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ASIACARE HEALTH AND LIFE INSURANCE COMPANY LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Progressive Plaza, Beaumont Road
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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed financial statements comprising of:

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

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

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

We conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 accounts have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;

(b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied;

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(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 2015 and of the profit, 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) the apportionment of assets, liabilities, revenue and expenses between two or more funds has been performed in accordance with the advice of the appointed actuary; and

(e) No Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980.

Chartered Accountants

Audit Engagement Partner: Arslan Khalid

Date: 18 March 2016

Karachi

ASIA CARE HEALTH AND LIFE INSURANCE COMPANY LIMITED
BALANCE SHEET
AS AT DECEMBER 31, 2015

	Note	Shareholders' fund	Statutory fund Accident and health	Aggregate 2015	Aggregate 2014
		----------(Rupees in '000)----------			
Share capital and reserves					
Authorized share capital					
80,000,000 ordinary shares of Rs. 10 each		800,000	-	**800,000**	800,000
Issued, subscribed and paid up share capital					
50,000,000 ordinary shares of Rs. 10 each	6	500,000	-	**500,000**	500,000
Accumulated deficit		(296,454)	-	**(296,454)**	(194,912)
Net shareholders' equity		203,546	-	**203,546**	305,088
Balance of statutory fund (including policyholders' liabilities Rs.142.208 million (December 31, 2014: Rs.126.687 million)	8	-	245,782	**245,782**	229,239
Deferred liabilities					
Staff retirement benefits	9	26,980	-	**26,980**	21,770
Creditors and accruals					
Outstanding claims		-	96,849	**96,849**	65,560
Premium received in advance		-	4,633	**4,633**	3,269
Amount due to other insurers / reinsurers		-	1,231	**1,231**	1,231
Amounts due to agents		-	7,347	**7,347**	7,879
Accrued expenses	10	4,253	-	**4,253**	2,423
Other creditors	11	274	-	**274**	1,074
		4,527	110,060	**114,587**	81,436
Other liabilities		941	66	**1,007**	779
TOTAL LIABILITIES		32,448	355,908	**388,356**	333,224
CONTINGENCIES AND COMMITMENTS	12				
TOTAL EQUITY AND LIABILITIES		235,994	355,908	**591,902**	638,312

The annexed notes from 1 to 25 form an integral part of these financial statements.

CHAIRMAN

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

ASIA CARE HEALTH AND LIFE INSURANCE COMPANY LIMITED
BALANCE SHEET
AS AT DECEMBER 31, 2015

	Note	Shareholders' fund	Statutory fund Accident and health	Aggregate 2015	Aggregate 2014
		(Rupees in '000)			
Cash and bank deposits	13				
Cash and others		-	22	**22**	28
Current and other accounts		15,726	65,764	**81,490**	88,051
		15,726	65,786	**81,512**	88,079
Investments	14				
Government securities		111,162	48,779	**159,941**	179,588
Listed securities		14,440	-	**14,440**	29,677
Open end mutual funds		66,331	133,774	**200,105**	186,536
		191,933	182,553	**374,486**	395,801
Other assets					
Premiums due but unpaid	15	-	95,889	**95,889**	106,496
Amounts due from other insurers / reinsurers		-	87	**87**	87
Sundry receivables		-	-	**-**	4,570
Investment income accrued		2,661	54	**2,715**	2,661
Advances and deposits	16	1,243	11,539	**12,782**	12,204
Prepayments		1,582	-	**1,582**	1,438
Taxation - payments less provision		18,596	-	**18,596**	18,110
		24,082	107,569	**131,651**	145,566
Fixed assets					
Tangible assets					
Furniture, fixture and office equipment	17.1	3,021	-	**3,021**	5,785
Intangible assets					
Computer software	17.2	1,232	-	**1,232**	2,681
Software under development		-	-	**-**	400
		4,253	-	**4,253**	8,866
TOTAL ASSETS		235,994	355,908	**591,902**	638,312

The annexed notes from 1 to 25 form an integral part of these financial statements.

CHAIRMAN | CHIEF EXECUTIVE | DIRECTOR | DIRECTOR

ASIA CARE HEALTH AND LIFE INSURANCE COMPANY LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2015

	Note	2015	2014
		--------(Rupees in '000)-------	
Investment income not attributable to statutory funds			
Income from trading investments			
Dividend income		**889**	927
Gain on sale of investments		**5,689**	2,983
		6,578	3,910
Income from non - trading investments			
Return on Government securities		**12,894**	12,642
Return on other fixed income securities and deposits		**1,645**	4,156
		14,539	16,798
Gain / (loss) on revaluation of trading investments			
Listed equities		**(1,663)**	7,022
Open end mutual funds		**1,064**	4,746
		(599)	11,768
Investment income		**20,518**	32,476
Less: Investment related expenses		**44**	7
Net Investment income		**20,474**	32,469
Less: Expenses not attributable to statutory funds	18	**17,231**	18,373
Loss on disposal of assets		**-**	2
Profit before tax		**3,243**	14,094
Tax expense	19	**(1,906)**	(252)
Profit after tax		**1,337**	13,842
Earnings per share - basic and diluted (rupees)	21	**0.03**	0.28

The annexed notes from 1 to 25 form an integral part of these financial

CHAIRMAN CHIEF EXECUTIVE DIRECTOR DIRECTOR

ASIA CARE HEALTH AND LIFE INSURANCE COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015	2014
	--------(Rupees in '000)-------	
Profit after tax	**1,337**	13,842
Other comprehensive income for the year		
Items not to be reclassified to profit and loss account in subsequent periods		
Actuarial gain on defined benefit plan	**1,021**	1,817
Total comprehensive income for the year	**2,358**	15,659

The annexed notes from 1 to 25 form an integral part of these financial statements.

CHAIRMAN | CHIEF EXECUTIVE | DIRECTOR | DIRECTOR

ASIA CARE HEALTH AND LIFE INSURANCE COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2015

	Issued, subscribed and paid-up capital	Accumulated surplus	Capital contribution to statutory fund	Net accumulated deficit	Total
	(Rupees in '000)				
Balance as at January 1, 2014	500,000	259,841	459,312	(199,471)	300,529
Total comprehensive income for the year ended December 31, 2014					
Profit after tax	-	13,842	-	13,842	13,842
Other comprehensive income	-	1,817	-	1,817	1,817
	-	15,659	-	15,659	15,659
Capital contributed during the year	-	-	11,100	(11,100)	(11,100)
Balance as at December 31, 2014	**500,000**	**275,500**	**470,412**	**(194,912)**	**305,088**
Total comprehensive income for the year ended December 31, 2015					
Profit after tax	-	**1,337**	-	**1,337**	**1,337**
Other comprehensive income	-	**1,021**	-	**1,021**	**1,021**
	-	**2,358**	-	**2,358**	**2,358**
Capital contributed during the year	-	-	**103,900**	**(103,900)**	**(103,900)**
Balance as at December 31, 2015	**500,000**	**277,858**	**574,312**	**(296,454)**	**203,546**

The annexed notes from 1 to 25 form an integral part of these financial statements.

CHAIRMAN | CHIEF EXECUTIVE | DIRECTOR | DIRECTOR

ASIA CARE HEALTH AND LIFE INSURANCE COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Shareholders' fund	Statutory fund Accident and health	Aggregate 2015	Aggregate 2014
	----------(Rupees in '000)----------			
Operating cash flows				
a) Underwriting activities				
Premiums received	-	445,362	**445,362**	358,752
Reinsurance premiums paid	-	(1,750)	**(1,750)**	(1,316)
Claims paid	-	(352,548)	**(352,548)**	(336,268)
Commission paid	-	(24,472)	**(24,472)**	(15,160)
Net cash flow from underwriting activities	-	66,592	**66,592**	6,008
b) Operating activities				
Income tax paid	(2,393)	-	**(2,393)**	(3,218)
General management expenses paid	(4,659)	(125,181)	**(129,840)**	(133,874)
Other operating payments	(329)	(6,544)	**(6,873)**	(6,735)
Other operating receipts	1,394	4,729	**6,123**	4,508
Net cash flow from other operating activities	(5,987)	(126,996)	**(132,983)**	(139,319)
Total cash flow from all operating activities	(5,987)	(60,404)	**(66,391)**	(133,311)
Investment activities				
Profit / return received	20,229	11,980	**32,209**	23,407
Dividends received	888	-	**888**	927
Payments for investments	(280,500)	(325,697)	**(606,197)**	(628,351)
Proceeds from disposal of investments	316,061	317,348	**633,409**	717,753
Fixed capital expenditure	(485)	-	**(485)**	(2,040)
Proceeds from disposal of assets	-	-	-	30
Total cash flow from investing activities	56,193	3,631	**59,824**	111,726
Financing activities				
Capital payments received by statutory fund	(103,900)	103,900	-	-
Total cash flow from financing activities	(103,900)	103,900	-	-
Net cash flow from all activities	(53,694)	47,127	**(6,567)**	(21,585)
Cash at beginning of the year	69,420	18,659	**88,079**	109,664
Cash at end of the year	15,726	65,786	**81,512**	88,079
Reconciliation to profit and loss account				
Operating cash flows			**(66,391)**	(133,311)
Depreciation expense			**(2,899)**	(3,209)
(Loss) / profit on disposal of fixed assets			-	(2)
Amortization expense			**(1,799)**	(1,993)
Profit on disposal of investment			**11,281**	7,563
Decrease in assets other than cash			**(9,800)**	(11,434)
Decrease / (increase) in liabilities other than running finance			**(55,130)**	43,154
Dividend and other investment income			**21,870**	26,984
Unrealized gain on held for trading investment			**1,327**	22,130
Deficit of statutory fund			**102,878**	63,960
Profit after taxation			**1,337**	13,842

The annexed notes from 1 to 25 form an integral part of these financial statements.

CHAIRMAN CHIEF EXECUTIVE DIRECTOR DIRECTOR

ASIA CARE HEALTH AND LIFE INSURANCE COMPANY LIMITED
REVENUE ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2015

	Statutory fund Accident and health	2015	2014
	(Rupees in '000)		
Income			
Premium less reinsurances	432,503	**432,503**	340,186
Net investment income	13,960	**13,960**	24,201
Total net income	446,463	**446,463**	364,387
Claims and expenditure			
Claims, including bonuses, net of reinsurance recoveries	383,837	**383,837**	270,548
Management expenses less recoveries	149,983	**149,983**	145,929
Total claims and expenditure	533,820	**533,820**	416,477
Deficit of income over claims and expenditure	(87,357)	**(87,357)**	(52,090)
Add: Policyholders' liabilities at beginning of the year	126,687	**126,687**	114,817
Less: Policyholders' liabilities at end of the year	142,208	**142,208**	126,687
Deficit	(102,878)	**(102,878)**	(63,960)
Movement in policyholders' liabilities	15,521	**15,521**	11,870
Transfers from shareholders' fund			
- Capital contributions from shareholders' fund	103,900	**103,900**	11,100
Balance of statutory fund at beginning of the year	229,239	**229,239**	270,229
Balance of statutory fund at end of the year	245,782	**245,782**	229,239
Represented by:			
Capital contributed by shareholders' fund	574,312	**574,312**	470,412
Policyholders' liabilities	142,208	**142,208**	126,687
Retained earnings on other than participating business	(470,738)	**(470,738)**	(367,860)
Balance of statutory fund at end of the year	245,782	**245,782**	229,239

The annexed notes from 1 to 25 form an integral part of these financial statements.

CHAIRMAN | CHIEF EXECUTIVE | DIRECTOR | DIRECTOR

ASIA CARE HEALTH AND LIFE INSURANCE COMPANY LIMITED
STATEMENT OF PREMIUMS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Statutory fund		
	Accident and health	2015	2014
	(Rupees in '000)		
Gross Premiums			
Single premium individual policies	43,491	**43,491**	29,309
Group policies without cash value	390,762	**390,762**	312,193
Total Gross Premiums	434,253	**434,253**	341,502
Less: Reinsurance Premiums Ceded			
On group policies	1,750	**1,750**	1,316
Net Premiums	432,503	**432,503**	340,186

The annexed notes from 1 to 25 form an integral part of these financial statements.

CHAIRMAN CHIEF EXECUTIVE DIRECTOR DIRECTOR

ASIA CARE HEALTH AND LIFE INSURANCE COMPANY LIMITED
STATEMENT OF CLAIMS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Statutory fund		
	Accident and health	2015	2014
	(Rupees in '000)		
Gross claims			
Claims under individual policies by insured event other than death	12,031	**12,031**	9,866
Total gross individual policy claims	12,031	**12,031**	9,866
Claims under group policies by insured event other than death	371,806	**371,806**	260,682
Total gross group policy claims	371,806	**371,806**	260,682
Total gross claims	383,837	**383,837**	270,548
Less: Reinsurance recoveries			
On group policies	-	-	-
Total reinsurance	-	-	-
Net claims	383,837	**383,837**	270,548

The annexed notes from 1 to 25 form an integral part of these financial statements.

CHAIRMAN CHIEF EXECUTIVE DIRECTOR DIRECTOR

ASIA CARE HEALTH AND LIFE INSURANCE COMPANY LIMITED
STATEMENT OF EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

	Note	Statutory fund Accident and health	2015	2014
		(Rupees in '000)		
Acquisition costs				
Remuneration to insurance intermediaries on individual policies:				
Commission on single premiums		8,163	**8,163**	4,501
Remuneration to insurance intermediaries on group policies				
Commission		15,778	**15,778**	13,366
Total acquisition cost		23,941	**23,941**	17,867
Administration expenses				
Salaries, allowances and other benefits		75,434	**75,434**	74,621
Travelling and conveyance		3,354	**3,354**	3,602
Communication		5,187	**5,187**	4,941
Utilities		2,120	**2,120**	2,327
Auditors' remuneration	18.1	415	**415**	388
Legal and professional		5,893	**5,893**	4,372
Printing and stationery		3,039	**3,039**	2,958
Advertisement		4,940	**4,940**	3,193
Vehicle running and maintenance		4,690	**4,690**	9,480
Fees, subscription and periodicals		35	**35**	60
Rent, rates and taxes		7,041	**7,041**	6,490
Repair and maintenance		4,582	**4,582**	5,144
Entertainment		639	**639**	627
Depreciation / amortization		3,837	**3,837**	4,260
Insurance		2,299	**2,299**	2,083
Bank charges		20	**20**	271
Car ijara rental		1,196	**1,196**	805
Provision for doubtful debts		861	**861**	2,025
Other expenses		460	**460**	415
		126,042	**126,042**	128,062
Gross management expenses		149,983	**149,983**	145,929
Commission from reinsurers		-	-	-
Net management expenses		149,983	**149,983**	145,929

The annexed notes from 1 to 25 form an integral part of these financial statements.

CHAIRMAN CHIEF EXECUTIVE DIRECTOR DIRECTOR

ASIA CARE HEALTH AND LIFE INSURANCE COMPANY LIMITED
STATEMENT OF INVESTMENT INCOME
FOR THE YEAR ENDED DECEMBER 31, 2015

	Statutory fund		
	Accident and health	2015	2014
	(Rupees in '000)		
Income from trading investments			
Gain on sale of trading investments	5,592	**5,592**	4,580
Income from non-trading investments			
On Government securities	2,357	**2,357**	3,677
On other fixed income securities and deposits	4,085	**4,085**	5,582
	6,442	**6,442**	9,259
Gain on revaluation of trading investments			
Open end mutual funds	1,926	**1,926**	10,362
Less: Investment related expenses	-	-	-
Net investment income	13,960	**13,960**	24,201

The annexed notes from 1 to 25 form an integral part of these financial statements.

CHAIRMAN CHIEF EXECUTIVE DIRECTOR DIRECTOR

ASIA CARE HEALTH AND LIFE INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

1. STATUS AND NATURE OF BUSINESS

1.1 Asia Care Health & Life Insurance Company Limited (the Company) was incorporated on March 19, 2008 under the Companies Ordinance, 1984 as public limited company and is registered as a life insurance company by the Securities and Exchange Commission of Pakistan (SECP) under the Insurance Ordinance, 2000. The Company obtained license to carry on life and related lines of insurance business on March 02, 2009. The registered office of the Company is situated at 15-17C, 2nd Floor, Commercial Lane No. 5, Zamzama Phase 5, DHA, Karachi.

1.2 The Company is engaged in life insurance business carrying on ordinary accident and health business and has established "accident and health business" statutory fund, as required by the Insurance Ordinance, 2000.

1.3 The Company is a subsidiary of Noorsehat Health Systems Limited, Cayman Islands, which is managed by Noorsehat Health Systems Management LLC based in New York, USA. Subsequent to the year end, TPL Trakker Limited has entered into a share purchase agreement with the sponsor shareholder of the Company to acquire 100% shares of the Company.

2. BASIS FOR PRESENTATION

These financial statements have been prepared in accordance with the format prescribed under Securities and Exchange Commission (Insurance) Rules, 2002 [SEC (Insurance) Rules, 2002].

2.1 Statement of compliance

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

2.2 Standards, Interpretations and amendments to approved accounting standards that are not yet effective

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

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 10 - Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – Investment Entities: Applying the Consolidation Exception (Amendment)	January 1, 2016
IFRS 10 - Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 11 - Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	January 1, 2016
IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)	January 1, 2016
IAS 16 - Property, Plant and Equipment and IAS 38 Intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	January 1, 2016
IAS 16 - Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)	January 1, 2016
IAS 27 – Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)	January 1, 2016

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

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

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

Standard	IASB Effective date (annual periods Beginning on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	January 1, 2018
IFRS 14 – Regulatory Deferral Accounts	January 1, 2016
IFRS 15 – Revenue from Contracts with Customers	January 1, 2018
IFRS 16 – Leases	January 1, 2019

2.3 Functional and presentation currency

These financial statements have been presented in Pak rupees, which is the functional and presentation currency of the Company.

3. BASIS OF MEASUREMENT

These financial statements have been prepared on the basis of the historical cost convention except revaluation of certain investments at fair values and valuation of policyholders' liabilities and staff retirement benefits on the basis of actuarial valuation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year. The company has adopted amendments and interpretation to accounting standard as describe in note 4.1 below

4.1 New and amended standards and interpretations

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

IFRS 10 – Consolidated Financial Statements
IFRS 11 – Joint Arrangements
IFRS 12 – Disclosure of Interests in Other Entities
IFRS 13 – Fair Value Measurement
IAS 19 – Employee Benefits – (Amendment) - Defined Benefit Plans:

Improvements to Accounting Standards Issued by the IASB in December 2013
IFRS 2 - Share-based Payment - Definitions of vesting conditions
IFRS 3 - Business Combinations – Accounting for contingent consideration in a business combination
IFRS 3 - Business Combinations - Scope exceptions for joint ventures
IFRS 8 - Operating Segments – Aggregation of operating segments
IFRS 8 - Operating Segments - Reconciliation of the total of the reportable segments' assets to the entity's assets
IFRS 13 - Fair Value Measurement - Scope of paragraph 52 (portfolio exception)
IAS16 - Property, Plant and Equipment and IAS 38 Intangible Assets – Revaluation method – proportionate restatement of accumulated depreciation / amortisation
IAS 24 - Related Party Disclosures - Key management personnel.
IAS 40 - Investment Property - Interrelationship between IFRS 3 and IAS 40 (ancillary services)

The adoption of the above did not have any material effect on the financial statements for the current year except that certain disclosures are given in note 22.3.2 to the financial statements which have been included as a result of adoption of IFRS 13.

4.2 Insurance and reinsurance 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. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

Reinsurance contracts entered into by the Company with reinsurers for compensation of losses suffered on insurance contracts issued.

4.3 Statutory funds

The Company maintains statutory fund for accident and health business. Assets, liabilities, revenues and expenses are recorded in the fund, if referable or, on the basis of actuarial advice if not referable. Other assets, liabilities, revenue and expenses are allocated to shareholders' fund. Policyholders' liabilities have been included in statutory fund on the basis of actuarial valuation carried out by the appointed actuary of the Company on the balance sheet date as required by Section 50 of the Insurance Ordinance, 2000. A capital transfer provided to statutory funds by the shareholders' fund is recorded as a reduction in the shareholders' equity.

4.4 Policyholders' liabilities

Policyholders' liabilities are stated at a value determined by the appointed actuary through an actuarial valuation carried out as at each balance sheet date. In determining the value both acquired policy values (which forms the bulk of policyholders' liabilities) as well as estimated values which will be payable against risks which the Company underwrites are considered. The basis used are applied consistently from year to year.

Policyholders' liabilities mainly represent estimates for unearned premium, premium deficiency reserve and provision for liabilities incurred but not reported (IBNR).

4.5 Claims

A liability for outstanding claims is recognized in respect of all claims incurred up to the balance sheet date, as soon as reliable estimates of the claim amount can be made. The liability for claims incurred but not reported at the year end is determined by the appointed actuary and is included in the policyholders' liabilities.

4.6 Claims recoveries

Claim recoveries receivable from the reinsurers are recognized at the same time as the claim which gives rise to the right of recovery and are measured at the amount expected to be recovered.

4.7 Revenue recognition

Gross premiums

Gross written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period and are recognised on the date on which the policy commences. Premiums include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior accounting periods.

Unearned premium reserve

Unearned premiums are those proportions of premiums written in an accounting period that relate to periods of risk after the balance sheet date. The proportions attributable to subsequent periods is deferred as a provision for unearned premiums and is calculated on the basis of unexpired period of policies. A provision for unearned premiums is included in the policyholders' liabilities.

Reinsurance premiums

Gross reinsurance premiums written comprise the total premiums paid or payable for the whole cover provided by contracts entered into during the period and are recognised on the date on which the policy commences. Premiums include any adjustments arising in the accounting period in respect of reinsurance contracts commencing in prior accounting periods.

Reinsurance premium is recognised as expense after taking into account the proportion of deferred premium expense. The deferred portion premium expense is recognised as a prepayment and is include in policyholders' liabilities.

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Premium deficiency reserve

The Company maintains a provision in respect of premium deficiency for the class of business where the unearned premium liability is not adequate to meet the expected future liability, after reinsurance, from claims and other supplementary expenses expected to be incurred after the balance sheet date in respect of the unexpired policies at the balance sheet date. The provision at the balance sheet date is determined by the appointed actuary and is included in the policyholders' liability, if any. The movement in the premium deficiency reserve is charged to income currently.

4.8 Other revenue recognition

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

Return on bank balances and deposits are recognized on accrual basis.

Gain / loss on sale of investments is included in profit and loss account in the period of sale.

4.9 Acquisition costs

These are costs incurred in acquiring insurance policies, and include, without limitation remuneration paid to insurance agents.

Commissions and other direct expenses are recognized as an expense in the earlier of the financial year in which they are paid and financial year in which they become due and payable, except that commission and other expenses which are directly referable to the acquisition or renewal of specific contracts are recognized not later than the period in which the premium to which they refer is recognized as revenue.

4.10 Liability adequacy test

At each balance sheet date, liability adequacy tests are performed to ensure the adequacy of the contract liabilities. Any deficiency is immediately charged to profit or loss initially by writing off the deferred policy acquisition costs, if any, and by subsequently establishing a provision for losses arising from liability adequacy tests.

4.11 Receivables and payables related to insurance contracts

Receivables and payables are recognised when due. These include amounts due to and from agents, insurance contract holders and insurance companies.

4.12 Fixed assets

Owned assets

These are stated at cost less accumulated depreciation and any impairment in value. Maintenance and normal repairs are charged to income as and when incurred, whereas major renewals and replacements are capitalized.

Depreciation is charged on a straight-line basis over the estimated useful life of the asset, at the rate specified in note 17.1 to the financial statements. Depreciation on additions is charged for the full month in which an asset has been purchased and no depreciation is charged for the month in which the asset is disposed off or retired.

An item of fixed asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Gains and losses on disposal of assets, if any, are included in income currently.

Assets subject to finance lease

The assets under finance lease are recorded at an amount equal to fair value of the leased assets at inception of the lease or, if lower, at the present value of minimum lease payments. In calculating the present value of the minimum lease payments, the discount factor is the interest rate implicit in the lease or incremental borrowing rate of the Company, where appropriate.

Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of charge on outstanding liability.

Depreciation is charged to income applying the straight-line method on a basis similar to owned assets.

The rent of the assets which are acquired on islamic lease (Ijarah) is charged to income currently.

Intangible assets

These are stated at cost less accumulated amortisation and any impairment in value. Costs incurred on the acquisition of intangible assets are capitalized and are amortized over the useful life of the related assets on straight line basis, at the rate specified in note 17.2 to the financial statements

Capital work-in-progress

Capital work-in-progress is stated at cost less impairment losses, if any.

Impairment

The carrying values of the Company's fixed assets are reviewed at each financial year end for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

4.13 INVESTMENTS

All investments are initially recognized at fair value and include transaction costs except for investments at fair value through profit and loss account in which case transaction costs are charged to 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. These investments are classified upon initial recognition as follows:

Investments at fair value through profit and loss account

These include held-for-trading investments and those designated under this category upon initial recognition. Investments which are acquired principally for the purposes of generating profit from short term fluctuation in price are classified as held-for-trading. Subsequent to initial recognition, these are carried at fair value. The fair value of investments is determined by reference to quoted market price or declared net asset value in case of open-end mutual funds with a resultant gain or loss being included in profit or loss or revenue account for the period, as the case may be.

Held-to-maturity

Investments with fixed maturity, where management has both intent and the ability to hold to maturity, are classified as held-to-maturity. Subsequently, these are measured at amortized cost using effective interest rate method and taking into account any discount or premium on acquisition.

Available-for-sale

Investments which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity are classified as available for sale. Subsequent to initial recognition, these are measured at the lower of cost and market value (market value being taken as lower if the fall is other than temporary) in accordance with the requirement of the SEC (Insurance) Rules, 2002.

4.14 Creditors, accruals and provisions

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

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

4.15 Staff retirement benefits

Defined benefit plan

The Company operates an unfunded gratuity scheme for all its permanent employees and provision is made to cover the obligation under the law based on actuarial advice.

4.16 Taxation

Current

Provision for current taxation is based on taxable income at the current rate of taxation after taking into account rebates and tax credits available, if any in accordance with the Income Tax Ordinance, 2001.

Deferred

Deferred tax is recognized using the liability method on all temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax losses and unused tax credits to the extent that it is probable that the taxable profits will be available against which these can be utilized.

4.17 Dividend

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are approved.

4.18 Financial instruments

Financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual right to future cash flows from the asset expire or is transferred along with the risks and rewards of the asset. Financial liabilities are de-recognised when obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial assets and liabilities is recognised in the profit and loss account of the current period.

4.19 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 intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.20 Foreign currencies

Transactions in foreign currencies are accounted for in Pak Rupees (functional currency) at the rates prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Rupees at the rates of exchange prevailing at the balance sheet date.

5. ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affects the application of policies and reported amount of assets and liabilities, income and expenses.

Actual results may differ from these estimates. The estimates and underlying assumption are reviewed on an on going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision effects only that period, or in the period and future periods if the revision effects both current and future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant impact on the amount recognized in the financial statements are:

(a) Policyholders' liabilities

Policyholders' liabilities are calculated by the appointed actuary on the basis of assumptions.

Calculation for premium deficiency reserve and claims incurred but not reported (IBNR) is calculated by the appointed actuary on the basis of assumptions that the claim lag patterns will follow the historical trend experience.

(b) Taxation

Provision for taxation is based on the assumption that tax assessments will be finalized in accordance with the historical experience of the Company.

Deferred tax asset is recognised based on estimates of future taxable profit of the company.

(c) Retirements benefits

Certain actuarial assumptions have been adopted as disclosed in note 9 of these financial statements for valuation of present value of defined benefit obligation.

(d) Impairment

The Company assesses at each balance sheet date whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying value exceeds recoverable amount, assets are written down to the recoverable amounts and the resulting impairment loss is recognized as expense in the profit and loss account, unless the asset is carried at revalued amount. Any impairment loss of revalued assets is treated as revaluation decrease.

6. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2015	2014		2015	2014
(No. of shares)			(Rupees in '000)	
50,000,000	50,000,000	Issued, subscribed and paid up Ordinary shares of Rs. 10 each issued for cash	**500,000**	500,000
49,995,999	49,996,997	Shares held by holding company (M/s Noorsehat Health Systems Limited, Cayman Islands)	**499,960**	499,969
		Percentage of holding	**99.99%**	99.99%

7. POLICY HOLDERS' LIABILITIES

	Statutory fund Accident and health	2015	2014
	----------(Rupees in '000)---------		
Gross of reinsurance			
Actuarial liability relating to future events	126,600	**126,600**	116,543
Provision for incurred but not reported claims	16,337	**16,337**	10,692
	142,937	**142,937**	127,235
Net of reinsurance			
Actuarial liability relating to future events	125,871	**125,871**	115,995
Provision for incurred but not reported claims	16,337	**16,337**	10,692
	142,208	**142,208**	126,687

8. MOVEMENT IN EQUITY OF STATUTORY FUND

Policyholder liabilities			
Balance at beginning of the year	126,687	**126,687**	114,817
Increase during the year	15,521	**15,521**	11,870
Balance at end of the year	142,208	**142,208**	126,687
Retained earnings on other than participating business			
Balance at beginning of the year	(367,860)	**(367,860)**	(303,900)
Deficit allocated in respect of the year	(102,878)	**(102,878)**	(63,960)
Surplus appropriated to shareholders' fund	-	**-**	-
Balance at end of the year	(470,738)	**(470,738)**	(367,860)
Capital contributed by shareholders' fund			
Balance at beginning of the year	470,412	**470,412**	459,312
Capital contributed during the year	103,900	**103,900**	11,100
Balance at end of the year	574,312	**574,312**	470,412
Balance of statutory fund	245,782	**245,782**	229,239

9. STAFF RETIREMENT BENEFITS

9.1 General description

The scheme provides for terminal benefits for all its permanent employees who attain the minimum qualifying period at varying percentages of last drawn gross salary. The percentage depends on the number of service years with the Company. Annual charge is based on actuarial valuation carried out as at December 31, 2015, using the Projected Unit Credit Method.

9.1.1 Significant Actuarial Assumptions

Following are a few important actuarial assumptions used in the valuation:

	2015	2014
Financial Assumptions		
Discount rate (per annum compound)	**9.00%**	10.50%
Expected rate of increase in salary (per annum compound)	**9.00%**	10.50%

Demographic Assumptions	2015	2014
Mortality rates (for death in service)	SLIC (2001-05) rated down one year	SLIC (2001-05) rated down one year
Rates of employee turnover	Moderate	Moderate

(Rupees in '000)

9.1.2 Statement of Financial Position

Present value of defined benefit obligation	**26,980**	21,770
Fair value of plan assets	-	-
Deficit	**26,980**	21,770

9.1.3 Movements in the present value of defined benefit obligation

Present value of defined benefit obligation at the beginning of year	**21,770**	17,004
Service cost	**5,530**	5,286
Interest cost on defined benefit obligation	**2,472**	2,446
Actual benefits paid during the year	**(1,771)**	(1,149)
Actuarial gain on obligation	**(1,021)**	(1,817)
Present value of defined benefit obligation at the end of year	**26,980**	21,770

9.1.4 Movement in the net defined benefit liability

At the beginning of the year	**21,770**	17,004
Benefit cost for the year	**8,002**	7,732
Actual benefits paid during the year	**(1,771)**	(1,149)
Total amount of remeasurements recognised in other comprehensive income during the year	**(1,021)**	(1,817)
As at the end of the year	**26,980**	21,770

9.1.5 Defined benefit cost for the year

Cost recognised in profit and loss account for the year

Current service cost	**5,530**	5,286
Interest Cost on defined benefit obligation	**2,472**	2,446
Cost recognised in Profit and loss account for the year	**8,002**	7,732

Re-measurements recognised in other comprehensive income during the year

Actuarial gain on obligation	**(1,021)**	(1,817)
Total defined benefit cost recognised in profit and loss account and other comprehensive income	**6,981**	5,915

9.1.6 Remeasurements recognised in Other Comprehensive Income during the year

Gain due to change in financial assumptions	**185**	221
Gain due to change in experience adjustments	**836**	1,596
	1,021	1,817

9.1.7 **Cost to be recognised in profit and loss account for the year ending 31 December 2016**

	2016 (Rupees in '000)
Current service cost	5,215
Interest cost on defined benefit obligation	2,615
Cost to be recognised in Profit and loss for the year 2015	7,830

9.1.8 **Maturity profile of the defined benefit obligation**

Weighted average duration of the defined benefit obligation (In years)	8.78	9.21
Distribution of timing of benefit payments (time in years)		
1	965	1,965
2	2,600	1,107
3	1,404	1,383
4	1,657	1,669
5	26,191	1,992
6-10	11,593	39,323
11-15	16,659	22,889
16-20	106,659	136,344

9.1.9 **Sensitivity Analysis on significant actuarial assumptions: Actuarial Liability**

Base	26,980	21,770
Discount Rate + 1.0%	24,791	19,922
Discount Rate - 1.0%	29,530	23,931
Long Term Salary Increases +1.0%	29,640	24,018
Long Term Salary Increases -1.0%	24,658	19,643

10. ACCRUED EXPENSES

	Note	Shareholders' fund	Statutory fund Accident and health	Aggregate 2015	Aggregate 2014
		(Rupees in '000)			
Audit fee		358	-	358	325
Other expenses		3,895	-	3,895	2,098
		4,253	-	4,253	2,423

11. OTHER CREDITORS

Sundry creditors	11.1	274	-	274	1,074

11.1 This includes an amount of Rs. 0.274 million (2014: Rs. 0.274 million) payable to the Holding Company.

12. CONTINGENCIES AND COMMITMENTS

	Statutory fund Accident and health	Aggregate 2015	Aggregate 2014
	(Rupees in '000)		
Commitment in respect of ijarah financing			
Less than 1 year	1,193	1,193	722
More than 1 year but less than 5 years	3,055	3,055	2,308
More than 5 years	-	-	-
	4,248	4,248	3,030

13. CASH AND BANK DEPOSITS

	Note	Shareholders' fund	Statutory fund Accident and health	Aggregate 2015	Aggregate 2014
		(Rupees in '000)			
Cash and others		-	22	22	28
Current and other accounts					
Current account		34	1,181	1,215	585
Saving account	13.1	15,692	64,583	80,275	87,466
		15,726	65,786	81,512	88,079

13.1 These carry profit at rates ranging from 4% to 6.5% per annum (2014: 5% to 9.25% per annum).

14. INVESTMENTS

	Note	Shareholders' fund	Statutory fund Accident and health	Aggregate 2015	Aggregate 2014
		(Rupees in '000)			
Held to maturity					
Government securities	14.1	111,162	48,779	**159,941**	179,588
Investments at fair value through profit and loss account					
Held for trading					
Listed equities	14.2	14,440	-	**14,440**	29,677
Open end mutual funds	14.3	66,331	133,774	**200,105**	186,536
		80,771	133,774	**214,545**	216,213
		191,933	182,553	**374,486**	395,801

14.1 Held to maturity

Government securities

Pakistan Investment Bonds	14.1.1	51,772	-	**51,772**	51,393
3 Months treasury bills		-	29,679	**29,679**	19,751
6 Months treasury bills		59,390	19,100	**78,490**	108,444
		111,162	48,779	**159,941**	179,588

14.1.1 The Company has deposited 3 years Pakistan Investment Bonds having face value of Rs.52 million (2014:1 year Treasury Bill having face value Rs. 52 million) with State Bank of Pakistan under Section 29 of Insurance Ordinance, 2000.

14.1.2 Market value of the government securities carried at amortized cost amounted to Rs. 161.471 million. (2014: Rs. 181.487 million)

14.2 Held for trading

Listed securities in Shareholders' Fund

2015	2014		2015	2014
No. of shares			------(Rupees in '000)-------	
-	2,940	Al-Ghazi Tractors Limited	-	1,079
1,000	-	Honda Atlas Cars (Pakistan) Limited	**239**	-
-	100	Siemens Pakistan Limited	-	112
7,640	6,140	United Bank Limited	**1,184**	1,085
1,003	1,003	MCB Bank Limited	**217**	307
6,373	6,373	Habib Bank Limited	**1,275**	1,378
2,391	591	Allied Bank Limited	**225**	67
-	4,500	Soneri Bank Limited	-	55
22,000	5,000	Habib Metropolitan Bank Limited	**670**	186
2,300	-	Faysal Bank Limited	**36**	-
2,000	-	Askari Bank Limited	**43**	-
200	200	DG Khan Cement Limited	**30**	22
5,000	-	Fauji Cement Company Limited	**184**	-
-	3,657	ICI Pakistan Limited	-	1,691
2,342	2,342	AKZO Nobel Pakistan Limited	**508**	837
350	1,900	International Industries Limited	**22**	118
-	4,500	Fauji Fertilizer Bin Qasim Limited	-	203
11,250	1,250	Fauji Fertilizer Limited	**1,327**	146
60	2,060	Engro Corporation Limited	**17**	457
3,006	6	Engro Fertilizer Limited	**253**	1
1,500	-	Fatima Fertilizer Company Limited	**67**	-
-	1,400	Nestle Pakistan Limited	-	12,740
200	200	Rafhan Maize Products Company Limited	**1,810**	2,241
3,721	3,721	IGI Insurance Limited	**880**	1,007
3,100	3,100	Oil & Gas Development Corporation Limited	**364**	638
2,000	2,000	Pakistan Oil Fields Limited	**536**	759
1,032	32	Pakistan Petroleum Limited	**126**	6
-	1,000	Mari Petroleum Company Limited	-	476
2,000	-	Pakistan State Oil Company Limited	**652**	-
1,800	1,800	Packages Limited	**1,048**	1,221
2,391	2,391	Glaxosmithkline Pakistan Limited	**526**	524
1,500	1,500	Abbott Laboratories Pakistan Limited	**952**	1,066
1,300	1,000	Searle Pakistan Limited	**514**	242
6,000	11,000	Hub Power Company Limited	**616**	862
1,250	1,250	Nishat Mills Limited	**119**	151
			14,440	29,677

14.3 Open end mutual funds

	No. of units 2015	No. of units 2014	Cost	Carrying value 2015	Carrying value 2014
			(Rupees in '000)		
Shareholders' fund					
NIT Government Bond Fund	-	636,986	-	-	6,933
ABL Government Securities Fund	1,927,068	1,052,884	19,323	**20,137**	11,474
ABL Cash Fund	-	1,019,137	-	-	10,665
Meezan Cash Fund	118,661	202,852	5,944	**6,083**	10,530
Pakistan Cash Management Fund	-	204,455	-	-	10,665
MCB Pakistan Stock Market Fund	242,984	-	20,000	**19,524**	-
MCB Cash Management Optimizer	99,901	102,156	10,000	**10,300**	10,657
Alfalah GHP Money Market Fund	99,207	-	10,000	**10,287**	-
			65,267	**66,331**	60,924
Statutory fund					
HBL Money Market Fund	147,048	51,147	15,000	**15,277**	5,354
NIT - Government Bond Fund	-	1,781,782	-	-	19,393
UBL Liquidity Plus Fund	-	61,239	-	-	6,411
ABL Government Securities Fund	1,034,692	1,026,588	10,375	**10,812**	11,188
Pakistan Cash Management Fund	-	257,309	-	-	13,421
PICIC Cash Fund	168,064	201,588	17,000	**17,383**	21,113
ABL Cash Fund	-	1,712,680	-	-	17,922
UBL Government Securities Fund	-	184,948	-	-	20,153
MCB Cash Management Optimizer	119,707	102,156	12,000	**12,342**	10,657
Meezan Cash Fund	233,142	-	11,678	**11,951**	-
United Stock Advantage Fund	175,953	-	10,000	**10,624**	-
ABL Stock Fund	1,106,030	-	14,732	**14,653**	-
NAFA Stock Fund	1,184,442	-	15,063	**14,688**	-
MCB Pakistan Stock Market Fund	157,939	-	13,000	**12,690**	-
Alfalah GHP Money Market Fund	128,781	-	13,000	**13,354**	-
			131,848	**133,774**	125,612

15. PREMIUM DUE BUT UNPAID

	Statutory fund		
	Accident and health	Aggregate 2015	Aggregate 2014
	(Rupees in '000)		
Gross premium due but unpaid	103,535	**103,535**	113,281
Less: Provision for doubtful debts	7,646	**7,646**	6,785
	95,889	**95,889**	106,496

16. ADVANCES AND DEPOSITS

	Shareholders' fund	Statutory fund Accident and health	Aggregate 2015	Aggregate 2014
	(Rupees in '000)			
Advances	83	-	**83**	1,396
Lease deposits	679	-	**679**	434
Other deposits	481	11,539	**12,020**	10,374
	1,243	11,539	**12,782**	12,204

17.1 Tangible assets

Description	Cost					Depreciation				Written down value as at 31 Dec 15	Written down value as at 31 Dec 14
	As at 01 Jan	Additions	(Disposals)	As at 31 Dec	Rate %	As at 01 Jan	Charge for the year	(Adjustment)	As at 31 Dec		
										(Rupees in '000)	
Owned											
Furniture and fixture	6,355	15	-	6,370	20	4,521	771	-	5,292	1,078	1,834
Office and electrical equipment	6,368	-	-	6,368	20	4,609	709	-	5,318	1,050	1,759
Computer equipment	10,036	120	-	10,156	33.33	7,844	1,419	-	9,263	893	2,192
2015	**22,759**	**135**	**-**	**22,894**		**16,974**	**2,899**	**-**	**19,873**	**3,021**	**5,785**
2014	22,085	905	(231)	22,759		13,964	3,209	(199)	16,974	-	5,785

17.2 Intangibles assets

Description	Cost					Depreciation				Written down value as at 31 Dec 15	Written down value as at 31 Dec 14
	As at 01 Jan	Additions	(Disposals)	As at 31 Dec	Rate %	As at 01 Jan	For the year	(Adjustment)	As at 31 Dec		
										(Rupees in '000)	
Software	14,277	350	-	14,627	33.33	11,596	1,799	-	13,395	1,232	2,681
2015	**14,277**	**350**	**-**	**14,627**		**11,596**	**1,799**	**-**	**13,395**	**1,232**	**2,681**
2014	13,142	1,135	-	14,277		9,603	1,993	-	11,596	-	2,681

18. EXPENSES NOT ATTRIBUTABLE TO STATUTORY FUND

	Note	2015	2014
		(Rupees in '000)	
Salaries, allowances and other benefits		**9,448**	9,738
Travelling and conveyance		**98**	189
Communication		**1,041**	960
Utilities		**490**	537
Audit fee	18.1	**104**	97
Legal and professional		**2,763**	2,350
Printing and stationery		**100**	102
Advertising & promotion		**26**	20
Bank charges		**8**	20
Vehicle running and maintenance		**299**	1,102
Fees, subscription and periodicals		**9**	15
Rent, rates and taxes		**388**	380
Repair and maintenance		**599**	688
Entertainment		**124**	117
Depreciation		**501**	544
Amortization		**360**	399
Insurance		**556**	521
Car Ijara Rental		**207**	201
Charity and donation		**-**	300
Other expenses		**110**	93
		17,231	18,373

18.1 Audit fee

	Shareholders' fund	Statutory fund Accident and health	Aggregate 2015	Aggregate 2014
	(Rupees in '000)			
Audit fee	60	242	**302**	275
Fee for review of condensed interim financial statements	20	80	**100**	100
Review of statement of compliance with Code of Corporate Governance	6	22	**28**	25
Other Certifications	6	22	**28**	25
Sindh Sales Tax	4	18	**22**	30
Out of pocket expenses	8	31	**39**	30
	104	415	**519**	485

19. TAXATION

	Note	2015	2014
		(Rupees in '000)	
Current		**1,906**	252

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19.1 Current tax charge represents tax on dividend income and capital gain which have been treated as a separate block of income in accordance with the provisions of Income Tax Ordinance, 2001 (the Ordinance). The numerical reconciliation between the average tax rate and applicable tax rate has not been presented as the Company has incurred tax loss during the year and has accumulated tax losses in respect of prior periods.

19.2 The Company has filed the return of income for the tax year 2015 which was deemed completed under the provision of the Ordinance.

19.3 As of December 31, 2015 the carry forward tax loss amount to Rs. 445.260 million (2014: Rs. 365.008 million). Deferred tax arising due to carry forward tax losses calculated at the current rate of taxation amounts to Rs. 142.483 million debit (2014: Rs.124.102 million debit). Deferred tax asset has not been recognised in these financial statements due to uncertainty of realisability of the amount based on financial projections prepared by the Company.

20. REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVES

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

	2015			2014		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	(Rupees in '000)					
Managerial remuneration	**16,675**	**-**	**34,474**	16,588	-	28,350
Fee	**-**	**1,800**	**-**	-	1,770	-
Others	**561**	**-**	**3,532**	718	-	3,422
	17,236	**1,800**	**38,006**	17,306	1,770	31,772
Number of persons	**1**	**7**	**14**	1	7	11

20.1 The company also provides some of the executives with company maintained cars.

21. EARNINGS PER SHARE - basic and diluted

	2015	2014
	(Rupees in '000)	
Profit after tax	**1,337**	13,842
Weighted average number of ordinary shares (Number in '000)	**50,000**	50,000
Earnings per share - basic and diluted (Rupees)	**0.03**	0.28

22. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

22.1 Risk management objectives and policies

The Company's overall risk management seeks to minimize potential adverse effects on the Company's financial performance of such risk.

The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. There are Board Committees and Management Committees for developing risk management policies and its monitoring.

The risks involved with financial instruments and the Company's approach to managing such risks are discussed below.

22.2 Insurance risk

The risk under an insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable. The principal risk that the Company faces under such contracts is that the occurrence of the insured events and the severity of reported claims. The Company's risk profile is improved by diversification of these risks of losses to a large portfolio of contracts as a diversified portfolio is less likely to be affected by an unexpected event in single subset.

The Company principally issues the health insurance cover. Risks under these policies usually cover a twelve month duration. For health insurance contracts the most significant risks arise from hospitalization activities.

Underwriting and retention policies and procedures and limits precisely regulate who is authorized and accountable for concluding insurance and reinsurance contracts and at what conditions. Compliance with these guidelines is regularly checked and developments in the global, regional and local markets are closely observed, reacting where necessary with appropriate measures that are translated without delay into underwriting guidelines if required.

One of the risk control measure in respect of the insurance risk is the transfer of the risks to third parties via reinsurance. The reinsurance business ceded is placed on a proportional and non proportional basis with retention limits varying by lines of business.

Reinsurance is used to manage insurance risk. Although the Company has reinsurance arrangements, it does not, however, discharge the Company's liability as primary insurer and thus a credit risk exposure remains with respect to reinsurance ceded to the extent that any reinsurer may be unable to meet its obligations under such reinsurance arrangements. The Company minimizes such credit risk by entering into reinsurance arrangements with reinsurers having good credit ratings, which are reviewed on a regular basis. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalization of any contract. Details of reinsurance asset as at December 31, 2015 is as follows:

Rating	Other asset (Rupees in '000)
A or above	729

Reserve risks are controlled by constantly monitoring the provisions for insurance claims that have been submitted but not yet settled and by amending the provision, if deemed necessary. There are several variable factors that affect the amount and timing of recognized claim liabilities. However the management considers that uncertainty about the amount and timing of claim payments is generally resolved within a year.

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:

	Change in claims assumption	Impact on gross liabilities	Impact on revenue account
		---------(Rupees in '000)--------	
2015			
Current claims	+10%	9,685	(9,685)
	-10%	(9,685)	9,685
2014			
Current claims	+10%	6,556	(6,556)
	-10%	(6,556)	6,556

22.3 Financial risk

22.3.1 Market risk

Market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market.

(a) Interest rate risk exposure

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short term deposits and deposits in profit and loss sharing accounts with banks.

Fair value sensitivity analysis for fixed rate instruments

Fixed rate financial assets are carried in held to maturity category. Therefore, a change in interest rates at reporting date would not affect profit and loss account.

Fair value sensitivity analysis for variable rate instruments

An increase of 100 basis points in interest rates would have increased the profit and loss and equity by the amounts shown below. Reduction in interest rates by 100 basis points would have a vice versa impact. This analysis assumes that all variables remain constant.

	Profit and loss account		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	(Rupees in '000)		(Rupees in '000)	
2015				
Cash flow sensitivity	803	(803)	803	(803)
2014				
Cash flow sensitivity	875	(875)	875	(875)

The information about Company's exposure to interest rate risk (other than relating to policyholders' liabilities) as of December 31, 2015 is as follows:

	2015					2014				
	Interest / markup bearing					Interest / markup bearing				
On balance sheet financial instruments	Within one year	More than one year	Sub Total	Non-interest bearing financial instruments	Total	Within one year	More than one year	Sub Total	Non-interest bearing financial instruments	Total
	(Rupees in '000)									
Financial assets										
Cash and others	-	-	-	22	22	-	-	-	28	28
Current and other Accounts	80,275	-	80,275	1,215	81,490	87,466	-	87,466	585	88,051
Investments	159,941	-	159,941	214,545	374,486	179,588	-	179,588	216,213	395,801
Premium due but unpaid	-	-	-	95,889	95,889	-	-	-	106,496	106,496
Amount due from other insurers reinsurers	-	-	-	87	87	-	-	-	87	87
Sundry receivables	-	-	-	-	-	-	-	-	4,570	4,570
Investment income accrued	2,715	-	2,715	-	2,715	2,661	-	2,661	-	2,661
Advances and deposits	-	-	-	12,782	12,782	-	-	-	12,204	12,204
	242,931	-	242,931	324,540	567,471	269,715	-	269,715	340,183	609,898
Financial liabilities										
Outstanding claims	-	-	-	96,849	96,849	-	-	-	65,560	65,560
Premiums received in advance	-	-	-	4,633	4,633	-	-	-	3,269	3,269
Amounts due to other insurers / reinsurers	-	-	-	1,231	1,231	-	-	-	1,231	1,231
Amounts due to agents	-	-	-	7,347	7,347	-	-	-	7,879	7,879
Accrued expenses	-	-	-	4,253	4,253	-	-	-	2,423	2,423
Other creditors	-	-	-	274	274	-	-	-	1,074	1,074
Other liabilities	-	-	-	1,007	1,007	-	-	-	779	779
	-	-	-	115,594	115,594	-	-	-	82,215	82,215
On balance sheet gap	242,931	-	242,931	208,946	451,877	269,715	-	269,715	257,968	527,683

(b) 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.

(c) Equity Price Risk

The Company's investment in listed securities are susceptible to market price risk arising from uncertainties about the future value of investment securities. The Company manages equity price risk by maintaining a diversified portfolio and by continuous monitoring of developments in equity market. The Company is exposed to equity price risk with respect to its investments in quoted securities. Change of 10% in equity prices (NAV in case of mutual fund) will result in change in prices of respective equity instruments by Rs. 21.455 million (2014: Rs. 21.621 million).

22.3.2 Fair value

22.3.2.1 IFRS 13 defines fair value as an exit price. Fair value is 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.

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

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

Following are the assets which are either measured at fair value or where fair value is only disclosed and is different from their carrying value:

	2015		
	Fair value measurement using		
	Level 1	Level 2	Level 3
	(Rupees in '000)		
Government securities (fair value disclosed)	-	161,471	-
Listed securities (measured at fair value)	14,440	-	-
Open end mutual funds (measured at fair value)	200,105	-	-

	2014		
	Fair value measurement using		
	Level 1	Level 2	Level 3
	(Rupees in '000)		
Government securities (fair value disclosed)	-	181,487	-
Listed securities (measured at fair value)	29,677	-	-
Open end mutual funds (measured at fair value)	186,536	-	-

22.3.3 Credit risk

Credit risk is the risk that the counter party to a financial instrument will cause a financial loss for the Company by failing to discharge an obligation. The Company's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines and regulator requirements.

The maximum exposure to credit risk before any credit enhancements as at December 31, 2015 is the carrying amount of the financial assets as set out below:

Nature of financial assets	2015	2014
	(Rupees in '000)	
Cash and bank deposits	**81,490**	88,051
Investment - Open end mutual funds	**200,105**	186,536
Premiums due but unpaid	**95,889**	106,496
Amounts due from other insurers/reinsurers	**87**	87
Deposits	**12,699**	10,808
	390,270	391,978

Bank balances

The Company maintained its funds with banks having strong credit rating. Currently the funds are kept with banks having rating ranging from AAA to A-1.

No assets of the Company are impaired, other than premium due but unpaid. The age analysis of premium due but unpaid is as follows:

	2015	2014
Past due but not impaired	(Rupees in '000)	
Upto 1 year	**89,029**	103,160
1 - 2 years	**6,860**	3,336
Impaired	**7,646**	6,785

Concentration of credit risk

Concentration is the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location.

Concentration of risks arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Company manages such risk by diversifying its portfolio and entering into transactions with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk.

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

	2015 (%)	2014 (%)
Telecom	-	4.44
NGO	**11.43**	6.86
Financial Institution	**8.03**	9.33
Education	**14.91**	19.78
Travel & Transport	**3.62**	7.50
Hotel	**11.22**	6.32
Tobacco	-	6.28
Engineering	**7.90**	4.25
Pharmaceutical	**5.51**	3.64
Others	**37.38**	31.60
	100	100

Capital risk managements

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 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.

Currently the Company has a paid up capital of Rs. 500 million against the minimum required paid-up capital of Rs. 500 million set by the SECP for the life insurance companies for year ended December 31, 2015.

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

22.3.4 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 difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. 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 stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

	2015					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
Non-derivative Financial liabilities						
Claims payable	**96,849**	**96,849**	**96,849**	-	-	-
Amount due to other insurers / reinsurers	**1,231**	**1,231**	**1,231**	-	-	-
Creditors and accruals	**4,527**	**4,527**	**4,527**	-	-	-
Other liabilities	**1,007**	-	-	-	-	-
	103,614	**102,607**	**102,607**	-	-	-

	2014					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
Non-derivative Financial liabilities						
Claims payable	65,560	65,560	65,560	-	-	-
Amount due to other insurers / reinsurers	1,231	1,231	1,231	-	-	-
Creditors and accruals	3,497	3,497	3,497	-	-	-
Other liabilities	779	-	-	-	-	-
	71,067	70,288	70,288	-	-	-

23. TRANSACTION WITH RELATED PARTIES

The related parties comprise of related group companies, local associated companies, staff retirement fund, Directors and key management personnel. The transactions with related parties are in normal course of business. Transactions with related parties and remuneration and benefits to key management personnel under the terms of their employment are as follows:

		2015	2014
		------(Rupees in '000)------	
Relationship	**Transactions**		
Associated undertaking	Premium written	**7,937**	259
Associated undertaking	Claims incurred	**3,063**	289
Key Management Personnel	Remuneration	**55,242**	49,078
Directors	Fee	**1,800**	1,770
	Balances		
Associated undertaking	Premiums due but unpaid	**5,011**	70
Associated undertaking	Other creditors	**274**	274
Key Management Personnel	Accrued expenses	**2,392**	-

24. GENERAL

24.1 Figures have been rounded off to the nearest thousands of rupees.

24.2 Corresponding figures have been re-arranged and reclassified, wherever necessary. However, there were no significant reclassifications to report.

25. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors on 18 MAR 2019

CHAIRMAN	CHIEF EXECUTIVE	DIRECTOR	DIRECTOR