

Contents

Company Information	1
Review Report by the Chairman	2
Directors' Report	3
Six Years' Review at a Glance	7
Statement of Compliance with the Code of Corporate Governance	8
Review Report to the Members on the Statement of Compliance with the Code of Corporate Governance	12
Auditors' Report to the Members	13
Statement of Financial Position	14
Statement of Comprehensive Income	15
Statement of Changes in Equity	16
Statement of Cash Flow	17
Notes to the Financial Statements	18
Pattern of Shareholding	66
Notice of Annual General Meeting	69
ڈائریکٹرز کی رپورٹ	78
Proxy Form	

Company Information

Board of Directors

Chairman : Rafiq M. Habib

Directors : Abbas D. Habib
Mansoor G. Habib
Mohamedali R. Habib
Qumail R. Habib
Munawar Ali Habib
Shahid Ghaffar

Chief Executive : Shabbir Gulamali

**Chief Financial Officer
& Company Secretary** : Murtaza Hussain

Auditors : EY Ford Rhodes
Chartered Accountants

Share Registrar : M/s. Central Depository Company of Pakistan Limited
CDC House, 99-B, Block-B
SMCHS, Main Shahrah-e-Faisal
Karachi-74400

Registered Office : 1st Floor, State Life Bldg. No. 6
Habib Square, M. A. Jinnah Road
P.O. Box 5217, Karachi-74000
Pakistan
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UAN : (92-21) 111 03 03 03
Website : www.habibinsurance.net



Review Report by the Chairman on the Overall Performance of the Board

I am pleased to present a report on the overall performance of the Board and effectiveness of the role played by the Board in achieving the Company's objectives.

Powers for management and control of affairs of the Company rest with the Board of Directors, except for powers expressly required to be exercised by shareholders in general meeting. The Directors delegate day-to-day operations of the Company to the Management, but such delegation remains subject to the control and direction of the Board. The Directors are required to carry out their fiduciary duties and exercise their independent judgement in the best interest of the Company.

As required under the Code of Corporate Governance, an annual evaluation of the Board of the Company is carried out. The purpose of this evaluation is to ensure the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

Following are the integral components on which the performance of the Board was evaluated:

- (a) Creating an Effective Board
- (b) Running an Effective Board
- (c) Understanding the Business including Risk
- (d) Performance Evaluation
- (e) Ethical & Values Driven
- (f) Strategic Objectives

Accordingly, performance evaluation of the Board was carried out and it was concluded that the overall performance of the Board, including effectiveness of the role played by the Board in achieving the Company's objectives, was found to be satisfactory.

Lastly, I wish to acknowledge the commitment and diligence of my fellow Directors, the executive team and all the employees of the Company for their hard work and dedication throughout the year.

Karachi: March 21, 2018

RAFIQ M. HABIB
Chairman



Seventy Fifth Report of the Directors to the Shareholders for the year ended December 31, 2017

The Shareholders,

The Board of Directors have pleasure in presenting the Seventy Fifth Annual Report alongwith the audited accounts of the Company for the year ended December 31, 2017.

During the year, the Securities & Exchange Commission of Pakistan has issued the Insurance Rules, 2017 including the new Accounting Regulations, 2017 wherein investments are now to be stated at market values which were previously held at carrying values. Based on the resultant change in accounting policy, the figures for 2016 and 2015 have been reclassified and the financial statements are presented accordingly.

	Rupees in '000
Profit after tax for the year 2017	109,956
Amount available after appropriations for the year 2016	<u>2,095</u>
	<u>112,051</u>
The Board of Directors now propose:	
Payment of dividend at Rs. 0.75 per share of Rs. 5/- each i.e. @ 15%	92,906
Unappropriated profit carried forward	<u>19,145</u>
	<u>112,051</u>
Basic earnings per share	0.89

The Directors are pleased to recommend the payout of 15% to shareholders for the year 2017 as mentioned above.

For the year under review, by the Grace of Allah the net insurance premium grew by 2% rising to Rs. 556.0 million as compared to Rs. 544.7 million of the previous year despite decrease of 16.9% in gross written premium. However, the underwriting results reduced from Rs. 71.0 million to Rs. 16.2 million, the main factor being an unfortunate rise in claims primarily in the health class of business. Appropriate measures have been taken by the Company to address this matter which will Inshallah improve the underwriting results.

The investment income for the year was Rs. 215.2 million as against Rs. 238.6 million due to lower capital gains recorded in the period and a marginal decrease in dividend income. As a result, the profit after tax of the Company for 2017 was Rs. 110.0 million.

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.

Generally, on the overall performance of the economy for 2016-17, the GDP growth was 5.28% compared to 4.7% of last year. Direct foreign investment rose to US\$ 2.73 billion and Foreign exchange reserves stood at US\$ 20.2 billion. Though there was a rise in inflation, the discount rate during the year remained constant at 5.75% by State Bank of Pakistan, though in January 2018 it increased by 25 bps. The KSE 100 Index witnessed a decline of 15.3% during the year, closing at 40471 as at December 31, 2017.



Finally, the year 2018 will have its usual uncertainties but we will continue to strive for progress to Inshallah attain better underwriting results and sustained investment income.

As always, we are indeed thankful to all our clients and customers who have placed their confidence in our Company. A special mention is made for all the support and guidance we have received from our Reinsurers. The Board of Directors would 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 for Peace and Prosperity for our Nation, Ameen!

Changes in Board of Directors

During the year, Mr. Ali Raza D. Habib, Mr. Aun Mohammad A. Habib and Mr. Ali Fadoo resigned from the Board and in their place Mr. Qumail R. Habib, Mr. Munawar Ali Habib and Mr. Shahid Ghaffar were appointed as Directors.

The Board wishes to pay special tribute to Mr. Ali Raza D. Habib, who served your Company for over 38 years. He joined Habib Insurance as a young officer in 1956, and retired last year, serving for 24 years as a CEO. During his tenure as CEO, the gross underwritten premium grew from Rs. 65.1 million to Rs. 1.4 billion, and the Company by the Grace of Allah achieved an impressive growth in shareholders equity rising from Rs. 100.9 million to Rs. 1.1 billion. During this time the Company paid out cash dividend of over Rs. 2.0 billion. We can only appreciate all the contribution made by him for Habib Insurance and wish him good health and happiness.

The Board also wishes to place on record its appreciation of the invaluable contribution made by Mr. Aun Mohammad A. Habib and Mr. Ali Fadoo during their association with the Company and welcomes Mr. Qumail R. Habib, Mr. Munawar Ali Habib and Mr. Shahid Ghaffar as Directors of the Company and looks forward to benefitting from their experience and advice.

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. The Board of Directors in their meeting held on March 21, 2018 also approved to increase the donation amount to 2% of the profit before tax of the preceeding year or Rs.2.0 million, whichever is higher;
- 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. 53.0 million during the year; furthermore, an additional amount of over Rs. 271.8 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.



Risk Management Framework

The Company always had a Risk Management Framework commensurate with the size of the Company and the nature of its business. This framework has developed over the years and continues to be refined and improved. The Company aims to take business risks in a prudent manner, guided by a conservative outlook. Business risks and mitigation factors are described in detail in Notes 34 & 35 of the Notes to the Financial Statements.

Board Committees

Audit Committee

The Audit Committee of the Company comprises of four members with representation of an Independent Director as Chairman who is also financially literate and three Non-Executive Directors. The Audit Committee met four times during the year. Attendance of meetings is as follows:

		No. of Meetings attended
Mr. Shahid Ghaffar	Chairman	1
Mr. Mansoor G. Habib	Member	4
Mr. Mohammedali R. Habib	Member	2
Mr. Qumail R. Habib	Member	1

Mr. Shahid Ghaffar and Mr. Qumail R. Habib were appointed as Members of Audit Committee on October 03, 2017. Further, Mr. Shahid Ghaffar was appointed as Chairman of Audit Committee on January 16, 2018.

Ethics, Nomination, Human Resource & Remuneration Committee

The Ethics, Nomination, Human Resource & Remuneration Committee comprises of four members with representation of an Independent Director as Chairman, two Non-Executive Directors & Chief Executive. No meetings were conducted during the year.

Mr. Shahid Ghaffar	Chairman
Mr. Qumail R. Habib	Member
Mr. Munawar Ali Habib	Member
Mr. Shabbir Gulamali	Member

The Ethics, Nomination, Human Resource & Remuneration Committee was restructured on October 26, 2017 and the above Directors were appointed on this Committee. However, Mr. Shabbir Gulamali was appointed as Member of the Committee on March 21, 2018.

Investment Committee

The Investment Committee comprises of five members with representation of an Independent Director, two Non-Executive Directors, Chief Executive & Chief Financial Officer. The Investment Committee met three times during the year. Attendance of meetings is as follows:

		No. of meetings attended
Mr. Shahid Ghaffar	Chairman	—
Mr. Mansoor G. Habib	Member	2
Mr. Qumail R. Habib	Member	1
Mr. Shabbir Gulamali	Member	3
Mr. Murtaza Hussain	Member	3

Mr. Shahid Ghaffar and Mr. Qumail R. Habib were appointed as Chairman and Member respectively of the Investment Committee on October 26, 2017.

Directors Training Programme

Out of Seven Directors of the Company, four have already attended the Directors' 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, 2018, 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, 2017 is Rs. 68.7 million.
11. During the year four Board meetings were held and the attendance of the Directors is as follows:

Date of Meeting	Attended by	
March 27, 2017	Mr. Rafiq M. Habib 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. Shabbir Gulamali	Chief Executive
April 28, 2017	Mr. Ali Raza D. Habib Mr. Abbas D. Habib Mr. Mansoor G. Habib Mr. Aun Mohammad A. Habib Mr. Shabbir Gulamali	Chief Executive
August 25, 2017	Mr. Rafiq M. Habib Mr. Ali Raza D. Habib Mr. Abbas D. Habib Mr. Mansoor G. Habib Mr. Shabbir Gulamali	Chief Executive
October 26, 2017	Mr. Rafiq M. Habib Mr. Abbas D. Habib Mr. Mansoor G. Habib Mr. Mohamedali R. Habib Mr. Qumail R. Habib Mr. Shahid Ghaffar Mr. Shabbir Gulamali	Chief Executive

12. The pattern of shareholding and additional information regarding pattern of shareholding is annexed.
13. No trades in the shares of the Company were carried out by the Directors, CEO, CFO, Company Secretary and their spouses and minor children.

On behalf of the Board of Directors

Karachi: March 21, 2018

RAFIQ M. HABIB
Chairman

SHABBIR GULAMALI
Chief Executive



Six Years' Review at a Glance

	(Rupees in '000)					
Years	2017	2016	2015	2014	2013	2012
Gross Written Premium	1,163,365	1,400,881	1,123,213	1,009,255	963,147	955,934
Net Insurance Premium	555,977	544,701	500,364	458,726	438,332	435,966
Investment Income	215,224	238,627	199,615	256,869	240,301	204,350
Net Insurance Claims	373,716	281,560	221,739	221,537	215,023	229,906
Profit after Tax	109,956	191,708	226,867	260,008	243,981	194,988
Paid-up Capital	619,374	619,374	619,374	619,374	495,499	495,499
Reserves & Retained Earnings *	816,253	1,117,204	899,572	540,673	529,536	462,232
Total Assets *	3,276,059	3,665,492	3,298,581	2,850,999	2,237,670	2,005,434
Cash Dividend - %	15	35	35	40	25	35
Stock Dividend - %	-	-	-	-	25	-

*During the year, the Securities & Exchange Commission of Pakistan has issued the Insurance Rules, 2017 including the new Insurance Accounting Regulations, 2017. There were significant changes resulting from such new rules affecting Reserves & Retained Earnings and Total Assets. Figures have been reclassified for 2016 and 2015 as required.



Statement of Compliance with the Code of Corporate Governance for the year ended December 31, 2017

This statement is being presented in compliance with the Code of Corporate Governance for Insurers, 2016 applicable to insurance companies as issued by Securities & Exchange Commission of Pakistan (SECP) and the Code of Corporate Governance as contained in Regulation 5.19 of the rule book of Pakistan Stock Exchange for the purpose of establishing a framework of good governance, whereby an insurer is managed in compliance with the best practices of corporate governance.

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

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

Category	Names
Independent Director	Mr. Shahid Ghaffar
Non-Executive Directors	Mr. Rafiq M. Habib Mr. Abbas D. Habib Mr. Mansoor G. Habib Mr. Mohamedali R. Habib Mr. Qumail R. Habib Mr. Munawar Ali Habib

Mr. Shabbir Gulamali is the Chief Executive of the Company. He is not a member of the Board.

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 a stock exchange.
4. Casual vacancies occurring on the Board on July 04, 2017 and September 28, 2017 were filled up by the Directors on October 03, 2017.
5. The insurer has prepared a Statement of Ethics and Business Practices, 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 CEO and the key officers, have been taken by the Board. A casual vacancy occurred in the office of Chief Executive Officer on March 27, 2017 which was filled on the same day.
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. While all the Directors are professionals and Senior Executives who possess wide experience of duties of Directors, the Company apprises them of new laws and regulations and amendments in the existing ones. Out of Seven Directors of the Company, four have already attended the Directors' Training Programme.
11. The Board has approved appointment of Company Secretary during the year including his remuneration and terms and conditions of employment. There were no new appointments of Chief Financial Officer and Head of Internal Audit during the year.
12. The Directors' Report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance for Insurers, 2016 and fully describes the salient matters required to be disclosed.
13. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
14. The Directors, CEO and other executives do not hold any interest in the shares of the Company other than disclosed in the pattern of shareholding.
15. The Company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance for Insurers, 2016.
16. The Board has formed the following Management Committees:

Underwriting, Reinsurance & Co-Insurance Committee:

Name of the Member	Category
Mr. Munawar Ali Habib	Chairman
Mr. Shabbir Gulamali	Member
Mr. Mohammad Omar Zubair	Member
Mr. Tariq Awan	Secretary

Claim Settlement Committee:

Name of the Member	Category
Mr. Mansoor G. Habib	Chairman
Mr. Shabbir Gulamali	Member
Mr. Murtaza Hussain	Member
Mr. Fawwad A. Razzak	Member
Mr. Murtaza Barristor	Secretary

Risk Management & Compliance Committee:

Name of the Member	Category
Mr. Mohamedali R. Habib	Chairman
Mr. Shabbir Gulamali	Member
Mr. Murtaza Hussain	Member
Mr. Mohammad Omar Zubair	Secretary

17. The Board has formed the following Board Committees:

Ethics, Nomination, Human Resource & Remuneration Committee:

Name of the Member	Category
Mr. Shahid Ghaffar	Chairman – Independent Director
Mr. Qumail R. Habib	Member – Non-Executive Director
Mr. Munawar Ali Habib	Member – Non-Executive Director
Mr. Shabbir Gulamali	Member – Chief Executive



Investment Committee:

Name of the Member	Category
Mr. Shahid Ghaffar	Chairman – Independent Director
Mr. Mansoor G. Habib	Member – Non-Executive Director
Mr. Qumail R. Habib	Member – Non-Executive Director
Mr. Shabbir Gulamali	Member – Chief Executive
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 an Independent Director. The composition of the Audit Committee is as follows:

Audit Committee:

Name of the Member	Category
Mr. Shahid Ghaffar	Chairman – Independent Director
Mr. Mansoor G. Habib	Member – Non-Executive Director
Mr. Mohammadali R. Habib	Member – Non-Executive Director
Mr. Qumail R. Habib	Member – Non-Executive Director

19. The meetings of the Committees were held in accordance with the requirements of the Code and the meetings of the Audit Committee were held atleast once in every quarter and prior to approval of interim and final results of the Company as required by the Code. The terms of references of the Committees have been formed and advised to the Committees for compliance.
20. The Board has set up an effective internal audit department which is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they are involved in the internal audit function on a full time basis.
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).

Name of the Person	Designation	Qualification	Experience
Mr. Shabbir Gulamali	Chief Executive	FCCA	30 years
Mr. Murtaza Hussain	Chief Financial Officer, Company Secretary & Compliance Officer	ACCA	15 years
Syed Fakhar Imam Zaidi	Head of Internal Audit	ACA	10 years
Mr. Mohammad Omar Zubair	Head of Underwriting, Claims, Reinsurance & Risk Management	MBA-Marketing	24 years
Mr. Murtaza Hussain	Head of Grievance Function	ACCA	15 years

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 Board ensures that the Investment Policy of the Company has been drawn up in accordance with the provisions of the Code of Corporate Governance for Insurers, 2016.
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 function which carries out its tasks as covered under Code of Corporate Governance for Insurers, 2016.
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 Function and the respective Committee as a risk monitoring tool. The rating assigned by the said rating agency on December 30, 2017 is A+ with positive outlook.
28. The Board has set up a Grievance Function which fully complies with the requirements of the Code of Corporate Governance for Insurers, 2016.
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

Karachi: March 21, 2018

SHABBIR GULAMALI
Chief Executive



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

We have reviewed the enclosed Statement of Compliance (the Statement) 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 2017** to comply with the requirements of Pakistan Stock Exchange Regulations and Code of Corporate Governance for Insurers, 2016 (the Code).

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 reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of 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 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 does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 31 December 2017.

Karachi: March 21, 2018

EY Ford Rhodes
Chartered Accountants



Auditors' Report to the Members

We have audited the annexed financial statements comprising of:

- (i) statement of financial position;
- (ii) statement of comprehensive income;
- (iii) statement of changes in equity; and
- (iv) statement of cash flows;

of **Habib Insurance Company Limited** (the Company) as at **31 December 2017** together with the notes forming part thereof, for the year then ended.

It is the responsibility of the Company's Board of Directors to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Insurance Ordinance, 2000 (XXXIX of 2000) and the 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 note 3.1 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 2017** and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and
- (d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of the Ordinance.

Karachi: March 21, 2018

EY Ford Rhodes
Chartered Accountants
Sheikh Ahmed Salman



**Statement of Financial Position
as at December 31, 2017**

	Note	2017	2016 (Rupees in '000) (Restated note 3.1.1)	2015 (Restated note 3.1.1)
Assets				
Property and equipment	5	19,998	21,409	21,499
Intangible assets	6	5,287	4,226	2,930
Investments				
Equity securities and mutual fund units	7	1,207,878	1,670,331	1,391,471
Debt securities	8	69,395	54,263	69,384
Loans and other receivables	9	126,160	93,884	67,515
Insurance/ reinsurance receivables	10	818,760	725,863	669,506
Reinsurance recoveries against outstanding claims		542,470	511,525	597,207
Salvage recoveries accrued		2,764	19,251	43,124
Deferred commission expense	23	37,294	51,234	49,716
Prepayments	13	279,593	365,490	249,865
Cash and bank balances	14	166,460	148,016	136,364
Total Assets		3,276,059	3,665,492	3,298,581
EQUITIES AND LIABILITIES				
Capital and reserves attributable to Company's equity holders				
Ordinary share capital	15	619,374	619,374	619,374
Reserve for exceptional losses	16	9,122	9,122	9,122
Unappropriated profit	16	101,584	216,152	250,712
General reserves	16	255,000	255,000	255,000
Unrealised gain on revaluation of available-for-sale investment-net	16	450,547	636,930	384,738
Total Equity		1,435,627	1,736,578	1,518,946
Liabilities				
Underwriting provisions				
Outstanding claims including IBNR	21	666,850	599,060	688,411
Unearned premium reserves	20	481,048	601,796	463,255
Premium deficiency reserves		—	20,344	6,125
Unearned reinsurance commission	23	73,427	86,034	55,631
Retirement benefit obligations	11	83,629	83,083	62,270
Deferred taxation	12	173,649	266,334	161,881
Premium received in advance		18,057	2,347	9,097
Insurance/ reinsurance payables	17	145,195	66,370	102,631
Other creditors and accruals	18	141,459	152,631	191,009
Taxation - provision less payment		57,118	50,915	39,325
Total Liabilities		1,840,432	1,928,914	1,779,635
Total Equity and Liabilities		3,276,059	3,665,492	3,298,581
Contingencies and commitments	19			

The annexed notes from 1 to 41 form an integral part of these financial statements.

RAFIQ M. HABIB
Chairman

MANSOOR G. HABIB
Director

QUMAIL R. HABIB
Director

SHABBIR GULAMALI
Chief Executive

MURTAZA HUSSAIN
Chief Financial Officer



Statement of Comprehensive Income for the year ended December 31, 2017

	Note	2017 (Rupees in '000)	2016 (Restated note 3.1.1)
Net insurance premium	20	555,977	544,701
Net Insurance claims	21	(373,716)	(281,560)
Reversal/ (provision) for premium deficiency reserve		20,344	(14,219)
Net commission income	23	59,246	61,783
Insurance claims and commission expense		(294,126)	(233,996)
Management expenses	24	(245,655)	(239,691)
Underwriting results		16,196	71,014
Investment income	25	215,224	238,626
Other income	26	7,842	41,109
Other expenses	27	(76,527)	(65,639)
Results of operating activities and profit before tax for the year		162,735	285,110
Income tax expense	28	(52,779)	(93,402)
Profit after tax for the year		109,956	191,708
Other comprehensive income:			
Unrealised (loss)/ gain on available-for-sale investments during the year		(57,716)	601,411
Less: Net gain transferred to profit and loss on disposal of investments		(221,733)	(244,114)
		(279,449)	357,297
Actuarial loss on defined benefit plan		(11,061)	(13,749)
		(290,510)	343,548
Related tax impact		96,384	(100,843)
Other comprehensive (loss)/ income for the year		(194,126)	242,705
Total comprehensive (loss / income for the year)		(84,170)	434,413
Earning (after tax) per share - rupees	29	0.89	1.55

The annexed notes from 1 to 41 form an integral part of these financial statements.

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Statement of Changes in Equity for the year ended December 31, 2017

	Capital Reserves		Reserves			Total	Total
	Share capital	Reserve for exceptional losses	Unappropriated profit	General reserve	Unrealised gain on revaluation of available-for-sale investment - net		
	(Rupees in '000)						
Balance as at January 01, 2016	619,374	9,122	250,712	255,000	-	505,712	1,134,208
Effect of change in accounting policy (note 3.1.1)	-	-	-	-	384,738	384,738	384,738
Balance as at January 1, 2016 as restated	619,374	9,122	250,712	255,000	384,738	890,450	1,518,946
Net profit for the year	-	-	191,708	-	-	191,708	191,708
Other comprehensive (loss)/ income (restated note 3.1.1)	-	-	(9,487)	-	252,192	242,705	242,705
Total comprehensive income for the year	-	-	182,221	-	252,192	434,413	434,413
Final dividend for the year ended December 31, 2015 of Rs. 1.75 per share	-	-	(216,781)	-	-	(216,781)	(216,781)
Balance as at December 31, 2016	619,374	9,122	216,152	255,000	636,930	1,108,082	1,736,578
Net profit for the year	-	-	109,956	-	-	109,956	109,956
Other comprehensive loss for the year	-	-	(7,743)	-	(186,383)	(194,126)	(194,126)
Total comprehensive income/ (loss) for the year	-	-	102,213	-	(186,383)	(84,170)	(84,170)
Final dividend for the year ended December 31, 2016 of Rs. 1.75 per share	-	-	(216,781)	-	-	(216,781)	(216,781)
Balance as at December 31, 2017	619,374	9,122	101,584	255,000	450,547	807,131	1,435,627

The annexed notes from 1 to 41 form an integral part of these financial statements.

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**Statement of Cash Flow
for the year ended December 31, 2017**

	Note	2017 (Rupees in '000)	2016
Operating cash flow			
(a) Underwriting activities			
Insurance premium received		1,084,402	1,337,774
Reinsurance premium paid		(562,591)	(867,053)
Claims paid		(810,710)	(757,385)
Reinsurance and other recoveries received		490,325	496,029
Commission paid		(107,261)	(139,818)
Commission received		157,840	201,543
Net cash flows from underwriting activities		252,005	271,090
(b) Other operating activities			
Income tax paid		(42,877)	(78,202)
Other operating payments		(326,645)	(258,235)
Other operating receipts		(37,279)	(29,285)
Loans advanced		(31,362)	(35,682)
Loan repayment received		28,611	18,856
Net cash flows from other operating activities		(409,552)	(382,548)
Total cash flows from all operating activities		(157,547)	(111,458)
Investment activities			
Profit/ return received		11,240	12,819
Dividend received		79,662	84,358
Payment for investments		(387,544)	(773,385)
Proceeds from investments		691,199	1,019,450
Fixed capital expenditure		(7,734)	(8,323)
Proceeds from sale of property, plant and equipment		250	147
Total cash flows from investing activities		387,073	335,066
Financing activities			
Dividends paid		(211,082)	(211,956)
Total cash flows from financing activities		(211,082)	(211,956)
Net cash flows from all activities		18,444	11,652
Cash and cash equivalents at beginning of year		148,016	136,364
Cash and cash equivalents at end of year		166,460	148,016
Reconciliation to profit and loss account			
Operating cash flows		(157,547)	(111,458)
Depreciation expense		(7,524)	(7,004)
Income tax paid		42,877	78,202
Provision for gratuity		(12,415)	(9,192)
Gratuity paid		22,930	2,238
Profit/ return received		11,240	12,819
Dividends received		79,662	84,358
Capital gain		135,785	152,509
(Loss)/ profit on disposal of property, plant and equipment		(310)	34
Provision for taxation		(52,779)	(93,402)
Increase in assets other than cash		39,800	101,775
Decrease/ (increase) in liabilities other than borrowings		8,237	(19,171)
Profit after taxation		109,956	191,708

The annexed notes from 1 to 41 form an integral part of these financial statements.

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Notes to the Financial Statements for the year ended December 31, 2017

1. LEGAL 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 Act, 2017). 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 Limited. The Company is engaged in general insurance business.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with the format prescribed by Securities and Exchange Commission of Pakistan (SECP) through Insurance Rules, 2017, vide SRO 89 (I) / 2017 dated February 09, 2017.

2.1 Statement of Compliance

2.1.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000, Insurance Rules, 2017 and Insurance Accounting Regulations, 2017. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984, Insurance Ordinance, 2000, Insurance Rules, 2017, and Insurance Accounting Regulations, 2017, have been followed.

2.1.2 The Companies Ordinance, 1984 has been repealed after the enactment of Companies Act, 2017. However, as allowed by the SECP vide its press release dated July 20, 2017, these financial statements have been prepared in accordance with the provisions of the Companies Ordinance, 1984.

2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis except for certain investments which are carried at fair value and obligations under certain employment benefits which are measured at present value.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees which is also the Company's functional currency. All financial information presented in Pak Rupees has been rounded to nearest Thousand Rupees, unless otherwise stated.

2.4 Accounting Standards, IFRIC Interpretations and amendments that are effective for the current year

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

IFRS 7 – Financial Instruments: Disclosures - Disclosure Initiative (Amendment)

IAS 12 – Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)



Improvements to Accounting Standards Issued by the IASB

IFRS 12 – Disclosure of Interests in Other Entities – Clarification of the scope of the disclosure requirements in IFRS 12

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

2.5 Accounting Standards, IFRIC Interpretations and amendments 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:

Standard or Interpretation	Effective date
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 (Amendments)	Not yet finalised
IFRS 4 – Insurance Contracts: Applying IFRS 9 – Financial Instruments with IFRS 4 – Insurance Contracts (Amendments)	January 01, 2018
IFRS 9 – Financial Instruments: Classification and Measurement	July 01, 2018
IFRS 9 – Prepayment Features with Negative Compensation (Amendments)	January 01, 2019
IFRS 15 – Revenue from Contracts with Customers	July 01, 2018
IFRIC Interpretation 22 – Foreign Currency Transactions and Advance Consideration	January 01, 2018
IFRIC 23 – Uncertainty over Income Tax Treatments	January 01, 2019

The above standards, amendments and interpretations 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, 2018 and January 01, 2019. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.



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

IFRS 14 – Regulatory Deferral Accounts	January 01, 2016
IFRS 16 – Leases	January 01, 2019
IFRS 17 – Insurance Contracts	January 01, 2021

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Changes in accounting policies - Adoption of new Insurance Rules, 2017 and Insurance Accounting Regulations, 2017

During the year SECP, has issued the Insurance Rules, 2017 including the new Insurance Accounting Regulations, 2017 and format for the preparation of the financial statements. The new Insurance Rules are effective for the current year financial statements. The significant changes resulting from such new rules affecting these financial statements are as follows:

- (a) The Company has changed its accounting policy in relation to the available-for-sale investments to comply with the requirements of IAS 39 "Financial Instruments - Recognition and Measurement. These investments are now carried at fair value. Surplus/ (deficit) on revaluation from one reporting date to other is taken to other comprehensive income in the statement of comprehensive income. On derecognition or impairment of available-for-sale investments, the cumulative gain or loss previously reported in other comprehensive income is transferred to profit and loss for period within statement of comprehensive income. Previously, the investment were carried at lower of cost and market value. This change in the accounting policy has been applied retrospectively and comparative information have been restated in accordance with the requirement of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The impacts of the above change is disclosed as below:

	Investment	Deferred tax liability/ (asset) (Rupees in '000)	Unrealised gain/ loss revaluation of available-for-sale investment-net
- Increase as at January 01, 2016	565,791	181,054	384,738
- Increase as at December 31, 2016	357,297	105,105	252,192
- Decrease as at December 31, 2017	(279,449)	(93,066)	(186,383)

- (b) Certain changes have been made to the presentation of the financial statements which includes the following:

- Changes in the sequence of assets/ liabilities in the statement of financial position;
- Discontinuation of separate statements of premiums, claims, commission and investment income, which are now presented (on aggregate basis) in the notes to the financial statements (notes 20, 21, 23 and 25);
- Underwriting results in relation to various classes of business which were previously presented on the face of the profit and loss account are now presented in a separate note (note 32).
- Addition of statement of solvency (note 37).
- Placement of claim development table (note 22).



3.2 Insurance contracts

Insurance contracts are those contracts where the Company (the insurer) has accepted significant insurance risk from another party (the policyholders) 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.

3.3 Premium

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

Administrative surcharge is recognised as income 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 Insurance Rules, 2017. 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.

3.4 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 Insurance Rules, 2017.

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.



3.5 Claims expense

Insurance claims include all claims incurred 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 measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in an insurance contract.

The liability for claims include amounts relating to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs. Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates.

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 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 2015 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.

3.6 Reinsurance recoveries against outstanding claims

Claims recoveries against outstanding claims from the reinsurer and salvage 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.

3.7 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.

3.8 Premium deficiency reserve

The Company is required as per Insurance Rules, 2017 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 class as required by SRO 16 (I)/ 2012 issued by Securities and Exchange Commission of Pakistan on January 09, 2012.

3.9 Staff retirement benefits

3.9.1 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.

3.9.2 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, 2017 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 any 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.

3.9.3 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.

3.10 Taxation

3.10.1 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.



3.10.2 Deferred

Deferred tax is accounted for using the balance sheet liability method, in respect of temporary differences arising at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts 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 periods when the asset is utilized 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 to the profit and loss account except in the case of items credited or charged to equity in which case it is included in equity.

3.11 Investments

3.11.1 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

3.11.2 Measurement

3.11.2.1 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.

3.11.2.2 Available-for-sale

Available-for-Sale investments are those non-derivative instruments/ contracts that are designated as available-for-sale or are not classified in any other category.

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 measurement, the quoted available-for-sale investments are remeasured at fair value. Surplus/ (deficit) on revaluation from one reporting date to other is taken to other comprehensive income in the statement of comprehensive income. On derecognition or impairment, the cumulative gain or loss previously reported in other comprehensive income is transferred to profit and loss for period within statement of comprehensive income.



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 available-fore-sale 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.

3.11.2.3 Held-to-maturity

At the time of acquisition, investments with fixed maturity, where management has both the intent and the ability to hold till 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.

3.12 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 other expenses.

3.13 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.

3.14 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.



3.15 Fixed assets

3.15.1 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 5.1 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.

3.15.2 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 6 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.

3.16 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 bank deposits, investments, premium due but unpaid, premium received in advance, amount due from other insurers/ reinsurers, accrued investment income, reinsurance recoveries against outstanding claims, sundry receivables, provision for outstanding claims, amount due to other insurers/ reinsurers, accrued expenses, other creditors and accruals, short term running finance and obligation under finance lease. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

3.17 Off setting of financial assets and financial liabilities

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

3.18 Foreign currency translations

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.

3.19 Revenue recognition

3.19.1 Premium

The revenue recognition policy for premiums is given under note 3.3.

3.19.2 Commission from reinsurers

The revenue recognition policy for commission from reinsurer is given under note 3.7.

3.19.3 Dividend income

Dividend income is recognized when the right to receive the dividend is established.

3.19.4 Gain/ loss on sale/ redemption of investments

Gain/ loss on sale/ redemption of investments is taken to profit and loss account in the year of sale/ redemption.

3.19.5 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.

3.19.6 Mark-up on bank accounts and deposits

Mark-up on bank accounts and deposits is recognised on accrual basis.



3.20 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 Insurance Rules, 2017. 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.

3.20.1 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.

3.20.2 Marine and transport

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

3.20.3 Motor

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

3.20.4 Group hospitalisation

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

3.20.5 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.

3.21 Dividend declaration and reserve appropriation

Dividend declaration and reserve appropriations are recognised when approved.



4. USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The estimates/ judgments and associated assumptions used in the preparation of the financial statements are based on historical experience and other factors, including expectations of future events 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:

	Note
Provision for unearned premium	3.3
Provision for outstanding claims including IBNR	3.5
Premium deficiency reserve	3.8
Defined benefit plan	3.9.2
Provision for current and deferred tax	3.10
Classification of investments and impairment	3.11
Useful lives and residual value of assets and methods of depreciation	3.15

	Note	2017 (Rupees in '000)	2016
5. PROPERTY AND EQUIPMENT			
Operating assets	5.1	19,998	21,409



5.1 Operating Assets

	2017									
	Cost			Accumulated Depreciation				Written Down Value		
	As at January 01, 2017	Additions	Disposals	As at December 31, 2017	As at January 01, 2017	Charge for the year	Disposals	As at December 31, 2017	As at December 31, 2017	Depreciation Rate %
	(Rupees in '000)									
Computer equipment	9,023	649	320	9,352	7,047	1,330	313	8,064	1,288	33
Furniture and fixtures	17,460	1,192	650	18,002	8,116	1,650	258	9,508	8,494	10
Office equipment	7,503	416	369	7,550	4,245	879	290	4,834	2,716	20
Motor vehicles	12,318	2,152	246	14,224	5,487	1,401	164	6,724	7,500	20
	<u>46,304</u>	<u>4,409</u>	<u>1,585</u>	<u>49,128</u>	<u>24,895</u>	<u>5,260</u>	<u>1,025</u>	<u>29,130</u>	<u>19,998</u>	
	2016									
	Cost			Accumulated Depreciation				Written Down Value		
	As at January 01, 2016	Additions	Disposals	As at December 31, 2016	As at January 01, 2016	Charge for the year	Disposals	As at December 31, 2016	As at December 31, 2016	Depreciation Rate %
	(Rupees in '000)									
Computer equipment	8,381	1,036	394	9,023	5,902	1,464	319	7,047	1,976	33
Furniture and fixtures	16,448	1,037	25	17,460	6,453	1,687	24	8,116	9,344	10
Office equipment	6,810	1,115	422	7,503	3,686	976	417	4,245	3,258	20
Motor vehicles	10,152	2,255	89	12,318	4,251	1,293	57	5,487	6,831	20
	<u>41,791</u>	<u>5,443</u>	<u>930</u>	<u>46,304</u>	<u>20,292</u>	<u>5,420</u>	<u>817</u>	<u>24,895</u>	<u>21,409</u>	



5.1.1 Disposal of operating assets

	Cost	Accumulated Depreciation	Book value	Sale proceeds	Net gain / (loss)	Mode of disposals	Sold to
(Rupees in '000)							
Motor vehicles	42	37	5	12	7	Negotiation	Mr. Khizer Hayat
	42	38	4	5	1	Negotiation	Mr. Riasat Ali
	39	12	27	26	(1)	Negotiation	Mr. Azeem Ikramzai
	39	12	27	28	1	Negotiation	Syed Athar Zameer
	42	38	4	12	8	Negotiation	Mr. Siddique Ahmed
	42	27	15	12	(3)	Negotiation	Mr. Muhammad Javed
Office equipment	369	290	79	34	(45)	Negotiation	Various
Computer equipment	320	313	7	71	64	Negotiation	Various
Furniture and fixtures	650	258	392	50	(342)	Negotiation	Various
2017	1,585	1,025	560	250	(310)		
2016	930	817	113	147	34		

5.1.2 Fully depreciated assets amount to Rs.15.119 (2016: Rs. 8.007) million (purchase price) at year end.



6. INTANGIBLE ASSETS

	2017									
	Cost			Accumulated Amortisation				Written Down	Amortisation	
	As at January 01, 2017	Additions	Disposals	As at December 31, 2017	As at January 01, 2017	Charge for the year	Disposals	As at December 31, 2017	Value As at December 31, 2017	Rate %
	(Rupees in '000)									
Owned										
Computer Software	<u>9,859</u>	<u>3,325</u>	<u>—</u>	<u>13,184</u>	<u>5,633</u>	<u>2,264</u>	<u>—</u>	<u>7,897</u>	<u>5,287</u>	20
	2016									
	Cost			Accumulated Amortisation				Written Down	Amortisation	
	As at January 01, 2016	Additions	Disposals	As at December 31, 2016	As at January 01, 2016	Charge for the year	Disposals	As at December 31, 2016	Value As at December 31, 2016	Rate %
	(Rupees in '000)									
Owned										
Computer Software	<u>6,979</u>	<u>2,880</u>	<u>—</u>	<u>9,859</u>	<u>4,049</u>	<u>1,584</u>	<u>—</u>	<u>5,633</u>	<u>4,226</u>	20

6.1 Fully amortised intangibles includes General Insurance System (in-house software) capitalised at a development cost of Rs.3.750 million.

6.2 The remaining useful life of material assets are estimated to be 4 to 5 years.



7. INVESTMENT IN EQUITY SECURITIES AND MUTUAL FUNDS UNITS

	2017			2016		
	Cost	Unrealised gain/ (loss) on revaluation	Carrying Value (Rupees in '000)	Cost	Unrealised gain/ (loss) on revaluation	Carrying Value
(Restated note 3.1)						
Available-for-sale						
Related parties						
Listed shares						
Bank AL Habib Limited	71,855	88,635	160,490	107,730	135,485	243,215
Habib Sugar Mills Limited	88,573	69,670	158,243	90,287	127,546	217,833
Habib Metropolitan Bank Limited	91,521	24,155	115,676	79,739	31,276	111,015
Indus Motor Company Limited	30,196	42,076	72,272	30,965	40,252	71,217
Shabbir Tiles & Ceramics Limited	13,259	8,836	22,095	14,143	3,713	17,856
Thal Limited	31,101	192,571	223,672	42,296	260,483	302,779
	<u>326,505</u>	<u>425,943</u>	<u>752,448</u>	<u>365,160</u>	<u>598,755</u>	<u>963,915</u>
Others						
Listed shares						
Packages Limited	7,514	15,428	22,942	7,514	30,738	38,252
Dynea Pakistan Limited	1,722	10,581	12,303	1,722	5,754	7,476
Abbott Laboratories (Pakistan) Limited	8,610	30,247	38,857	8,610	44,700	53,310
GlaxoSmithKline Pakistan Limited	5,187	3,795	8,982	5,187	7,295	12,482
Nestle Pakistan Limited	79	1,646	1,725	79	1,271	1,350
Shezan International Limited	112	673	785	112	686	798
Rafhan Maize Products Limited	-	-	-	1,443	135	1,578
Habib ADM Limited	3,042	136	3,178	4,220	2,495	6,715
Al-Ghazi Tractors Limited	11,264	20,477	31,741	9,445	20,035	29,480
Millat Tractors Limited	10,018	13,414	23,432	10,018	8,075	18,093
Atlas Battery Limited	1,692	7,430	9,122	1,692	14,039	15,731
Agriauto Industries Limited	1,190	5,170	6,360	1,190	5,969	7,159
United Bank Limited	7,831	(312)	7,519	6,697	2,859	9,556
Allied Bank Limited	2,200	(500)	1,700	4,400	368	4,768
MCB Bank Limited	4,259	(13)	4,246	-	-	-
Habib Bank Limited	-	-	-	37,443	14,474	51,917
Gul Ahmed Textile Mills Limited	-	-	-	4,469	13,287	17,756
Gadoon Textile Mills Limited	2,094	3,098	5,192	2,094	4,679	6,773
Bata Pakistan Limited	5,440	9,274	14,714	5,440	20,420	25,860
Pakistan Cables Limited	1,458	1,104	2,562	1,458	2,741	4,199
The Hub Power Company Limited	-	-	-	16,961	7,735	24,696
Kot Addu Power Company Limited	-	-	-	8,205	(325)	7,880
Pakistan International Bulk Terminal Limited	-	-	-	2,040	105	2,145
Engro Corporation Limited	-	-	-	4,408	334	4,742
TPL Properties Limited	-	-	-	20,000	(3,296)	16,704
Fauji Cement Company Limited	-	-	-	7,481	1,535	9,016
Lucky Cement Limited	-	-	-	4,709	4,474	9,183
D.G Khan Cement Company Limited	-	-	-	3,887	2,765	6,652
Cherat Cement Company Limited	-	-	-	3,207	2,189	5,396
Atlas Insurance Limited	3,955	8,275	12,230	4,116	9,986	14,102
EFU Life Assurance Limited	4,338	6,081	10,419	4,812	5,013	9,825
IGI Insurance Limited	52,821	67,264	120,085	50,720	75,516	126,236
Jubilee General Insurance Company Limited	9,683	4,635	14,318	10,111	7,520	17,631
	<u>144,509</u>	<u>207,903</u>	<u>352,412</u>	<u>253,890</u>	<u>313,571</u>	<u>567,461</u>



	2017			2016		
	Cost	Revaluation surplus / (deficit)	Carrying Value	Cost	Revaluation surplus / (deficit)	Carrying Value
Mutual funds						
First Habib Income Fund	12,144	40	12,184	113,004	(618)	112,386
First Habib Asset Allocation Fund	25,005	30	25,035	-	-	-
First Habib Cash Fund	40,887	276	41,163	-	-	-
National Investment (Unit) Trust	252	1,689	1,941	252	2,156	2,408
Pakistan Income Fund (PIF)	97	171	268	97	170	267
	<u>78,385</u>	<u>2,206</u>	<u>80,591</u>	<u>113,353</u>	<u>1,708</u>	<u>115,061</u>
Unlisted shares						
GlaxoSmithKline Consumer Healthcare Pakistan Limited	-	-	-	-	160	160
National Silk & Rayon Mills Limited (note 7.1)	-	1	1	-	1	1
	-	1	1	-	161	161
Modaraba certificates						
Orix Modaraba (note 7.1)	1,145	1,035	2,180	1,145	1,433	2,578
First Habib Modarba (note 7.1)	13,695	6,551	20,246	13,695	7,460	21,155
	<u>14,840</u>	<u>7,586</u>	<u>22,426</u>	<u>14,840</u>	<u>8,893</u>	<u>23,733</u>
	<u>564,239</u>	<u>643,639</u>	<u>1,207,878</u>	<u>747,243</u>	<u>923,088</u>	<u>1,670,331</u>

7.1	Company Name	Chief Executive Officer	Nominal value	Number of certificates / shares
	Modaraba certificates			
	Orix Modaraba	Mr. Raheel Qamar Ahmed	Rs.10	109,000
	First Habib Modarba	Mr. Muhammad Shoab Ibrahim	Rs.5	2,015,000
	Unlisted shares			
	National Silk & Rayon Mills Limited	Mr. Sh. Faisal Tauheed	Rs.10	20
			Note	2017 (Rupees in '000)
				2016

8. INVESTMENT IN DEBT SECURITIES

Held to maturity

Pakistan Investment Bonds (PIBs)	8.1	<u>69,395</u>	<u>54,263</u>
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8.1 This represents PIBs having face value of Rs.68.5 million (market value of Rs.75.047 million) [December 31, 2016: Rs.53.5 million (market value of Rs.61.790 million)]. These carry mark-up ranging from 7.00% to 12% (December 31, 2016: 8.75% to 12%) per annum and will mature between March 26, 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 Section 29 of the Insurance Ordinance, 2000 and circular No. 15 of 2008 dated July 07, 2008 issued by the SECP.



	Note	2017 (Rupees in '000)	2016
9. LOANS AND OTHER RECEIVABLES			
Considered good			
Accrued investment income		3,015	2,970
Loans to employees	9.1	64,831	62,084
Security deposits		10,033	9,775
Agent commission receivable		545	–
Advances	9.2	6,831	6,057
Receivable against sale of investments		25,483	3,786
Other receivable	9.3	15,422	9,212
		<u>126,160</u>	<u>93,884</u>
9.1 These loans are secured against provident fund balances or deposit of title documents. These loans are recoverable in monthly instalments over various periods and includes Rs.15.783 (2016: Rs.13.740) million receivable in 2018 representing current portion of loan to employees.			
These loans carry mark-up rate of 3% to 6% (2016: 3% to 6%) per annum except loans amounting to Rs.1.551 (2016: Rs.1.619) million which are interest free.			
9.1.1 Reconciliation of carrying amount of loans			
Opening balance		62,084	45,258
Mark-up for the year		2,301	3,119
Disbursements during the year		31,362	35,682
		<u>95,747</u>	<u>84,059</u>
Repayments (including mark-up) during the year		(30,916)	(21,975)
Closing balance		<u>64,831</u>	<u>62,084</u>
9.2 This includes Rs.4.303 million (2016: Rs.3.240 million) receivable from related parties.			
9.3 This includes Rs.1.496 (2016: Rs.Nil) million receivable from Habib Insurance Company Limited (Pakistan) Employees Provident Fund (related party) and other related parties amounting to Rs.0.044 (2016: Rs.0.063) million respectively.			
10. INSURANCE / REINSURANCE RECEIVABLES			
Due from insurance contract holders			
Considered good		448,405	427,935
Considered doubtful		38,762	38,762
Less: Provision for impairment of receivables from Insurance contract holders		(38,762)	(38,762)
		<u>448,405</u>	<u>427,935</u>
Due from other insurers/ reinsurers - Considered good			
Considered doubtful		14,559	14,559
Less: Provision for impairment of due from other insurers/ reinsurers		(14,559)	(14,559)
		<u>370,355</u>	<u>297,928</u>
		<u>818,760</u>	<u>725,863</u>



11. RETIREMENT BENEFIT OBLIGATIONS

Defined benefit plan - unfunded gratuity scheme

The latest actuarial valuation was carried out on December 31, 2017 by an appointed actuary using "Projected Unit Credit Actuarial Cost Method".

	2017	2016
The number of employees covered under the defined benefit scheme are:	<u>164</u>	<u>183</u>

The following principal actuarial assumptions were used for the valuation of above mentioned scheme:

Financial assumptions		
- Discount rate (per annum compounded)	8.00%	8.00%
- Salary increase per annum	7.00%	7.00%
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) - 1	SLIC 2001-05)
	2017	2016
	(Rupees in '000)	

Liability in balance sheet

Present value of defined benefit obligations	<u>83,629</u>	<u>83,083</u>
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Movement in liability during the year

Opening balance	83,083	62,270
Charged to profit and loss account	12,415	9,192
Benefits paid during the year	(22,732)	(2,092)
Benefits paid to outstanding ex-employees	(198)	(36)
Actuarial loss recognised in other comprehensive income	11,061	13,749
Closing balance	<u>83,629</u>	<u>83,083</u>

Reconciliation of the present value of defined obligations

Present value of defined benefit obligations as at January 01,	83,083	62,270
Current service cost	5,687	4,458
Interest cost	6,728	4,734
Benefits paid	(22,732)	(2,092)
Benefits paid to ex-employees	(198)	(36)
Actuarial loss on obligation	11,061	13,749
Present value of defined benefit obligations as at December 31,	<u>83,629</u>	<u>83,083</u>



	2017 (Rupees in '000)	2016
Charge for the defined benefit plan		
Cost recognised in profit and loss		
Current service cost	5,687	4,458
Interest cost	6,728	4,734
	<u>12,415</u>	<u>9,192</u>
Actuarial loss on defined benefit obligation recognised in other comprehensive income		
Actuarial loss on defined benefit obligation		
- Loss due to change in financial assumptions	8,150	6,634
- Loss due to change in experience adjustments	2,911	7,115
	<u>11,061</u>	<u>13,749</u>
Expected contributions to the fund in the following year	<u>12,946</u>	<u>12,415</u>
Expected benefit payments to retirees in the following year	<u>3,488</u>	<u>3,061</u>
Weighted average duration of the defined benefit obligation (year)	<u>9.80</u>	<u>8.27</u>

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:

	2017 (Rupees in '000)
Increase in discount rate by 1%	(79,601)
Decrease in discount rate by 1%	87,806
Increase in expected future increment in salary by 1%	87,989
Decrease in expected future increment in salary by 1%	(79,399)

Comparison for Five Years As at December 31,

	2017	2016	2015	2014	2013
	(Rupees in '000)				
Defined benefit obligation	<u>83,629</u>	<u>83,083</u>	<u>62,270</u>	<u>46,854</u>	<u>38,709</u>
Experience adjustment loss on obligation (as percentage of plan obligations)	<u>3.48%</u>	<u>8.56%</u>	<u>8.50%</u>	<u>4.92%</u>	<u>12.31%</u>



	Note	2017 (Rupees in '000) (Restated)	2016 (Rupees in '000) (Restated)
12. DEFERRED TAXATION - net			
Deferred debits arising in respect of			
Provisions		21,508	22,482
Deferred credits arising in respect of			
Accelerated depreciation and amortisation		(2,064)	(2,658)
Unrealised loss on available-for-sale investments		(193,093)	(286,158)
		<u>(173,649)</u>	<u>(266,334)</u>
12.1 Reconciliation of deferred tax			
Opening balance		(266,334)	(161,881)
Directly recognised in other comprehensive income due to actuarial loss		3,318	4,262
Directly recognised in other comprehensive income due to unrealised gain/ (loss) on available-for-sale investments		93,066	(105,105)
Charge for the year		(3,699)	(3,610)
Closing balance		<u>(173,649)</u>	<u>(266,334)</u>
13. PREPAYMENTS			
Prepaid reinsurance premium ceded		273,184	359,072
Prepaid rent		2,525	3,610
Others		3,884	2,808
		<u>279,593</u>	<u>365,490</u>
14. CASH AND BANK BALANCES			
Cash and cash equivalent			
- Cash in hand		98	423
- Policy stamps		1,247	45
		1,345	468
Cash at bank			
- Current accounts	14.1	11,306	10,579
- Profit and loss sharing accounts	14.2	153,809	136,969
		165,115	147,548
		<u>166,460</u>	<u>148,016</u>

14.1 This includes balance with related parties amounting to Rs.10.351 (2016: Rs.9.607) million.

14.2 This balance is held with related parties and carries mark-up rates ranging between 5.0% to 6.0% (2016: 5.0% to 6.0%) per annum.



15. SHARE CAPITAL

15.1 Authorised capital

2017 (Number of Shares)	2016		2017 (Rupees in '000)	2016 (Rupees in '000)
<u>130,000,000</u>	<u>130,000,000</u>	Ordinary shares of Rs. 5/- each	<u>650,000</u>	<u>650,000</u>

15.2 Issued, subscribed and paid-up share capital

<u>123,874,755</u>	<u>123,874,755</u>	Ordinary shares of Rs. 5/- each at the beginning and end of the year	<u>619,374</u>	<u>619,374</u>
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15.3 At December 31, 2017 related parties including directors and their dependants held 16.333 (13.19%) [2016: 17.179 million (13.91%)] number of ordinary shares of Rs.5 each.

Note	2017 (Rupees in '000)	2016 (Restated)
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16. RESERVES

Capital Reserves

Reserve for exceptional losses	16.1	9,122	9,122
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Revenue Reserves

Unappropriated profit		101,584	216,152
General reserve		255,000	255,000
Unrealised gain on revaluation of available-for-sale investment-net		450,547	636,930
		<u>807,131</u>	<u>1,108,082</u>
		<u>816,253</u>	<u>1,117,204</u>

16.1 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.

Note	2017 (Rupees in '000)	2016
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17. INSURANCE/ REINSURANCE PAYABLES

Due to other insurers/ reinsurers	17.1	<u>145,195</u>	<u>66,370</u>
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17.1 Due to other insurers/ reinsurers

- Foreign reinsurers		54,406	28,902
- Local reinsurers		26,890	30,974
- Co-insurers		63,899	6,494
		<u>145,195</u>	<u>66,370</u>



	Note	2017 (Rupees in '000)	2016
18. OTHER CREDITORS AND ACCRUALS			
Agents commission payable		26,331	36,331
Federal insurance fee		1,112	1,466
Federal excise duty		18,566	19,943
Withholding tax payable		1,722	1,561
Accrued expenses		18,608	16,807
Unclaimed dividends		54,839	49,140
Sundry creditors	18.1	20,276	27,383
Others		5	–
		<u>141,459</u>	<u>152,631</u>

18.1 This represents outstanding claims in respect of which cheques aggregating to Rs.20.276 (2016: Rs.19.083) million have been issued by the Company for claim settlement but the same have not been encashed by the claimant.

The following is the aging as required by SECP Circular No. 11 of 2014 dated May 19, 2014:

	2017 (Rupees in '000)	2016
More than 6 months	20,276	19,083
1 to 6 months (Unpresented cheques in respect of claims paid)	53,956	72,369
	<u>74,232</u>	<u>91,452</u>

Claims not encashed	Age-wise break-up					Total
	1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months	
	(Rupees in '000)					
2017	<u>54,330</u>	<u>588</u>	<u>2,723</u>	<u>1,436</u>	<u>15,155</u>	<u>74,232</u>
2016	<u>72,642</u>	<u>758</u>	<u>1,483</u>	<u>2,315</u>	<u>14,254</u>	<u>91,452</u>

19. CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

There are no contingencies outstanding as at December 31, 2017 other than those reported in note 28.3 to the financial statements.

19.2 Commitments

There were no commitments as at December 31, 2017.



	2017 (Rupees in '000)	2016
20. NET INSURANCE PREMIUM		
Written gross premium	1,163,365	1,400,881
Add: Unearned premium reserve opening	601,795	463,255
Less: Unearned premium reserve closing	(481,048)	(601,796)
Premium earned	<u>1,284,112</u>	<u>1,262,340</u>
Less: Reinsurance premium ceded	<u>642,247</u>	<u>830,792</u>
Add: Prepaid reinsurance premium opening	359,072	245,919
Less: Prepaid reinsurance premium closing	(273,184)	(359,072)
Reinsurance expense	728,135	717,639
Net insurance premium	<u><u>555,977</u></u>	<u><u>544,701</u></u>
21. NET INSURANCE CLAIMS		
Claims paid	<u>810,710</u>	<u>757,385</u>
Add: Outstanding claims including IBNR closing	666,850	599,060
Less: Outstanding claims including IBNR opening	(599,060)	(688,411)
Claims expense	<u>878,500</u>	<u>668,034</u>
Less: Reinsurance and other recoveries received	<u>490,325</u>	<u>496,029</u>
Add: Reinsurance and other recoveries in respect of outstanding claims net of impairment - closing	545,234	530,776
Less: Reinsurance and other recoveries in respect of outstanding claims net of impairment - opening	(530,775)	(640,331)
Reinsurance and other recoveries revenue	<u>504,784</u>	<u>386,474</u>
Net insurance claims	<u><u>373,716</u></u>	<u><u>281,560</u></u>
22. CLAIM DEVELOPMENT		

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.

Accident year	2013	2014	2015	2016	2017
Estimate of ultimate claims costs:					
At end of accident year	1,845	1,285	658,823	851,821	827,534
One year later	2,153	1,293	139,351	299,966	-
Two year later	2,070	347,875	19,963	-	-
Three year later	9,882	316,939	-	-	-
Four year later	13,158	-	-	-	-
Current estimate of cumulative claims	<u>13,158</u>	<u>316,939</u>	<u>19,963</u>	<u>299,966</u>	<u>827,534</u>
Cumulative payments to date	(5,605)	(21,442)	(4,254)	(264,112)	(515,297)
Liability for outstanding claims	<u><u>7,553</u></u>	<u><u>295,497</u></u>	<u><u>15,709</u></u>	<u><u>35,854</u></u>	<u><u>312,237</u></u>



	Note	2017 (Rupees in '000)	2016
23. NET COMMISSION INCOME			
Commissions paid or payable		97,261	110,875
Add: Deferred commission - opening		51,235	49,716
Less: Deferred commission - closing		(37,294)	(51,234)
Commission expense		<u>111,202</u>	<u>109,357</u>
Less: Commission from reinsurers			
Commission received or receivable		157,840	201,543
Add: Unearned reinsurance commission - opening		86,035	55,631
Less: Unearned reinsurance commission - closing		(73,427)	(86,034)
Commission from reinsurers		<u>170,448</u>	<u>171,140</u>
Net commission income		<u>59,246</u>	<u>61,783</u>
24. MANAGEMENT EXPENSES			
Employee benefit cost	24.1	177,467	172,841
Travelling expenses		6,319	6,247
Advertisement and sales promotion		6,751	3,518
Printing and stationary		2,663	3,478
Depreciation		1,108	1,225
Rent, rates and taxes		9,481	8,810
Legal and professional charges		630	-
Electricity, gas and water		4,315	4,333
Entertainment		1,902	2,722
Vehicle running expenses		19,064	18,780
Office repairs and maintenance		2,938	4,175
Postages, telegrams and telephone		5,204	5,838
Annual supervision fee of SECP		2,246	2,019
Miscellaneous		5,567	5,705
		<u>245,655</u>	<u>239,691</u>
24.1	This includes Rs.171.779 (2016: Rs.167.490) million being salaries and other benefits and Rs.5.688 (2016: Rs.5.351) million being contribution to employees' provident fund.		
25. INVESTMENT INCOME			
Income from equity securities and mutual fund units - 'available-for-sale'			
- Dividend income		79,241	84,860
Income from debt securities - 'held-to-maturity'			
- Return on debt securities		6,707	6,745
Net realised gain/ (loss) on investments			
Available-for-sale			
- Equity securities		135,086	152,675
- Mutual funds units		699	(166)
Total investment income		<u>221,733</u>	<u>244,114</u>
Less: Impairment in value of available-for-sale investments		-	-
Less: Investment related expenses		<u>(6,509)</u>	<u>(5,487)</u>
		<u>215,224</u>	<u>238,627</u>



	Note	2017 (Rupees in '000)	2016
26. OTHER INCOME			
Return on bank balances		4,999	5,269
(Loss)/ gain on sale of fixed assets		(309)	34
Mark-up on loan to employees		2,301	3,119
Reversal of provision for Workers' Welfare Fund		–	32,657
Miscellaneous		851	29
		<u>7,842</u>	<u>41,108</u>
27. OTHER EXPENSES			
Employee benefit cost	27.1	39,705	36,475
Vehicle running expenses		3,455	2,741
Rent, rates and taxes		1,548	1,446
Electricity, gas and water		1,054	1,077
Printing and stationary		672	775
Office repairs and maintenance		880	1,358
Advertisement and sales promotion		2,828	–
Legal and professional charges		5,647	5,019
Donations	27.2	2,000	2,000
Subscription		6,711	4,898
Auditors' remuneration	27.3	2,288	2,136
Depreciation		4,152	4,195
Amortisation		2,264	1,584
Miscellaneous		3,323	1,935
		<u>76,527</u>	<u>65,639</u>

27.1 This includes Rs.38.441 (2016: Rs.35.360) million being salaries and other benefits and Rs.1.264 (2016: Rs.1.115) million being contribution to employees' provident fund.

27.2 An amount of Rs.2 (2016: Rs.2) million was donated to the following Trusts:

Name of Directors	Interest in Donee	Name of Donee	Address of Donee	Amount (Rs. in '000)
Mr. Rafiq M.Habib Mr. Mansoor G.Habib	Trustee	Al-Sayyeda Benevolent Trust	UBL Building, I.I.Chundrigar Road, Karachi	400
None	N/A	Rehmatbai Habib Widows & Orphans Trust	UBL Building, I.I.Chundrigar Road, Karachi	400
Mr. Mohamedali R.Habib	Trustee	Rehmatbai Habib Food & Clothing Trust	UBL Building, I.I.Chundrigar Road, Karachi	400
Mr. Mansoor G.Habib Mr. Mohamedali R.Habib	Trustee	Habib Poor Fund	UBL Building, I.I.Chundrigar Road, Karachi	400
Mr. Rafiq M.Habib Mr. Mohamedali R.Habib	Trustee	Habib Medical Trust	UBL Building, I.I.Chundrigar Road, Karachi	400
				<u>2,000</u>



	2017 (Rupees in '000)	2016
27.3 Auditors' remuneration		
Audit fee	853	775
Review of financial statements	285	259
Special certifications	823	823
	<u>1,961</u>	<u>1,857</u>
Sindh sales tax	157	117
Out-of-pocket expenses	170	162
	<u>2,288</u>	<u>2,136</u>
28. TAXATION		
For the year		
Current	49,080	90,000
Prior	-	(208)
Deferred	3,699	3,610
	<u>52,779</u>	<u>93,402</u>
28.1 Relationship between tax expense and accounting profit		
Profit before taxation	<u>162,735</u>	<u>285,110</u>
Tax at enacted rate of 30% (2016: 31%)	48,821	88,384
Others	3,958	5,018
	<u>52,779</u>	<u>93,402</u>
28.2 The tax rate applicable on the Company for Tax Year 2017 is 30% (2016: 31%). The change in tax rate was enacted in Finance Act, 2017.		
28.3 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 (ACIR) 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 Commissioner Income Tax - Appeals (CIT Appeals), who had confirmed the orders passed by ACIR. The Company then filed appeal before Appellate Tribunal Inland Revenue (ATIR) against the order of CIT (Appeals) which is yet to be fixed for hearing. Besides filing appeals against the said orders of CIT (Appeals) the Company has also challenged the same before the Honourable High Court of Sindh (HCS). The HCS has stayed the recovery of demands raised by the tax departments through these orders till next hearing. The Company, based on its tax advisor's opinion, is confident that the ultimate outcome of the appeal will be in its favour. 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 2017 (financial year ended December 31, 2016) against which a notice under section 122(5A) has been served on the Company for amendments in the return filed by the Company for the said tax year, the amendments mainly relate to the claims of excess tax deduction on dividend, addition on amount of cash withdrawal, charging of Workers' Welfare Fund and admissibility of various provision / expenses / credits etc. Furthermore, in respect of tax years 2011 to 2016 the tax authorities have issued orders disallowing certain expenses claimed by the Company. The Company has filed appeals against the said orders before the ATIR which are yet to fixed for hearing. Based on the opinion of tax advisor, the management believes that the case will be decided in favour of the Company.

	2017	2016
	(Rupees in '000)	
29. EARNINGS PER SHARE - BASIC AND DILUTED		
Profit after tax for the year	<u>109,956</u>	<u>191,708</u>
	(Number of Shares)	
Weighted average number of ordinary shares of Rs.5 each	<u>123,874,755</u>	<u>123,874,755</u>
	(Rupees)	
Basic earnings per share	<u>0.89</u>	<u>1.55</u>

29.1 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.

30. COMPENSATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES / KEY MANAGEMENT PERSONNEL

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

Note	Chief Executive Officer		Directors		Executives / Key Management Personnel		Total		
	2017	2016	2017	2016	2017	2016	2017	2016	
	(Rupees in '000)								
Managerial remuneration	30.1	7,725	10,680	10,400	7,800	51,745	54,632	69,870	73,112
Bonus		1,458	3,309	3,033	-	11,909	11,440	16,400	14,749
Retirement benefits		437	561	577	433	3,075	3,218	4,089	4,212
Others		174	480	904	497	1,513	1,468	2,591	2,445
Director fee		-	-	420	380	-	-	420	380
		<u>9,794</u>	<u>15,030</u>	<u>15,334</u>	<u>9,110</u>	<u>68,242</u>	<u>70,758</u>	<u>93,370</u>	<u>94,898</u>
Number of persons		<u>2</u>	<u>2</u>	<u>8</u>	<u>8</u>	<u>27</u>	<u>24</u>	<u>37</u>	<u>34</u>



30.1 Managerial remuneration includes basic salary, house rent allowance and utility allowance.

30.2 During the period Mr. Zeeshan Raza remained CEO till March 27, 2017, and effective from the same date Mr. Shabbir Gulamali was appointed as CEO of the Company. Further, Mr. Ali Raza D. Habib also resigned as Executive Vice Chairman on August 28, 2017. However, he resigned as Director from the Board on September 28, 2017.

The Chief Executive and other executives of the Company are entitled to medical reimbursement upto a prescribed limit as per Company's policy. They are also entitled to avail benefits under the un-funded approved gratuity scheme operated by the Company.

In addition, the Chief Executive is provided with free use of Company maintained cars in accordance with their entitlement.

31. TRANSACTIONS WITH RELATED PARTIES

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.

The balances with/ due from and transactions with related parties, other than those which have been specifically disclosed elsewhere in the financial statements are as follows:

Transactions and balances with associated companies

	2017	2016
	(Rupees in '000)	
<i>Transactions during the year with associated companies</i>		
Premium written	<u>307,746</u>	<u>413,549</u>
Claims paid	<u>238,918</u>	<u>199,049</u>
Dividend received	<u>51,117</u>	<u>53,545</u>
Dividend paid	<u>26,400</u>	<u>9,655</u>
Investment made	<u>11,782</u>	<u>672,980</u>
Investment sold	<u>11,196</u>	<u>829,998</u>
Gain on sale of investments	<u>126,340</u>	<u>112,073</u>
Interest received on bank accounts	<u>4,999</u>	<u>5,269</u>
Bank charges	<u>232</u>	<u>716</u>



	2017	2016
	(Rupees in '000)	
<i>Balances with associated companies</i>		
Premium due but unpaid	<u>118,640</u>	<u>137,614</u>
Claims outstanding	<u>114,963</u>	<u>47,027</u>
Bank balances	<u>164,160</u>	<u>146,576</u>
Profit receivable on bank accounts	<u>—</u>	<u>—</u>
Investment held	<u>752,448</u>	<u>1,076,301</u>
<i>Transactions during the year with other related parties including key management personnel</i>		
Premium written	<u>30</u>	<u>10</u>
Claims paid	<u>—</u>	<u>—</u>
Repayment of loans to employees (secured)	<u>15,905</u>	<u>10,136</u>
Share registrar fees paid	<u>—</u>	<u>76</u>
Brokerage expenses paid	<u>6,472</u>	<u>5,487</u>
Contribution to the provident fund	<u>6,952</u>	<u>6,467</u>
<i>Balance with other related parties including key management personnel</i>		
Premium due but unpaid	<u>50</u>	<u>36</u>
Loans to employees (secured)	<u>39,063</u>	<u>34,834</u>
Due to provident fund	<u>—</u>	<u>432</u>
Brokerage Expenses Payable	<u>475</u>	<u>—</u>

31.1 Remuneration to the key management personnel are in accordance with the terms of their employment (refer note 30). Contribution to the provident fund is in accordance with the Company's staff services rules and other transactions with the related parties are in accordance with the agreed terms.



32. SEGMENT REPORTING

	2017					
	Fire and property	Marine and transport	Motor	Group Hospitalisation	Other Classes	Aggregate
	(Rupees in '000)					
Gross Written Premium (inclusive of administrative surcharge)	<u>405,684</u>	<u>227,074</u>	<u>364,232</u>	<u>103,570</u>	<u>62,805</u>	<u>1,163,365</u>
Insurance premium earned	468,795	239,301	319,295	152,484	104,237	1,284,112
Insurance premium ceded to reinsurers	(424,022)	(118,921)	(98,848)	(37,757)	(48,587)	(728,135)
Net insurance premium	<u>44,773</u>	<u>120,380</u>	<u>220,447</u>	<u>114,727</u>	<u>55,650</u>	<u>555,977</u>
Commission income	87,379	41,693	26,288	7,551	7,537	170,448
Net underwriting income	<u>132,152</u>	<u>162,073</u>	<u>246,735</u>	<u>122,278</u>	<u>63,187</u>	<u>726,425</u>
Insurance claims	277,030	112,658	202,176	193,030	93,606	878,500
Insurance claims recovered from reinsurers	(274,650)	(78,605)	(58,470)	(43,190)	(49,869)	(504,784)
Net Claims	<u>2,380</u>	<u>34,053</u>	<u>143,706</u>	<u>149,840</u>	<u>43,737</u>	<u>373,716</u>
Commission expense	(59,424)	(28,224)	(10,411)	(2,218)	(10,925)	(111,202)
Management expenses	(85,664)	(47,948)	(76,911)	(21,870)	(13,262)	(245,655)
Reversal of premium deficiency reserve	—	—	—	20,344	—	20,344
Net insurance claims and expenses	(145,088)	(76,172)	(87,322)	(3,744)	(24,187)	(336,513)
Underwriting result	<u>(15,316)</u>	<u>51,848</u>	<u>15,707</u>	<u>(31,306)</u>	<u>(4,737)</u>	<u>16,196</u>
Investment income						215,224
Other income						7,842
Other expenses						(76,527)
Results of operating activities						<u>162,735</u>
Other charges						—
Profit before tax						<u>162,735</u>
Revenue from major customers	<u>27,677</u>	<u>274</u>	<u>34,084</u>	<u>398</u>	<u>74,877</u>	<u>137,310</u>
Segment assets	620,536	316,759	422,646	201,841	137,971	1,699,753
Unallocated assets						<u>1,576,306</u>
						<u>3,276,059</u>
Segment liabilities	515,085	262,931	350,823	167,541	114,523	1,410,903
Unallocated liabilities						<u>429,529</u>
						<u>1,840,432</u>



2016

	Fire and property	Marine and transport	Motor	Group Hospitalisation	Other Classes	Aggregate
	(Rupees in '000)					
Gross Written Premium (inclusive of administrative surcharge)	541,348	256,263	276,026	195,965	131,279	1,400,881
Insurance premium earned	526,851	257,778	213,753	150,915	113,043	1,262,340
Insurance premium ceded to reinsurers	(419,686)	(129,629)	(43,280)	(78,298)	(46,746)	(717,639)
Net insurance premium	107,165	128,149	170,473	72,617	66,297	544,701
Commission income	101,547	39,457	7,609	15,660	6,867	171,140
Net underwriting income	208,712	167,606	178,082	88,277	73,164	715,841
Insurance claims	63,747	152,965	148,734	207,143	95,445	668,034
Insurance claims recovered from reinsurers	(47,070)	(107,690)	(40,483)	(118,445)	(72,786)	(386,474)
Net Claims	16,677	45,275	108,251	88,698	22,659	281,560
Commission expense	(62,549)	(26,950)	(14,798)	7,244	(12,304)	(109,357)
Management expenses	(92,625)	(43,847)	(47,228)	(33,530)	(22,461)	(239,691)
Reversal of premium deficiency reserve	–	–	–	(14,219)	–	(14,219)
Net insurance claims and expenses	(155,174)	(70,797)	(62,026)	(40,505)	(34,765)	(363,267)
Underwriting result	36,861	51,534	7,805	(40,926)	15,740	71,014
Investment income						238,627
Other income						41,108
Other expenses						(65,639)
Results of operating activities						285,110
Other charges						–
Profit before tax						285,110
Revenue from major customers	28,059	244	42,368	130	97,348	168,149
Segment assets	706,415	345,634	286,604	202,352	151,577	1,692,582
Unallocated assets						1,972,910
						3,665,492
Segment liabilities	589,431	288,396	239,142	168,842	126,475	1,412,286
Unallocated liabilities						516,628
						1,928,914



33. MOVEMENT IN INVESTMENTS

	Held to Maturity	Available- for-sale	Total
	(Rupees in '000)		
As at January 01, 2016	69,384	1,391,471	1,460,855
Net movement	(15,000)	(78,437)	(93,437)
Fair value net gains (excluding net realised gains)	–	357,297	357,297
Amortisation of premium/ discount	(121)	–	(121)
As at December 31, 2016	54,263	1,670,331	1,724,594
Additions	15,237	387,544	402,781
Disposals (sale and redemption)	–	(570,548)	(570,548)
Fair value net gains (excluding net realised gains)	–	(279,449)	(279,449)
Amortisation of premium/ discount	(105)	–	(105)
As at December 31, 2017	69,395	1,207,878	1,277,273

34. MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

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

34.1 Insurance Risk Management

34.1.1 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 and frequent investigation of possible false claims to reduce the insurance risk.

34.1.2 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.



34.1.3 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 3.5.

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.

34.1.4 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 income. 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 to case basis with due regard to the claim circumstances, information available from surveyors and historical evidence of the size of similar claims. Core 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.



34.1.5 Sensitivity Analysis

The risks associated with the insurance contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Company makes various assumptions and techniques based on past claims development experience. This includes indications such as average claims cost, ultimate claims numbers and expected loss ratios. The Company considers that the liability for claims recognized in the balance sheet is adequate. However, actual experience may differ from the expected outcome.

The claim liabilities are sensitive to the incidence of insured events and severity / size of claims. As the Company enters into short term insurance contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below, showing the impact on profit before tax net of reinsurance. The impact of 10% increase / decrease in incidence of insured events on profit before tax and shareholder's equity is as follows:

	Underwriting results/ profit before tax		Shareholder's equity	
	2017	2016	2017	2016
	(Rupees in '000)			
Average claim cost				
Fire and property	238	1,668	167	1,151
Marine and transport	3,405	4,528	2,384	3,124
Motor	14,371	10,825	10,060	7,469
Group hospitalisation	14,984	8,870	10,489	6,120
Other classes	4,374	2,266	3,062	1,564
	<u>37,372</u>	<u>28,157</u>	<u>26,162</u>	<u>19,428</u>

34.1.6 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.

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.



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.

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	
	2017	2016	2017	2016	2017	2016
	(Rupees in ' 000)					
Fire and property	20,028,163	20,432,212	20,024,881	20,429,587	3,282	2,625
Marine and transport	1,383,993	1,254,158	1,382,493	1,252,158	1,500	2,000
Motor	32,000	38,760	30,000	37,760	2,000	1,000
Group hospitalisation	800	800	–	400	800	400
Other classes	925,084	600,000	921,584	540,000	3,500	60,000
	<u>22,370,040</u>	<u>22,325,930</u>	<u>22,358,958</u>	<u>22,259,905</u>	<u>11,082</u>	<u>66,025</u>

35. 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

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.

35.1 Credit risk

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



35.1.1 Management of credit risk

The Company's policy is to enter into financial contracts in accordance with the guidelines set by the Board of Directors. Credit risk is managed and controlled by the management of the Company in the following manner:

- Credit rating and/ or credit worthiness of the counter party is taken into account along with the financial background so as to minimize the risk of default. Collaterals are obtained wherever appropriate/ relevant.
- The risk of counterparty exposure due to failed agreements causing a loss to the Company is mitigated by a periodic review of the credit ratings, financial statements, credit worthiness, etc. on a regular basis and makes provision against those balances considered doubtful of recovery.
- Loans given to employees are deductible from the salary of the employees.
- Cash is held with reputable banks only.

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.

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

	2017		2016	
	Balance as per the financial statement	Maximum exposure	Balance as per the financial statement	Maximum exposure
	(Rupees in ' 000)			
Investment in equity securities and mutual funds units	1,207,878	—	1,670,331	—
Investment in debt securities	69,395	—	54,263	—
Loans and other receivables	126,160	86,410	93,884	79,344
Insurance/ reinsurance receivables	818,760	818,760	725,863	725,863
Reinsurance recoveries against outstanding claims	542,470	542,470	511,525	511,525
Salvage recoveries accrued	2,764	2,764	19,251	19,251
Prepayments	279,593	—	365,490	—
Balances with banks	165,115	165,115	147,548	147,548
	<u>3,212,135</u>	<u>1,615,519</u>	<u>3,588,155</u>	<u>1,483,531</u>



35.1.3 Past due / impaired assets

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

	2017		2016	
	Gross	Impairment	Gross	Impairment
	(Rupees in ' 000)			
Upto 1 year	347,854	–	382,320	–
1-2 years	95,132	–	57,217	11,603
2-3 years	20,823	15,404	12,580	12,580
Over 3 years	23,358	23,358	14,580	14,579
Total	<u>487,167</u>	<u>38,762</u>	<u>466,697</u>	<u>38,762</u>

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

	2017		2016	
	Gross	Impairment	Gross	Impairment
	(Rupees in ' 000)			
Upto 1 year	186,617	–	58,447	–
1-2 years	(6,687)	–	72,014	–
Over 2 years	204,984	14,559	182,026	14,559
Total	<u>384,914</u>	<u>14,559</u>	<u>312,487</u>	<u>14,559</u>

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

	2017		2016	
	Gross	Impairment	Gross	Impairment
	(Rupees in ' 000)			
Upto 1 year	458,312	–	(89,886)	–
1-2 years	211,173	–	197,936	–
Over 2 years	(124,251)	–	422,725	–
Total	<u>545,234</u>	<u>–</u>	<u>530,775</u>	<u>–</u>

In respect 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.

35.1.4 Credit Rating and Collateral

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

	Short/ Long term Rating	Rating Agency	Amount (Rupees in '000)	
			2017	2016
Habib Bank Limited	AAA / A1+	JCR-VIS	954	972
Habib Metropolitan Bank Limited	A1+ / AA+	PACRA	10	9
Bank AL Habib Limited	A1+ / AA+	PACRA	164,151	146,566
			<u>165,115</u>	<u>147,547</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. 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 & Poor's with the balance being placed with entities rated at least 'BBB' by reputable ratings agency. An analysis of all reinsurance assets relating to outward treaty cessions recognised by the rating of the entity from which it is due is as follows:

	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Prepaid reinsurance premium ceded	2017	2016
			(Rupees in '000)		
A or above (including PRCL)	370,355	545,234	273,184	1,188,773	1,187,776

35.1.5 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:

	2017		2016	
	(Rupees in '000)	%	(Rupees in '000)	%
Automobiles	26,088	5.4	32,212	6.9
Banks, modaraba and leasing	127,033	26.1	91,050	19.5
Textile and composite	66,057	13.6	60,208	12.9
Sugar	20,968	4.3	17,188	3.7
Chemicals and allied industries	72,677	14.9	46,882	10.0
Glass, ceramics and tiles	15,242	3.1	9,831	2.1
Cable, engineering and steel	14,460	3.0	15,326	3.3
Food and confectionary	33,121	6.8	38,345	8.2
Fuel and energy	9,567	2.0	22,957	4.9
Insurance	940	0.2	—	—
Pharmaceuticals	21,976	4.5	12,185	2.6
Others	79,038	16.10	120,513	25.90
	<u>487,167</u>	<u>100.0</u>	<u>466,697</u>	<u>100.0</u>

35.1.6 Settlement risk

The company's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed on sale.

This risk is addressed more or less in accordance with the parameters set out in the credit risk management above.



35.1.7 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or may face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due.

35.1.8 Management of liquidity risk

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to fulfil its obligation; monitoring balance sheet liquidity ratios against internal and external requirements and maintaining debt financing plans.

35.1.9 Maturity analysis for financial assets and liabilities

The table below analyses the Company's financial assets and liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to maturity date and represents the undiscounted cash flows. The amounts in the table are the gross nominal undiscounted cash flows (including interest payments).

	2017		
	Carrying amount	Upto one year (Rupees in '000)	More than one year
Financial assets			
Investments			
Equity securities and mutual fund units	1,207,878	1,207,878	–
Debt securities	69,395	–	69,395
Loans and other receivables	114,086	114,086	–
Insurance / reinsurance receivables	818,760	818,760	–
Reinsurance recoveries against outstanding claims	542,470	542,470	–
Salvage recoveries accrued	2,764	2,764	–
Cash and bank balances	166,460	166,460	–
	<u>2,921,813</u>	<u>2,852,418</u>	<u>69,395</u>
Financial liabilities			
Outstanding claims including IBNR	666,850	666,850	–
Insurance / reinsurance payables	145,195	145,195	–
Other creditors and accruals	120,054	120,054	–
	<u>932,099</u>	<u>932,099</u>	<u>–</u>



	2016		
	Carrying amount	Upto one year (Rupees in '000)	More than one year
Financial assets			
Investments			
Equity securities and mutual fund units	1,670,331	1,670,331	–
Debt securities	54,263	–	54,263
Loans and other receivables	100,363	100,363	–
Insurance/ reinsurance receivables	725,863	725,863	–
Reinsurance recoveries against outstanding claims	511,525	511,525	–
Salvage recoveries accrued	19,251	19,251	–
Cash and bank balances	148,016	148,016	–
	<u>3,229,612</u>	<u>3,175,349</u>	<u>54,263</u>
Financial liabilities			
Outstanding claims including IBNR	599,060	599,060	–
Insurance/ reinsurance payables	66,370	66,370	–
Other creditors and accruals	120,929	120,929	–
	<u>786,359</u>	<u>786,359</u>	<u>–</u>

35.2 Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will effect 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 on risk.

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.

35.2.1 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 and government securities. The Company limits interest rate risk by monitoring changes in interest rates. Other risk management procedures are the same as those mentioned in the credit risk management.

35.2.1.1 Sensitivity analysis

At the balance sheet date the interest rate profile of the Company's interest-bearing financial instrument are as follows:



Financial assets	2017		2016	
	Effective interest rate (in %)		(Rupees in '000)	
Assets subject to fixed rate				
- Government securities	7.00% - 12.00%	8.75% - 12.00%	69,395	54,263
- Loan to employees	3.00% to 6.00%	3.00% to 6.00%	63,288	60,431
Assets subject to variable rate				
- Bank balances	5.00% - 6.00%	5.00% - 6.00%	153,809	136,969

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

A hypothetical change of 100 basis points in interest rates at the reporting date would have decreased/ (increased) profit for the year by the amounts shown below.

It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. Variations in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

	2017		2016	
	Mark-up 100 bps		Mark-up 100 bps	
	Increase	Decrease	Increase	Decrease
Cash flow sensitivity - variable rate financial assets	15,381	(15,381)	13,697	(13,697)



35.2.1.2 Exposure to interest rate risk

A summary of the Company's interest rate gap position, categorised by the earlier of contractual re-pricing or maturity date, is as follows:

	Mark-up / return (%)	2017			Total
		Less than 1 year	1 year to 5 year	More than 5 year	
(Rupees in '000)					
Assets					
Investment in debt securities	7.00 to 12.00	13,544	55,563	–	69,107
Loans to employees	3.00 to 6.00	12,459	31,205	19,624	63,288
Bank balances	5.00 to 6.00	153,809	–	–	153,809
Total assets		179,812	86,768	19,624	286,204
Liabilities					
Total interest sensitivity gap		–	–	–	–
		179,812	86,768	19,624	286,204
2016					
	Mark-up / return (%)	Less than 1 year	1 year to 5 year	More than 5 year	Total
(Rupees in '000)					
Assets					
Investment in debt securities	8.75 to 12.00	–	54,263	–	54,263
Loans to employees	3.00 to 6.00	13,028	36,191	11,212	60,431
Bank balances	5.00 to 6.00	136,969	–	–	136,969
Total assets		149,997	90,454	11,212	251,663
Liabilities					
Total interest sensitivity gap		–	–	–	–
		149,997	90,454	11,212	251,663

35.2.2 Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Company is exposed to equity price risk since it has investments in quoted equity securities and units of mutual funds at the balance sheet date.

The Company's strategy is to hold its strategic equity investments for long period of time. Thus, Company's management is not concerned with short term price fluctuations with respect to its strategic investments provided that the underlying business, economic and management characteristics of the investee remain favourable. Company strives to maintain above average levels of shareholders' capital to provide a margin of safety against short term equity price volatility. Company manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.



Market prices are subject to fluctuation and consequently the amount realized 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. The Company has no significant concentration of price risk.

35.2.2.1 Sensitivity analysis

The table below summarizes Company's equity price risk as of 31 December 2017 and 2016 and shows the effects of a hypothetical 10% increase / (decrease) in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse in Company's equity investment portfolio because of the nature of equity markets.

	Fair value (Rupees in '000)	Hypothetical price change	Estimated fair value after change in prices (Rupees in '000)	Increase/ (decrease) in shareholders' equity	Increase (decrease) in profit before tax
2017	1,207,878	10% increase	1,328,666	120,788	120,788
		10% decrease	(1,328,666)	(120,788)	(120,788)
2016	1,670,331	10% increase	1,837,364	167,033	167,033
		10% decrease	(1,837,364)	(167,033)	(167,033)

35.2.3 Foreign currency risk

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

35.3 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.

The statement of solvency is presented in note 37 to the financial statements.

35.4 Fair Value of Financial Instruments

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). Adoption of IFRS 13 has not affected the condensed interim financial information.



Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and financial liabilities is considered not significantly different from book value.

The following table shows financial instruments recognized at fair value, analysed between those whose fair value is based on:

- Level 1:** quoted prices in active markets for identical assets or liabilities;
- Level 2:** those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3:** those with inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2017			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Available-for-sale				
Listed equity securities	1,104,860	–	–	1,104,860
Mutual fund units	–	80,591	–	80,591
Modaraba certificates	22,426	–	–	22,426
Held to maturity				
Pakistan investment bonds (fair value disclosed only)	–	75,047	–	75,047
	<u>1,127,286</u>	<u>155,638</u>	<u>–</u>	<u>1,282,924</u>
	2016			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Available-for-sale				
Listed equity securities	1,531,376	–	–	1,531,376
Mutual fund units	–	115,061	–	115,061
Modaraba certificates	23,733	–	–	23,733
Held to maturity				
Pakistan investment bonds (fair value disclosed only)	–	61,790	–	61,790
	<u>1,555,109</u>	<u>176,851</u>	<u>–</u>	<u>1,731,960</u>

The carrying values of remaining financial assets and liabilities reflected in these financial statements approximate to their fair value.



36. PROVIDENT FUND

The following is based on the unaudited financial statements for the year ended December 31, 2017:

	2017 (Rupees in '000)	2016
Size of the fund - Net Assets	<u>79,330</u>	<u>93,875</u>
Cost of investments	<u>68,904</u>	<u>83,213</u>
Percentage of investments made	<u>86.86%</u>	<u>88.64%</u>
Fair value of investments	<u>68,673</u>	<u>84,041</u>

36.1 The breakup-value of fair value of investments is as follows:

	2017 (Percentage)	2016	2017 (Rupees in '000)	2016
National/ Special Savings Scheme	82.06%	72.01%	65,100	67,600
Bank Balances	2.72%	4.58%	2,156	4,295
Mutual Funds Units	1.79%	12.94%	1,417	12,146
Total	<u>86.57%</u>	<u>89.53%</u>	<u>68,673</u>	<u>84,041</u>

36.2 The above investment/ placement of funds in special bank account has been made in accordance with the provision of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

37. STATEMENT OF SOLVENCY

	2017 (Rupees in '000)
Assets	
Property and equipment	19,998
Intangible assets	5,287
Investments	
Equity securities	1,207,878
Debt securities	69,395
Loans and other receivables	126,160
Insurance/ reinsurance receivable	818,760
Reinsurance recoveries against outstanding claims	542,470
Salvage recoveries accrued	2,764
Deferred commission expense	37,294
Prepayments	279,593
Cash and bank deposits	166,460
Total Assets (A)	<u><u>3,276,059</u></u>



2017
(Rupees in '000)

In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000

Property and equipment	19,998
Intangible assets	5,287
Investments	
Equity securities	569,242
Loans and other receivables	64,831
Insurance / reinsurance receivable	313,600
Total of In-admissible Assets (B)	972,958
Total of Admissible Assets (C=A-B)	2,303,101
Total Liabilities	
Underwriting provisions	
Outstanding claims including IBNR	666,850
Unearned premium reserves	481,048
Unearned reinsurance commission	73,427
Deferred taxation	173,649
Premium received in advance	18,057
Retirement benefit obligations	83,629
Insurance / reinsurance payables	145,195
Taxation - provision less payments	57,118
Other creditors and accruals	141,459
Total Liabilities (D)	1,840,432
Total Net Admissible Assets (E= C-D)	462,669
Minimum Solvency Requirement	150,000
Excess Solvency*	312,669

* The Management has sought clarification from SECP regarding certain items, for the purpose of calculating admissibility of assets. However, irrespective of the outcome of said clarification, the Company will remain solvent.



38. CORRESPONDING FIGURES

As a result of adoption of Insurance Rules, 2017 and Insurance Regulations, 2017 (note 3.1) corresponding figures have been rearranged wherever necessary, for purposes of comparison. There were no material reclassification to report except as follows:

Nature	Transfer from	Transfer to	(Rupees in '000)
			Aggregate
Loan to employees	Loans - secured, considered good to employees	Loans and other receivables	48,344
Loan to employees	Sundry receivables	Loans and other receivables	13,740
Premiums due but unpaid	Premiums due but unpaid	Insurance / reinsurance receivables	427,935
Premium received in advance	Premiums due but unpaid	Premium received in advance	2,347
Amounts due from other insurers / reinsurers	Amounts due from other insurers / reinsurers	Insurance / reinsurance receivables	297,298
Dividend and Mark-up receivable	Accrued investment income	Loans and other receivables	2,970
Advances and deposits	Advances, deposits and prepayments	Loans and other receivables	15,832
Prepayments	Advances, deposits and prepayments	Prepayments	365,490
Sundry receivables	Sundry receivables	Loans and other receivables	12,995
Unclaimed dividends	Unclaimed dividends	Other creditors and accruals	49,140
Accrued expenses	Accrued expenses	Other creditors and accruals	16,804
Annual supervision fee	Expenses - Corporate and subscription	Management expenses - Annual supervision fee	2,019
Travelling and entertainment expenses	Expenses - Travelling and entertainment	Management expenses	8,969
Communication	Expenses - Communications	Management expenses - Postages, telegrams and telephone	5,838
Electricity	Expenses - Rent, taxes and electricity	Management expenses - Electricity, water and gas	3,879
Electricity	Expenses - Rent, taxes and electricity	Other expenses - Electricity, water and gas	900
Corporate and subscription	Expenses - Corporate and subscription	Other expenses - Subscription	4,898

39. SUBSEQUENT EVENTS - NON ADJUSTING

In the meeting held on March 21, 2018, the Board of Directors of the Company proposed a final cash dividend of Rs.0.75 per share (2016: Rs.1.75 per share) amounting to Rs.92.906 million (2016: Rs.216.781 million) for the year ended December 31, 2017, for approval by the members in Annual General Meeting to be held on April 26, 2018.

40. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on March 21, 2018 by the Board of Directors of the Company.

41. GENERAL

Figures have been rounded off to the nearest Thousand Rupee.

RAFIQ M. HABIB
Chairman

MANSOOR G. HABIB
Director

QUMAIL R. HABIB
Director

SHABBIR GULAMALI
Chief Executive

MURTAZA HUSSAIN
Chief Financial Officer



Pattern of Shareholding as at December 31, 2017

Number of Shareholders	Size of Shareholding Rs. 5/- each		Total Shares Held
1255	1	to 100	17,129
303	101	to 500	91,191
214	501	to 1000	168,458
497	1001	to 5000	1,358,925
165	5001	to 10000	1,227,236
114	10001	to 15000	1,425,613
50	15001	to 20000	897,896
43	20001	to 25000	1,006,877
26	25001	to 30000	715,950
14	30001	to 35000	457,056
11	35001	to 40000	411,541
15	40001	to 45000	647,373
11	45001	to 50000	540,687
7	50001	to 55000	363,652
3	55001	to 60000	173,563
17	60001	to 65000	1,061,926
4	65001	to 70000	269,546
2	70001	to 75000	143,242
3	75001	to 80000	235,576
6	80001	to 85000	492,053
6	85001	to 90000	524,784
2	90001	to 95000	183,705
9	95001	to 100000	892,244
1	100001	to 105000	100,142
3	105001	to 110000	322,738
3	110001	to 115000	336,972
3	115001	to 120000	352,039
8	120001	to 125000	987,856
2	125001	to 130000	254,144
5	130001	to 135000	652,721
4	135001	to 140000	555,311
2	140001	to 145000	286,542
3	150001	to 155000	462,240
2	155001	to 160000	312,857
3	165001	to 170000	502,154
6	170001	to 175000	1,027,156
1	180001	to 185000	184,471
3	185001	to 190000	560,610
2	190001	to 195000	386,938
3	195001	to 200000	600,000
4	205001	to 210000	836,761
2	220001	to 225000	441,740
4	225001	to 230000	908,174
4	240001	to 245000	964,521
8	245001	to 250000	1,986,553
2	250001	to 255000	500,268
1	265001	to 270000	267,317
1	270001	to 275000	270,885
1	275001	to 280000	270,885
1	280001	to 285000	275,863
1	295001	to 300000	284,133
1	300001	to 305000	300,183
4	305001	to 310000	1,235,036
1	320001	to 325000	321,696
3	330001	to 335000	994,060
2	340001	to 345000	685,604
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
2	420001	to 425000	841,661
2	430001	to 435000	863,620
3	445001	to 450000	1,344,016
1	480001	to 485000	481,010



Pattern of Shareholding as at December 31, 2017

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
2	540001	to	545000	1,084,444
2	600001	to	605000	1,205,543
1	615001	to	620000	1,238,710
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	810001	to	815000	813,114
1	815001	to	820000	817,570
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	995001	to	1000000	1,000,198
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	1195001	to	1200000	1,200,000
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	1810001	to	1815000	1,813,828
1	1875001	to	1880000	1,877,462
1	2315001	to	2320000	2,315,737
1	2350001	to	2355000	2,353,618
1	2495001	to	2500000	2,500,000
1	2720001	to	2725000	2,721,386
1	2990001	to	2995000	2,994,651
1	3410001	to	3415000	3,413,075
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
2943				123,874,755

Categories of Shareholders	Numbers	Shares Held	Percentage
1. Individuals	2,866	73,498,870	59.33
2. Insurance companies	6	7,049,591	5.69
3. Joint stock companies	31	14,283,785	11.53
4. Charitable trusts	14	19,369,955	15.64
5. Government institutions	2	487	0.00
6. Foreign investors	24	9,672,067	7.81
	2,943	123,874,755	100.00



Pattern of Shareholding as at December 31, 2017

Additional Information

Shareholders' Category	Number of shareholders/ folios	Number of shares held
Associated Companies		
Habib Sugar Mills Limited	1	5,363,772
Thal Limited	1	5,735,396
IDBL (ICP Unit)	2	487
Directors		
Mr. Rafiq M. Habib	1	166,856
Mr. Abbas D. Habib	2	753,308
Mr. Mansoor G. Habib	1	5,000
Mr. Mohamedali R. Habib	2	1,943,891
Mr. Qumail R. Habib	2	524,175
Mr. Munawar Ali Habib	2	601,591
Mr. Shahid Ghaffar	1	2,000
Directors' Spouses		
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. Selwa Habib w/o Mr. Qumail R. Habib	1	119,591
Banks, Development Financial Institutions, Non-Banking Finance Companies Insurance Companies, Takaful, Modarabas and Pension Funds		
	5	826,665
Joint Stock Companies and Corporations	29	3,184,617
Individuals/ Others	2,850	68,264,721
Charitable Trusts, Societies and Government Institutions	14	19,369,955
Foreign Investors	24	9,672,067
Shareholders holding 5% or more	1	6,222,926
	2,943	123,874,755



Notice of Annual General Meeting

NOTICE is hereby given that the 75th Annual General Meeting of the Shareholders of the Company will be held at The Institute of Chartered Accountants of Pakistan, Kehkashan, Clifton, Karachi, on Thursday, April 26, 2018 at 11:30 a.m. to transact the following business:

1. To receive and adopt the Audited Accounts for the year ended December 31, 2017 together with the Directors' and Auditors' Report thereon.
2. To approve payment of cash dividend @ 15% i.e. Rs. 0.75 per share of Rs. 5/- each for the year ended December 31, 2017 as recommended by the Board of Directors.
3. To appoint Auditors for the year ending December 31, 2018 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.

By order of the Board

Murtaza Hussain
Company Secretary

Karachi: March 21, 2018

Notes:

1. The share transfer books of the Company will remain closed from Thursday, April 12, 2018 to Thursday, April 26, 2018 (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 directive of the Securities and Exchange Commission of Pakistan (SECP), it is mandatory to mention CNIC number of member on members' register and other statutory returns. Those shareholders who have not submitted copy of their CNIC to the Company are once again requested to submit copy of their CNIC, otherwise the Company will be constrained under section 243(2)(a) of the Companies Act, 2017 to withhold dividend of such shareholders.
6. The Government of Pakistan through Finance Act, 2017 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:
 - (i) For filers of income tax returns 15 %
 - (ii) For non-filers of income tax returns 20 %

Shareholders who are filers are advised to make sure that their names are entered in to Active Tax Payer List (ATL) provided on the website of FBR at the time of dividend payment, otherwise they shall be treated as non-filers and tax on their cash dividend will be deducted at the rate of 20% instead of 15%.



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 Principal shareholder as well as joint-holder(s) based on their shareholding proportions. Therefore, all shareholders who hold shares jointly are required to provide shareholding proportions of Principal 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 required information must reach to the Company's Share Registrar within 10 days of this notice, otherwise it will be assumed that the shares are equally held by principal shareholder and joint holder(s).

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 or 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.

7. Mandatory requirement of Bank details for payment of dividend

Pursuant to the provision of Section 242 of the Companies Act, 2017, a listed company is required to pay cash dividend to shareholders **only** through electronic mode directly into the bank account designated by the entitled shareholders. In order to receive your dividends directly into your Bank account, please complete the particulars of the e-dividend mandate form which is available on the Company's website www.habibinsurance.net and send duly signed to the Share Registrar, M/s. Central Depository Company of Pakistan Limited. CDC shareholders are requested to submit their Dividend Mandate directly to their broker (participant)/ CDC.

8. Unclaimed/Unpaid Dividend and Share Certificates

Shareholders who could not collect their dividend /physical shares are advised to contact Share Registrar or our Registered Office to enquire and collect their unclaimed dividend/shares, if any. In compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all such unclaimed dividend and shares for a period of 3 years or more from the date it is due and payable shall be deposited to the credit of Federal Government in case of unclaimed dividend and in case of shares, shall be delivered to Securities and Exchange Commission of Pakistan (SECP).

9. Transmission of Financial Statements & Notices through email

The Securities and Exchange Commission of Pakistan (SECP) through its Notification S.R.O. 787(I)/2014 dated September 8, 2014 has permitted companies to circulate Audited Financial Statements along with Notice of Annual General Meeting to its members through e-mail. Accordingly, members are requested to send their consent and e-mail addresses for receiving Audited Financial Statements and Notices through e-mail. In order to avail this facility, a standard request form is available at the Company's website.



10. Consent for video-link facility

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

If the Company receives consent from members holding at least 10% shareholding residing at a geographical location, to participate in the meeting through video-link facility at least 7 days prior to the date of meeting, the Company will arrange video-link facility in that city. The Company shall arrange the aforesaid facility for such members prior to the date of the meeting to participate through video-link facility, and will intimate them regarding venue before the date of general meeting.

In this regard, members who wish to participate through video-link facility at Karachi should send a duly signed request as per the following format to the registered address of the Company at least 7 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-link facility at Karachi. <div style="text-align: right;">_____ Signature of Member</div>

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



Status of approvals for investment in associated companies

Bank AL Habib Limited

Sr. No.	Description	Information Required
1	Information to be disclosed to the members:- If the associate Company or associated undertaking in which the investment is being made or any of its sponsors or directors is also a member of the investing company, the information about interest of the associated company or associated undertaking and its sponsors and directors in the investing company shall be disclosed in the notice of general meeting called for seeking members' approval pursuant to section 208 of the Ordinance	Bank AL Habib Limited is not holding any shares of the investing company. No Director or Chief Executive has any interest in the investing company except in their individual capacities as Directors/ Chief Executive and/ or as shareholders of the investing company. The shareholding of Directors and Chief Executive is disclosed in the pattern of shareholding
2	In case any decision to make investment under the authority of a resolution passed pursuant to provisions of section 208 of the Ordinance is not implemented either fully or partially till the holding of subsequent general meeting(s), the status of the decision must be explained to the members through a statement having the following details namely:	
a)	total investment approved:	Rs. 100 million approved by the shareholders at Annual General Meeting held on April 26, 2017
b)	amount of investment made to date:	Rs. 34.881 million
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time:	Remaining amount may be invested on availability of shares at reasonable price within the period specified in the earlier resolution
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company	The shareholders equity of the investee company has increased to Rs. 45,875.882 million from Rs. 42,513.744 million due to an increase in reserves of Rs. 3,362.138 million



Habib Sugar Mills Limited

Sr. No.	Description	Information Required
1	<p>Information to be disclosed to the members:-</p> <p>If the associate Company or associated undertaking in which the investment is being made or any of its sponsors or directors is also a member of the investing company, the information about interest of the associated company or associated undertaking and its sponsors and directors in the investing company shall be disclosed in the notice of general meeting called for seeking members' approval pursuant to section 208 of the Ordinance</p>	<p>Habib Sugar Mills Limited is holding 5,363,772 shares of the investing company. No Director or Chief Executive has any interest in the investing company except in their individual capacities as Directors/ Chief Executive and/ or as shareholders of the investing company. The shareholding of Directors and Chief Executive is disclosed in the pattern of shareholding</p>
2	<p>In case any decision to make investment under the authority of a resolution passed pursuant to provisions of section 208 of the Ordinance is not implemented either fully or partially till the holding of subsequent general meeting(s), the status of the decision must be explained to the members through a statement having the following details namely:</p>	
a)	total investment approved:	Rs. 50 million approved by the shareholders at Annual General Meeting held on April 26, 2017
b)	amount of investment made to date:	Nil
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time:	Amount may be invested on availability of shares at reasonable price within the period specified in the earlier resolution
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company	The shareholders equity of the investee company has increased to Rs. 6,603.319 million from Rs. 6,687.859 million due to an decrease in reserves of Rs. 84.54 million



Habib Metropolitan Bank Limited

Sr. No.	Description	Information Required
1	Information to be disclosed to the members:- If the associate Company or associated undertaking in which the investment is being made or any of its sponsors or directors is also a member of the investing company, the information about interest of the associated company or associated undertaking and its sponsors and directors in the investing company shall be disclosed in the notice of general meeting called for seeking members' approval pursuant to section 208 of the Ordinance	Habib Metropolitan Bank Limited is not holding any shares of the investing company. No Director or Chief Executive has any interest in the investing company except in their individual capacities as Directors/ Chief Executive and/ or as shareholders of the investing company. The shareholding of Directors and Chief Executive is disclosed in the pattern of shareholding
2	In case any decision to make investment under the authority of a resolution passed pursuant to provisions of section 208 of the Ordinance is not implemented either fully or partially till the holding of subsequent general meeting(s), the status of the decision must be explained to the members through a statement having the following details namely:	
a)	total investment approved:	Rs. 100 million approved by the shareholders at Annual General Meeting held on April 26, 2017
b)	amount of investment made to date:	Rs. 46.616 million
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time:	Remaining amount may be invested on availability of shares at reasonable price within the period specified in the earlier resolution
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company	The shareholders equity of the investee company has increased to Rs. 40,498.255 million from Rs. 39,670.450 million due to an increase in reserves of Rs. 827.805 million



Indus Motor Company Limited

Sr. No.	Description	Information Required
1	Information to be disclosed to the members:- If the associate Company or associated undertaking in which the investment is being made or any of its sponsors or directors is also a member of the investing company, the information about interest of the associated company or associated undertaking and its sponsors and directors in the investing company shall be disclosed in the notice of general meeting called for seeking members' approval pursuant to section 208 of the Ordinance	Indus Motor Company Limited is not holding any shares of the investing company. No Director or Chief Executive has any interest in the investing company except in their individual capacities as Directors/ Chief Executive and/ or as shareholders of the investing company. The shareholding of Directors and Chief Executive is disclosed in the pattern of shareholding
2	In case any decision to make investment under the authority of a resolution passed pursuant to provisions of section 208 of the Ordinance is not implemented either fully or partially till the holding of subsequent general meeting(s), the status of the decision must be explained to the members through a statement having the following details namely:	
a)	total investment approved:	Rs. 50 million approved by the shareholders at Annual General Meeting held on April 26, 2017
b)	amount of investment made to date:	Nil
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time:	Remaining amount may be invested on availability of shares at reasonable price within the period specified in the earlier resolution
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company	The shareholders equity of the investee company has increased to Rs. 33,452.171 million from Rs. 28,595.200 million due to an increase in reserves of Rs. 4,856.971 million



Shabbir Tiles & Ceramics Limited

Sr. No.	Description	Information Required
1	<p>Information to be disclosed to the members:-</p> <p>If the associate Company or associated undertaking in which the investment is being made or any of its sponsors or directors is also a member of the investing company, the information about interest of the associated company or associated undertaking and its sponsors and directors in the investing company shall be disclosed in the notice of general meeting called for seeking members' approval pursuant to section 208 of the Ordinance</p>	<p>Shabbir Tiles & Ceramics Limited is not holding any shares of the investing company. No Director or Chief Executive has any interest in the investing company except in their individual capacities as Directors/ Chief Executive and/ or as shareholders of the investing company. The shareholding of Directors and Chief Executive is disclosed in the pattern of shareholding</p>
2	<p>In case any decision to make investment under the authority of a resolution passed pursuant to provisions of section 208 of the Ordinance is not implemented either fully or partially till the holding of subsequent general meeting(s), the status of the decision must be explained to the members through a statement having the following details namely:</p>	
a)	total investment approved:	Rs. 25 million approved by the shareholders at Annual General Meeting held on April 26, 2017
b)	amount of investment made to date:	Nil
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time:	Remaining amount may be invested on availability of shares at reasonable price within the period specified in the earlier resolution
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company	The shareholders equity of the investee company has increased to Rs. 1,806.682 million from Rs. 1,842.936 million due to decrease in reserves of Rs. 36.254 million



Thal Limited

Sr. No.	Description	Information Required
1	Information to be disclosed to the members:- If the associate Company or associated undertaking in which the investment is being made or any of its sponsors or directors is also a member of the investing company, the information about interest of the associated company or associated undertaking and its sponsors and directors in the investing company shall be disclosed in the notice of general meeting called for seeking members' approval pursuant to section 208 of the Ordinance	Thal Limited is holding 5,735,396 shares of the investing company. No Director or Chief Executive has any interest in the investing company except in their individual capacities as Directors/ Chief Executive and/ or as shareholders of the investing company. The shareholding of Directors and Chief Executive is disclosed in the pattern of shareholding
2	In case any decision to make investment under the authority of a resolution passed pursuant to provisions of section 208 of the Ordinance is not implemented either fully or partially till the holding of subsequent general meeting(s), the status of the decision must be explained to the members through a statement having the following details namely:	
a)	total investment approved:	Rs. 200 million approved by the shareholders at Annual General Meeting held on April 26, 2017
b)	amount of investment made to date:	Rs. 25.536 million
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time:	Amount may be invested on availability of shares at reasonable price within the period specified in the earlier resolution
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company	The shareholders equity of the investee company has increased to Rs. 15,433.080 million from Rs. 12,227.578 million due to an increase in reserves of Rs. 3,205.502 million



اجلاس کی تاریخ	شرکت کردہ منجانب
۲۷ مارچ ۲۰۱۷ء	جناب رفیق ایم۔ حبیب جناب علی رضا ڈی۔ حبیب جناب عباس ڈی۔ حبیب جناب منصور جی۔ حبیب جناب محمد علی آر۔ حبیب جناب عون محمد اے۔ حبیب جناب علی ندو جناب شبیر غلام علی
۲۸ اپریل ۲۰۱۷ء	جناب علی رضا ڈی۔ حبیب جناب عباس ڈی۔ حبیب جناب منصور جی۔ حبیب جناب عون محمد اے۔ حبیب جناب شبیر غلام علی
۲۵ اگست ۲۰۱۷ء	جناب رفیق ایم۔ حبیب جناب علی رضا ڈی۔ حبیب جناب عباس ڈی۔ حبیب جناب منصور جی۔ حبیب جناب شبیر غلام علی
۲۶ اکتوبر ۲۰۱۷ء	جناب رفیق ایم۔ حبیب جناب عباس ڈی۔ حبیب جناب منصور جی۔ حبیب جناب محمد علی آر۔ حبیب جناب جمیل آر۔ حبیب جناب شاہد غفار جناب شبیر غلام علی

۱۲۔ شیئر ہولڈنگ کا طرز اور شیئر ہولڈنگ کے طرز سے متعلق اضافی معلومات منسلک شدہ ہے۔
۱۳۔ ڈائریکٹرز، سی ای او، سی ایف او، کمپنی بیکریٹری اور ان کے شریک حیات اور نابالغ بچوں کی جانب سے کمپنی کے شیئرز میں کوئی خرید و فروخت نہیں کی گئی۔

منجانب بورڈ آف ڈائریکٹرز

شبیر غلام علی
چیف ایگزیکٹو

رفیق ایم۔ حبیب
چیرمین

کراچی:
۲۱ مارچ ۲۰۱۸ء



انویسٹمنٹ کمیٹی

انویسٹمنٹ کمیٹی ۵ ممبران پر مشتمل ہے جس کی نمائندگی ایک انڈیپنڈنٹ ڈائریکٹرز، ۲ نان-ایگزیکٹو ڈائریکٹرز، چیف ایگزیکٹو اور چیف فنانشل آفیسر کرتے ہیں۔ انویسٹمنٹ کمیٹی نے سال کے دوران ۳ اجلاس منعقد کئے اجلاسوں میں شرکت درج ذیل کے مطابق رہی:

شرکت کردہ اجلاس کی تعداد

جناب شاہد غفار	چیئر مین	-
جناب منصور جی۔ حبیب	ممبر	2
جناب گمیل آر۔ حبیب	ممبر	1
جناب شبیر غلام علی	ممبر	3
جناب مرتضیٰ حسین	ممبر	3

جناب شاہد غفار اور جناب گمیل آر۔ حبیب کو مورخہ ۲۶ اکتوبر ۲۰۱۷ء کو انویسٹمنٹ کمیٹی کا بااثر تیب چیئر مین اور ممبر منتخب کیا گیا۔

ڈائریکٹرز کا تربیتی پروگرام

کمپنی کے ۷ ڈائریکٹرز میں سے ۴ پہلے ہی ڈائریکٹرز کے ٹریننگ پروگرام میں شرکت کر چکے ہیں۔

آڈیٹرز

موجودہ آڈیٹرز ای وائی فور ڈی ہوڈز، چارٹرڈ اکاؤنٹنٹس سبکدوش ہو رہے ہیں اور خود کو دوبارہ تقرر 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 ۲۰۱۸ء کو ختم ہونے والے سال کیلئے انہیں بحیثیت کمپنی کا آڈیٹرز مقرر کرنے کی سفارش کی ہے۔

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 ۲۰۱۷ء کے مطابق پراویڈنٹ فنڈ کے ڈپازٹ اکاؤنٹس میں سرمایہ کاریاں اور بیلنس کی مالیت ۶۸.۷ ملین روپے ہے۔
- ۱۱۔ سال کے دوران بورڈ کے ۴ اجلاس منعقد ہوئے اور اس میں ڈائریکٹرز کی شرکت درج ذیل کے مطابق رہی:



- 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 بلاکسی مذہبی، ذات پات اور لسانی بنیاد پر امتیاز کے بغیر روزگاری فراہمی۔
- کمپنی کی جانب سے سال کے دوران ۵۳۶۰ ملین روپے سے زائد کے براہ راست بینکوں کے ذریعے قومی خزانے میں شراکت۔ مزید برآں ۸۱۶۸ ملین روپے کی ایک اضافی رقم کمپنی کے ذریعے حکومت پاکستان کو ووڈ ہولڈنگ ٹیکس، سروسز پریسلز ٹیکس اور فیڈرل ایکسائز ڈیوٹی کی مد میں منہا/ وصول کی گئی۔

رسک مینجمنٹ فریم ورک

کمپنی ہمیشہ اپنے کاروبار کی نوعیت اور کمپنی کے حجم کے مطابق ایک رسک مینجمنٹ فریم ورک کی حامل رہی ہے۔ یہ فریم ورک کئی سال قبل تشکیل دیا گیا تھا اور اس کو مزید بہتر اور واضح بنانے کا سلسلہ جاری ہے کمپنی اپنے کاروباری خطرات کو ایک محتاط طریقے سے قدامت پسند نظریے کی رہنمائی سے نمٹانے پر یقین رکھتی ہے۔ کاروباری خطرات اور اس سے نمٹنے کے عناصر کی صراحت مالیاتی حسابات کے نوٹس میں نکات نمبر ۳۴ اور ۳۵ پر تفصیلی طور پر کی گئی ہے۔

بورڈ کی کمیٹیاں آڈٹ کمیٹی

کمپنی کی آڈٹ کمیٹی ایک انڈیپنڈنٹ ڈائریکٹر بطور چیئر مین کی نمائندگی کے ساتھ ۴ ممبران پر مشتمل ہے جو کہ مالیاتی امور سے بھی واقف ہیں اور ۳ نان-ایگزیکٹو ڈائریکٹرز ہیں۔ آڈٹ کمیٹی نے سال میں ۴ مرتبہ اجلاس منعقد کئے۔ اجلاسوں میں شرکت درج ذیل کے مطابق رہی:

شرکت کردہ اجلاس کی تعداد

1	چیئر مین	جناب شاہد غفار
4	ممبر	جناب منصور جی۔ حبیب
2	ممبر	جناب محمد علی آر۔ حبیب
1	ممبر	جناب کمال آر۔ حبیب

جناب شاہد غفار اور جناب کمال آر۔ حبیب کو مورخہ ۳ اکتوبر ۲۰۱۷ء کو آڈٹ کمیٹی کے ممبران کی حیثیت سے مقرر کیا گیا۔ مزید برآں جناب شاہد غفار کو ۱۶ جنوری ۲۰۱۸ء کو آڈٹ کمیٹی کا چیئر مین منتخب کیا گیا۔

ضابطہ اخلاق، نامزدگی، ہیومن ریسورس اور ری میوزیشن کمیٹی

ضابطہ اخلاق، نامزدگی، ہیومن ریسورس اور ری میوزیشن کمیٹی ۴ ممبران پر مشتمل ہے جس کی نمائندگی ایک انڈیپنڈنٹ ڈائریکٹر بطور چیئر مین، ۲ نان-ایگزیکٹو ڈائریکٹرز اور چیف ایگزیکٹو کرتے ہیں۔ سال کے دوران اس کا کوئی اجلاس منعقد نہیں کیا گیا۔

چیئر مین	جناب شاہد غفار
ممبر	جناب کمال آر۔ حبیب
ممبر	جناب منصور علی حبیب
ممبر	جناب شبیر غلام علی

ضابطہ اخلاق، نامزدگی، ہیومن ریسورس اور ری میوزیشن کمیٹی کی ۲۶ اکتوبر ۲۰۱۷ء کو تنظیم نو کی گئی اور مذکورہ بالا ڈائریکٹرز کو اس کمیٹی میں تعینات کیا گیا جبکہ شبیر غلام علی کو مورخہ ۲۱ مارچ ۲۰۱۸ء کو کمیٹی کے ممبر کی حیثیت سے مقرر کیا گیا۔



عمومی طور پر ۱۷-۲۰۱۶ء کیلئے معیشت کی مجموعی کارکردگی کے مطابق جی ڈی پی میں ۲۸ء۵ فیصد شرح نمو حاصل ہوئی جو گزشتہ سال ۱۷ء۲۴ فیصد تھی۔ براہ راست غیر ملکی سرمایہ کاری ۳۷۷۳ بلین ڈالر بڑھ گئی اور غیر ملکی زرمبادلہ کے ذخائر ۲۰۲۲ بلین ڈالر تک پہنچے۔ اگرچہ افراط زر میں اضافہ ہوا تاہم اسٹیٹ بینک آف پاکستان کی جانب سے ڈسکاؤنٹ ۵ء۷۵ فیصد پر برقرار رکھے گئے جبکہ جنوری ۲۰۱۸ء میں اس میں ۲۵ پی ایس کا اضافہ کیا گیا۔ کے ایس ای ۱۱۰۰ انڈیکس میں سال کے دوران ۱۵ء۳۱۵ فیصد کمی آئی اور یہ ۳۱ دسمبر ۲۰۱۷ء میں ۲۰۲۷۱ پر بند ہوا۔

حتمی طور پر سال ۲۰۱۸ء میں عمومی بے یقینی صورتحال موجود ہے تاہم ہم بہتری اور ترقی کیلئے کوشاں ہیں اور انشاء اللہ بہتر انڈر رائٹنگ نتائج اور پائیدار و مستحکم سرمایہ کاری کی آمدنی حاصل کر لیں گے۔

جیسا کہ ہم ہمیشہ تہہ دل سے اپنے کانٹنس اور صارفین کے شکر گزار رہتے ہیں جو ہماری کمپنی پر بے انتہا اعتماد کرتے ہیں۔ خصوصی طور پر ہم اس تعاون اور رہنمائی کا ذکر کرنا چاہیں گے جو ہمیں اپنے ری انشوررز سے حاصل ہوتی رہتی ہے۔ بورڈ آف ڈائریکٹرز کمپنی کے تمام اسٹاف ممبران کو خراج تحسین پیش کرتے ہیں جنہوں نے پورے سال انتہائی خلوص اور جانفشانی سے کمپنی کے لئے محنت کی۔

ہم اپنی قوم کے لئے اللہ تعالیٰ سے امن اور استحکام کے لئے دعا گو ہیں، آمین!

بورڈ آف ڈائریکٹرز میں تبدیلیاں

سال کے دوران جناب علی رضا ڈی۔ حبیب، جناب عون محمد اے۔ حبیب اور جناب علی فدو نے بورڈ سے استعفیٰ دے دیا اور ان کی جگہ پر جناب کمل آر۔ حبیب، جناب منور علی حبیب اور جناب شاہد غفار کو بطور ڈائریکٹر مقرر کیا گیا۔

بورڈ جناب علی رضا ڈی۔ حبیب کو خصوصی طور پر خراج تحسین پیش کرنا چاہتا ہے جنہوں نے ۳۸ سال سے زائد عرصے تک آپ کی کمپنی کے لئے بیش قدر خدمات انجام دیں۔ انہوں نے حبیب انشورنس کو بطور ایک نوجوان انفر ۱۹۵۶ء میں جوائن کیا تھا اور ۲۳ سال تک بحیثیت سی ای او فرائض انجام دینے کے بعد گزشتہ سال سبکدوش ہو گئے۔ بطور سی ای او ان کے دور میں مجموعی زیر تحریر پریمیئم ۶۵۱ ملین روپے سے بڑھ کر ۱۱۰۰ بلین روپے ہو گیا اور اللہ تعالیٰ کے فضل و کرم سے کمپنی نے شیئر ہولڈرز ایکویٹی میں متاثر کن شرح نمو حاصل کی اور یہ ۹۰۰ ملین روپے سے بڑھ کر ۱۱۰۰ بلین روپے ہو گئی۔ اس مدت میں کمپنی نے ۲۰۰ ملین روپے سے زائد کا نقد منافع منقسمہ ادا کیا۔ ہم ان کی جانب سے حبیب انشورنس کے لئے کئے جانے والی کاوشوں کے لئے انہیں خراج تحسین پیش کرتے ہیں اور ان کی اچھی صحت اور خوشحالی کے لئے دعا گو ہیں۔

بورڈ جناب عون محمد اے۔ حبیب اور جناب علی فدو کو ان کے کمپنی کے ساتھ منسلک رہنے کے دوران ان کی جانب سے انجام دی جانے والی قابل قدر خدمات پر خراج تحسین پیش کرتا ہے اور جناب کمل آر۔ حبیب، جناب منور علی حبیب اور جناب شاہد غفار کا کمپنی کے ڈائریکٹرز کی حیثیت سے خیر مقدم کرتا ہے اور ان کے تجربے و مشاورت سے بہتر فوائد حاصل ہونے کی امید رکھتا ہے۔

کارپوریٹ سوشل ریسپانسیبلٹی (CSR)

آپ کی کمپنی کارپوریٹ سوشل ریسپانسیبلٹی کے تصور پر مکمل کار بند 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 ۲۰۰ ملین روپے مالیت کے کام انجام دیئے گئے۔ بورڈ آف ڈائریکٹرز نے اپنے اجلاس منعقدہ ۲۱ مارچ ۲۰۱۸ء میں سال رواں کیلئے منافع قبل از ٹیکس کے ۲ فیصد یا ۲۰۰ ملین روپے جو زیادہ ہو، عطیے کی رقم میں اضافے کی بھی منظوری دی۔
- غیر ضروری بجلی کے استعمال سے گریز کرتے ہوئے توانائی کی بچت، ماحولیاتی تحفظ اور پیشہ ورانہ سیفٹی اور صحت کے ساتھ تباہ کنوشی سے گریز کے قانون کے نفاذ اور "نواسمکنگ 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۔



۳۱ دسمبر ۲۰۱۷ء کو ختم ہونے والے سال کیلئے ڈائریکٹرز کی ۷۵ ویں رپورٹ برائے شیئر ہولڈرز

معزز شیئر ہولڈرز،

بورڈ آف ڈائریکٹرز ۳۱ دسمبر ۲۰۱۷ء کو ختم ہونے والے سال کیلئے ۷۵ ویں سالانہ رپورٹ بشمول کمپنی کے آڈٹ شدہ حسابات پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

سال کے دوران سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے انشورنس قوانین ۲۰۱۷ء بشمول نئے اکاؤنٹنگ ریگولیشنز، ۲۰۱۷ء جاری کئے جس میں سرمایہ کاریوں کو اب مارکیٹ ویلیوز پر واضح کیا جاسکتا ہے جو ماضی میں کیئرنگ ویلیوز پر موجود تھیں۔ اکاؤنٹنگ پالیسی میں تبدیلی کے نتائج پر منحصر ۲۰۱۶ء اور ۲۰۱۵ء کیلئے اعداد و شمار کو دوبارہ مرتب کیا گیا اور مالیاتی حسابات کو اس کے مطابق پیش کیا گیا۔

(۰۰۰ روپے میں)

109,956
2,095
<hr/>
112,051
<hr/>
92,906
19,145
<hr/>
112,051

سال ۲۰۱۷ء کیلئے آمدنی بعد از ٹیکس
سال ۲۰۱۶ء کیلئے تصرف کے بعد دستیاب رقم

بورڈ آف ڈائریکٹرز نے اب تجویز کیا ہے:
منافع منقسمہ بشرح ۷۵ روپے فی شیئر یعنی ہر ایک ۵ روپے مالیت کے شیئر پر ۱۵ فیصد کی ادائیگی
آگے لے جایا جانے والا غیر مختص شدہ منافع

0.89

فی شیئر بنیادی آمدنی

ڈائریکٹرز ہمسرت سال ۲۰۱۷ء کیلئے شیئر ہولڈرز کو ۱۵ فیصد پے آؤٹ کی سفارش کرتے ہیں جیسا کہ اوپر درج کیا گیا ہے۔

زیر جائزہ سال کیلئے اللہ تعالیٰ کے فضل و کرم سے مجموعی انشورنس پریمیئم ۲ فیصد تک بڑھ کر ۵۵۶.۰ ملین روپے ہو گیا جو مجموعی تحریری پریمیئم میں ۱۶.۹ فیصد کی کمی کے باوجود گزشتہ سال ۵۴۴.۷ ملین روپے تھا۔ تاہم انڈر رائٹنگ نتائج ۱۷.۰ ملین روپے سے کم ہو کر ۱۶.۲ ملین روپے ہو گئے جس کا بنیادی عنصر غیر متوقع طور پر کاروبار کے شعبہ صحت میں کلیم کا بنیادی طور پر بڑھ جانا تھا، کمپنی کی جانب سے اس معاملے کو نمٹانے کیلئے موزوں اقدامات کئے جا رہے ہیں اور انشاء اللہ امید ہے کہ انڈر رائٹنگ نتائج میں بہتری آئے گی۔

سال کیلئے سرمایہ کاری کی آمدنی ۲۱۵.۲ ملین روپے رہی جو اس کے برخلاف گزشتہ سال ۲۳۸.۶ ملین روپے تھی اور اس کی وجہ اس مدت میں کیپٹل گینٹری میں کمی اور منافع منقسمہ کی آمدنی کا معمولی حد تک کم ہونا تھا۔ اس کے نتیجے میں ۲۰۱۷ء کیلئے کمپنی کا منافع بعد از ٹیکس ۱۱۰.۰ ملین روپے رہا۔

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

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.

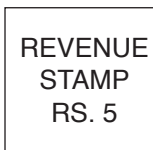
No. _____ of _____

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 Fifth Annual General Meeting of the Company to be held on April 26, 2018 and at any adjournment thereof.

As witness my/our hand this _____ day of _____ 2018.



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 پارٹیسپنٹ آئی ڈی نمبر _____
ممبر (رکن) محترم / محترمہ _____ فولیو نمبر / سی ڈی سی اکاؤنٹ اور پارٹیسپنٹ آئی ڈی نمبر _____ کو
یا ان کی غیر حاضری میں ممبر (رکن) محترم / محترمہ _____ فولیو نمبر / سی ڈی سی اکاؤنٹ اور پارٹیسپنٹ آئی ڈی نمبر _____
کو اپنے / ہمارے ایماء پر بروز جمعرات ۲۶ اپریل ۲۰۱۸ء کو حبیب انشورنس کمپنی لمیٹڈ کے رجسٹرڈ آفس میں منعقد ہونے والے چھتر ویں 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 _____ ۲۰۱۸ء 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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