)	(32,838)
General management expenses paid	(258,235)	(248,162)
Other operating payments	(29,285)	(7,081)
Loans advanced	(35,682)	(34,073)
Loans repayment received	18,856	16,268
Net cash outflow from other operating activities	(382,548)	(305,886)
Total cash outflow from all operating activities	(111,458)	(35,539)
<b>Investment activities</b>		
Profit/ return received	12,819	13,067
Dividends received	84,358	74,772
Payments for investments	(773,385)	(1,205,161)
Proceeds from disposal of investments	1,019,450	1,472,871
Fixed capital expenditure	(8,323)	(16,794)
Proceeds from disposal of fixed assets	147	251
Total cash inflow from investing activities	335,066	339,006
<b>Financing activities</b>		
Dividends paid	(211,956)	(241,661)
Total cash outflow from financing activities	(211,956)	(241,661)
Net cash inflow from all activities	11,652	61,806
Cash at beginning of the year	136,364	74,558
Cash at end of the year	148,016	136,364

  
**RAFIQ M. HABIB**  
 Chairman

  
**ALI RAZA D. HABIB**  
 Executive Vice Chairman

year ended December 31, 2016

2016 2015  
(Rupees in '000)

**Reconciliation to Profit and Loss Account**

Operating cash flows	(111,458)	(35,539)
Depreciation/ amortisation expense	(7,004)	(6,003)
Profit on disposal of fixed assets	34	196
Decrease in assets other than cash	101,775	276,249
Increase in liabilities	(19,171)	(207,800)
	<u>(35,824)</u>	<u>27,103</u>
<b>Other adjustments</b>		
Income tax paid	78,202	32,838
Provision for gratuity	(9,192)	(8,608)
Gratuity paid	2,238	481
Profit/ return received	12,819	13,067
Dividends received	84,358	74,772
Capital gain	152,509	118,896
Provision for taxation	(93,402)	(31,682)
	<u>227,532</u>	<u>199,764</u>
	<u>191,708</u>	<u>226,867</u>

**Definition of cash**

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

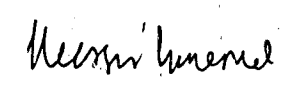
**Cash for the purposes of the Statement of Cash Flows consists of:**

**Cash and bank deposits**

Cash and other equivalents		
Cash in hand	423	73
Policy stamps	45	66
	<u>468</u>	<u>139</u>
Current and other accounts		
Current accounts	10,579	20,864
Profit and loss sharing accounts	136,969	115,361
	<u>147,548</u>	<u>136,225</u>
<b>Cash and bank deposits as per balance sheet</b>	<u>148,016</u>	<u>136,364</u>

The annexed notes from 1 to 33 form an integral part of these financial statements.

  
MANSOOR G. HABIB  
Director

  
SHABBIR GULAMALI  
Chief Executive Officer

**Statement of Changes in Equity  
for the year ended December 31, 2016**

(Rupees in '000)


	Share Capital	Reserves		Total	
		Capital Reserves	Revenue Reserves		
	Issued, subscribed and paid up	Reserve for exceptional losses (note 5.2)	General reserve	Retained earnings	
Balance as at December 31, 2014	619,374	9,122	245,000	286,551	1,160,047
<b>Total comprehensive income for the year</b>					
Profit for the year	-	-	-	226,867	226,867
Other comprehensive loss - net of tax	-	-	-	(4,956)	(4,956)
	-	-	-	221,911	221,911
<b>Transaction with owners recorded directly in equity</b>					
Transfer to general reserves	-	-	10,000	(10,000)	-
Final dividend for the year ended December 31, 2014 of Rs. 2.0 per share	-	-	-	(247,750)	(247,750)
	-	-	10,000	(257,750)	(247,750)
Balance as at December 31, 2015	619,374	9,122	255,000	250,712	1,134,208
<b>Total comprehensive income for the year</b>					
Profit for the year	-	-	-	191,708	191,708
Other comprehensive loss - net of tax	-	-	-	(9,487)	(9,487)
	-	-	-	182,221	182,221
<b>Transaction with owners recorded directly in equity</b>					
Final dividend for the year ended December 31, 2015 of Rs. 1.75 per share	-	-	-	(216,781)	(216,781)
<b>Balance as at December 31, 2016</b>	<b>619,374</b>	<b>9,122</b>	<b>255,000</b>	<b>216,152</b>	<b>1,099,648</b>

The annexed notes from 1 to 33 form an integral part of these financial statements.

  
RAFIQ M. HABIB  
Chairman

  
ALI RAZA D. HABIB  
Executive Vice Chairman

  
MANSOOR G. HABIB  
Director

  
SHABBIR GULAMALI  
Chief Executive Officer

Statement of Premiums  
for the year ended December 31, 2016

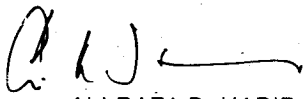
(Rupees in '000)

Business underwritten inside Pakistan


Class	Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	2016	2015
		Opening	Closing			Opening	Closing		Net premium revenue	Net premium revenue
Direct and facultative										
1. Fire and Property	541,348	245,225	259,722	526,851	461,201	186,375	227,890	419,685	107,165	106,241
2. Marine and Transport	256,263	37,563	36,048	257,778	128,367	18,606	17,344	129,629	128,149	148,585
3. Motor	276,026	98,869	161,142	213,753	74,489	6,936	38,145	43,280	170,473	140,657
4. Group Hospitalisation	195,965	27,029	72,079	150,915	102,750	12,744	37,196	78,298	72,617	54,826
5. Other Classes	131,279	54,569	72,805	113,043	63,985	21,258	38,497	46,746	66,297	50,055
Grand Total	1,400,881	463,255	601,796	1,262,340	830,792	245,919	359,072	717,639	544,701	500,364

The annexed notes from 1 to 33 form an integral part of these financial statements.

  
RAFIQ M. HABIB  
Chairman

  
ALI RAZA D. HABIB  
Executive Vice Chairman

  
MANSOOR G. HABIB  
Director

  
SHABBIR GULAMALI  
Chief Executive Officer

**Statement of Claims  
for the year ended December 31, 2016**

(Rupees in '000)

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		and other recoveries revenue	2016 Net claims expense	2015 Net claims expense
		Opening	Closing			Opening	Closing			
Direct and facultative										
1. Fire and Property	226,453	543,220	385,514	63,747	212,748	540,002	374,324	47,070	16,677	9,262
2. Marine and Transport	152,123	24,594	25,436	152,965	123,011	38,540	23,219	107,690	45,275	39,203
3. Motor	134,485	32,969	47,218	148,734	27,502	4,488	17,469	40,483	108,251	101,736
4. Group Hospitalisation	185,475	11,257	32,925	207,143	98,688	4,794	24,551	118,445	88,698	56,981
5. Other Classes	588,49	71,371	107,367	65,116	34,080	52,507	91,213	72,703	22,650	14,557
<b>Grand Total</b>	<b>757,385</b>	<b>688,411</b>	<b>599,060</b>	<b>668,034</b>	<b>496,029</b>	<b>640,331</b>	<b>530,776</b>	<b>386,474</b>	<b>281,560</b>	<b>221,739</b>

The annexed notes from 1 to 33 form an integral part of these financial statements.

  
RAFIQ M. HABIB  
Chairman

  
ALI RAZA D. HABIB  
Executive Vice Chairman

  
MANSOOR G. HABIB  
Director

  
SHABBIR GULAMALI  
Chief Executive Officer

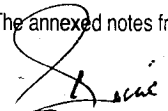
**Statement of Expenses  
for the year ended December 31, 2016**

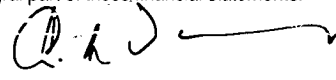
Business underwritten inside Pakistan


Class	Commission paid or payable	Deferred commission Opening	Deferred commission Closing	Net commission expense	Other management expenses	Underwriting expense	Commissions from reinsurers*	2016 Net underwriting expense	2015 Net underwriting expense
Direct and facultative									
1. Fire and Property	65,949	29,584	32,984	62,549	89,598	152,147	101,547	50,600	50,525
2. Marine and Transport	27,686	3,712	4,448	26,950	42,414	69,364	39,457	29,907	37,293
3. Motor	10,667	10,006	5,875	14,793	45,685	60,483	7,609	52,874	43,257
4. Group Hospitalisation	(1,073)	(4,303)	1,868	(7,244)	32,434	25,190	15,660	9,530	6,168
5. Other Classes	7,646	10,717	6,059	12,304	21,728	34,032	6,867	27,165	17,580
<b>Grand Total</b>	<b>110,875</b>	<b>49,716</b>	<b>51,234</b>	<b>109,357</b>	<b>231,859</b>	<b>341,216</b>	<b>171,140</b>	<b>170,076</b>	<b>154,823</b>

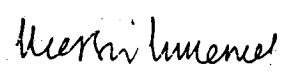
\* Commission from reinsurers is arrived at after taking the impact of the opening and closing balances of unearned commission.

The annexed notes from 1 to 33 form an integral part of these financial statements.

  
RAFIQ M. HABIB  
Chairman

  
ALI RAZA D. HABIB  
Executive Vice Chairman

  
MANSOOR G. HABIB  
Director


  
SHABBIR GULAMALI  
Chief Executive Officer

**Statement of Investment Income  
for the year ended December 31, 2016**


	Note	2016 (Rupees in '000)	2015
<b>Income from Non-Trading Investments</b>			
<b>Held-to-maturity</b>			
Return on Government Securities		6,745	7,985
<b>Available for sale</b>			
Dividend income		53,545	51,076
- Related parties		31,314	23,696
- Others			
Gain on sale of investments		152,509	118,896
		<u>244,113</u>	<u>201,653</u>
Investments related expenses		(5,487)	(2,038)
Net investment income		<u>238,626</u>	<u>199,615</u>

The annexed notes from 1 to 33 form an integral part of these financial statements.

  
RAFIQ M. HABIB  
Chairman

  
ALI RAZA D. HABIB  
Executive Vice Chairman

  
MANSOOR G. HABIB  
Director

  
SHABBIR GULAMALI  
Chief Executive Officer



## Notes to the Financial Statements for the year ended December 31, 2016

### 1. STATUS AND NATURE OF BUSINESS

Habib Insurance Company Limited (the Company) was incorporated as a Public Limited Company in the year 1942 under the Companies Act, 1913 (now the Companies Ordinance, 1984). The registered office of the Company is situated at Habib Square, M. A. Jinnah Road, Karachi and the shares of the Company are quoted on the Pakistan Stock Exchange. The Company is engaged in the general insurance business.

### 2. BASIS OF PREPARATION

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

#### 2.1 Statement of compliance

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

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.

#### 2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except that obligations under certain employee benefits are measured at present value and certain investments which are stated at their fair value.

#### 2.3 Functional and presentation currency

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

#### 2.4 Use of estimates and judgements

The preparation of financial statements in conformity with the requirements of approved accounting standards as applicable in Pakistan requires management to make judgments / estimates and associated assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The judgments / estimates and associated assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the estimates about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

	<b>Note</b>
- Provision for outstanding claims including IBNR	4.5
- Premium deficiency reserve (liability adequacy test)	4.8
- Defined benefit plan	4.9.2
- Classification of investments and impairment	4.10
- Useful lives of assets and methods of depreciation	4.11
- Provision for current and deferred tax	4.17
- Provision	4.3, 4.20 and 4.21

### 3. **STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE**

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

<b>Standard or interpretation</b>	<b>Effective date (annual periods beginning on or after)</b>
IFRS 2 - Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	January 01, 2018
IFRS 10 - Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalised
IAS 7 - Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)	January 01, 2017
IAS 12 - Income Taxes – Recognition of Deferred Tax Assets for unrealised losses (Amendments)	January 01, 2017
IFRS 4 - Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	January 01, 2018
IAS 40 - Investment Property: Transfers of Investment Property (Amendments)	January 01, 2018
IFRIC 22 - Foreign Currency Transactions and Advance Consideration	January 01, 2018

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

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016. Such improvements are generally effective for accounting periods beginning on or after January 01, 2017. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

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

<b>Standard</b>	<b>IASB Effective date (annual periods beginning on or after)</b>
IFRS 15 – Revenue from Contracts with Customers	January 01, 2018
IFRS 16 – Leases	January 01, 2019

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

##### **4.1 New Standards, Interpretations and Amendments**

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

- IFRS 11 - Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)
- IAS 1 - Presentation of Financial Statements - Disclosure Initiative (Amendment)
- IAS 16 - Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortisation (Amendment)
- IAS 16 - Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)
- IAS 27 - Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)

##### **Improvements to Accounting Standards Issued by the IASB in September 2014**

- IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal
- IFRS 7 - Financial Instruments: Disclosures - Servicing contracts
- IFRS 7 - Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements
- IAS 19 - Employee Benefits - Discount rate: regional market issue
- IAS 34 - Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'

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

##### **4.2 Insurance contracts**

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

Insurance contracts are classified into following main categories:

- Fire and property
- Marine and transport
- Motor
- Group Hospitalisation
- Other classes (which includes mainly bankers blanket bond, liability, engineering etc.).

These contracts are entered with group companies, corporate clients, and individual residing or located in Pakistan.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its period, even if the insurance risk reduces significantly during this period, unless all rights and liabilities are extinguished or expired.

#### **4.3 Premium**

Premium under a policy is recognised at the time of the date of issuance of the policy.

Administrative surcharge is recognised as premium at the time policies are written.

Revenue from premiums is determined after taking into account the unearned portion of premium by applying 1/24th method as prescribed by the SEC (Insurance) Rules, 2002. The unearned portion of premium income is recognised as liability.

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

#### **4.4 Reinsurance contracts**

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

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

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

The deferred portion of reinsurance premium ceded is recognised as a prepayment which is calculated by using 1/24th method as prescribed by the SEC (Insurance) Rules, 2002.

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

#### **4.5 Claims expense**

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

The Company recognises liability in respect of all claims incurred upto the balance sheet date which is based on the best estimate of the claims intimated or assessed on or before the end of the financial year and measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in an insurance contract.

The provision for claims incurred but not reported (IBNR) is made at the balance sheet date. In accordance with SECP Circular No. 9 of 2016, the Company has changed its method of estimation of IBNR. The Company now takes actuarial advice for the determination of IBNR claims. IBNR claims have been estimated using Chain Ladder (CL) methodology. The Chain Ladder (CL) Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level. Upto previous year the provision for IBNR was accounted for on the basis whereby all claims incurred before the year end but reported subsequently were aggregated and the ratio of such claims to outstanding claims was applied to outstanding claims at the reporting date (except exceptional losses) to arrive at liability for IBNR. The analysis was carried out separately for each class of business.

Had the method for estimating IBNR claims, not been changed, the provision for claims net of reinsurance recoveries against outstanding claims would have been lower by Rs. 3.04 million and the profit for the year would have been higher by Rs. 2.10 million.

#### **4.6 Reinsurance and other recoveries against outstanding claims**

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

#### **4.7 Commission**

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

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

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

#### **4.8 Premium deficiency reserve**

The Company is required as per SEC (Insurance) Rules, 2002 and IFRS-4, to maintain a provision in respect of premium deficiency for the class of business where the unearned premium reserve is not adequate to meet the expected future liability, after reinsurance, from claims and other expenses, including reinsurance expense, commissions and other underwriting expenses, expected to be incurred after the balance sheet date in respect of the unexpired policies in that class of business at the balance sheet date. The movement in the premium deficiency reserve is recorded as an expense in the profit and loss account and the same shall be recognised as a liability.

The Company determines adequacy of liability of premium deficiency by carrying out analysis of expired periods. For this purpose average loss ratio of last three years inclusive of claims settlement cost but excluding major exceptional claims are taken into consideration to determine ultimate loss ratio to be applied on unearned premium. Further actuarial valuation has been carried out to determine the amount of premium deficiency reserve in respect of Group Hospitalisation insurance as required by SRO 16 (I) / 2012 issued by Securities and Exchange Commission of Pakistan on January 09, 2012.

Based on the advice of actuary, provision for premium deficiency reserve has been made in Accident and Health insurance as at the year end.

#### **4.9 Staff retirement benefits**

##### **4.9.1 Defined contribution plan**

The Company operates a recognised Provident Fund scheme for all its eligible employees. Equal contributions are made by the Company and the employees at the applicable rate.

##### **4.9.2 Defined benefit plan**

The Company operates an unfunded approved gratuity scheme for all of its permanent employees who attain the minimum qualification period for entitlement of gratuity. Gratuity is based on employees' last drawn salary.

Provisions are made to cover the obligations under the scheme on the basis of actuarial valuation and are charged to profit and loss account. The most recent valuation was carried out as of December 31, 2016 using the "Projected Unit Credit Method".

Remeasurement of the defined benefit liability, which comprises actuarial gain and losses are recognised immediately in other comprehensive income. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual year to the then net defined benefit liability (asset), taking into account and change in the net defined benefit liability (asset) during the year as a result of contribution and benefit payments. Net interest expense and other expense related to defined benefit plans are recognised in profit and loss account.

When the benefits of the plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognised immediately in profit and loss account. The Company recognises gain and loss on the settlement of a defined benefit plan when the settlement occurs.

##### **4.9.3 Employees' compensated absences**

The Company accounts for its liability towards accumulating compensated absences, when the employees render service that increase their entitlement to future compensated absences. An actuarial valuation has been carried out using Projected Unit Credit method to determine the amount of charge and liability to be recognised at the balance sheet date

#### **4.10 Investments**

##### **4.10.1 Recognition**

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

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

#### **4.10.2 Measurement**

##### **4.10.2.1 Investment at fair value through profit or loss (held-for-trading)**

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

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

##### **4.10.2.2 Available-for-sale**

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

###### **Quoted**

Subsequent to initial recognition at cost, quoted investments are stated at 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 SEC (Insurance) Rules, 2002 vide S.R.O. 938 dated December 2002. The Company uses stock exchange quotations at the balance sheet date to determine the market value. Also see note 12.4.

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

###### **Unquoted**

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

Provision for diminution in the value of securities is made after considering impairment losses, if any.

##### **4.10.2.3 Held-to-maturity**

At the time of acquisition, investments with 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 in value, if any. Amortised cost is calculated by taking into account any discount or premium on acquisition by using the effective yield method.

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

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



## **4.11 Fixed assets**

### **4.11.1 Tangibles**

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment loss. Depreciation on tangible fixed assets except vehicles is charged to income applying the straight line method at the rates specified in note 19.1 to the financial statements after taking into account residual value, if any. Depreciation on vehicles is charged to income applying the reducing balance method whereby the cost of the asset is written off over the estimated useful life. The useful lives, residual value and depreciation method are reviewed and adjusted if appropriate, at each balance sheet date. Depreciation on additions is charged for the full month in which an asset is put to use and on deletions up to the month immediately preceding the deletion.

The carrying value of tangible fixed assets is reviewed for impairment when events or changes in circumstances indicate that this carrying value may not be recoverable. If any such indications exist and where the carrying value exceeds the estimated recoverable amount the assets are written down to their recoverable amounts.

Capital work-in-progress is stated at cost less any impairment in value. It consists of advances made to suppliers in respect of tangible and intangible assets.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalised and assets so replaced, if any, are retired. Gain or loss on disposal of fixed asset is included in income currently.

### **4.11.2 Intangibles**

These are stated at cost less accumulated amortisation and any provision for impairment loss. Amortisation of intangible fixed assets is charged to income applying the straight line method at the rates specified in note 19.2 to the financial statements after taking into account residual value, if any.

Full month's amortisation is calculated from the month the assets are available for use using the straight-line method, whereby the cost of the intangible asset is amortised over its estimated useful life over which economic benefits are expected to flow to the Company. The useful life and amortisation method is reviewed, and adjusted if appropriate, at each balance sheet date.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that this carrying value may not be recoverable, if any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount.

## **4.12 Investment and other income**

### **Gain / (loss) on sale of investments**

Gain / (loss) on sale of available for sale investments is taken to profit and loss account in the year of sale.

### **Dividend income**

Dividend income is recognised when the right to receive the same is established.

### **Return on term finance certificates**

The difference between the redemption value and the purchase price of the Term Finance Certificates is amortised and taken to the profit and loss account over the term of the investment.

### **Return on fixed income securities**

Return on fixed income securities classified as available for sale is recognised on a time proportion basis.



#### **Income on held to maturity investment**

Income from held to maturity investments is recognised on a time proportionate basis taking account the effective yield on the investment.

#### **Profit on bank accounts and deposits**

Profit on bank accounts and deposits is recognised on accrual basis.

#### **4.13 Management expenses**

Underwriting expenses have been allocated to various classes of business on a basis deemed equitable by the management. Expenses not attributable to the underwriting business are charged as administrative expenses.

#### **4.14 Operating segments**

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

The Company presents segments reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002. The reported operating segments are also consistent with the internal reporting provided to the Board of Directors who assess the performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment.

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

##### **4.14.1 Fire and property**

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

##### **4.14.2 Marine and transport**

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

##### **4.14.3 Motor**

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

##### **4.14.4 Accident and health**

Accident and health insurance provides cover to compensate personal accident, hospitalisation and outpatient medical coverage to the insured.

##### **4.14.5 Other classes**

Other classes includes mainly bankers blanket bond, liability, engineering etc.

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

#### **4.15 Financial instruments**

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

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

#### **4.16 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.

#### **4.17 Taxation**

##### **4.17.1 Current**

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

##### **4.17.2 Deferred**

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

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

#### **4.18 Cash and cash equivalents**

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

#### 4.19 Foreign currency translation

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

#### 4.20 Creditors, accruals and provisions

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

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

Provisions are reviewed at each balance sheet date and adjusted to reflect the current estimate.

#### 4.21 Impairment

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

Provisions for impairment are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Changes in the provisions are recognised as income or expense.

#### 4.22 Dividend declaration and reserve appropriation

Dividend declaration and reserve appropriations are recognized when approved.

### 5. PAID-UP SHARE CAPITAL AND RESERVES

#### 5.1 Paid-up share capital

2016 (Number of Shares)	2015		2016 (Rupees in '000)	2015
1,000,000	1,000,000	Ordinary shares of Rs. 5/- each issued as fully paid in cash	5,000	5,000
<u>122,874,755</u>	<u>122,874,755</u>	Ordinary shares of Rs. 5/- each issued as fully paid bonus shares	<u>614,374</u>	<u>614,374</u>
<u>123,874,755</u>	<u>123,874,755</u>		<u>619,374</u>	<u>619,374</u>

5.1.1 At December 31, 2016 related parties including directors and their dependents held 17.179 million (13.91%) [2015: 17.508 million (14.14%)] number of ordinary shares of Rs.5 each.

#### 5.2 Reserves for exceptional losses

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

**6. STAFF RETIREMENT BENEFITS**

**Defined benefit plan - unfunded gratuity scheme**

The latest actuarial valuation was carried out on December 31, 2016 by an appointed actuary using "Projected Unit Credit Actuarial Cost Method".

	2016	2015
<b>6.1</b>		
The number of employees covered under the defined benefit scheme are:	<u>183</u>	<u>189</u>
<b>6.2</b>		
The following principal actuarial assumptions were used for the valuation of above mentioned scheme:		
Financial assumptions		
Discount rate (per annum compounded)	8.00%	9.00%
Salary increase per annum	7.00%	7.50%
Demographic assumptions		
Expected service length of the employees	15 years	15 years
Normal retirement	60 years	60 years
Rate of employee turnover	Moderate	Moderate
Mortality rate	SLIC (2001-05)	SLIC (2001-05)
<b>6.3</b>		
<b>Liability in balance sheet</b>		
Present value of defined benefit obligations	<u>83,083</u>	<u>62,270</u>
<b>6.4</b>		
<b>Movement in liability during the year</b>		
Opening balance	62,270	46,854
Charged to profit and loss account	9,192	8,608
Benefits paid during the year	(2,092)	(438)
Benefits paid to outstanding ex-employees	(36)	(43)
Actuarial loss recognised in other comprehensive income	13,749	7,289
Closing balance	<u>83,083</u>	<u>62,270</u>
	2016	2015
	(Rupees in '000)	
<b>6.5</b>		
<b>Reconciliation of the present value of defined benefit obligations</b>		
Present value of defined benefit obligations as at January 1,	62,270	46,854
Current service cost	4,458	3,603
Interest cost	4,734	5,005
Benefits paid	(2,092)	(438)
Benefits paid to outstanding ex-employees	(36)	(43)
Actuarial loss on obligation	13,749	7,289
Present value of defined benefit obligations as at December 31,	<u>83,083</u>	<u>62,270</u>
<b>6.6</b>		
<b>Charge for the defined benefit plan</b>		
<b>6.6.1</b>		
<b>Cost recognised in profit and loss</b>		
Current service cost	4,458	3,603
Interest cost	4,734	5,005
	<u>9,192</u>	<u>8,608</u>

	2016	2015
	(Rupees in '000)	
<b>6.6.2 Actuarial loss/ (gain) on defined benefit obligation recognised in other comprehensive income</b>		
Actuarial loss/ (gain) on defined benefit obligation		
(Gain)/ loss due to change in financial assumptions	6,634	1,994
Loss due to change in experience adjustments	7,115	5,295
	<u>13,749</u>	<u>7,289</u>
Expected contributions to the funds in the following year	<u>12,415</u>	<u>9,192</u>
Expected benefit payments to retirees in the following year	<u>3,061</u>	<u>2,490</u>
Weighted average duration of the defined benefit obligation (year)	<u>8.27</u>	<u>7.88</u>

#### 6.7 Sensitivity analysis

Sensitivity analysis has been performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligations on various employee benefit schemes. The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption is summarized below:

	<b>2016</b>
	<b>(Rupees in '000)</b>
Increase in discount rate by 1%	(76,426)
Decrease in discount rate by 1%	90,187
Increase in expected future increment in salary by 1%	89,769
Decrease in expected future increment in salary by 1%	(76,673)

The sensitivity analysis prepared above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation of one another as some of the assumptions may be correlated.

	2016	2015
	(Rupees in '000)	
<b>7. AMOUNT DUE TO OTHER INSURERS/ REINSURERS</b>		
Foreign reinsurers	28,902	50,288
Local reinsurers	30,974	24,569
Co-insurers	6,494	27,774
	<u>66,370</u>	<u>102,631</u>
<b>8. OTHER CREDITORS AND ACCRUALS</b>		
Federal excise duty	19,943	17,147
Federal insurance fee	1,466	1,187
Withholding tax payable	1,561	1,352
Agents commission payable	36,331	65,274
Worker's welfare fund payable	-	32,657
Sundry creditors	27,383	16,479
	<u>86,684</u>	<u>134,096</u>

8.1 During the year, the Honorable Supreme Court of Pakistan (SCP) passed a judgement declaring the insertion of amendments introduced in the Finance Act pertaining to Workers' Welfare Fund Ordinance, 1971, as unlawful thereby striking down such amendments. Pursuant to the SCP Judgement, the Company reversed the entire provision held for WWF, amounting to Rs.32.657 million, as the Company is of the view that there is no basis to maintain such provision any more.

## 9. CONTINGENCIES AND COMMITMENTS

### 9.1 CONTINGENCIES

There are no contingencies outstanding at the year end other than those reported in note 22.2.

### 9.2 COMMITMENTS

There are no commitments outstanding at the year end.

## 10. CASH AND BANK DEPOSITS

### Cash and other equivalents

	Note	2016	2015
		(Rupees in '000)	
Cash in hand		423	73
Policy stamps		45	66
		468	139

### Current and other accounts

Current accounts	10.1	10,579	20,864
Profit and loss sharing accounts	10.2	136,969	115,361
		147,548	136,225
		148,016	136,364

**10.1** This includes balance with related parties amounting to Rs. 9.607 million (2015: 14.172 million).

**10.2** This balance is held with related parties and carries profit rates ranging between 5.0% to 6.0% (2015: 5.0% to 6.0%) per annum.

## 11. LOANS - (secured, considered good)

Non-Current	11.1	62,084	45,258
Current	18	(13,740)	(6,819)
		48,344	38,439
		48,344	38,439

These loans are secured against provident fund balances or deposit of title documents. These loans are recoverable in monthly installments over various periods.

These loans carry mark-up rate of 3% to 6% (2015: 5% to 10%) per annum except loans amounting to Rs. 1.619 million (2015: Rs. 1.774 million) which are interest free.

Note                      2016                      2015  
(Rupees in '000)

**11.1 Reconciliation of carrying amount of loans**

Opening balance		45,258	27,453
Mark-up for the year		3,119	2,070
Disbursements during the year		35,682	34,073
		<u>84,059</u>	<u>63,596</u>
Repayments (including mark-up) during the year		(21,975)	(18,338)
Closing balance		<u>62,084</u>	<u>45,258</u>

**12. INVESTMENTS**

**12.1 Type of investments**

**Held-to-maturity**

Government securities (deposited with SBP)  
- Pakistan Investment Bonds

12.2                      54,263                      69,384

**Available-for-sale**

- Units of open end mutual funds - quoted  
- Modaraba Certificates - quoted  
- Ordinary shares of quoted/ unquoted companies  
- Ordinary shares of quoted companies/ units of open end mutual funds (related parties)

12.3.1	349	349
12.3.2	14,840	14,840
12.3.3	253,890	287,380
12.3.4	478,164	523,111
	<u>747,243</u>	<u>825,680</u>
	<u>801,506</u>	<u>895,064</u>

**12.2 Held-to-maturity - amortised cost**

**Government securities - deposited with SBP**

This represents Pakistan Investment Bonds having face value of Rs.53.5 million (market value of Rs.61.79 million) [2015: Rs.68.5 million (market value of Rs.75.363 million)]. These carry mark-up ranging from 8.75% to 12% (2015: 8.75% to 12.00%) per annum and will mature between March 25, 2018 to July 19, 2022. These have been deposited with the State Bank of Pakistan (SBP) as statutory deposit in accordance with the requirements of circular no. 15 of 2008 dated July 07, 2008 issued by the Securities and Exchange Commission of Pakistan.

## 12.3 Units of open end mutual funds - quoted - available-for-sale

### 12.3.1 Units of open end mutual funds - quoted - available-for-sale

2016 (Number of units)	2015	Face Value (Rupees)	Name of the investee entity	Note	2016 (Rupees in '000)	2015
27,500	27,500	10	National Investment (Unit) Trust		252	252
5,238	5,238	50	Pakistan Income Fund		97	97
					<u>349</u>	<u>349</u>

### 12.3.2 Modaraba certificates - quoted

2016 (Number of Certificates)	2015	Face Value (Rupees)	Name of the investee entity	2016 (Rupees in '000)	2015
2,015,000	2,015,000	5	First Habib Modaraba	13,695	13,695
109,000	109,000	10	Orix Modaraba	1,145	1,145
				<u>14,840</u>	<u>14,840</u>

### 12.3.3 Ordinary shares of quoted/ unquoted companies - available-for-sale

2016 (Number of shares)	2015	Face Value (Rupees)	Name of the investee entity	2016 (Rupees in '000)	2015
			<b>Transport</b>		
65,000	–	10	Pakistan International Bulk Terminal Limited	2,040	–
			<b>Chemicals</b>		
140,000	140,000	5	Dynea Pakistan Limited	1,722	1,722
			<b>Miscellaneous</b>		
1,600,000	–	10	TPL Properties Limited	20,000	–
			<b>Fertilizer</b>		
–	100,000	10	Fauji Fertilizer Company Limited	–	12,086
–	25,000	10	Engro Fertilizer Limited	–	2,371
15,000	–	10	Engro Corporation Limited	4,408	–
			<b>Construction and Materials (Cement)</b>		
200,000	340,000	10	Fauji Cement Company Limited	7,481	12,271
10,600	10,600	10	Lucky Cement Limited	4,709	4,709
30,000	85,000	10	D.G. Khan Cement Limited	3,887	10,281
31,000	50,000	10	Cherat Cement Company Limited	3,207	4,167
–	10,999	10	Pakcem Limited	–	180
–	50,000	10	Pioneer Cement Limited	–	4,359
–	45,000	10	Maple Leaf Cement Factory Limited	–	1,436
			<b>Paper and Board</b>		
45,000	51,000	10	Packages Limited	7,514	8,516



2016 (Number of shares)	2015	Face Value (Rupees)	Name of the investee entity	2016 (Rupees in '000)	2015
<b>Cable and Electrical Goods</b>					
12,000	12,000	10	Pakistan Cables Limited	1,458	1,458
<b>Automobile Assembler</b>					
51,650	65,750	5	Al-Ghazi Tractors Limited	9,445	12,024
20,000	20,000	10	Millat Tractors Limited	10,018	10,018
<b>Automobile Parts and Accessories</b>					
20,000	20,000	5	Agriauto Industries Limited	1,190	1,190
18,840	18,840	10	Atlas Battery Limited	1,692	1,692
<b>Food and Personal Care Products</b>					
1,591	1,591	10	Shezan International Limited	112	112
150	150	10	Nestle Pakistan Limited	79	79
180		10	Rafhan Maize Products Limited	1,443	
277,500	285,000	5	Habib ADM Limited	4,220	4,334
<b>Leather and Tanneries</b>					
6,000	6,000	10	Bata Pakistan Limited	5,440	5,440
<b>Textile Spinning</b>					
25,000	25,000	10	Gadoon Textile Mills Limited	2,094	2,094
<b>Textile Composite</b>					
347,000	375,000	10	Gul Ahmed Textile Mills Limited	4,469	4,310
<b>Synthetic and Rayon</b>					
93	–	10	Kohinoor (Gujarkhan) Mills Limited (unquoted)	–	–
20	–	10	National Silk & Rayon Mills Limited	–	–
<b>Pharmaceuticals</b>					
55,700	61,700	10	Abbott Laboratories (Pakistan) Limited	8,610	9,537
53,500	53,500	10	Glaxosmithkline Pakistan Limited	5,187	5,187
<b>Power Generation and Distribution</b>					
200,000	345,000	10	The Hub Power Company Limited	16,961	27,617
–	8,425	10	Engro Powergen Qadirpur Limited	–	253
100,000	50,000	10	Kot Addu Power Company Limited	8,205	3,921
<b>Commercial Banks</b>					
40,000	50,000	10	Allied Bank of Pakistan Limited	4,400	5,500
–	35,000	10	Bank Alfalah Limited	–	936
190,000	140,000	10	Habib Bank Limited	37,443	27,266
–	40,000	10	MCB Bank Limited	–	9,847
–	50,000	10	National Bank of Pakistan Limited	–	2,918
–	46,000	10	Faysal Bank Limited	–	659
40,000	45,000	10	United Bank Limited	6,697	7,276

2016 (Number of shares)	2015	Face Value (Rupees)	Name of the investee entity	2016 (Rupees in '000)	2015
<b>Insurance</b>					
–	10,000	10	Adamjee Insurance Company Limited	–	479
166,500	166,500	10	Atlas Insurance Limited	4,116	4,116
–	25,000	10	EFU General Insurance Limited	–	1,909
410,000	420,000	10	IGI Insurance Limited	50,720	51,957
162,500	246,208	10	Jubilee General Insurance Company Limited	10,111	15,319
45,600	74,235	10	EFU Life Assurance Limited	4,812	7,834
				253,890	287,380

#### 12.3.4 Ordinary shares of quoted companies/ units of open end mutual fund (related parties)

2016 (Number of shares/units)	2015	Face Value (Rupees)	Name of the investee entity	2016 (Rupees in '000)	2015
4,123,000	4,123,000	10	Bank AL Habib Limited	107,730	106,845
–	1,371,023	100	First Habib Cash Fund (units)	–	142,014
1,093,542	–	100	First Habib Income Fund (units)	113,004	–
3,000,424	2,702,424	10	Habib Metropolitan Bank Limited	79,739	70,488
4,528,758	4,517,258	5	Habib Sugar Mills Limited	90,287	89,774
44,110	44,060	10	Indus Motor Company Limited	30,965	19,602
1,600,000	3,341,668	5	Shabbir Tiles and Ceramics Limited	14,143	29,672
595,400	911,000	5	Thal Limited	42,296	64,716
				478,164	523,111

**12.4** As per the Company's accounting policy, available for sale investments are stated at lower of cost or market value. However, IAS 39 - Financial Instruments: Recognition and Measurement, requires that these instruments should be measured at fair value. Accordingly, had these investments been measured at fair value, their carrying value of investments and equity of the Company as on December 31, 2016 would have been higher by Rs.924.298 million (2015: higher by Rs.565.829 million).

#### 12.5 Available-for-sale - quoted

Cost	12.7.1	747,243	834,136
Provision for impairment - net of reversals	12.7.2	–	(8,456)
		747,243	825,680

**12.5.1** Market value of quoted available-for-sale investments is Rs. 1,671.521 million (December 31, 2015: Rs. 1,391.389 million).

	Note	2016 (Rupees in '000)	2015
<b>12.5.2 Provision for impairment - net of reversals</b>			
Opening provision		8,456	12,720
On disposal of investments		(8,456)	(4,264)
Closing provision		<u>–</u>	<u>8,456</u>
<b>13. DEFERRED TAXATION</b>			
<b>13.1 Deferred tax asset/ (liability) - net</b>			
Deferred taxation comprises temporary difference relating to following:			
<b>Taxable temporary differences</b>			
Accelerated tax depreciation allowance		(2,658)	(3,111)
<b>Deductible temporary differences</b>			
Provisions		22,482	22,283
		<u>19,824</u>	<u>19,172</u>
<b>13.2 Reconciliation of deferred tax</b>			
Opening provision		19,172	21,201
Directly recognised due to actuarial loss		4,262	2,333
Recognised in profit and loss account		(3,610)	(4,362)
Closing balance		<u>19,824</u>	<u>19,172</u>
<b>14. PREMIUMS DUE BUT UNPAID - unsecured</b>			
Considered good	14.1	425,588	319,230
Considered doubtful		38,762	38,762
		<u>464,350</u>	<u>357,992</u>
Provision against doubtful debts	14.2	(38,762)	(38,762)
		<u>425,588</u>	<u>319,230</u>
<b>14.1</b>	This includes an amount of Rs. 137.614 million (December 31, 2015: Rs. 109.660 million) due from related parties.		
<b>14.2 Provision against premium due but unpaid - net</b>			
Balance as on January 01,		38,762	38,762
Charge for the year		–	–
Balance as on December 31,		<u>38,762</u>	<u>38,762</u>

	Note	2016 (Rupees in '000)	2015
<b>15. AMOUNTS DUE FROM OTHER INSURERS/ REINSURERS - unsecured</b>			
Considered good			
- Premiums due from Co-insurers		88,702	86,390
- Foreign reinsurers		16,487	1,903
- Local reinsurers		134,378	201,729
- Claims due from Co-insurers		58,361	51,157
Considered doubtful - Amount due from co-insurers		14,559	14,559
		<u>312,487</u>	<u>355,738</u>
Provision against amount due from co-insurers	15.1	(14,559)	(14,559)
		<u>297,928</u>	<u>341,179</u>
<b>15.1 Provision against premium due from co-insurers - net</b>			
Balance as on January 1,		14,559	14,559
Charge for the year		-	-
Balance as on December 31,		<u>14,559</u>	<u>14,559</u>
<b>16. ACCRUED INVESTMENT INCOME</b>			
Dividend income		501	-
Mark-up on Government securities		2,469	3,272
Profit on bank accounts		-	2
		<u>2,970</u>	<u>3,274</u>
<b>17. ADVANCES, DEPOSITS AND PREPAYMENTS</b>			
Security deposits		9,775	2,025
Advances		6,057	5,095
Prepaid reinsurance premium ceded		359,072	245,919
Others		6,418	3,946
		<u>381,322</u>	<u>256,985</u>
<b>18. SUNDRY RECEIVABLES</b>			
Sales tax receivable		8,286	7,966
Other receivables		4,709	3,897
Current portion of loans to employees	11	13,740	6,819
		<u>26,735</u>	<u>18,682</u>

	Note	2016 (Rupees in '000)	2015
<b>19. FIXED ASSETS</b>			
Tangible - operating fixed assets	19.1	21,409	21,499
Intangible - computer software	19.2	4,226	2,930
		25,635	24,429

**19.1 Tangible - operating fixed assets**

	December 31, 2016						(Rupees in '000)	
	Cost			Depreciation			Written Down Value as at Dec. 31, 16	Depreciation Rate %
	As at Jan. 01, 16	Additions / (disposals)	As at Dec. 31, 16	As at Jan. 01, 16	for the year/ (disposals)	As at Dec. 31, 16		
Furniture, fixtures and office equipment	23,258	2,152 (447)	24,963	10,139	2,663 (441)	12,361	12,602	10-20
Computers and related equipment	8,381	1,036 (394)	9,023	5,902	1,464 (319)	7,047	1,976	33
Motor vehicles	10,152	2,255 (89)	12,318	4,251	1,293 (57)	5,487	6,831	20
	41,791	5,443 (930)	46,304	20,292	5,420 (817)	24,895	21,409	
	41,791	5,443 (930)	46,304	20,292	5,420 (817)	24,895	21,409	

	December 31, 2015						(Rupees in '000)	
	Cost			Depreciation			Written Down Value as at Dec. 31, 15	Depreciation Rate %
	As at Jan. 01, 15	Additions / (disposals)	As at Dec. 31, 15	As at Jan. 01, 15	for the year/ (disposals)	As at Dec. 31, 15		
Furniture, fixtures and office equipment	15,575	8,478 (795)	23,258	8,775	2,153 (789)	10,139	13,119	10-20
Computers and related equipment	6,726	2,293 (638)	8,381	5,156	1,357 (611)	5,902	2,479	33
Motor vehicles	5,546	4,792 (186)	10,152	3,145	1,270 (164)	4,251	5,901	20
	27,847	15,563 (1,619)	41,791	17,076	4,780 (1,564)	20,292	21,499	
	27,847	15,563 (1,619)	41,791	17,076	4,780 (1,564)	20,292	21,499	

## 19.2 Intangible assets

(Rupees in '000)

	Cost			Amortisation			Written Down Value as at Dec. 31, 16	Depreciation Rate %
	As at Jan. 01, 16	Additions / (disposals)	As at Dec. 31, 16	As at Jan. 01, 16	for the year/ (disposals)	As at Dec. 31, 16		
Computer software	6,979	2,880	9,859	4,049	1,584	5,633	4,226	20
2016	<u>6,979</u>	<u>2,880</u>	<u>9,859</u>	<u>4,049</u>	<u>1,584</u>	<u>5,633</u>	<u>4,226</u>	
2015	<u>5,748</u>	<u>1,231</u>	<u>6,979</u>	<u>2,826</u>	<u>1,223</u>	<u>4,049</u>	<u>2,930</u>	20

## 19.3 Disposal of tangible assets

	Cost	Accumulated depreciation	Book value	Sale proceeds	Net gain/ (loss) (note 21)	Mode of disposal	Sold to
	(Rupees in '000)						
<b>Motor vehicles</b>	47	18	29	31	2	Negotiation	Ameen
	42	39	3	8	5	Negotiation	Rizwan Ahmed, employee
<b>Office Equipment</b>	422	417	5	62	57	Negotiation	Various
<b>Computer and related equipment</b>	394	319	75	38	(37)	Negotiation	Various
<b>Furniture fixtures</b>	25	24	1	8	7	Negotiation	Various
	<u>930</u>	<u>817</u>	<u>113</u>	<u>147</u>	<u>34</u>		

	Note	2016 (Rupees in '000)	2015
<b>20. EXPENSES</b>			
Salaries and wages including bonus, contribution to provident fund and staff welfare	20.1	209,316	177,559
Motor car expenses		21,521	19,895
Travelling and entertainment expenses		8,969	8,482
Rent, taxes and electricity		15,666	15,080
Communications		5,838	4,829
Printing and stationery		4,253	3,022
Repair and maintenance		5,533	4,632
Legal and professional expenses		5,019	3,022
Corporate & subscription		6,917	5,804
Depreciation		5,420	4,780
Amortisation		1,584	1,223
Donation	20.2	2,000	2,000
Auditors' remuneration	20.3	2,136	2,117
Worker's Welfare Fund		-	5,276
Advertisement		3,518	755
Other expenses		7,640	7,783
		305,330	266,259

The above expenses amounting Rs.231.859 million and Rs.73.180 million (2015: Rs.199.941 million and Rs.66.318 million) have been charged to underwriting under their respective classes and general and administration expenses respectively.

**20.1** This includes staff retirement benefits amounting to Rs.9.192 million (2015: Rs.8.608 million).

**20.2** An amount of Rs.2 million (2015: Rs.2 million) was donated to the following Trusts in which the Directors' have interest:

		2016 (Rupees in '000)	2015
Name of Institution/ Address	Director / Trustee		
Al-Sayyeda Benevolent Trust UBL Building, I.I. Chundrigar Road, Karachi	1. Mr. Rafiq M. Habib 2. Mr. Mansoor G. Habib 3. Mr. Aun Mohammad A. Habib	400	400
Rehmatbai Habib Widows & Orphans Trust UBL Building, I.I. Chundrigar Road, Karachi	1. Mr. Aun Mohammad A. Habib	400	400
Rehmatbai Habib Food & Clothing Trust UBL Building, I.I. Chundrigar Road, Karachi	1. Mr. Mohamedali R. Habib 2. Mr. Aun Mohammad A. Habib	400	400
Habib Poor Fund UBL Building, I.I. Chundrigar Road, Karachi	1. Mr. Mansoor G. Habib 2. Mr. Mohamedali R. Habib 3. Mr. Aun Mohammad A. Habib	400	400
Habib Medical Trust UBL Building, I.I. Chundrigar Road, Karachi	1. Mr. Rafiq M. Habib 2. Mr. Mohamedali R. Habib	400	400
		2,000	2,000

	Note	2016 (Rupees in '000)	2015
<b>20.3 Auditors' remuneration</b>			
Annual audit		775	775
Interim review		259	259
Certifications fees and review of statement of compliance with Code of Corporate Governance		823	823
		1,857	1,857
Sindh Sales Tax		117	117
Out of pocket expenses		162	143
		2,136	2,117
<b>21. OTHER INCOME - NET</b>			
<b>Income from financial assets</b>			
Profit on bank accounts		5,269	4,930
Mark-up on staff loan	11.1	3,119	2,070
		8,388	7,000
<b>Income from non-financial assets</b>			
Net gain on sale of fixed assets	19.3	34	196
Reversal of WWF	8.1	32,657	-
Others		30	116
		32,721	312
		41,109	7,312
<b>22. TAXATION - NET</b>			
Current		90,000	34,000
Prior		(208)	(6,680)
Deferred		3,610	4,362
		93,402	31,682
<b>22.1 Relationship between tax expense and accounting profit</b>			
Profit before taxation for the year		285,110	258,549
Tax at the applicable rate of 31% (December 31, 2015: 32%)		88,384	82,736
Tax effect of capital gains subject to separate rate of tax		-	(33,585)
Tax effect of income subject to lower rates		-	(14,677)
Others		5,018	(2,792)
		93,402	31,682

**22.2** In respect of tax years 2004 to 2007, the tax authorities have served notices on the Company under section 122(9) for amendment under section 122(5A) in the returns filed by the Company in respect of the aforesaid years. The amendment mainly relates to taxability of capital gains and proration of expenses against dividend and capital gains. The proceedings in respect of tax years 2004 to 2007 are still pending due to the fact that the Company has filed writ petition before the Honourable High Court of Sindh against said notices. The Honourable High Court of Sindh has issued status quo order in respect of tax year 2005. Based on the opinion of legal advisor, the management believes that the case will be decided in favour of the Company.



In 2015, the Company received orders u/s. 122(5A) passed by the Additional Commissioner Inland Revenue for the tax year 2009 and 2012 wherein prior year assessments were revised by treating dividend income as single basket income and taxing it at 35% instead of fixed rate of 10% resulting in aggregate demand of Rs.16.0 million. The Company has filed appeals against the said orders with CIT (Appeals) which are pending adjudication. The Company, based on its tax advisor's opinion, is confident that the ultimate outcome of the appeal will be in its favor. Therefore, no provision for the said demand has been made in these financial statements.

Further, the tax authorities have also issued orders for the tax year 2008 and 2009 wherein certain disallowances have been made mainly relating to the same matters mentioned above. During 2011, the Commissioner Income Tax has decided the matter in favour of the Company in respect of tax year 2008 and 2009. The department has filed appeal before the learned Appellate Tribunal Inland Revenue for the tax years 2008 and 2009. During the year 2012, the Appellate Tribunal Inland Revenue decided the matter in favour of the Company. However, the Department has filed reference application before the Honourable High Court of Sindh against the aforesaid order of the Appellate Tribunal Inland Revenue. Based on the opinion of tax advisor, the management believes that the case will be decided in favour of the Company.

The Company has filed return of total income for the tax year 2016 (financial year ended December 31, 2015) which is deemed to have been assessed under the Income Tax Ordinance, 2001 unless selected by the taxation authorities for audit purposes. Furthermore, in respect of tax years 2011 to 2015 the tax authorities have issued orders disallowing certain expenses claimed by the Company. The Company has filed appeals against the said orders before the Appellate Tribunal Inland Revenue. Based on the opinion of tax advisor, the management believes that the case will be decided in favour of the Company.

### 23. 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:

	2016	2015
	(Rupees in '000)	
Profit after tax for the year	<u>191,708</u>	<u>226,867</u>
	(Number of shares)	
Weighted average number of shares of Rs. 5/- each	<u>123,874,755</u>	<u>123,874,755</u>
	(Rupees)	
Basic earnings per share of Rs. 5/- each	<u>1.55</u>	<u>1.83</u>

**23.1** 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.

## 24. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged to in the financial statements, including all benefits, to the Chief Executive, Directors and Executives/ Key Management Personnel of the Company are as follows:

	Chief Executive		Directors		Executives / Key Management Personnel		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	(Rupees in '000)							
Fees	-	-	380	380	-	-	380	380
Managerial remuneration	10,680	11,880	7,800	-	53,848	58,249	72,328	70,129
Bonus	2,376	1,548	-	-	8,968	12,092	11,344	13,640
Retirement benefits	557	594	433	-	3,254	2,772	4,244	3,366
Others	408	598	497	-	-	499	905	1,097
	<u>14,021</u>	<u>14,620</u>	<u>8,730</u>	<u>-</u>	<u>66,070</u>	<u>73,612</u>	<u>88,821</u>	<u>88,232</u>
Number of persons	<u>*2</u>	<u>1</u>	<u>*8</u>	<u>7</u>	<u>24</u>	<u>24</u>	<u>34</u>	<u>32</u>

\* Mr. Ali Raza D. Habib was appointed as Executive Vice Chairman with effect from July 01, 2016 and in his place Mr. Zeeshan Raza was appointed as Chief Executive Officer.

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

## 25. TRANSACTIONS WITH RELATED PARTIES

**25.1** Related parties of the Company comprise of associated companies, companies with common directors, major shareholders, staff retirement funds, directors and key management personnel. The Company in the normal course of business carries out transactions with related parties at commercial terms and conditions except for compensation to key management personnel which are on employment terms.

Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

**Transactions and balances with associated companies**

	2016	2015
	(Rupees in '000)	
<i>Transactions during the year with associated companies</i>		
Premium written	413,549	326,005
Claims paid	199,049	239,731
Dividend received	53,545	51,076
Dividend paid	9,655	20,954
Investment made	672,980	1,103,896
Investment sold	829,998	1,399,459
Gain on sale of investments	112,073	110,309
Interest received on bank accounts	5,269	4,930
Bank charges	716	369
Government Securities purchased	–	14,017
<i>Balances with associated companies</i>		
Premium due but unpaid	137,614	106,667
Claims outstanding	47,027	34,274
Bank balances	146,576	134,568
Profit receivable on bank accounts	–	2
Investment held	478,043	523,111
<i>Transactions during the year with other related parties including key management personnel</i>		
Premium written	10	38
Claims paid	–	103
Repayment of loans to employees (secured)	10,136	8,452
Share registrar fees paid	76	630
Brokerage expenses paid	5,487	1,322
Contribution to the provident fund	5,167	5,279
<i>Balance with other related parties including key management personnel</i>		
Premium due but unpaid	36	24
Loans to employees (secured)	34,834	26,804
Due to / (from) the provident fund	432	82
Brokerage Expenses Payable	–	716

**25.2** Remuneration to the key management personnel are in accordance with the terms of their employment (refer note 24). Contribution to the provident fund is in accordance with the Company's staff service rules.

**25.3** Details of other balances and transaction with related parties during the year ended December 31, 2016 are disclosed in note 12.5.

## 26. SEGMENT INFORMATION

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 SEC (Insurance) Rules, 2002. The following table presents information regarding segment assets and liabilities as at December 31, 2016 and December 31, 2015, allocated capital expenditures and depreciation / amortisation during the year. The above have been assigned to the following segments on the basis of gross premium earned by the segments.

	Fire and Property		Marine and Transport		Motor		Group Hospitalisation		Other Classes		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	(Rupees in '000)											
<b>Segment Assets</b>												
Segment Assets	<u>705,435</u>	<u>693,588</u>	<u>345,155</u>	<u>404,428</u>	<u>286,206</u>	<u>234,275</u>	<u>202,071</u>	<u>137,167</u>	<u>151,370</u>	<u>151,345</u>	1,690,237	1,620,803
Unallocated corporate assets											1,069,641	1,122,062
Consolidated total assets											<u>2,759,878</u>	<u>2,742,865</u>
<b>Segment Liabilities</b>												
Segment liabilities	<u>588,451</u>	<u>591,109</u>	<u>287,917</u>	<u>344,673</u>	<u>238,744</u>	<u>199,661</u>	<u>168,561</u>	<u>98,208</u>	<u>126,264</u>	<u>147,676</u>	1,409,937	1,381,327
Unallocated corporate liabilities											250,293	227,330
Consolidated total liabilities											<u>1,660,230</u>	<u>1,608,657</u>
<b>Capital Expenditure</b>												
Capital Expenditure	<u>3,474</u>	<u>7,187</u>	<u>1,700</u>	<u>4,191</u>	<u>1,409</u>	<u>2,427</u>	<u>995</u>	<u>590</u>	<u>745</u>	<u>2,399</u>	8,323	16,794
Depreciation / amortisation	<u>2,924</u>	<u>2,569</u>	<u>1,430</u>	<u>1,498</u>	<u>1,186</u>	<u>868</u>	<u>837</u>	<u>496</u>	<u>627</u>	<u>572</u>	7,004	6,003

## **27. MANAGEMENT OF INSURANCE AND FINANCIAL RISK**

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

### **27.1 Insurance risk management**

#### **Insurance risk**

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

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

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

#### **(a) Frequency and severity of claims**

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

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

#### **(b) Uncertainty in the estimation of future claim payments**

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

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

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the balance sheet date and for the expected ultimate cost of claims incurred but not reported (IBNR) at the balance sheet date. The details of estimation of outstanding claims (including IBNR) are given under note 4.5.

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

**(c) Key assumptions**

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

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

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

**(d) Changes in assumptions**

The Company did not change its assumptions for the insurance contracts as disclosed in above (b) and (c).

**(e) Sensitivity analysis**

The insurance claim liabilities are sensitive to the incidence of insured events and severity / size of claims. The impact of 10% increase / decrease in incidence of insured events on underwriting results and shareholder's equity is as follows:

	Underwriting results		Shareholder's equity	
	2016	2015	2016	2015
	(Rupees in '000)			
<b>Average claim cost</b>				
Fire and property	1,668	926	1,151	630
Marine and transport	4,528	3,920	3,124	2,666
Motor	10,825	10,174	7,469	6,918
Group Hospitalisation	8,870	5,574	6,120	3,791
Other classes	2,266	1,580	1,564	1,074
	<u>28,157</u>	<u>22,174</u>	<u>19,428</u>	<u>15,079</u>

## Concentration of risk

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

Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated with the commercial / industrial / residential occupation of the insured. Details regarding the fire separation / segregation with respect to the manufacturing process, storage, utilities, etc. are extracted from the layout plan of the insured facility. Such details are formed part of the reports which are made available to the underwriters / reinsurance personnel for their evaluation. Reference is made to the standard construction specification as laid down by IAP (Insurance Association of Pakistan). For instance, the presence of perfect party walls, double fire proof iron doors, physical separation between the building within an insured's premises. It is basically the property contained within an area which is separated by another property by sufficient distance to confine insured damage from uncontrolled fire and explosion under the most adverse conditions to that one area.

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

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

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

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

The concentration of risk by type of contracts based on single risk with maximum exposure is summarised below.

	Gross sum insured		Reinsurance		Net	
	2016	2015	2016	2015	2016	2015
	(Rupees in ' 000)					
Fire and property	20,432,212	20,637,620	20,429,587	20,634,120	2,625	3,500
Marine and transport	1,254,158	1,823,310	1,252,158	1,821,310	2,000	2,000
Motor	38,760	23,000	37,760	22,000	1,000	1,000
Group Hospitalisation	800	800	400	480	400	320
Other	600,000	13,822,844	540,000	13,808,164	60,000	14,680
	<u>22,325,930</u>	<u>36,307,574</u>	<u>22,259,905</u>	<u>36,286,074</u>	<u>66,025</u>	<u>21,500</u>

The following table shows the development of claims over a period of time on gross basis. For each class of business the uncertainty about the amount and timings of claims payment is usually resolved within a year.

**Analysis on gross basis**

<b>Accident year</b>	2012 and prior years	2013	2014	2015	2016	Total
(Rupees in ' 000)						
Estimate of ultimate claims cost:						
At end of accident year	1,321	524	1,285	658,822	851,821	1,513,773
One year later	1,654	500	1,293	139,351	–	142,798
Two years later	1,599	471	347,875	–	–	349,945
Three years later	858	9,024	–	–	–	9,882
Four years later	8,376	–	–	–	–	8,376
Estimate of cumulative claims	8,376	9,024	347,875	139,351	851,821	1,356,447
Cumulative payment made to date	(596)	(1,024)	(38,452)	(122,041)	(595,274)	(757,387)
Liability for outstanding claims	7,780	8,000	309,423	17,310	256,547	599,060

**27.2 Financial risk management**

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

- Credit risk
- Liquidity risk
- Market risk

**27.2.1 Risk management framework**

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.

**27.2.2 Credit risk**

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



### 27.2.2.1 Exposure to credit risk

Credit risk of the Company arises principally from the balances with banks, loans to employees, investments (except for investment in government securities and listed equity shares), premium due but unpaid, amount due from other insurers / reinsurers, reinsurance and other recoveries against outstanding claims and sundry receivable (except receivable against FED). To reduce the credit risk the management continuously reviews and monitors the credit exposure towards the policyholders and other insurers / reinsurers and makes provision against those balances considered doubtful of recovery.

In summary, compared to the amount included in statement of assets and liabilities, the maximum exposure to credit risk as at December 31, 2016 is as follows:

	Note	2016		2015	
		Balance as per the financial statement	Maximum exposure	Balance as per the financial statement	Maximum exposure
(Rupees in '000)					
Bank balances	10	147,548	147,548	136,225	136,225
Loan to employees	11	48,344	48,344	45,258	45,258
Investments	12	801,506	–	895,064	–
Premiums due but unpaid	14	425,588	425,588	319,230	319,230
Amounts due from other insurers/ reinsurers	15	297,928	297,928	341,179	341,179
Accrued investment income	16	2,970	2,970	3,274	3,274
Reinsurance recoveries against outstanding claims		530,776	530,776	640,331	640,331
Advances, deposits and prepayment	17	22,250	9,775	2,025	2,025
Sundry receivables	18	26,735	26,735	11,863	11,863
		<u>2,303,645</u>	<u>1,489,664</u>	<u>2,394,449</u>	<u>1,499,385</u>

Differences in the balances as per financial statements and maximum exposure in investments is due to investments in government securities of Rs.54.263 million (2015: Rs.69.384 million) and listed equity shares / units of Rs.747.123 million (2015: Rs.825.680 million) which are not exposed to credit risk.

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

	Rating		Rating Agency
	Short term	Long term	
Habib Metropolitan Bank Limited	A1+	AA+	PACRA
Bank AL Habib Limited	A1+	AA+	PACRA
Habib Bank Limited	A1+	AAA	JCR-VIS

The management monitors exposure to credit risk in premium receivable from customers through regular review of credit exposure and prudent estimates of provisions for doubtful receivables as disclosed in note 14 to the financial statements.

### Concentration of credit risk

Concentration of credit risk arises when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would effect their ability to meet contractual obligations in similar manner. The Company manages concentration of credit risk through diversification of activities among individuals, groups and industry segments.

Sector-wise analysis of premium due but unpaid at the reporting date was:

	December 31, 2016		December 31, 2015	
	(Rupees in'000)	%	(Rupees in'000)	%
Automobiles	32,212	6.9	56,349	15.8
Banks, Modaraba and Leasing	91,050	19.6	51,530	14.4
Textile and Composite	60,208	13.0	52,428	14.6
Sugar	17,188	3.7	14,073	3.9
Chemicals and Allied Industries	46,882	10.1	37,619	10.5
Glass, Ceramics and Tiles	9,831	2.1	6,364	1.8
Cable, Engineering and Steel	15,326	3.3	11,463	3.2
Cement	–	0.0	255	0.1
Food and Confectionary	38,345	8.3	27,075	7.6
Fuel and Energy	22,957	4.9	2,973	0.8
Insurance	–	0.0	2,300	0.6
Pharmaceuticals	12,185	2.6	13,871	3.9
Others	118,166	25.5	81,692	22.8
	<u>464,350</u>	<u>100</u>	<u>357,992</u>	<u>100</u>

Age analysis of premium due but unpaid at the reporting date was:

	December 31, 2016		December 31, 2015	
	Gross	Impairment	Gross	Impairment
	(Rupees in '000)			
Upto 1 year	382,320	–	285,227	–
1-2 years	54,871	11,603	23,879	–
2-3 years	12,580	12,580	14,825	4,701
Over 3 years	14,579	14,579	34,061	34,061
Total	<u>464,350</u>	<u>38,762</u>	<u>357,992</u>	<u>38,762</u>

The Company enters into re-insurance/ co-insurance arrangements with re-insurers/ other insurers having sound credit ratings accorded by reputed credit rating agencies. Further, the Company is required to comply with the requirements of circular no. 32/ 2009 dated October 27, 2009 issued by SECP which requires an insurance company to place at least 80% of their outward treaty cessions with reinsurers rated 'A' or above by Standard and Poors with the balance being placed with entities rated at least 'BBB' by reputable ratings agency. An analysis of all insurer/ reinsurance assets recognised by the rating of the entity from which it is due is as follows:

	Amount due from reinsurers	Reinsurance recoveries against outstanding claims	Prepaid reinsurance premium ceded (Rupees in '000)	2016	2015
A or above (including PRCL)	150,865	530,776	359,072	1,040,713	1,088,581
BBB	–	–	–	–	1,301
	<u>150,865</u>	<u>530,776</u>	<u>359,072</u>	<u>1,040,713</u>	<u>1,089,882</u>

Age analysis of amount due from other insurers/ reinsurers at the reporting date was:

	2016		2015	
	Gross	Impairment	Gross	Impairment
	(Rupees in '000)			
Upto 1 year	58,447	–	139,233	–
1-2 years	72,014	–	220,608	–
Over 2 years	182,026	14,559	(4,103)	14,559
Total	<u>312,487</u>	<u>14,559</u>	<u>355,738</u>	<u>14,559</u>

Age analysis of reinsurance recoveries against outstanding claims at the reporting date was:

	2016		2015	
	Gross	Impairment	Gross	Impairment
	(Rupees in '000)			
Upto 1 year	(89,886)	–	(148,605)	–
1-2 years	197,936	–	540,342	–
Over 2 years	422,726	–	248,594	–
Total	<u>530,776</u>	<u>–</u>	<u>640,331</u>	<u>–</u>

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

### 27.2.3 Liquidity risk

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting its financial obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations 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 following are the contractual maturities of financial liabilities:

	2016	2015
	Carrying Amount (Rupees in '000)	
<b>Non-derivative financial liabilities</b>		
Provision for outstanding claims	599,060	688,411
Amount due to other insurers/ reinsurers	66,370	102,631
Accrued expenses	16,804	12,595
Other creditors and accruals	65,275	83,105
Unclaimed dividends	49,140	44,319
	<u>796,649</u>	<u>931,061</u>

The carrying amounts represent contractual cash flows maturing within one year.

#### 27.2.4 Market risk

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

##### 27.2.4.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate exposure arises from balances held in profit and loss sharing accounts with reputable banks, term finance certificates and government securities. The Company limits interest rate risk by monitoring changes in interest rates. At the balance sheet date the interest rate profile of the Company's interest-bearing financial instrument are:

	2016	2015	2016	2015
	Effective interest rate (in %)		(Rupees in '000)	
Fixed rate instruments				
- Government securities	(8.75 to 12)	(8.75 to 12)	<u>54,263</u>	<u>69,384</u>
Variable rate instruments				
- Bank balances	(5 to 6)	(5 to 6)	<u>136,969</u>	<u>115,361</u>
			<u>136,969</u>	<u>115,361</u>

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

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

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

The Company is exposed to cash flow interest rate risk in respect of its balances with profit and loss sharing account with banks and term finance certificates. A change of 100 basis points in interest rates at the year end would not have material impact on profit for the year and equity of the Company.

#### **27.2.4.2 Equity price risk**

Equity price risk is the risk of changes in the fair value of equity securities as the result of changes in the levels of KSE-100 Index and the value of individual shares. The equity price risk exposure arises from the Company's investments in equity securities and units of mutual funds. This arises from investments held by the Company for which prices in the future are uncertain. The Company policy is to manage price risk through diversification and selection of securities within specified limits set by the management. A summary analysis of investments by industry sector is disclosed in note 12 to these financial statements.

The Management monitors the fluctuations of prices of equity securities on regular basis. The Company also has necessary skills for monitoring and managing the equity portfolio in line with fluctuations of the market.

Market prices are subject to fluctuation and consequently the amount realised in the subsequent sale of an investment may significantly differ from the reported market value. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

Sensitivity analysis of equity investment as at the reporting date is as follows:

For available for sale equity investments, in case of 10% decrease in equity prices at the reporting date, the net income and equity would have been lower by Rs.Nil (2015: Rs.Nil). However, an increase of 10% in equity prices at the reporting such increase is restricted to amount of cost of investment of such securities, i.e., Rs.Nil (2015: Rs.Nil) as per the policy of the Company.

### **27.3 Fair value of financial instruments**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The carrying values of all financial assets and financial liabilities approximate their fair values, except for certain equity and debt instruments, held whose fair values have been disclosed in their respective notes to these financial statements.

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

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The following table provides the fair value measurement hierarchy of the Company's assets:

	December 31, 2016			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
<b>Asset measured at fair value</b>				
<b>At fair value through profit or loss - held-for-trading</b>				
Pakistan Investment Bonds (fair value disclosed only)	–	61,790	–	61,790
<b>Available-for-sale</b>				
Equity securities / modaraba certificates (fair value disclosed only)	1,555,274	–	–	1,555,274
Mutual fund units (fair value disclosed only)	–	116,266	–	116,266
	<u>1,555,274</u>	<u>178,056</u>	<u>–</u>	<u>1,733,330</u>
	December 31, 2015			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
<b>Asset measured at fair value</b>				
<b>At fair value through profit or loss - held-for-trading</b>				
Pakistan Investment Bonds (fair value disclosed only)	–	75,363	–	75,363
<b>Available-for-sale</b>				
Equity securities / modaraba certificates (fair value disclosed only)	1,247,442	–	–	1,247,442
Mutual fund units (fair value disclosed only)	–	143,947	–	143,947
	<u>1,247,442</u>	<u>219,310</u>	<u>–</u>	<u>1,466,752</u>

**28. CAPITAL MANAGEMENT**

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

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

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

**29. NUMBER OF EMPLOYEES**

The number of employees at the end of year was 207 (2015: 198) and average number of employees during the year was 201 (2015: 192).

**30. SUBSEQUENT EVENT - NON ADJUSTING**

In the meeting held on March 27, 2017, the Board of Directors of the Company proposed a final cash dividend of Rs. 1.75 per share (2015: Rs.1.75 per share) amounting to Rs. 216.781 million (2015: Rs.216.781 million) for the year ended December 31, 2016, for approval by the members in Annual General Meeting to be held on April 26, 2017.

**31. CORRESPONDING FIGURES**

Due to addition of new "Group Hospitalisation" as required by Rule 2 of Annexure II of the Insurance Rules, 2002, corresponding figures in the "Other class" have been rearranged to exclude "Group Hospitalisation Class" item and shown separately.

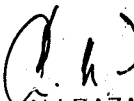
**32. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue by the Board of Directors in their meeting held on March 27, 2017.


**33. GENERAL**

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

  
RAFIQ M. HABIB  
Chairman

  
ALI FAZA D. HABIB  
Executive Vice Chairman

  
MANSOOR G. HABIB  
Director

  
SHABBIR GULAMALI  
Chief Executive Officer

**Pattern of Shareholding as at December 31, 2016**

Number of Shareholders	Size of Shareholding Rs. 5/- each		Total Shares Held
1189	1	to 100	17,159
308	101	to 500	90,142
210	501	to 1000	168,038
500	1001	to 5000	1,334,455
170	5001	to 10000	1,278,140
132	10001	to 15000	1,652,726
46	15001	to 20000	828,567
44	20001	to 25000	1,028,979
26	25001	to 30000	726,401
15	30001	to 35000	496,344
14	35001	to 40000	525,541
16	40001	to 45000	679,499
14	45001	to 50000	694,829
2	50001	to 55000	102,952
2	55001	to 60000	113,563
19	60001	to 65000	1,189,426
3	65001	to 70000	203,046
2	70001	to 75000	143,242
5	75001	to 80000	392,576
6	80001	to 85000	492,053
7	85001	to 90000	612,284
1	90001	to 95000	90,205
9	95001	to 100000	892,244
1	100001	to 105000	100,142
2	105001	to 110000	218,871
3	110001	to 115000	336,972
3	115001	to 120000	352,039
7	120001	to 125000	863,356
4	125001	to 130000	509,144
5	130001	to 135000	652,721
3	135001	to 140000	416,993
2	140001	to 145000	286,542
3	150001	to 155000	462,240
3	155001	to 160000	472,857
5	165001	to 170000	833,291
4	170001	to 175000	686,341
1	180001	to 185000	184,471
3	185001	to 190000	557,320
2	190001	to 195000	386,360
4	195001	to 200000	795,794
3	205001	to 210000	627,078
2	220001	to 225000	441,740
4	225001	to 230000	908,174
3	240001	to 245000	722,780
8	245001	to 250000	1,986,553
1	250001	to 255000	250,058
1	265001	to 270000	267,317
2	270001	to 275000	541,777
1	275001	to 280000	275,863
1	280001	to 285000	284,133
1	290001	to 295000	291,000
1	300001	to 305000	300,183
5	305001	to 310000	1,544,719
1	320001	to 325000	321,696
3	330001	to 335000	994,060
2	340001	to 345000	685,604
1	345001	to 350000	346,741
1	350001	to 355000	353,885
1	355001	to 360000	357,992
1	375001	to 380000	376,893
1	380001	to 385000	382,220
1	385001	to 390000	387,848
1	410001	to 415000	410,721
3	420001	to 425000	1,261,783
1	430001	to 435000	431,302
3	445001	to 450000	1,344,016
1	480001	to 485000	481,010



**Pattern of Shareholding as at December 31, 2016**

Number of Shareholders	Size of Shareholding Rs. 5/- each			Total Shares Held
1	490001	to	495000	493,416
1	495001	to	500000	500,000
1	525001	to	530000	526,915
1	535001	to	540000	539,443
3	540001	to	545000	1,626,666
2	600001	to	605000	1,205,543
1	615001	to	620000	619,372
1	620001	to	625000	620,360
1	625001	to	630000	625,654
1	630001	to	635000	633,270
1	690001	to	695000	693,695
1	705001	to	710000	707,263
1	710001	to	715000	712,500
1	735001	to	740000	736,117
1	740001	to	745000	743,246
1	755001	to	760000	757,323
1	770001	to	775000	774,830
1	790001	to	795000	793,546
1	800001	to	805000	800,219
1	805001	to	810000	809,452
1	815001	to	820000	817,570
1	825001	to	830000	828,500
1	840001	to	845000	841,785
3	880001	to	885000	2,648,592
1	925001	to	930000	927,692
1	930001	to	935000	930,194
1	990001	to	995000	990,198
1	1005001	to	1010000	1,006,162
1	1025001	to	1030000	1,028,157
1	1060001	to	1065000	1,064,758
2	1085001	to	1090000	2,177,874
1	1090001	to	1095000	1,092,797
1	1165001	to	1170000	1,169,125
1	1205001	to	1210000	1,208,386
1	1215001	to	1220000	1,219,590
1	1225001	to	1230000	1,227,082
1	1245001	to	1250000	1,248,800
1	1300001	to	1305000	1,300,681
1	1395001	to	1400000	1,399,918
1	1675001	to	1680000	1,677,462
1	1810001	to	1815000	1,813,828
1	2315001	to	2320000	2,315,737
1	2350001	to	2355000	2,353,618
1	2370001	to	2375000	2,372,500
1	2720001	to	2725000	2,721,386
1	2990001	to	2995000	2,994,651
1	3410001	to	3415000	3,412,500
1	4975001	to	4980000	4,979,761
1	5360001	to	5365000	5,363,772
1	5415001	to	5420000	5,419,516
1	5735001	to	5740000	5,735,396
1	6220001	to	6225000	6,222,926
2907				123,874,755

Categories of Shareholders	Numbers	Shares Held	Percentage
1. Individuals	2,829	74,009,191	59.75
2. Insurance companies	6	7,049,591	5.69
3. Joint stock companies	31	13,920,240	11.24
4. Charitable trusts	13	19,169,955	15.48
5. Government institutions	2	487	0.00
6. Foreign investors	26	9,725,291	7.85
	2,907	123,874,755	100.00

**Pattern of Shareholding as at December 31, 2016**

**Additional Information**

<b>Shareholders' Category</b>	<b>Number of shareholders/ folios</b>	<b>Number of shares held</b>
<b>Associated Companies</b>		
Habib Sugar Mills Limited	1	5,363,772
Thal Limited	1	5,735,396
Karachi Mercantile Co. (Pvt.) Limited	1	342,087
<b>NIT and ICP</b>		
IDBL (ICP Unit)	2	487
<b>Directors</b>		
Mr. Rafiq M. Habib	1	166,856
Mr. Ali Raza D. Habib	1	61,313
Mr. Abbas D. Habib	2	753,308
Mr. Mansoor G. Habib	1	5,000
Mr. Mohamedali R. Habib	2	1,943,891
Mr. Aun Mohammad A. Habib	1	930,194
Mr. Ali Fadoo	1	2,000
<b>Directors' Spouses</b>		
Mrs. Jamila Rafiq w/o Mr. Rafiq M. Habib	2	966,797
Mrs. Niamat-e-Fatima w/o Mr. Abbas D. Habib	1	20,877
Mrs. Sayyeda Mohamedali w/o Mr. Mohamedali R. Habib	1	130,063
Mrs. Razia w/o Mr. Ali Raza D. Habib	1	757,323
<b>Banks, Development Financial Institutions, Insurance Companies, Modaraba Companies and Mutual Funds</b>		
	7	1,126,848
<b>Joint Stock Companies and Corporations</b>		
	28	2,478,985
<b>Individuals/ Others</b>		
	2,813	67,971,386
<b>Charitable Trusts, Societies and Government Institutions</b>		
	13	19,169,955
<b>Foreign Investors</b>		
	26	9,725,291
<b>Shareholders holding 5% or more</b>		
	1	6,222,926
	<u>2,907</u>	<u>123,874,755</u>

## Notice of Annual General Meeting

NOTICE is hereby given that the 74<sup>th</sup> Annual General Meeting of the Shareholders of the Company will be held at The Institute of Chartered Accountants of Pakistan, Kehkashan, Clifton, Karachi, on Wednesday, April 26, 2017 at 11:30 a.m. to transact the following business:

1. To receive and adopt the Audited Accounts for the year ended December 31, 2016 together with the Directors' and Auditors' Report thereon.
2. To approve payment of cash dividend @ 35% i.e. Rs. 1.75 per share of Rs. 5/- each for the year ended December 31, 2016 as recommended by the Board of Directors.
3. To appoint Auditors for the year ending December 31, 2017 and to fix their remuneration. EY Ford Rhodes, Chartered Accountants, being eligible offer themselves for reappointment.
4. To consider any other business of the Company with the permission of the Chair.

### Special Business:

5. To consider and if thought fit, pass the following resolutions as Special Resolution, with or without modification, to amend the Articles of Association of the Company in order to enable the e-voting mechanism as prescribed in the Companies (E-Voting) Regulations, 2016 issued by the Securities and Exchange Commission of Pakistan (SECP).

**“RESOLVED** that subject to obtaining the requisite approval, the Articles of Association of the Company be and are hereby amended by adding a new Article 49A, appearing after the existing Article 49, as follows:

49A The provisions and requirements for electronic voting by the members, as prescribed under the applicable laws and regulations from time to time, shall be deemed to be incorporated in these Articles, irrespective of the other provisions of these Articles and notwithstanding anything contradictory therein. Members may be allowed to appoint members as well as non-members as proxies for purposes of electronic voting to the extent permitted under the applicable laws and regulations. Electronic Voting

**FURTHER RESOLVED** that the Chief Executive and/ or Company Secretary of the Company be and is hereby authorized to take or cause to be taken any and all actions necessary and incidental for the purposes of altering the Articles of Association of the Company, and make necessary filings and complete legal formalities as may be required to implement the aforesaid resolution.”

6. To consider and if thought fit, to pass the following resolutions as Special Resolution with or without modification, to alter the Article 3 of the Memorandum of Association (MOA) of the Company by renaming existing clause (ff) to (gg) and inserting a new object clause (ff) after the object clause (ee) under Article 3 of the MOA;

**“RESOLVED** that the necessary alteration in the MOA of the Company (the “MOA”) be and is hereby considered and approved. The following sub existing clause (ff) of Article 3 of the MOA be and is hereby renamed as (gg) and a new clause (ff) be and hereby inserted after the existing clause (ee) under the Article 3 of the MOA:

~~(ff)~~ (gg) To do all such other things as are conducive to the attainments of the above objects.

(ff) To undertake and carry on the business of all kinds of General Takaful & General Re-Takaful in Pakistan and/or in any part of the world.”

**FURTHER RESOLVED** that the Chief Executive and/ or Company Secretary be and is hereby authorized to do all acts, deeds and things, take any and all necessary steps to fulfill the legal, corporate and procedural formalities and file all necessary documents/returns to the Securities and Exchange Commission of Pakistan for seeking approvals as he/ they deem(s) necessary, expedient and desirable to give effect to the above resolution.”

7. To consider and if thought fit, approve allocation of initial amount of Rs.50,000,000 (Pak Rupees Fifty Million Only) to be used for Window Takaful Operations and to consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution;

**“RESOLVED** that the sum of Rs.50,000,000 (Pak Rupees Fifty Million Only) for Window Takaful Operation be and is hereby allocated by the Company by way of transfer of assets or any other source be acceptable to the Securities and Exchange Commission of Pakistan and Shariah advisor of the Company.”

8. To consider and if thought fit, pass the following Special Resolution regarding transmission of annual audited accounts and quarterly accounts to the Shareholders of the Company:

**“RESOLVED** that transmission of annual audited financial statements, Auditors’ report and Directors’ report etc to the members of the Company at their registered address in soft form i.e. through CD/DVD/USB instead of transmitting the same in hard copies from the year ending December 31, 2017 in terms of SRO No. 470(I)/2016 dated May 31, 2016 be and is hereby approved.

**FURTHER RESOLVED** that placement of quarterly accounts on the website instead of dispatching it to the Shareholders of the Company at their registered address from the period ending March 31, 2017 in terms of Circular # 19 of 2004 dated April 14, 2004 be and is hereby approved.

**FURTHER RESOLVED** that the Company Secretary be and is hereby authorised to give effect to this resolution and to do or cause to do all acts, deeds and things that may be necessary or required and to sign such documents and take such steps from time to time, as and when necessary for the purposes of implementing this resolution.”

9. To consider and if thought fit, pass the following Special Resolution for authorising investment by way of purchase of shares of the under-mentioned associated companies:

**“RESOLVED** that the Company be and is hereby authorised to invest the under-mentioned amounts by way of purchase of ordinary shares of the under-mentioned associated companies within a period of two years.

Sr. No.	Name of the Company	Rs. in million
1	Bank AL Habib Limited	100
2	Habib Sugar Mills Limited	50
3	Habib Metropolitan Bank Limited	100
4	Indus Motor Company Limited	50
5	Shabbir Tiles & Ceramics Limited	25
6	Thal Limited	200

**FURTHER RESOLVED** that the Executive Vice Chairman be and is hereby authorised to make the aforesaid investments as and when deemed appropriate and to delegate the aforesaid powers to any officers of the Company as he may deem fit.”

For Item #'s 5 to 9, a statement under Section 160 of the Companies Ordinance, 1984 is annexed.

By order of the Board

Murtaza Hussain  
Company Secretary

Karachi: March 27, 2017

**Notes:**

1. The share transfer books of the Company will remain closed from Wednesday, April 12, 2017 to Wednesday, April 26, 2017 (both days inclusive).
2. A member entitled to attend and vote at this meeting is entitled to appoint another member of the Company as his/ her proxy to attend and vote on his/ her behalf. Proxy form, in order to be effective, must be received at the Registered Office of the Company duly stamped and signed not less than 48 hours before the meeting.
3. The CDC account/ sub account holders are requested to bring with them their Computerised National ID Cards along with the Participant(s) ID number and their account numbers at the time of attending the AGM in order to facilitate identification of the respective shareholders. In case of corporate entity, the Board of Directors Resolution/ Power of Attorney with specimen signatures be produced at the time of meeting.
4. Members are requested to promptly communicate any change in their address to our Share Registrar, M/s. Central Depository Company of Pakistan Limited.
5. Pursuant to the directives of the Securities and Exchange Commission of Pakistan, CNIC number is mandatorily required to be mentioned on dividend warrants. Shareholders holding physical share certificate are therefore requested to submit a copy of their valid CNIC, if not already provided to M/s. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block-B, SMCHS, Main Shahrah-e-Faisal, Karachi-74400 (the Share Registrar). In case of non-receipt of the copy of valid CNIC, Habib Insurance Company Limited would be unable to comply with SRO 831(1)2012 dated July 05, 2012 of SECP and therefore will be constrained under Section 251(2)(a) of the Companies Ordinance, 1984 to withhold dispatch of dividend warrant of such shareholders.
6. The Government of Pakistan through Finance Act, 2015 has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:
  - (a) For filers of income tax returns                      12.5%
  - (b) For non-filers of income tax returns                20.0%

To enable the Company to make tax deduction on the amount of cash dividend @ 12.5% instead of 20.0%, all the shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the book closure of the Company, otherwise tax on their cash dividend will be deducted @ 20.0% instead of 12.5%.

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

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

The Corporate shareholders having CDC account are required to have their National Tax number (NTN) updated with their respective participants, whereas physical shareholders should send a copy of their NTN certificate to the Company's Share Registrar, M/s. Central Depository Company of Pakistan Limited. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective Folio numbers.

For any query / clarification / information, the shareholder may contact the Share Registrar at the following address:

**M/s. Central Depository Company of Pakistan Limited**

CDC House, 99-B, Block-B  
SMCHS, Main Shahrah-e-Faisal  
Karachi-74400

7. Securities & Exchange Commission of Pakistan through its Notification SRO 787(I)/2014 dated September 8, 2014 has allowed the circulation of Audited Financial Statements along with Notice of Annual General Meeting to the members through e-mail. Therefore all members of the Company who wish to receive soft copy of Annual Report are requested to send their e-mail addresses to our Share Registrar through consent form. The said consent form for electronic transmission can be downloaded from the Company's website [www.habibinsurance.net](http://www.habibinsurance.net). Audited Financial Statements and Reports are being placed on the aforesaid website.

**8. Consent for video conference facility**

For this Annual General Meeting, under following conditions, Members can also avail video conference facility at Karachi.

If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city.

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

In this regard, members who wish to participate through video conference facility at Karachi should send a duly signed request as per following format to the registered address of the Company at least 10 days before the date of General Meeting.

I/We, _____ of _____ being a member of Habib Insurance Company Limited, holder of _____ ordinary share(s) as per register Folio No./ CDC Sub-Account No.: _____ hereby opt for video conference facility at Karachi.  <div style="text-align: right;">_____ Signature of Member</div>
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**STATEMENT UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE, 1984**

The statement is annexed to the Notice of the 74<sup>th</sup> Annual General Meeting to be held on April 26, 2017 at which certain business are to be transacted. The purpose of this statement is to set forth material facts concerning such special business.

**ITEM NUMBER 5 OF THE AGENDA**

The shareholders' approval is being sought to amend the Articles of Association of the Company in order to give effect to the requirements of Companies (E-Voting) Regulations, 2016, issued by SECP, thereby facilitating voting through electronic means for the shareholders of the Company. As recommended by the Board of Directors on March 27, 2017, it is intended to propose the resolutions stated in the notice to be passed as Special Resolutions in order to effectuate the above.

**ITEM NUMBER 6 & 7 OF THE AGENDA**

1. Reason of this Alteration in the Memorandum of Association is that Company is intended to commence the General Takaful Business and to act as Window Takaful Operator and this alternation will enable the Company to do the same.
2. The Directors of the Company has already approved the Company to commence General Takaful Business and to complete all the formalities in connection with obtaining the license etc. to act as Window Takaful Operator.
3. The Directors have already approved to transfer an amount of not less than Rs.50,000,000 (Pak Rupees Fifty Million Only) to be deposited in a separate bank account for window takaful business in a scheduled bank. The directors have also undertaken that this transferred amount shall be used for Takaful Window operations only.
4. The Directors of the Company are interested in this business to the extent of their investment in this Company. The interest of the directors is the same as that of the shareholders of the Company.
5. The Directors have also undertaken / declared that all the takaful undertakings will be in accordance with the injunction of Shariah.

**ITEM NUMBER 8 OF THE AGENDA**

Securities & Exchange Commission of Pakistan has vide SRO 470(I)/2016 dated May 31, 2016 allowed the companies to circulate the annual reports including annual audited accounts, notices of annual general meetings and other information contained therein of the Company to its members through CD/DVD/USB subject to consent of shareholders in the general meeting.

After approval of the shareholders, the Company will place a Standard Request Form on its website to communicate their need of hard copies of the documents along with postal and e-mail address of the Company Secretary/ Share Registrar to whom such requests shall be made. The Company shall supply the hard copies of the aforesaid document to the shareholders on demand, free of cost, within one week of such demand.

Securities & Exchange Commission of Pakistan has vide Circular # 19 of 2004 dated April 14, 2004 also allowed the Companies to place their quarterly accounts of the Company on their website instead of dispatching to the Shareholders of the Company.

Accordingly, the Directors have placed the matter before the shareholders for their approval and to pass the Special Resolution as proposed in the notice of meeting. This is in compliance to the above mentioned notification of Securities & Exchange Commission of Pakistan and the Directors and Shareholders are interested to this as Directors & Shareholders.



## ITEM NUMBER 9 OF THE AGENDA

As recommended by the Board of Directors in their meeting held on March 27, 2017, it is proposed to make investment by way of purchase of shares of our associated companies. In this regard the Company seeks the approval of the shareholders under section 208 of the Companies Ordinance, 1984.

In compliance with Regulations No. 8 of Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012 the following information is annexed with the notice for approval of investment in associated companies.

### Bank AL Habib Limited

#### Regulation No. 3(1)a

Sr. No.	Description	Information Required
1	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	Bank AL Habib Limited being associated on the basis of common directorship. Mr. Abbas D.Habib and Mr. Ali Raza D. Habib, Director & Executive Vice Chairman of the Company is also Chairman and Director of Bank AL Habib Limited.
2	Purpose, benefits and period of investment	Long term investment to earn dividend income as well as prospective capital gains
3	Maximum amount of investment	Rs. 100 million
4	Maximum price at which securities will be acquired	Not more than the price quoted on the stock exchange
5	Maximum number of securities to be acquired	Equivalent to the amount of investment
6	Number of securities and percentage thereof held before and after the proposed investment	4,123,000 shares (0.37%) held before proposed investment. Number of shares and percentage after proposed investment will depend on the prevailing prices at the time of actual acquisition of shares which could vary with the market price at which shares are purchased in future
7	In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired	Rs. 56.72 per share
8	In case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6(1)	Not Applicable
9	Break-up value of securities intended to be acquired on the basis of the latest audited financial statements	December 31, 2016: Rs. 38.59
10	Earning per share of the associated company or associated undertaking for the last three years	2016: Rs. 7.33 per share 2015: Rs. 6.60 per share 2014: Rs. 5.71 per share
11	Sources of fund from which securities will be acquired	Own source



Sr. No.	Description	Information Required
12	Where the securities are intended to be acquired using borrowed funds:  i) Justification for investment through borrowings; and ii) Detail of guarantees and assets pledged for obtaining such funds	Not Applicable
13	Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment	Not Applicable
14	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	No Director or Chief Executive has any interest in the proposed investment, except in their individual capacities as Directors/ Chief Executive and/ or as shareholders of the Company
15	Any other important details necessary for the members to understand the transaction	None
16	In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information, is required, namely:  i) Description of the project and its history since conceptualisation; ii) Starting and expected dates of completion of work; iii) Time by which such project shall become commercially operational; and iv) Expected time by which the project shall start paying return on investment	Not Applicable

### Regulation No. 3(3)

Sr. No.	Description	Information Required
	The directors of the investing company while presenting the special resolution for making investment in its associated company or associated undertaking shall submit an undertaking to the members of the investing company that they have carried out necessary due diligence for the proposed investment	The Directors of the Company submit that they have carried out necessary due diligence for the proposed investment in shares of Bank AL Habib Ltd.

## Habib Sugar Mills Limited

### Regulation No. 3(1)a

Sr. No.	Description	Information Required
1	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	Habib Sugar Mills Limited being associated on the basis of common directorship. Mr. Ali Raza D. Habib, Executive Vice Chairman of the Company is also Director of Habib Sugar Mills Limited.
2	Purpose, benefits and period of investment	Long term investment to earn dividend income as well as prospective capital gains
3	Maximum amount of investment	Rs. 50 million
4	Maximum price at which securities will be acquired	Not more than the price quoted on the stock exchange
5	Maximum number of securities to be acquired	Equivalent to the amount of investment
6	Number of securities and percentage thereof held before and after the proposed investment	4,448,758 shares (2.97%) held before proposed investment. Number of shares and percentage after proposed investment will depend on the prevailing prices at the time of actual acquisition of shares which could vary with the market price at which shares are purchased in future
7	In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired	Rs. 52.09 per share
8	In case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6(1)	Not Applicable
9	Break-up value of securities intended to be acquired on the basis of the latest audited financial statements	September 30, 2016: Rs. 43.54
10	Earning per share of the associated company or associated undertaking for the last three years	2016: Rs. 5.50 per share 2015: Rs. 5.43 per share 2014: Rs. 5.31 per share
11	Sources of fund from which securities will be acquired	Own source

Sr. No.	Description	Information Required
12	Where the securities are intended to be acquired using borrowed funds:  i) Justification for investment through borrowings; and ii) Detail of guarantees and assets pledged for obtaining such funds	Not Applicable
13	Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment	Not Applicable
14	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	No Director or Chief Executive has any interest in the proposed investment, except in their individual capacities as Directors/ Chief Executive and/ or as shareholders of the Company
15	Any other important details necessary for the members to understand the transaction	None
16	In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information, is required, namely:  i) Description of the project and its history since conceptualisation; ii) Starting and expected dates of completion of work; iii) Time by which such project shall become commercially operational; and iv) Expected time by which the project shall start paying return on investment	Not Applicable

### Regulation No. 3(3)

Sr. No.	Description	Information Required
	The directors of the investing company while presenting the special resolution for making investment in its associated company or associated undertaking shall submit an undertaking to the members of the investing company that they have carried out necessary due diligence for the proposed investment	The Directors of the Company submit that they have carried out necessary due diligence for the proposed investment in shares of Habib Sugar Mills Ltd.

## Habib Metropolitan Bank Limited

### Regulation No. 3(1)a

Sr. No.	Description	Information Required
1	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	Habib Metropolitan Bank Limited being associated on the basis of common directorship. Mr. Mohammedali R.Habib, Director of the Company is also Chairman of Habib Metropolitan Bank Ltd.
2	Purpose, benefits and period of investment	Long term investment to earn dividend income as well as prospective capital gains
3	Maximum amount of investment	Rs. 100 million
4	Maximum price at which securities will be acquired	Not more than the price quoted on the stock exchange
5	Maximum number of securities to be acquired	Equivalent to the amount of investment
6	Number of securities and percentage thereof held before and after the proposed investment	3,000,424 shares (0.29%) held before proposed investment. Number of shares and percentage after proposed investment will depend on the prevailing prices at the time of actual acquisition of shares which could vary with the market price at which shares are purchased in future
7	In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired	Rs. 36.45 per share
8	In case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6(1)	Not Applicable
9	Break-up value of securities intended to be acquired on the basis of the latest audited financial statements	December 31, 2016: Rs. 37.92
10	Earning per share of the associated company or associated undertaking for the last three years	2016: Rs. 5.85 per share 2015: Rs. 7.32 per share 2014: Rs. 4.70 per share
11	Sources of fund from which securities will be acquired	Own source

Sr. No.	Description	Information Required
12	Where the securities are intended to be acquired using borrowed funds:  i) Justification for investment through borrowings; and ii) Detail of guarantees and assets pledged for obtaining such funds	Not Applicable
13	Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment	Not Applicable
14	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	No Director or Chief Executive has any interest in the proposed investment, except in their individual capacities as Directors/ Chief Executive and/ or as shareholders of the Company
15	Any other important details necessary for the members to understand the transaction	None
16	In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information, is required, namely:  i) Description of the project and its history since conceptualisation; ii) Starting and expected dates of completion of work; iii) Time by which such project shall become commercially operational; and iv) Expected time by which the project shall start paying return on investment	Not Applicable

### Regulation No. 3(3)

Sr. No.	Description	Information Required
	The directors of the investing company while presenting the special resolution for making investment in its associated company or associated undertaking shall submit an undertaking to the members of the investing company that they have carried out necessary due diligence for the proposed investment	The Directors of the Company submit that they have carried out necessary due diligence for the proposed investment in shares of Habib Metropolitan Bank Ltd.

## Indus Motor Company Limited

### Regulation No. 3(1)a

Sr. No.	Description	Information Required
1	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	Indus Motor Company Limited being associated on the basis of common directorship. Mr. Mohammedali R.Habib, Director of the Company is also Director of Indus Motor Company Ltd.
2	Purpose, benefits and period of investment	Long term investment to earn dividend income as well as prospective capital gains
3	Maximum amount of investment	Rs. 50 million
4	Maximum price at which securities will be acquired	Not more than the price quoted on the stock exchange
5	Maximum number of securities to be acquired	Equivalent to the amount of investment
6	Number of securities and percentage thereof held before and after the proposed investment	43,810 shares (0.06%) held before proposed investment. Number of shares and percentage after proposed investment will depend on the prevailing prices at the time of actual acquisition of shares which could vary with the market price at which shares are purchased in future
7	In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired	Rs. 1685.12 per share
8	In case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6(1)	Not Applicable
9	Break-up value of securities intended to be acquired on the basis of the latest audited financial statements	June 30, 2016 : Rs. 351.52
10	Earning per share of the associated company or associated undertaking for the last three years	2016: Rs. 145.74 per share 2015: Rs. 115.91 per share 2014: Rs. 49.28 per share
11	Sources of fund from which securities will be acquired	Own source

Sr. No.	Description	Information Required
12	Where the securities are intended to be acquired using borrowed funds:  i) Justification for investment through borrowings; and ii) Detail of guarantees and assets pledged for obtaining such funds	Not Applicable
13	Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment	Not Applicable
14	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	No Director or Chief Executive has any interest in the proposed investment, except in their individual capacities as Directors/ Chief Executive and/ or as shareholders of the Company
15	Any other important details necessary for the members to understand the transaction	None
16	In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information, is required, namely:  i) Description of the project and its history since conceptualisation; ii) Starting and expected dates of completion of work; iii) Time by which such project shall become commercially operational; and iv) Expected time by which the project shall start paying return on investment	Not Applicable

### Regulation No. 3(3)

Sr. No.	Description	Information Required
	The directors of the investing company while presenting the special resolution for making investment in its associated company or associated undertaking shall submit an undertaking to the members of the investing company that they have carried out necessary due diligence for the proposed investment	The Directors of the Company submit that they have carried out necessary due diligence for the proposed investment in shares of Indus Motor Company Ltd.

**Shabbir Tiles & Ceramics Limited**

**Regulation No. 3(1)a**

Sr. No.	Description	Information Required
1	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	Shabbir Tiles & Ceramics Limited being associated on the basis of common directorship. Mr. Rafiq M. Habib, Director of the Company is also Director of Shabbir Tiles & Ceramics Ltd.
2	Purpose, benefits and period of investment	Long term investment to earn dividend income as well as prospective capital gains
3	Maximum amount of investment	Rs. 25 million
4	Maximum price at which securities will be acquired	Not more than the price quoted on the stock exchange
5	Maximum number of securities to be acquired	Equivalent to the amount of investment
6	Number of securities and percentage thereof held before and after the proposed investment	1,600,000 shares (0.67%) held before proposed investment. Number of shares and percentage after proposed investment will depend on the prevailing prices at the time of actual acquisition of shares which could vary with the market price at which shares are purchased in future
7	In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired	Rs. 12.76 per share
8	In case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6(1)	Not Applicable
9	Break-up value of securities intended to be acquired on the basis of the latest audited financial statements	June 30, 2016 : Rs. 8.14
10	Earning per share of the associated company or associated undertaking for the last three years	2016: Rs. (0.49) per share 2015: Rs. (0.32) per share 2014: Rs. (0.17) per share
11	Sources of fund from which securities will be acquired	Own source



Sr. No.	Description	Information Required
12	Where the securities are intended to be acquired using borrowed funds:  i) Justification for investment through borrowings; and ii) Detail of guarantees and assets pledged for obtaining such funds	Not Applicable
13	Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment	Not Applicable
14	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	No Director or Chief Executive has any interest in the proposed investment, except in their individual capacities as Directors/ Chief Executive and/ or as shareholders of the Company
15	Any other important details necessary for the members to understand the transaction	None
16	In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information, is required, namely:  i) Description of the project and its history since conceptualisation; ii) Starting and expected dates of completion of work; iii) Time by which such project shall become commercially operational; and iv) Expected time by which the project shall start paying return on investment	Not Applicable

### Regulation No. 3(3)

Sr. No.	Description	Information Required
	The directors of the investing company while presenting the special resolution for making investment in its associated company or associated undertaking shall submit an undertaking to the members of the investing company that they have carried out necessary due diligence for the proposed investment	The Directors of the Company submit that they have carried out necessary due diligence for the proposed investment in shares of Shabbir Tiles & Ceramics Ltd.

**Thal Limited**

**Regulation No. 3(1)a**

Sr. No.	Description	Information Required
1	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	Thal Limited being associated on the basis of common directorship. Mr. Rafiq M. Habib, Director of the Company is also Director of Thal Limited.
2	Purpose, benefits and period of investment	Long term investment to earn dividend income as well as prospective capital gains
3	Maximum amount of investment	Rs. 200 million
4	Maximum price at which securities will be acquired	Not more than the price quoted on the stock exchange
5	Maximum number of securities to be acquired	Equivalent to the amount of investment
6	Number of securities and percentage thereof held before and after the proposed investment	575,400 shares (0.71%) held before proposed investment. Number of shares and percentage after proposed investment will depend on the prevailing prices at the time of actual acquisition of shares which could vary with the market price at which shares are purchased in future
7	In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired	Rs. 531.16 per share
8	In case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6(1)	Not Applicable
9	Break-up value of securities intended to be acquired on the basis of the latest audited financial statements	June 30, 2016 : Rs. 251.44
10	Earning per share of the associated company or associated undertaking for the last three years	2016: Rs. 31.72 per share 2015: Rs. 30.48 per share 2014: Rs. 20.44 per share
11	Sources of fund from which securities will be acquired	Own source

Sr. No.	Description	Information Required
12	Where the securities are intended to be acquired using borrowed funds:  i) Justification for investment through borrowings; and ii) Detail of guarantees and assets pledged for obtaining such funds	Not Applicable
13	Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment	Not Applicable
14	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	No Director or Chief Executive has any interest in the proposed investment, except in their individual capacities as Directors/ Chief Executive and/ or as shareholders of the Company
15	Any other important details necessary for the members to understand the transaction	None
16	In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information, is required, namely:  i) Description of the project and its history since conceptualisation; ii) Starting and expected dates of completion of work; iii) Time by which such project shall become commercially operational; and iv) Expected time by which the project shall start paying return on investment	Not Applicable

### Regulation No. 3(3)

Sr. No.	Description	Information Required
	The directors of the investing company while presenting the special resolution for making investment in its associated company or associated undertaking shall submit an undertaking to the members of the investing company that they have carried out necessary due diligence for the proposed investment	The Directors of the Company submit that they have carried out necessary due diligence for the proposed investment in shares of Thal Ltd.

**TO ALL MEMBERS OF THE COMPANY**

**STATEMENT UNDER SECTION 218 (2)  
OF THE COMPANIES ORDINANCE, 1984**

This is to inform you that the Board of Directors of the Company in their meeting held on March 27, 2017 approved remuneration of Mr. Ali Raza D. Habib, Executive Vice Chairman of the Company. He will be entitled to a salary of Rs. 1,300,000 per month, subject to an increment not exceeding 20% per annum. In addition, he shall be entitled for all other benefits incidental or relating to such office.

This is to further inform you that the Board of Directors of the Company in their meeting held on March 27, 2017 have appointed Mr. Shabbir Gulamali as Chief Executive Officer of the Company. He will be entitled to a salary of Rs. 625,000 per month, subject to an increment not exceeding 20% per annum. In addition, he shall be entitled for all other benefits incidental or relating to such office.

By order of the Board

Karachi: March 27, 2017

Murtaza Hussain  
Company Secretary

	جناب رفیق ایم۔ حبیب	۳۰ اگست ۲۰۱۶ء
	جناب عباس ڈی۔ حبیب	
	جناب منصور جی۔ حبیب	
	جناب عون محمد اے۔ حبیب	
	جناب علی فدو	
چیف ایگزیکٹو	جناب ذیشان رضا	
	جناب علی رضا ڈی۔ حبیب	۲۶ اکتوبر ۲۰۱۶ء
	جناب عباس ڈی۔ حبیب	
	جناب منصور جی۔ حبیب	
	جناب محمد علی آر۔ حبیب	
	جناب عون محمد اے۔ حبیب	
	جناب علی فدو	
چیف ایگزیکٹو	جناب ذیشان رضا	

۱۲۔ شیئر ہولڈنگ کا طرز اور شیئر ہولڈنگ کے طرز سے متعلق اضافی معلومات منسلک شدہ ہے۔  
 ۱۳۔ ماسوائے جیسا کہ ذیل میں درج ہے، کمپنی کے شیئرز میں ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکریٹری اور ان کے شریک حیات اور نابالغ بچوں کی جانب سے کسی نوعیت کی خرید و فروخت نہیں کی گئی۔

شیئرز کی تعداد  
45,000

فروخت  
جناب منصور جی۔ حبیب

منجانب بورڈ آف ڈائریکٹرز

علی رضا ڈی۔ حبیب  
ایگزیکٹو وائس چیئرمین

کراچی: ۲۷ مارچ ۲۰۱۷ء

## کارپوریٹ اور فنانشل رپورٹنگ فریم ورک کا بیان

- ۱- کمپنی کی جانب سے تیار کردہ مالیاتی حسابات شفاف انداز میں اس کے کاروباری امور، اس کے آپریشنز کے نتائج، کیش فلوز اور ایکویٹی میں تبدیلیوں کو واضح کرتے ہیں۔
- ۲- کمپنی کے کھاتوں کی باقاعدہ کتب تیار کی گئی ہیں۔
- ۳- درست اکاؤنٹنگ پالیسیاں مالیاتی حسابات کی تیاری میں مستقل طور پر لاگو کی جاتی ہیں۔ اگر ان میں کوئی تبدیلی کی جاتی ہے تو مناسب طور پر اسے واضح کر دیا جاتا ہے جبکہ اکاؤنٹنگ کے تخمینہ جات مناسب اور محتاط فیصلوں پر مبنی ہوتے ہیں۔
- ۴- بین الاقوامی مالیاتی رپورٹنگ اسٹینڈرڈ، جیسا کہ پاکستان میں نافذ العمل ہیں، ان پر مالیاتی حسابات کی تیاری میں عمل درآمد کیا جاتا ہے اور ان سے کسی بھی قسم کی روگردانی کو باقاعدہ واضح کر دیا جاتا ہے۔
- ۵- انٹرنل کنٹرول کا نظام مستحکم طور پر تیار کیا گیا ہے اور موثر طور پر نافذ العمل اور زیر نگرانی رہتا ہے۔
- ۶- اس امر میں کوئی شبہ نہیں کہ کمپنی میں آگے بڑھنے کی صلاحیت موجود ہے۔
- ۷- کارپوریٹ گورننس کے بہترین طریقہ کار سے کوئی روگردانی نہیں کا جاتی جیسا کہ لسٹنگ ریگولیشنز میں مفصل طور پر درج ہے۔
- ۸- گزشتہ ۶ سال کیلئے کلیدی آپریشننگ اور مالیاتی تفصیل منسلک ہے۔
- ۹- ٹیکسز اور لیویز کے بارے میں معلومات مالیاتی حسابات کیلئے نوٹس میں درج ہیں۔
- ۱۰- ۳۱ دسمبر ۲۰۱۶ء کے مطابق پراویڈنٹ فنڈ کے ڈپازٹ اکاؤنٹس میں سرمایہ کاریاں اور بیننس کی مالیت ۲۸۳.۲ ملین روپے ہے۔
- ۱۱- سال کے دوران بورڈ کے ۱۴ اجلاس منعقد ہوئے اور اس میں ڈائریکٹرز کی شرکت درج ذیل کے مطابق رہی:

### شرکت کردہ منجانب

جناب رفیق ایم۔ حبیب  
 جناب عباس ڈی۔ حبیب  
 جناب منصور جی۔ حبیب  
 جناب محمد علی آر۔ حبیب  
 جناب سجاد حسین حبیب  
 جناب عون محمد اے۔ حبیب  
 جناب علی فدو  
 جناب علی رضا ڈی۔ حبیب

چیف ایگزیکٹو

### اجلاس کی تاریخ

۲۴ فروری ۲۰۱۶ء

جناب رفیق ایم۔ حبیب

جناب عباس ڈی۔ حبیب

جناب عون محمد اے۔ حبیب

جناب علی فدو

جناب علی رضا ڈی۔ حبیب

چیف ایگزیکٹو

۲۷ اپریل ۲۰۱۶ء

## بورڈ کی کمیٹیاں

### آڈٹ کمیٹی

کمپنی کی آڈٹ کمیٹی ۲۴ ممبران پر مشتمل ہے جو تمام نان-ایگزیکٹو ڈائریکٹرز ہیں۔ آڈٹ کمیٹی نے سال کے دوران ۱۴ اجلاس منعقد کئے۔ ممبران کی حاضری درج ذیل کے مطابق رہی:

#### شرکت کردہ اجلاس کی تعداد

3	چیئرمین	جناب منصور جی۔ حبیب
2	ممبر	جناب محمد علی آر۔ حبیب
4	ممبر	جناب عون محمد اے۔ حبیب
4	ممبر	جناب علی فدو

### ضابطہ اخلاق، نامزدگی، ہیومن ریسورس اور ری میونریشن کمیٹی

ضابطہ اخلاق، نامزدگی، ہیومن ریسورس اور ری میونریشن کمیٹی ۴ ممبران پر مشتمل ہے جس کی نمائندگی ایگزیکٹو وائس چیئرمین، ۲ نان-ایگزیکٹو ڈائریکٹرز اور ایک انڈیپنڈنٹ ڈائریکٹر کرتے ہیں۔ کمیٹی کا کوئی اجلاس منعقد نہیں ہوا کیونکہ کمیٹی ۲۷ مارچ ۲۰۱۷ء کو تشکیل دی گئی تھی۔

چیئرمین	جناب علی رضا ڈی۔ حبیب
ممبر	جناب عون محمد اے۔ حبیب
ممبر	جناب منصور جی۔ حبیب
ممبر	جناب علی فدو

### انویسٹمنٹ کمیٹی

انویسٹمنٹ کمیٹی ۵ ممبران پر مشتمل ہے جس کی نمائندگی ۲ نان-ایگزیکٹو ڈائریکٹرز، ایگزیکٹو وائس چیئرمین، چیف ایگزیکٹو آفیسر اور چیف فنانشل آفیسر کرتے ہیں۔ کمیٹی کا کوئی اجلاس منعقد نہیں ہوا کیونکہ کمیٹی ۲۷ مارچ ۲۰۱۷ء کو تشکیل دی گئی تھی:

چیئرمین	جناب علی رضا ڈی۔ حبیب
ممبر	جناب منصور جی۔ حبیب
ممبر	جناب محمد علی آر۔ حبیب
ممبر	جناب شبیر غلام علی
ممبر	جناب ترضی حسین

### ڈائریکٹرز کا تربیتی پروگرام

ہمارے ڈائریکٹرز میں سے ۳ ڈائریکٹرز سی تربیتی پروگرام مکمل کر چکے ہیں۔

### آڈیٹرز

موجودہ آڈیٹرز ای وائی نورڈر ہوڈز، چارٹرڈ اکاؤنٹنٹس سبکدوش ہو رہے ہیں اور خود کو دوبارہ تقرری کیلئے پیش کیا ہے جیسا کہ آڈٹ کمیٹی نے تجویز دی ہے اس پر بورڈ آف ڈائریکٹرز نے باہمی طے کردہ معاوضے پر ۳۱ دسمبر ۲۰۱۷ء کو ختم ہونے والے سال کیلئے انہیں بحیثیت کمیٹی کا آڈیٹرز مقرر کرنے کی سفارش کی ہے۔

پاکستان ریٹنگ ایجنسی نے کمپنی انشورر فنانشل اسٹریٹج (آئی ایف ایس) ریٹنگ اے پلس پر مثبت آؤٹ لک کے ساتھ برقرار رکھی۔ یہ پالیسی ہولڈرز اور معاہدوں کی ذمہ داریوں کو پورا کرنے کی ضمن میں مستحکم گنجائش کو ظاہر کرتی ہے۔

ہم آپ کو اس خوشخبری سے بھی آگاہ کرنے کے خواہشمند ہیں کہ حبیب انشورنس کمپنی لمیٹڈ ماشا اللہ ۲۰۱۷ء میں اپنی موجودگی کے ۷۵ ویں سال کا تاریخی سنگ میل پورا کرے گی۔ یہ ہماری خواہش ہے کہ شیئر ہولڈرز کے ساتھ اس یادگار موقع کو عظیم الشان انداز میں منائیں۔

۲۰۱۶ء کیلئے معیشت کی مجموعی کارکردگی سے واضح ہوتا ہے کہ مالیاتی سال ۱۶-۲۰۱۵ء کیلئے جی ڈی پی گروتھ ۷.۴ فیصد تک رہی جو گزشتہ سال ۲۰۱۵ء کیلئے ۱۰.۴ فیصد تھی۔ اگرچہ افراط زر میں اضافہ ہوا تھا تاہم اسٹیٹ بینک آف پاکستان کی جانب سے شرح سود کم کر کے ۲.۲۵ فیصد کر دیا گیا۔ غیر ملکی زرمبادلہ کے ذخائر ۲۳.۲ بلین امریکی ڈالر پر برقرار ہے اور براہ راست غیر ملکی سرمایہ کاری ۲.۰ بلین امریکی ڈالر ہو گئی۔ کے ایس ای ۱۱۰.۰ انڈیکس بھی سال کے دوران ۷.۴۵ فیصد کے نمایاں اضافے سے ۴۷۸۰.۷ پر بند ہوا تھا۔

ہم دل کی گہرائیوں سے اپنے صارفین کے شکر گزار ہیں جنہوں نے اپنی کمپنی پر اپنے بھرپور اعتماد کا اظہار کیا اور انشا اللہ ان کے اطمینان اور تعاون کو برقرار رکھنے کے لئے ہماری کوششیں جاری رہیں گی۔ مزید برآں ہم اپنے تمام ری انشوررز کو ان کی معاونت اور رہنمائی پر خراج تحسین پیش کرتے ہیں خاص طور پر ہینوری کو جو انہوں نے ہماری کمپنی کو ریٹنگ دی۔ بورڈ آف ڈائریکٹرز کمپنی کے تمام اسٹاف ممبران کو بھی پورے سال کے دوران ان کی انتھک جدوجہد اور محنت پر خراج تحسین پیش کرتے ہیں۔ ہم اللہ تعالیٰ سے دعا کرتے ہیں کہ ۲۰۱۷ء بھی کمپنی کیلئے ایک اور کامیابی کا سال ثابت ہو اور سب سے بڑھ کر ہماری قوم کے لئے امن و سکون اور استحکام لے کر آئے۔

## کارپوریٹ سوشل ریسپانسیبیلٹی (CSR)

آپ کی کمپنی کارپوریٹ سوشل ریسپانسیبیلٹی کے تصور پر مکمل کاربند ہے اور مختلف نوعیت کی وسیع تر سرگرمیوں کے ذریعے اپنی یہ ذمہ داری بخوبی پوری کر رہی ہے۔ ان اقدامات میں شامل ہیں:

- پسماندہ طبقات کی ترقی اور فلاح و بہبود کیلئے سماجی، تعلیمی سرگرمیوں کے سلسلے میں سال کے دوران عطیات کے ذریعے ۲ ملین روپے مالیت کے کام انجام دیئے گئے۔
- غیر ضروری بجلی کے استعمال سے گریز کرتے ہوئے توانائی کی بچت، ماحولیاتی تحفظ اور پیشہ ورانہ سیفٹی اور صحت کے ساتھ تمباکو نوشی سے گریز کے قانون کے نفاذ اور ”نوا سموکنگ زون“ کے قیام اور کام کرنے کیلئے ایک محفوظ اور صحت مند ماحول فراہم کیا گیا۔
- کاروباری اقدار کے ساتھ تمام اسٹاف ممبران کیلئے کمپنی کے ”ضابطہ اخلاق“ پر عمل درآمد کرنا لازمی قرار۔
- عملے کے ساتھ خوشگوار تعلقات، میرٹ اور کارکردگی کو تسلیم کرنا اور اسٹاف کیلئے سیکھنے اور ترقی کے جاری مواقع، دونوں جانب کے دوران اور باقاعدہ تربیتی پروگراموں کے ذریعے فراہم کرنا۔
- شفاف طریقہ کار کے ذریعے بلا کسی مذہبی، ذات پات اور لسانی بنیاد پر امتیاز کے بغیر روزگار کی فراہمی۔
- کمپنی کی جانب سے سال کے دوران ۹۳ ملین روپے سے زائد کے براہ راست بینکوں کے ذریعے قومی خزانے میں شراکت۔ مزید برآں ۲۶۵.۲ ملین روپے کی ایک اضافی رقم کمپنی کے ذریعے حکومت پاکستان کو ود ہولڈنگ ٹیکس، سرورسز پریسلر ٹیکس اور فیڈرل ایکسائز ڈیوٹی کی مد میں منہا/ وصول کی گئی۔



## ۳۱ دسمبر ۲۰۱۶ء کو ختم ہونے والے سال کیلئے ڈائریکٹرز کی ۷۷ ویں رپورٹ برائے شیئر ہولڈرز

معزز شیئر ہولڈرز

بورڈ آف ڈائریکٹرز ۳۱ دسمبر ۲۰۱۶ء کو ختم ہونے والے سال کیلئے ۷۷ ویں سالانہ رپورٹ بشمول کمپنی کے آڈٹ شدہ حسابات پیش کرتے ہوئے خوش محسوس کر رہے ہیں۔

(000 روپے میں)

182,221
36,655
<b>218,876</b>
216,781
2,095
<b>218,876</b>

سال ۲۰۱۶ء کیلئے مجموعی جامع آمدنی بعد از ٹیکس  
سال ۲۰۱۵ء کیلئے تصرف کے بعد دستیاب رقم

بورڈ آف ڈائریکٹرز نے اب تجویز کیا ہے:

منافع منقسمہ بشرح ۷۷ ویں رپورٹ پر شیئر یعنی ہر ایک ۵ روپے مالیت کے شیئر پر ۳۵ فیصد کی ادائیگی  
آگے لے جایا جانے والا غیر مختص شدہ منافع

1.55

ہر ایک ۵ روپے مالیت کے شیئر پر بنیادی آمدنی

ڈائریکٹرز بمسرت شیئر ہولڈرز کیلئے ۳۵ فیصد کے پے آؤٹ کی سفارش کرتے ہیں جیسا کہ گزشتہ سال منافع بعد از ٹیکس میں کمی کے باوجود تقسیم کیا گیا تھا جو کہ زائد ٹیکس کے غیر متوقع نفاذ کے بعد سامنے آیا۔ جیسا حال ہی میں ہمارے منافع جات پر بھاری ٹیکس کا اعلان ہوا اور چونکہ اثاثہ جات میں ایک مناسب رقم رکھی گئی تھی جس کی وجہ سے سال کی گزشتہ سہ ماہی میں کاروباری حجم میں ایک وسیع تر مالیت تھی۔

اسی طرح زیر جائزہ سال کیلئے زیر تحریر منافع جات کم ہو کر ۸۷۹ ملین رہ گئے جبکہ اس کے مقابلے میں گزشتہ سال کیلئے یہ رقم ۱۱۷۹ ملین روپے تھی۔ مجموعی تحریر شدہ پربینیم ۲۴۷ فیصد سے بڑھ کر ۱۷۴ ملین روپے ہو گیا اس کے ساتھ خالص پربینیم ریونیو بڑھ کر ۵۴۴ ملین روپے ہو گیا جو گزشتہ سال ۵۰۰ ملین روپے تھا۔ تاہم انویسٹمنٹ آمدنی ۲۳۸ ملین روپے تک بڑھ گئی جو اس کے برخلاف گزشتہ سال ۱۹۹ ملین روپے تھی اور اس کے ساتھ لیپڈل گین ۱۱۸ ملین روپے سے ۱۵۲ ملین روپے تک بڑھ گئے اور منافع منقسمہ کی آمدنی پر نمایاں شراکت کے ساتھ اس میں ۱۳۴ فیصد تک اضافہ ہوا اور گزشتہ سال کے مقابلے میں یہ ۸۴۸ ملین روپے ہو گئے۔

حتمی طور پر ۲۰۱۶ء کیلئے کمپنی کا مجموعی منافع بعد از ٹیکس ۱۹۱ ملین روپے رہا جو اس کے مقابلے میں گزشتہ سال کے لئے ۲۲۶ ملین روپے تھا۔

شیئر ہولڈرز یہ جان کر خوش ہوں گے کہ حبیب انشورنس کمپنی اللہ تعالیٰ کے فضل و کرم سے ایوارڈ کے ساتھ اعزاز حاصل کر چکی ہے جیسا کہ پاکستان اسٹاک ایکسچینج کی جانب سے سال ۲۰۱۴ء کے لئے ٹاپ ۲۵ کمپنیز کے درمیان مقابلہ تھا اور اس نے بحیثیت نان۔ لائف انشورنس کمپنی یہ اعزاز حاصل کیا۔

آپ کی کمپنی کی ایک اور نمایاں کامیابی ایشیا پیسیفک ریجن میں ٹاپ کمپنیز کے درمیان عالمی طور پر معروف ری انشورنس انڈر رائٹنگ کمپنی بینورری کی جانب سے ریٹنگ اور پلیٹمنٹ تھی۔

## Form of Proxy

I/We \_\_\_\_\_ of \_\_\_\_\_

being a member(s) of Habib Insurance Company Limited and holding \_\_\_\_\_

ordinary shares, as per Register Folio No./CDC Account and Participant's I.D. No. \_\_\_\_\_

do hereby appoint \_\_\_\_\_ Folio No./CDC Account and Participant's I.D.

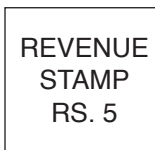
No. \_\_\_\_\_ of \_\_\_\_\_

or failing him/her \_\_\_\_\_ Folio No./CDC Account and Participant's I.D.

No. \_\_\_\_\_ of \_\_\_\_\_

another member of the Habib Insurance Company Limited as my/our proxy to vote for me/us and on my/our behalf at the Seventy Fourth Annual General Meeting of the Company to be held on April 26, 2017 and at any adjournment thereof.

As witness my/our hand this \_\_\_\_\_ day of \_\_\_\_\_ 2017.



SIGNATURE OF MEMBER (S)

(The signature of the shareholder should agree with the specimen signature registered with the Company or as per CNIC/ Passport in case the share(s) is/ are registered in CDC account).

Witnesses:

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

A member entitled to attend the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him/ her. No person shall act as proxy (except for a corporation) unless he/ she is entitled to be present and vote in his/ her own right.

CDC account holder or sub-account holder appointing a proxy should furnish attested copies of his/ her own as well as the proxy's CNIC/ Passport with the proxy form. The proxy shall also produce his/ her original CNIC/ Passport at the time of the meeting. In case of corporate entity, the Board of Directors resolution/ power of attorney with specimen signature shall be submitted along with proxy form.

The instrument appointing a proxy should be signed by the member or by his/ her attorney duly authorised in writing. If the member is a corporation, its common seal (if any) should be affixed to the instrument.

The proxy forms, together with the power of attorney (if any), under which it is signed or a notarially certified copy thereof, shall be deposited at the Registered Office of the Company not less than 48 hours before the time of the meeting.

## مختار نامہ (پراکسی فارم)

میں / ہم \_\_\_\_\_ ساکن \_\_\_\_\_ بحیثیت ممبر (رکن) حبیب انشورنس کمپنی لمیٹڈ اور حامل  
عام حصص، بمطابق شیئر رجسٹر فولیو نمبر / سی ڈی سی اکاؤنٹ اور پارٹیسپینٹ آئی ڈی نمبر \_\_\_\_\_  
ممبر (رکن) محترم / محترمہ \_\_\_\_\_ فولیو نمبر / سی ڈی سی اکاؤنٹ اور پارٹیسپینٹ آئی ڈی نمبر \_\_\_\_\_ کو  
یا ان کی غیر حاضری میں ممبر (رکن) محترم / محترمہ \_\_\_\_\_ فولیو نمبر / سی ڈی سی اکاؤنٹ اور پارٹیسپینٹ آئی ڈی نمبر \_\_\_\_\_  
کو اپنے / ہمارے ایماء پر بروز بدھ ۲۶ اپریل ۲۰۱۷ء کو حبیب انشورنس کمپنی لمیٹڈ کے رجسٹرڈ آفس میں منعقد ہونے والے چوتھوں سالانہ اجلاس میں  
حق رائے دہی استعمال کرنے یا کسی بھی التواء کی صورت میں اپنا / ہمارا بطور مختار (پراکسی) مقرر کرتا / کرتی ہوں / کرتے ہیں۔

آج بروز \_\_\_\_\_ بتاریخ \_\_\_\_\_ ۲۰۱۷ء کو دستخط کئے گئے۔

پانچ روپے مالیت کا  
رسیدی ٹکٹ پر دستخط

دستخط ممبر (رکن)

ممبر (رکن) کے دستخط بینک میں رجسٹرڈ شدہ دستخط سے مماثلت رکھتے ہوں اور سی ڈی سی اکاؤنٹ ہولڈرز کے دستخط ان کے کمپیوٹرائزڈ قومی شناختی کارڈ  
یا پاسپورٹ کے نمونہ دستخط سے مماثل ہونا ضروری ہے۔

گواہان:

_____	_____
۱۔ دستخط	۲۔ دستخط
_____	_____
نام	نام
_____	_____
پتہ	پتہ
_____	_____
کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر	کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر

ممبر (رکن) جو اجلاس میں شرکت اور ووٹ دینے کا مجاز ہوا اپنی جگہ کسی اور ممبر (رکن) کو بطور مختار (پراکسی) شرکت کرنے اور ووٹ دینے کا حق تفویض کر سکتا ہے۔  
سی ڈی سی اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر کو مختار نامہ (پراکسی فارم) کے ہمراہ کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول بھی منسلک کرنی ہوگی۔  
مختار (پراکسی) کو اجلاس کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔ کارپوریٹ ادارہ ہونے کی صورت میں بحیثیت ممبر (رکن)،  
بورڈ آف ڈائریکٹرز کی منظور شدہ قرارداد / پاور آف اٹارنی بمعہ نمونہ دستخط ہمراہ مختار نامہ (پراکسی فارم) جمع کرانا ہوگا۔

مختار نامہ (پراکسی فارم) پر ممبر (رکن) یا ان کے اٹارنی کے دستخط ہونا لازمی ہے۔ کارپوریٹ ادارہ ہونے کی صورت میں مختار نامہ (پراکسی فارم) پر کمپنی کی مہر ہونا  
بھی ضروری ہے۔

مختار نامہ (پراکسی فارم) بمعہ نامزد کرنے والے شخص کی تصدیق شدہ پاور آف اٹارنی (حسب ضرورت) بینک کے رجسٹرڈ آفس میں اجلاس کے مقررہ وقت سے کم از کم  
۲۸ گھنٹے قبل جمع کرنا ضروری ہے۔

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