CHUBB INSURANCE PAKISTAN LIMITED
(FORMERLY ACE INSURANCE LIMITED)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

AUDITORS' REPORT TO THE MEMBERS OF CHUBB INSURANCE PAKISTAN LIMITED (FORMERLY ACE INSURANCE LIMITED)

We have audited the annexed financial statements comprising of:

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

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

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

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

In our opinion:

(a) proper books of accounts have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;

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

(c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at December 31, 2016, and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and

(d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

AFFerguson & Co

Chartered Accountants
Engagement Partner: **Salman Hussain**
Dated: March 28, 2017
Karachi

CHUBB INSURANCE PAKISTAN LIMITED (FORMERLY ACE INSURANCE LIMITED)
BALANCE SHEET
AS AT DECEMBER 31, 2016

	Note	2016	2015	2014
		(Rupees)		
SHARE CAPITAL AND RESERVES				
Authorised share capital	6	500,000,000	300,000,000	300,000,000
Issued, subscribed and paid-up share capital	6	400,000,000	300,000,000	300,000,000
Reserves		69,197,973	98,101,874	213,976,137
Total equity		469,197,973	398,101,874	513,976,137
LIABILITIES				
Underwriting provisions				
Provision for outstanding claims (including IBNR)		513,236,614	923,825,148	357,647,155
Provision for premium deficiency		945,262	1,930,301	-
Provision for unearned premium		161,495,480	224,210,931	339,243,762
Commission income unearned		9,651,233	9,778,323	20,205,983
		685,328,589	1,159,744,703	717,096,900
Creditors and accruals				
Amounts due to other insurers / reinsurers		80,142,295	302,047,471	72,295,092
Accrued expenses		11,865,046	7,398,906	13,641,771
Other creditors	7	36,277,048	30,162,063	42,380,053
Taxation - provision less payments		-	-	2,875,116
		128,284,389	339,608,440	131,192,032
Total liabilities		813,612,978	1,499,353,143	848,288,932
Total equity and liabilities		1,282,810,951	1,897,455,017	1,362,265,069
Contingencies and commitments	14			

	Note	2016	2015	2014
		(Rupees)		
ASSETS				
Cash and bank deposits	8			
Cash and other equivalents		349,835	908,632	792,520
Current and other accounts		32,193,607	50,472,495	60,207,912
Deposits maturing within 12 months		405,000,000	590,000,000	565,000,000
		437,543,442	641,381,127	626,000,432
Investments	9	53,944,633	-	-
Deferred taxation	10	6,950,720	12,090,039	3,979,687
Current assets - others				
Premiums due but unpaid		96,026,728	130,160,254	236,696,590
Amounts due from other insurers / reinsurers		27,092,934	97,294,691	17,662,045
Reinsurance recoveries due but unpaid		33,110,057	-	-
Reinsurance recoveries against outstanding claims		456,824,765	835,176,702	295,208,040
Accrued investment income		1,246,463	-	-
Taxation - payments less provision		69,173,806	47,796,299	-
Deferred commission expense		5,274,728	10,101,737	29,207,880
Prepayments	11	70,321,597	82,661,577	111,784,995
Sundry receivables	12	9,463,866	21,035,013	22,898,513
		768,534,944	1,224,226,273	713,458,063
Fixed assets	13			
Tangible				
Furniture and fixtures		1,227,641	1,587,045	1,975,444
Office equipment		3,492,855	4,241,485	3,828,955
Motor vehicles		10,980,015	13,725,018	12,717,964
Computers and related accessories		136,701	204,030	304,524
		15,837,212	19,757,578	18,826,887
Total assets		1,282,810,951	1,897,455,017	1,362,265,069

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

PRINCIPAL OFFICER & CHAIRPERSON

DIRECTOR

DIRECTOR

CHUBB INSURANCE PAKISTAN LIMITED (FORMERLY ACE INSURANCE LIMITED)
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2016

	Note	Fire and Property Damage	Marine, Aviation and Transport	Motor	Accident and Health	Liability	2016 Aggregate	2015 Aggregate
		(Rupees)						
Revenue account								
Net premium revenue		92,917,408	6,312,001	1,539,333	13,437,927	7,155,549	121,362,218	66,479,336
Net claims		(16,397,347)	(1,273,664)	(1,434,297)	(2,328,616)	(34,643)	(21,468,567)	(39,060,217)
Premium deficiency reserve		-	1,008,072	(23,033)	-	-	985,039	(1,930,301)
Expenses	15	(78,149,536)	(3,844,771)	(371,656)	(12,905,073)	(8,447,064)	(103,718,100)	(88,494,150)
Net commission		2,207,952	958,957	(233,421)	6,629,412	3,840,318	13,403,218	(7,061,774)
Underwriting result		578,477	3,160,595	(523,074)	4,833,650	2,514,160	10,563,808	(70,067,106)
Investment income							2,575,509	-
Return on bank balances							23,006,731	35,842,125
Other income	16						3,262,288	10,029,219
							39,408,336	(24,195,762)
General and administration expenses	17						(10,826,741)	(7,514,137)
Financial charges	18						(79,987)	(258,455)
Provision for Workers' Welfare Fund							(570,032)	-
Profit / (loss) before taxation							27,931,576	(31,968,354)
Taxation	19						(11,116,920)	24,984
Profit / (loss) after taxation							16,814,656	(31,943,370)
Other comprehensive income - not reclassifiable to profit and loss								
Remeasurement of post employment benefit obligations - net of tax							(2,651,579)	(2,290,441)
Total comprehensive income / (loss) for the year							14,163,077	(34,233,811)
Profit and loss appropriation account								
Balance at the commencement of the year							57,277,723	181,511,534
Profit / (loss) after taxation for the year							16,814,656	(31,943,370)
Other comprehensive loss							(2,651,579)	(2,290,441)
Dividend paid							-	(90,000,000)
Appropriation for issue of bonus shares							(9,187,299)	-
Balance of unappropriated profit at the end of the year							62,253,501	57,277,723

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

PRINCIPAL OFFICER & CHAIRPERSON

DIRECTOR

DIRECTOR

CHUBB INSURANCE PAKISTAN LIMITED (FORMERLY ACE INSURANCE LIMITED)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2016

	Issued, subscribed and paid-up share capital	Reserves				Total
		Capital		Revenue		
		Advance against future issue of shares	Share based payment contribution reserve	Unappro-priated profit	Total reserves	
	(Rupees)					
Balance as at January 1, 2015	300,000,000	11,450	32,453,153	181,511,534	213,976,137	513,976,137
Cash dividend for the year ended December 31, 2014	-	-	-	(90,000,000)	(90,000,000)	(90,000,000)
Employee benefit cost under IFRS 2 - Share Based Payment - note 15.2	-	-	8,359,548	-	8,359,548	8,359,548
Loss for the year after taxation	-	-	-	(31,943,370)	(31,943,370)	(31,943,370)
Remeasurement of post employment benefit obligations net of tax	-	-	-	(2,290,441)	(2,290,441)	(2,290,441)
Total comprehensive loss for the year	-	-	-	(34,233,811)	(34,233,811)	(34,233,811)
Balance as at December 31, 2015	300,000,000	11,450	40,812,701	57,277,723	98,101,874	398,101,874
Issue of bonus shares	50,000,000	-	(40,812,701)	(9,187,299)	(50,000,000)	-
Issue of right shares	50,000,000	-	-	-	-	50,000,000
Exchange difference on share subscription money received	-	307,183	-	-	307,183	307,183
Employee benefit cost under IFRS 2 - Share Based Payment - note 15.2	-	-	6,625,839	-	6,625,839	6,625,839
Profit for the year after taxation	-	-	-	16,814,656	16,814,656	16,814,656
Remeasurement of post employment benefit obligations net of tax	-	-	-	(2,651,579)	(2,651,579)	(2,651,579)
Total comprehensive income for the year	-	-	-	14,163,077	14,163,077	14,163,077
Balance as at December 31, 2016	400,000,000	318,633	6,625,839	62,253,501	69,197,973	469,197,973

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

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PRINCIPAL OFFICER & CHAIRPERSON

Syed Waishal
DIRECTOR

DIRECTOR

CHUBB INSURANCE PAKISTAN LIMITED (FORMERLY ACE INSURANCE LIMITED)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
	----------- (Rupees) -----------	
OPERATING CASH FLOWS		
a) Underwriting activities		
Premiums received	426,694,512	651,265,146
Reinsurance premiums paid	(505,932,669)	(412,596,225)
Claims paid	(705,584,974)	(341,150,609)
Reinsurance and other recoveries received	651,879,810	328,299,723
Commissions paid	(24,738,616)	(41,758,774)
Commissions received	42,841,753	43,375,483
Net cash (used in) / generated from underwriting activities	(114,840,184)	227,434,744
b) Other operating activities		
Income tax paid	(26,218,717)	(57,727,745)
General management expenses paid	(89,395,975)	(103,816,595)
Statutory deposit with the State Bank of Pakistan	30,000,089	-
Net cash used in other operating activities	(85,614,603)	(161,544,340)
Net cash (used in) / generated from operating activities	(200,454,787)	65,890,404
INVESTMENT ACTIVITIES		
Fixed capital expenditure	(115,000)	(8,178,611)
Investments made	(54,727,000)	-
Proceeds from disposal of fixed assets	-	2,854,750
Profit / return received	31,152,008	44,814,152
Net cash (used in) / generated from investing activities	(23,689,992)	39,490,291
FINANCING ACTIVITIES		
Proceeds against issue of right shares	50,307,183	-
Dividend paid	-	(90,000,000)
Net cash generated from / (used in) financing activities	50,307,183	(90,000,000)
Net (decrease) / increase in cash and cash equivalents	(173,837,596)	15,380,695
Cash and cash equivalents at the beginning of the year	611,381,038	596,000,343
Cash and cash equivalents at the end of the year	437,543,442	611,381,038

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

PRINCIPAL OFFICER & CHAIRPERSON | **DIRECTOR** | **DIRECTOR**

CHUBB INSURANCE PAKISTAN LIMITED (FORMERLY ACE INSURANCE LIMITED)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
	(Rupees)	
Reconciliation to Profit and Loss Account		
Operating cash flows	(200,454,787)	65,890,404
Depreciation expense	(3,987,399)	(4,668,151)
Amortisation expense	(782,367)	-
Gain on disposal of fixed assets	-	314,445
Fixed assets written off	(47,967)	(39,464)
Profit / return received	31,152,008	44,814,152
(Increase) / decrease in assets other than cash	(464,273,810)	493,538,258
Increase / (decrease) in liabilities	625,676,293	(765,652,679)
(Decrease) / increase in deferred taxation	(5,139,319)	7,081,314
Decrease in unearned premium	49,920,425	84,466,484
Increase in tax refundable	21,377,507	50,671,415
Decrease in deposit with the State Bank of Pakistan	(30,000,089)	-
Cost associated with employee benefit scheme	(6,625,839)	(8,359,548)
Profit after taxation	16,814,656	(31,943,370)

Definition of cash

Cash comprises of cash and stamps in hand, bank balances and other deposits which are readily convertible to cash and which are used in the cash management function on a day-to-day basis. However, deposit with the State Bank of Pakistan has been excluded therefrom.

	2016	2015
	(Rupees)	
Cash for the purposes of the Statement of Cash Flows consists of:		
Cash and other equivalents		
Stamps in hand	299,835	858,632
Cash in hand	50,000	50,000
	349,835	908,632
Current and other accounts		
Current accounts	32,193,607	20,472,406
Deposit with the State Bank of Pakistan	-	30,000,089
	32,193,607	50,472,495
Deposits maturing within 12 months		
Fixed and term deposits	405,000,000	590,000,000
Less: Statutory deposit with the State Bank of Pakistan	-	(30,000,089)
	437,543,442	611,381,038

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

PRINCIPAL OFFICER & CHAIRPERSON

DIRECTOR

DIRECTOR

CHUBB INSURANCE PAKISTAN LIMITED (FORMERLY ACE INSURANCE LIMITED)
STATEMENT OF PREMIUMS
FOR THE YEAR ENDED DECEMBER 31, 2016

Business underwritten inside Pakistan

Class	Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	Net premium revenue	
		Opening	Closing			Opening	Closing		2016	2015
	(Rupees)									
Direct and Facultative										
Fire and Property Damage	295,786,936	207,336,170	139,931,183	363,191,923	255,442,169	66,931,319	52,098,973	270,274,515	92,917,408	45,549,539
Marine, Aviation and Transport	14,552,013	6,988,729	3,984,882	17,555,860	12,834,863	1,642,544	3,233,548	11,243,859	6,312,001	(5,541,142)
Motor	1,406,673	300,076	167,416	1,539,333	-	-	-	-	1,539,333	1,698,915
Accident and Health	48,844,206	3,002,134	2,603,974	49,242,366	35,528,635	2,418,378	2,142,574	35,804,439	13,437,927	13,546,157
Liability	31,971,158	6,583,822	14,808,025	23,746,955	17,313,526	5,311,899	6,034,019	16,591,406	7,155,549	11,225,867
Total	392,560,986	224,210,931	161,495,480	455,276,437	321,119,193	76,304,140	63,509,114	333,914,219	121,362,218	66,479,336

Note: Premium written includes Rs. 186,410,964 (2015: Rs. 214,145,010) and Rs. 206,150,022 (2015: Rs.330,583,800) on account of Direct and Assumed Business respectively underwritten inside Pakistan.

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

PRINCIPAL OFFICER & CHAIRPERSON

DIRECTOR

DIRECTOR

CHUBB INSURANCE PAKISTAN LIMITED (FORMERLY ACE INSURANCE LIMITED)
STATEMENT OF CLAIMS
FOR THE YEAR ENDED DECEMBER 31, 2016

Business underwritten inside Pakistan

Class	Total claims paid	Outstanding claims		Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue	Net claims expense	
		Opening	Closing			Opening	Closing		2016	2015
	(Rupees)									
Direct and Facultative										
Fire and Property Damage	674,195,713	862,995,597	470,245,859	281,445,975	629,021,217	794,653,942	430,681,353	265,048,628	16,397,347	35,786,183
Marine, Aviation and Transport	22,057,542	35,845,569	18,129,950	4,341,923	17,634,299	28,194,023	13,627,983	3,068,259	1,273,664	717,948
Motor	1,334,102	1,197,000	1,297,195	1,434,297	-	-	-	-	1,434,297	1,308,337
Accident and Health	7,964,256	6,232,982	6,009,959	7,741,233	5,219,209	3,365,446	3,558,854	5,412,617	2,328,616	1,206,292
Liability	33,361	17,554,000	17,553,651	33,012	5,085	8,963,291	8,956,575	(1,631)	34,643	41,457
Total	705,584,974	923,825,148	513,236,614	294,996,440	651,879,810	835,176,702	456,824,765	273,527,873	21,468,567	39,060,217

Note: Total claims paid includes Rs. 161,733,845 (2015: Rs. 52,510,350) and Rs. 543,851,129 (2015: Rs. 305,278,870) on account of Direct and Assumed Business respectively paid inside Pakistan.

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

PRINCIPAL OFFICER & CHAIRPERSON

DIRECTOR

DIRECTOR

CHUBB INSURANCE PAKISTAN LIMITED (FORMERLY ACE INSURANCE LIMITED)
STATEMENT OF EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

Business underwritten inside Pakistan

Class	Commission paid or payable	Deferred commission		Commission expense	Other management expenses (refer note 5.12 and 15)	Underwriting expense	Commission from reinsurer (refer note below)	Net underwriting expense	
		Opening	Closing					2016	2015
	(Rupees)								
Direct and Facultative									
Fire and Property Damage	5,617,343	8,988,897	3,223,643	11,382,597	78,149,536	89,532,133	13,590,549	75,941,584	85,050,143
Marine, Aviation and Transport	308,162	620,018	12,632	915,548	3,844,771	4,760,319	1,874,505	2,885,814	6,916,935
Motor	233,421	-	-	233,421	371,656	605,077	-	605,077	525,083
Accident and Health	15,588,505	116,555	61,273	15,643,787	12,905,073	28,548,860	22,273,199	6,275,661	3,350,638
Liability	2,991,185	376,267	1,977,180	1,390,272	8,447,064	9,837,336	5,230,590	4,606,746	(286,875)
Total	24,738,616	10,101,737	5,274,728	29,565,625	103,718,100	133,283,725	42,968,843	90,314,882	95,555,924

Note: Commission from reinsurer is arrived at after taking the impact of opening and closing unearned commission.

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

PRINCIPAL OFFICER & CHAIRPERSON

DIRECTOR

DIRECTOR

CHUBB INSURANCE PAKISTAN LIMITED (FORMERLY ACE INSURANCE LIMITED)
STATEMENT OF INVESTMENT INCOME
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
	----------- (Rupees) -----------	
Income from non-trading investments		
Return on government securities - Pakistan Investment Bonds	3,357,876	-
Amortisation of premium on Pakistan Investment Bonds	(782,367)	-
Total investment income	2,575,509	-

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

PRINCIPAL OFFICER & CHAIRPERSON | **DIRECTOR** | **DIRECTOR**

1 STATUS AND NATURE OF BUSINESS

Chubb Insurance Pakistan Limited (formerly ACE Insurance Limited) is a wholly owned subsidiary of Chubb INA International Holdings, Ltd. U.S.A. (formerly ACE INA International Holdings, Ltd. U.S.A.). The Company was incorporated in Pakistan on August 6, 2001 as a Public Limited Company under the Companies Ordinance, 1984 and is engaged in general insurance business.

On January 14, 2016 the ultimate parent company, ACE Limited (U.S.A.) completed its acquisition of Chubb, after which ACE adopted the Chubb name globally. Consequently, ACE Insurance Limited changed its name to Chubb Insurance Pakistan Limited.

The registered office of the Company is located at 6th Floor, NIC Building, Abbasi Shaheed Road, Off. Shahrah-e-Faisal, Karachi, Pakistan.

2 BASIS OF PRESENTATION

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

3 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and are notified under the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984, the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Companies Ordinance, 1984, the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002 or the directives issued by the SECP differ with the requirements of the IFRSs, the requirements of the Companies Ordinance, 1984, the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002 or the said directives prevail.

3.1 Standards, interpretations and amendments to published approved

There are certain new and amended standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 1, 2016 but are considered not to be relevant or did not have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

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

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

4 BASIS OF MEASUREMENT

4.1 Accounting convention

These financial statements have been prepared under the historical cost convention except for certain staff retirement benefits which are carried at present value of defined benefit obligation less fair value of plan assets and certain equity settled share based payments which are measured at their respective fair values at the grant date.

4.2 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are prepared and presented in Pakistani Rupees, which is the Company's functional and presentation currency.

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4.3 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards as applicable to insurance companies in Pakistan requires the management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgment in the application of the accounting policies of the Company. The estimates and associated assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the estimates about carrying values of assets and liabilities that are not readily apparent from other sources.. These estimates and assumptions are reviewed on an 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 revision and future periods if the revision affects both current and future periods.

Significant accounting estimates and areas where judgments were made by the management in the application of accounting policies are as follows:

- Provisions for outstanding claims including IBNR (note 5.1.3.1);
- Obligation in respect of defined benefit plan (notes 5.3.1 and 7.1);
- Classification, valuation and impairment of financial assets (notes 5.7.1 and 9);
- Residual values, useful lives and methods of depreciation of fixed assets (notes 5.9 and 13);
- Provision for current and deferred tax (notes 5.13, 10 and 19); and
- Premium deficiency reserve (note 5.1.3.2).

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Insurance contracts

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

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

The Company neither issues investment contracts nor does it issue insurance contracts with discretionary participation features (DPF).

Insurance contracts are classified into the following five categories:

(a) Fire and property damage - The perils covered under fire and property damage insurance include damages caused by fire, riots and strikes, explosions, earthquakes, atmospheric damages, floods, electric fluctuations, terrorism, burglary, loss of cash in safe and cash in transit, money, engineering losses and other covers;

(b) Marine, aviation and transport - This provides coverage against cargo risk, war risk and damages occurring in ocean marine transit and inland transit;

(c) Motor - This provides comprehensive car coverage and indemnity against third party loss;

(d) Accident and Health - This provides coverage for accidental death and disability as a result of accident, medical expenses attributable to sickness or infirmity and travel insurance; and

(e) Liability - This provides cover for legal liability incurred by policy holders as a result of their business activities.

5.1.1 Premium

Premium received / receivable under a policy is recognised as written from the date of attachment of the policy to which it relates. Premium income under a policy is recognised over the period of insurance from inception to expiry.

Premium income also includes administrative surcharge that represents documentation and other charges recovered by the Company from policy holders in respect of policies issued, at the rate of 5% of the premium written restricted to a maximum of Rs. 5,000 per policy. Administrative surcharge is recognised as premium at the time the policies are written.

Receivables under insurance contracts are recognised when due, at the fair value of the consideration receivable less provision for doubtful debts, if any. If there is an objective evidence that the Company will not be able to collect all amounts due according to original terms of receivable, the Company reduces the carrying amount of the receivable accordingly and recognises that impairment loss in the profit and loss account.

5.1.2 Reinsurance ceded

The Company enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward reinsurance premiums are accounted for in the same period as the related premiums for the direct or accepted insurance business being reinsured. Reinsurance premium is recognised as an expense after taking into account the proportion of deferred premium expense which is calculated using pattern similar to calculation of premium income for the same policy. The deferred portion of premium expense is recognised as prepaid insurance premium ceded.

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 contracts are not offset against income or expenses from related insurance contracts.

Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expire.

The Company assesses its reinsurance assets for impairment on each reporting 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.

5.1.3 Underwriting provisions

Underwriting provisions in respect of the insurance contracts entered into by the Company are accounted for as under:

5.1.3.1 Provision for outstanding claims including incurred but not reported (IBNR)

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

The liability in respect of unpaid reported claims is based on the estimates of the claims intimated or assessed before the end of the accounting year and is measured at the undiscounted value of expected future payments. In addition, as per the requirements of the SEC (Insurance) Rules, 2002, a provision is made on an estimated basis for the claims which may have been incurred in the current reporting period but have not been reported to the Company (IBNR) as of the reporting date, after taking into consideration the expected recoveries and settlement costs. Provision for IBNR is determined and recognised in accordance with the valuation carried out by an appointed actuary based on the guidelines given in circular no. 9 of 2016, "Securities and Exchange Commission (SEC) guidelines for estimation of Incurred But Not Reported (IBNR) Claims Reserve, 2016" issued by the SECP. The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of setting claims already notified to the Company, where information about the claim event is available. IBNR claim costs may not be apparent to the insurer until many years after the event that gives rise to the claims. For some insurance contracts, the IBNR proportion of the total liability is high and will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty in estimating these liabilities.

5.1.3.2 Premium deficiency reserve

The Company is required as per SEC (Insurance) Rules, 2002 to maintain 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 reporting date in respect of the unexpired policies in that class of business at the reporting date. The movement in the premium deficiency reserve is recorded as an expense / income in profit and loss account for the year.

For this purpose, combined operating ratios for each class are estimated based on historical claims development. Judgment is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims. Further, actuarial valuation has been carried out to determine the amount of premium deficiency reserve in respect of Accident and Health insurance as required by SRO 16 (I) / 2012 issued by Securities and Exchange Commission of Pakistan on January 9, 2012. If these ratios are adverse, premium deficiency is determined. The combined operating ratios estimated for this year on these basis for the unexpired portion are as follows:

Fire and property damage	64%
Marine, aviation and transport	223%
Motor	114%
Liability	29%

Based on an analysis of combined operating ratio for the expired period of each reportable segment, the management considers that the unearned premium reserve for "marine, aviation and transport" and "motor" as at the year end is not adequate to meet the expected future liability after reinsurance, from claims and other expenses, expected to be incurred after the reporting date in respect of policies in those classes of business in force at the reporting date. Hence, a reserve for the same has been made in these financial statements.

5.1.3.3 Provision for unearned premium

Provision for unearned premium represents the portion of premium written relating to the unexpired period of coverage. The Company recognises unearned portion of premium income as a liability, calculated as a proportion of the gross premium of individual policies, determined as the ratio of the unexpired period to the total period of the policy, both measured to the nearest day, in accordance with the option given in the SEC (Insurance) Rules, 2002.

5.1.3.4 Commission income unearned

Commission income (apart from recoveries) from reinsurers are deferred and recorded as a liability. These are recognised in the profit and loss account as revenue in accordance with the pattern of recognition of reinsurance premium to which it relates.

5.1.4 Amounts due to / from other insurers / reinsurers

Amounts due to / from other insurers / reinsurers are carried at cost which is the fair value of the consideration to be paid / received in the future for services received / rendered, less provision for impairment, if any.

5.1.5 Premiums due but unpaid

These are recognised at cost, which is the fair value of the consideration receivable, less provision for impairment, if any.

5.1.6 Reinsurance recoveries against outstanding claims

Reinsurance recoveries against outstanding claims are recognised as an asset when the amount is reasonably expected to be received and are measured at the amounts expected to be received.

5.1.7 Deferred commission expense

Commission expense and costs incurred in obtaining and recording policies are deferred and recognised as an asset and are recognised in the profit and loss account as expense in accordance with the pattern of recognition of premium income.

5.1.8 Prepaid reinsurance premium ceded

Prepaid reinsurance represents the portion of reinsurance premium which is not yet recognised as an expense. Re-insurance premium is recognised as an expense as follows:

(a) For proportional reinsurance ceded, evenly over the period of the underlying policies; and
(b) For non-proportional reinsurance ceded, evenly over the period of indemnity.

5.2 Creditors and accruals

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 goods and / or services received, whether or not billed to the Company.

5.3 Employees' benefits

5.3.1 Defined benefit plan

The Company operates an approved gratuity fund (defined benefit plan) for all permanent employees to which the Company makes contributions on the basis of recommendations made by an actuary. The most recent actuarial valuation was carried out for the year ended December 31, 2016 using the Projected Unit Credit Method.

The liability / asset recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with the adjustments for amounts arising as a result of remeasurements with a charge or credit to other comprehensive income in the periods in which these occur.

5.3.2 Defined contribution plan

The Company operates a funded contributory provident fund (defined contribution plan) for all permanent employees. Equal monthly contributions are made, both by the Company and the employees, to the fund at the rate of 10% of basic salary. The Company has no further payment obligation once the contributions have been paid. The contributions are recognised as employee benefit expense when these are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

5.3.3 Share-based compensation benefits

Certain employees of the Company are eligible to participate in Chubb Limited share based compensation plans. These plans provide for awards of Chubb Limited stock options and restricted stocks to be granted by Chubb Limited to the eligible employees of the Company. Equity settled share based payments are measured at fair value at the grant date. The fair value determined at the grant date is expensed on a straight line basis over the vesting period, based on the Company's estimate of shares that will eventually vest. The provision of stock by Chubb Limited for the settlement of share based compensation plans is accounted for as a capital contribution from Chubb Limited.

5.3.4 Employees' compensated absences

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

5.4 Provisions, contingent assets and contingent liabilities

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

Contingent assets are not recognised and are also not disclosed unless an inflow of economic benefits is probable. Contingent liabilities are not recognised and are disclosed unless the probability of an outflow of resources embodying economic benefits is remote.

5.5 Cash and cash equivalents

Cash and cash equivalents include cash and stamps in hand, bank balances and other deposits which are readily convertible into cash and which are used in the cash management function on a day-to-day basis and other short-term highly liquid investments with original maturities of three months or less. Deposits maintained with the State Bank of Pakistan, however, are excluded therefrom.

5.6 Sundry receivables

These are recognised at cost which is the fair value of the consideration receivable less impairment, if any.

5.7 Financial instruments

5.7.1 Financial assets

5.7.1.1 Classification

The classification of financial assets is determined at initial recognition and depends on the purpose for which these were acquired. Currently, the Company has classified its financial assets into the following categories:

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a) At fair value through profit or loss

A financial asset is classified into the 'financial assets at fair value through profit or loss' category at inception if it is acquired principally for the purpose of selling in the short-term, if it forms part of a portfolio of financial assets in which there is evidence of short-term profit taking, or if so designated by the management.

b) Available-for-sale

These are non-derivative financial assets, which are intended to be held for an indefinite period of time which may be sold in response to the needs for liquidity or changes in price.

c) Held to maturity

These are non-derivative financial assets with fixed or determinable payments and fixed maturity, in respect of which the Company has the positive intention and ability to hold to maturity.

d) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

5.7.1.2 Initial recognition and measurement

Financial assets other than those categorised into the 'financial assets at fair value through profit or loss' category are initially recognised at fair value which includes transaction costs which are directly attributable to the acquisition of the assets. Financial assets classified as 'financial assets at fair value through profit or loss' are initially recognised at fair value and transaction costs are expensed in the profit and loss account. All purchases and sales of financial assets that require delivery within the time frame established by regulations or market convention are recognised at the trade date. Trade date is the date when the Company commits to purchase or sell the financial asset.

5.7.1.3 Subsequent measurement

Financial assets classified as 'financial assets at fair value through profit or loss' are subsequently measured at their fair values and gains and losses arising from changes in fair value are included in the profit and loss account. 'Available-for-sale' financial assets are subsequently measured at the lower of cost or market value (market value being taken as lower if the reduction is other than temporary) in accordance with the requirements of the SEC (Insurance) Rules, 2002. In case of quoted equity securities, the market value is determined by using Stock Exchange quotations at the reporting date. In case of government securities the market value is determined using Reuters rates. Financial assets classified as 'held-to-maturity' and 'loan and receivables' are subsequently measured at amortised cost less any impairment losses, taking into account any discount or premium on acquisition by using the effective interest rate method.

5.7.1.4 Impairment against financial assets

For financial assets classified as 'loans and receivables', 'available for sale' and 'held to maturity', a provision for impairment is recognised when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash outflows, discounted at the original effective interest rate.

5.7.1.5 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

5.7.2 Financial liabilities

Financial liabilities are recognised at the time the Company becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value and subsequently stated at amortised cost. Financial liabilities are derecognised at the time when these are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognition of financial liabilities is taken to the profit and loss account.

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5.7.3 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

5.8 Sundry receivables

These are recognised at cost, which is the fair value of the consideration receivable less impairment, if any.

5.9 Fixed assets

These are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Normal repairs and maintenance expenditure are charged to the profit and loss account during the financial period in which they are incurred.

Depreciation is charged to the profit and loss account applying the reducing balance method at the rates specified in note 13 to the financial statements. The assets' residual values and useful lives are reviewed at each reporting date and adjusted if appropriate. Depreciation is charged on additions from the month of acquisition, and on disposals upto the month of disposal.

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

Gains and losses on disposal of fixed assets are taken to the profit and loss account in the period in which disposals are made.

5.10 Impairment of non-financial assets

The carrying amount of assets are reviewed at each reporting date for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If any such indication exists, and where the carrying values exceeds the estimated recoverable amounts, the assets are written down to their recoverable amounts. The resulting impairment loss is charged to the profit and loss account.

5.11 Investment and other income

Income from government securities and bank deposits is recognised on accrual basis.

5.12 Allocation of management expenses

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

5.13 Taxation

Tax charge for the period comprises current and deferred taxation. Tax charge is recognised in the profit and loss account, except to the extent that it relates to the items recognised directly in equity, in which case it is recognised in equity.

Current

Provision for current taxation is based on profits and gains of insurance business computed in accordance with the rules specified in the Fourth Schedule to the Income Tax Ordinance, 2001 after taking into account tax credits available, if any. The charge for current tax is calculated using the prevailing tax rates or tax rates expected to apply to the profits for the period at the enacted rates. The charge for current tax also include adjustments where necessary, relating to prior years which arise from assessment framed / finalised during the year.

Deferred

Deferred taxation is recognised using the balance sheet liability method on all major temporary differences arising between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilised. Deferred tax assets and liabilities are measured using the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting 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.

The carrying amount of the deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised.

5.14 Proposed dividends and transfers between reserves

Dividends, if any, declared and transfers between reserves made subsequent to the reporting date are considered as non-adjusting events and are recognised in the financial statements in the year in which such dividends are declared and transfers are made.

5.15 Foreign currency transactions and translations

Transactions in foreign currencies are translated into reporting currency at the rates of exchange prevailing at the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into reporting currency equivalents using year-end spot foreign exchange rates. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. All exchange differences are routed through the profit and loss account.

5.16 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. The Company accounts for segment reporting using the classes of business as specified under the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002. The reported operating segments are also consistent with the internal reporting provided to the Chief Executive Officer who is responsible for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment.

The Company has five primary business segments for reporting purposes namely fire and property damage, marine, aviation and transport, motor, accident and health and liability.

Investment and income taxes are managed on an overall basis and are, therefore, not allocated to any segment. The accounting policies of operating segments are the same as those described in the related policy notes.

Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

6 SHARE CAPITAL

6.1 Authorised share capital

2016	2015		2016	2015
Number of shares			---------- (Rupees) ----------	
50,000,000	30,000,000	Ordinary shares of Rs. 10 each	500,000,000	300,000,000

6.2 Issued, subscribed and paid-up share capital

2016	2015		2016	2015
Number of shares			---------- (Rupees) ----------	
		Ordinary shares of Rs 10 each:		
24,700,000	19,700,000	- fully paid in cash	247,000,000	197,000,000
15,300,000	10,300,000	- issued as fully paid bonus shares	153,000,000	103,000,000
40,000,000	30,000,000		400,000,000	300,000,000

Chubb INA International Holdings Limited (U.S.A.) and its nominee directors collectively hold 40,000,000 (2015: 30,000,000) ordinary shares of Rs. 10 each as at December 31, 2016. The ultimate parent Company is Chubb Limited (U.S.A.).

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7 OTHER CREDITORS AND ACCRUALS

	Note	2016	2015
		(Rupees)	
Federal insurance fee		91,217	-
Sindh sales tax		5,780,802	4,835,818
Payable to defined benefit plan - gratuity fund	7.1	11,694,189	7,305,906
Provision for Workers' Welfare Fund	7.2	6,426,162	5,856,130
Risk inspection charges and no claim bonus payable		5,893,856	9,044,404
Commission payable		6,221,455	3,119,805
Others		169,367	-
		36,277,048	30,162,063

7.1 Defined benefit plan - staff retirement gratuity

7.1.1 Salient features

The Company offers an approved gratuity fund for all employees which is governed under the Trust Act, 1882, Trust Deed and Rules of the Fund, the Companies Ordinance, 1984, the Income Tax Ordinance, 2001 and the Income Tax Rules, 2002. The Fund is administered by the Trustees in accordance with the provisions of the Trust Deed and annual contributions therein are made in accordance with actuarial recommendations. An actuarial valuation is carried out every year to determine the liability of the Company in respect of the benefit. The most recent valuation in this regard has been carried out as at December 31, 2016, using the Projected Unit Credit Method as allowed under the International Accounting Standard (IAS) 19 - 'Employee Benefits' for valuation of the Fund.

The Company faces the following risks on account of the gratuity fund:

a) Final salary risk

This is the risk that the final salary at the time of cessation of service is greater than what was assumed. Since, the benefit is calculated on the basis of the final salary, the benefit amount increases accordingly.

b) Withdrawal risk

This is the risk of higher or lower withdrawal experience from the Fund than assumed. The final effect could go either way depending on the beneficiaries' service/age distribution and the benefit.

c) Investment risk

This is the risk of investments underperforming and not being sufficient to meet the liabilities.

d) Mortality risk

This is the risk that the actual mortality experience is different. The effect depends on the beneficiaries' service/age distribution and the benefit.

7.1.2 Principal actuarial assumptions

	2016	2015
Discount rate (% per annum)	8.00% p.a.	9.25% p.a.
Expected rate of increase in salaries (% per annum)	8.00% p.a.	9.25% p.a.
Mortality rates*	SLIC (2001-05)-1	SLIC (2001-05)-1
Rates of employee turnover	Light	Light

* Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in Pakistan. The rates assumed are based on the adjusted SLIC 2001 - 2005 mortality tables with one year age set back.

7.1.3 Amounts recognised in the balance sheet

	Note	2016	2015
		(Rupees)	
Present value of defined benefit obligation		46,796,186	38,495,810
Fair value of plan assets		(35,101,997)	(31,189,904)
Gratuity liability as at December 31		11,694,189	7,305,906

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	2016		
	Present value of defined benefit obligation	Fair value of plan assets	Net
	(Rupees)		
As at January 1	38,495,810	(31,189,904)	7,305,906
Current service cost	2,948,022	-	2,948,022
Interest expense / (income)	2,844,706	(2,176,363)	668,343
	44,288,538	(33,366,267)	10,922,271
Remeasurements:			
- Loss on plan assets	-	1,280,322	1,280,322
- Loss due to change in financial assumptions	268,483	-	268,483
- Loss due to change in experience adjustment	2,239,165	-	2,239,165
	2,507,648	1,280,322	3,787,970
	46,796,186	(32,085,945)	14,710,241
Contributions made	-	(3,016,052)	(3,016,052)
Benefits paid	-	-	-
As at December 31	46,796,186	(35,101,997)	11,694,189

	2015		
	Present value of defined benefit obligation	Fair value of plan assets	Net
	(Rupees)		
As at January 1	41,188,224	(27,664,471)	13,523,753
Current service cost	2,268,706	-	2,268,706
Interest expense / (income)	3,349,399	(1,802,458)	1,546,941
	46,806,329	(29,466,929)	17,339,400
Remeasurements:			
- Loss on plan assets	-	584,268	584,268
- Gain due to change in financial assumptions	(394,390)	-	(394,390)
- Loss due to change in experience adjustment	3,129,601	-	3,129,601
	2,735,211	584,268	3,319,479
	49,541,540	(28,882,661)	20,658,879
Contributions made	-	(13,352,973)	(13,352,973)
Benefits paid	(11,045,730)	11,045,730	-
As at December 31	38,495,810	(31,189,904)	7,305,906

	2016	2015
	(Rupees)	

7.1.4 Amounts recognised in the profit and loss account

	2016	2015
Current service cost	2,948,022	2,268,706
Interest expense on defined benefit obligation	2,844,706	3,349,399
Interest income on plan assets	(2,176,363)	(1,802,458)
	3,616,365	3,815,647

7.1.5 Remeasurements recognised in other comprehensive income

	2016	2015
Remeasurement loss on obligation		
- Loss / (gain) due to change in financial assumptions	268,483	(394,390)
- Loss due to change in experience adjustments	2,239,165	3,129,601
	2,507,648	2,735,211
Remeasurement loss on plan assets		
- Actual return on plan assets	(896,041)	(1,794,303)
- Opening difference	-	576,113
- Interest income on plan assets	2,176,363	1,802,458
	1,280,322	584,268
	3,787,970	3,319,479

7.1.6 Analysis of present value of defined benefit obligation

	2016	2015
	(Rupees)	
Vested / Non-vested		
- Vested benefits	46,796,186	38,495,810
- Non- vested benefits	-	-
Total	46,796,186	38,495,810
Types of benefits		
- Accumulated benefit obligation	25,788,412	21,545,405
- Amounts attributed to future salary increases	21,007,774	16,950,405
Total	46,796,186	38,495,810

7.1.7 Composition of plan assets

	2016		2015	
	(Rupees)	%	(Rupees)	%
Bank balance	35,101,997	100.00%	31,189,904	100.00%

7.1.8 The sensitivity analysis of the defined benefit obligation to changes in principal actuarial assumptions is as follows:

	Change in assumption	As at December 31, 2016 — Increase / (decrease) in present value of defined benefit obligation		As at December 31, 2015 — Increase / (decrease) in present value of defined benefit obligation	
		Rupees	(%)	Rupees	(%)
Discount rate	+1.00%	(3,823,431)	-8.17%	(3,035,987)	-7.89%
	-1.00%	4,563,872	9.75%	3,662,723	9.51%
Long-term salary increase rate	+1.00%	4,282,199	9.15%	3,818,592	9.92%
	-1.00%	(3,655,957)	-7.81%	(3,224,056)	-8.38%

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant assumptions, same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability.

7.1.9 The weighted average duration of defined benefit obligation is 8.90 years (2015: 8.70 years).

7.1.10 Expected maturity analysis of undiscounted defined benefit obligation for the gratuity scheme is as follows:

As at December 31, 2016	Between 0-1 year	Between 2-4 years	Between 5-10 years	Over 10 years	Total
	(Rupees)				
Distribution of timing of payment of benefits	924,450	25,686,889	14,532,473	380,862,385	422,006,197

As at December 31, 2015	Between 0-1 year	Between 2-4 years	Between 5-10 years	Over 10 years	Total
	(Rupees)				
Distribution of timing of payment of benefits	18,782,649	1,675,119	9,716,150	471,689,410	501,863,328

7.1.11 Historical information

	2016	2015	2014	2013	2012
	(Rupees)				
Present value of defined benefit obligation	46,796,186	38,495,810	41,188,224	34,022,553	25,861,212
Fair value of plan assets	(35,101,997)	(31,189,904)	(27,664,461)	(23,298,370)	(19,461,252)
Deficit / (surplus)	11,694,189	7,305,906	13,523,763	10,724,183	6,399,960
Remeasurements of plan liabilities	2,507,648	2,735,211	1,355,690	4,131,339	1,251,183
Remeasurements of plan assets	1,280,322	584,268	451,634	194,711	331,731

7.1.12 The plan assets and defined benefit obligation are based in Pakistan.

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7.1.13 Funding levels are monitored on an annual basis and are based on actuarial recommendations. Gratuity cost comprising the service cost and the net interest cost for the next year works out to Rs 4.706 million (2015: Rs 3.616 million) as per the actuarial valuation report of the Fund as of December 31, 2016.

7.1.14 The disclosures made in notes 7.1.2 to 7.1.13 are based on the information included in the actuarial valuation report of the Fund as of December 31, 2016.

7.2 The Company has made provision for Worker's Welfare Fund (WWF) based on profit for the respective years. During the current year, the Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of WWF were un lawful. The Federal Board of Revenue has filed review petitions against this order which are currently pending.

The management believes that consequent to filing these review petitions the judgement may not currently be treated as conclusive. Accordingly, the Company maintains its provision in respect of WWF.

8 CASH AND BANK DEPOSITS	**Note**	**2016**	**2015**
		(Rupees)	
Cash and other equivalents			
Stamps in hand		299,835	858,632
Cash in hand		50,000	50,000
		349,835	908,632
Current and other accounts			
Current accounts		32,193,607	20,472,406
Deposit with the State Bank of Pakistan	8.1	-	30,000,089
		32,193,607	50,472,495
Deposits maturing within 12 months			
Fixed and term deposits	8.2	405,000,000	590,000,000
		437,543,442	641,381,127

8.1 These had been deposited with the State Bank of Pakistan as statutory deposit in accordance with the requirements of Section 29 of the Insurance Ordinance, 2000.

8.2 These term deposits carry interest at rates ranging from 4.70% to 5.36% (2015: 5.10% to 5.59%) and will mature on various dates latest by March 17, 2017 (2015: March 17, 2016).

9 INVESTMENTS	**Note**	**2016**	**2015**
		(Rupees)	
Held-to-maturity			
Government securities - Pakistan Investment Bonds	9.1	53,944,633	-

9.1 These have a face value of Rs 50 million (2015: Rs nil) which have been deposited with the State Bank of Pakistan in compliance with the requirements of clause (a) of sub-section 2 of section 29 of the Insurance Ordinance, 2000. These carry coupon interest at the rate of 9.25% per annum and are due to mature on March 26, 2020.

10 DEFERRED TAXATION - NET	**2016**	**2015**
	(Rupees)	
Deferred tax debits / (credits) have arisen in respect of:		
- Accelerated tax depreciation	72,616	(186,557)
- Defined benefit plan	3,508,257	2,264,831
- Unused tax losses	-	10,011,765
- Minimum tax	3,369,847	-
	6,950,720	12,090,039

11 PREPAYMENTS		
Prepaid reinsurance premium ceded	63,509,114	76,304,140
Prepaid rent	5,064,449	4,998,309
Prepaid others	1,748,034	1,359,128
	70,321,597	82,661,577

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12 SUNDRY RECEIVABLES

	Note	2016	2015
		(Rupees)	
Considered good			
Deposit against utilities		774,050	766,550
Income accrued on fixed term deposits		1,237,777	4,009,353
Miscellaneous	12.1	7,452,039	16,259,110
		9,463,866	21,035,013

12.1 This includes an amount of Rs 6.652 million (2015: Rs 8.321 million) receivable on account of survey fees. It also includes an amount of Rs 0.373 million (2015: Rs 7.392 million) receivable from Chubb Limited, the ultimate parent Company in respect of dividend paid to employees and taxes withheld on vested shares.

13 FIXED ASSETS

2016	Furniture and fixtures	Office equipment	Motor vehicles	Computers and related accessories	Total
	(Rupees)				
As at January 1, 2016					
Cost	6,356,078	8,537,861	23,948,365	1,836,412	40,678,716
Accumulated depreciation	(4,769,033)	(4,296,376)	(10,223,347)	(1,632,382)	(20,921,138)
Net book value	1,587,045	4,241,485	13,725,018	204,030	19,757,578
Year ended December 31, 2016					
Opening net book value	1,587,045	4,241,485	13,725,018	204,030	19,757,578
Additions during the year	-	115,000	-	-	115,000
Disposals / write-offs					
Cost	986,896	-	-	-	986,896
Accumulated depreciation	(938,929)	-	-	-	(938,929)
	47,967	-	-	-	47,967
Depreciation charge for the year	(311,437)	(863,630)	(2,745,003)	(67,329)	(3,987,399)
Closing net book value	1,227,641	3,492,855	10,980,015	136,701	15,837,212
As at December 31, 2016					
Cost	5,369,182	8,652,861	23,948,365	1,836,412	39,806,820
Accumulated depreciation	(4,141,541)	(5,160,006)	(12,968,350)	(1,699,711)	(23,969,608)
Net book value	1,227,641	3,492,855	10,980,015	136,701	15,837,212
Depreciation rate (% per annum)	20	20	20	33	

2015	Furniture and fixtures	Office equipment	Motor vehicles	Computers and related accessories	Total
	(Rupees)				
As at January 1, 2015					
Cost	6,347,714	7,451,014	21,150,504	1,836,412	36,785,644
Accumulated depreciation	(4,372,270)	(3,622,059)	(8,432,540)	(1,531,888)	(17,958,757)
Net book value	1,975,444	3,828,955	12,717,964	304,524	18,826,887
Year ended December 31, 2015					
Opening net book value	1,975,444	3,828,955	12,717,964	304,524	18,826,887
Additions during the year	8,364	1,463,247	6,707,000	-	8,178,611
Disposals / write-offs					
Cost	-	376,400	3,909,139	-	4,285,539
Accumulated depreciation	-	(336,936)	(1,368,834)	-	(1,705,770)
	-	39,464	2,540,305	-	2,579,769
Depreciation charge for the year	(396,763)	(1,011,253)	(3,159,641)	(100,494)	(4,668,151)
Closing net book value	1,587,045	4,241,485	13,725,018	204,030	19,757,578
As at December 31, 2015					
Cost	6,356,078	8,537,861	23,948,365	1,836,412	40,678,716
Accumulated depreciation	(4,769,033)	(4,296,376)	(10,223,347)	(1,632,382)	(20,921,138)
Net book value	1,587,045	4,241,485	13,725,018	204,030	19,757,578
Depreciation rate (% per annum)	20	20	20	33	

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

14.1.1 While finalising the assessment for the assessment years 1999-2000 to 2001-2002, the taxation officer has added back management expenses in excess of the limits laid down in the Insurance Rules, 1958 read with section 40C of the Insurance Act, 1938 by taking recourse to the provisions of Rule 5(c) of the Fourth Schedule to the repealed Income Tax Ordinance, 1979. The gross amounts added back in respect of these assessment years aggregated to Rs. 31.859 million which were disputed by the Company and appeals were filed against these. In respect of assessment years 1999-2000 and 2000-2001, the add backs made by the taxation officer aggregating to Rs. 22.393 million have been maintained by the Income Tax Appellate Tribunal (ITAT) and the Company's appeals are currently pending in the High Court of Sindh. As regards assessment year 2001-2002, the add back amounting to Rs. 9.466 million has been set aside by the ITAT but the set aside proceedings have not commenced so far. No provision has been made in these financial statements in respect of the additional tax liability of Rs. 7.838 million which may arise on account of these add backs as (a) the issue is being contested in appeals, (b) excess management expenses were being regularly condoned by the Controller of Insurance under Section 40C (1) of the Insurance Act, 1938 and (c) the new Insurance Ordinance, 2000 provides no limitation on management expenses.

14.1.2 The return of income of the Company for Tax Year 2013 was selected for audit under section 214C of the Income Tax Ordinance, 2001 by the Federal Board of Revenue. Upon finalising the audit proceedings, the taxation officer passed an amended order thereby raising a tax demand of Rs 24.979 million by making certain additions aggregating to Rs 56.275 million relating to provision for outstanding claims (including IBNR) and commission expenses for non-deduction of tax. The Company preferred its first appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] who maintained these additions. The Company then preferred its second appeal before the Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication.

The management, based on the advice of the tax consultant, is confident that the above matter will be decided in favour of the Company and has accordingly not made any provision for the aforementioned amount.

14.1.3 On April 26, 2016, the Company received a show cause notice from the Sindh Revenue Board (SRB) alleging therein that the Company was liable to pay Sindh Sales Tax aggregating to Rs 209.357 million on reinsurance services obtained by the Company from foreign reinsurers for the period from July 1, 2011 to June 30, 2014 under the Sindh Sales Tax on Services Act, 2011 along with penalty and default surcharge. The Company filed an application with the Honourable High Court of Sindh contending that the reinsurance obtained by the Company is not subject to the Sindh Sales tax on services and further the showcause notice served to the Company is without lawful authority as the alleged liability raised in the notice has been computed with a retrospect effect. Similar applications were filed by other insurance companies receiving foreign reinsurance services and the matter was taken up by the Insurance Association of Pakistan with the Sindh Revenue Board (SRB). The Honourable High Court of Sindh vide its order dated May 31, 2016 restrained the SRB from taking any coercive action against the Company on the basis of the show cause notice issued earlier. The matter is, currently, fixed for hearing of applications.

14.2 Commitments

There were no commitments outstanding as at December 31, 2016 and 2015.

15 EXPENSES

	Note	2016	2015
		(Rupees)	
Salaries, wages and benefits	15.1 & 15.2	69,680,093	62,184,545
Rent, rates and taxes		10,861,524	9,614,828
Utilities		1,789,211	2,049,179
Repairs and maintenance		2,086,316	2,161,290
Travelling and conveyance		1,538,862	2,022,576
Education and training		624,242	1,110,973
Communication		1,970,841	2,375,593
Service charges		468,874	487,436
Registration, subscription and association fees		2,072,761	1,631,191
Printing and stationery		1,179,147	837,032
Agency office expenses		1,056,000	1,028,903
Amounts written off against premium due but unpaid		1,117,579	-
Write-offs against sundry receivables		6,033,432	-
Corporate promotion		728,409	526,598
Others		2,510,809	2,464,006
		103,718,100	88,494,150

15.1 This includes an amount of Rs 7.134 million (2015: Rs 6.963 million) in respect of staff retirement benefits. Retirement benefits include contribution to defined contribution plan of Rs 3.517 million (2015: Rs 3.147 million).

15.2 Share-based payments

As explained in note 5.3.3, certain employees of the Company are provided share-based compensation benefits. These include the following:

15.2.1 Restricted stock

The restricted stock is granted with a 4-year vesting period based on a graded vesting schedule. The restricted stock vests in equal annual instalments over the respective vesting period, which is also the requisite service period. The restricted stocks are granted at closing market price on the date of grant and are equity settled.

The following table shows changes in the restricted stock grants for the years ended December 31, 2016 and 2015:

	Number of Restricted Stocks	
	2016	**2015**
Unvested at the beginning of the year	1,595	2,050
Vested during the period	(710)	(862)
Granted during the period	287	407
Forfeited during the period	-	-
Unvested at the end of the year	1,172	1,595

The fair value of restricted stock granted during the year was USD 118.79 (2015: USD 114.78) which was measured on the basis of observable market price of the date on which the restricted stock options were granted.

The Company recognised an expense of Rs 5.048 million (2015: Rs 6.297 million) in respect of equity-settled restricted stock award vested during the year.

15.2.2 Non-qualified stock options

The non-qualified stock options are granted at an option price per share of 100 percent of the fair market value of Chubb Limited's ordinary share on the grant date. Stock options are granted with a 3-year vesting period and a 10-year term. The stock option vests in equal instalments over the respective vesting period, which is also the requisite service period.

The following table shows changes in the stock option grants for the years ended December 31, 2016 and 2015:

	Number of stock options	
	2016	**2015**
Outstanding at the beginning of the year	3,659	3,506
Granted during the year	383	542
Exercised during the year	(168)	(389)
Expired during the year	-	-
Forfeited during the year	-	-
Unvested at the end of the year	3,874	3,659
Exercisable at the end of the year	2,841	2,256
Vested during the year	753	819

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	Weighted average exercise price 2016	2015
	------------ (US Dollar) ----------	
Outstanding at the beginning of the year	64.79	61.78
Granted during the year	118.39	114.78
Exercised during the year	(64.79)	(61.78)
Expired during the year	-	-
Forfeited during the year	-	-
Outstanding at the end of the year	66.87	64.79
Exercisable at the end of the year	61.72	58.47
Vested during the year	96.80	85.78

The fair value of non-qualified stock options are estimated on the date of grant using a stock valuation model. The Company has recognised an expense of Rs. 1.578 million (2015: Rs 2.062 million) related to equity-settled non-qualified share options vested during the year. The exercise price of these shares varies from USD 85.39 to USD 114.78 per share. Weighted average remaining contractual life of these options is 2 years and 2 months.

		Note	2016	2015
			----------- (Rupees) -----------	
16	**OTHER INCOME**			
	Gain on disposal of fixed asset		-	314,445
	Exchange (loss) / gain - net		(890,880)	4,064,313
	Liabilities no longer payable written back		2,388,101	-
	Others		1,765,067	5,650,461
			3,262,288	10,029,219
17	**GENERAL AND ADMINISTRATION EXPENSES**			
	Depreciation	13	3,987,399	4,668,151
	Auditors' remuneration	17.1	2,180,369	714,810
	Fixed assets written off		47,967	39,464
	Legal and professional charges		4,611,006	2,091,712
			10,826,741	7,514,137
17.1	**Auditors' remuneration**			
	Audit fee		690,000	525,000
	Half yearly review fee		260,000	-
	Fee for the review of compliance with the Code of Corporate Governance		100,000	-
	Fee for reporting on regulatory compliances		500,000	-
	Fee for regulatory returns		50,000	63,250
	Fee for other services		314,000	-
	Sindh sales tax on services		148,120	35,295
	Out-of-pocket expenses		118,249	91,265
			2,180,369	714,810
18	**FINANCIAL CHARGES**			
	Bank charges		79,987	258,455

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		2016	2015
		---------- (Rupees) ----------	
19	**TAXATION**		
	Current - for the year	4,841,210	7,056,330
	- for prior year	-	-
		4,841,210	7,056,330
	Deferred - for the year	6,275,710	(7,081,314)
	- for prior year	-	-
		6,275,710	(7,081,314)
		11,116,920	(24,984)
19.1	**Relationship between income tax expense and accounting profit**		
	Profit before taxation	27,931,576	(31,968,354)
	Tax at the applicable rate	8,658,789	(10,229,873)
	Permanent difference for share based payments	2,054,010	2,675,055
	Minimum tax effect	-	7,056,330
	Effect of change in tax rate	35,809	46,439
	Others	368,312	427,065
		11,116,920	(24,984)

20 REMUNERATION OF CHIEF EXECUTIVE OFFICER AND DIRECTORS

Aggregate amounts charged in the financial statements for the year for remuneration, including benefits to the key management personnel of the Company namely the Chief Executive and Directors of the Company are as follows:

	2016		2015	
	Chief Executive Officer	Directors	Chief Executive Officer	Directors
	---------- (Rupees) ----------			
Short-term employee benefits				
Managerial remuneration (including bonus)	9,672,297	8,234,992	10,290,449	7,366,981
Housing, utilities and others	241,186	-	213,983	-
	9,913,483	8,234,992	10,504,432	7,366,981
Other employee benefits				
Shared-based compensation benefits	3,993,750	403,248 *	4,726,553	932,160 *
Post-employment benefits				
Retirement benefits	851,812	- *	758,499	157,064 *
Total	14,759,045	8,638,240	15,989,484	8,456,205
Number of persons	1	3	1	2

* These benefits relate to one director.

20.1 The Company also provides key management personnel with facilities such as Company maintained cars, reimbursement of medical bills and monthly subscription of club facilities.

20.2 During the year, the Chief Executive Officer and the Directors of the Company received dividends on shares in the holding Company amounting to Rs 216,934 and Rs 34,431 (2015: Rs. 340,457 and Rs. 86,540) respectively.

20.3 The managerial remuneration includes the 2015 bonus paid in the current year. An estimated accrual in respect of the above bonus was made in the last year financial statements. For the current year, an amount of Rs. 3.104 million (2015: Rs. 3 million) has been accrued on an estimated basis for all the employees. Individual entitlements in respect of this accrual will be determined next year and will then be disclosed accordingly.

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21 SEGMENT REPORTING

Each class of business has been identified as reportable segment. Class of business wise revenue and results have been disclosed in the profit and loss account prepared in accordance with the requirements of the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002.

Assets and liabilities, wherever possible, have been assigned to the following segments based on specific identification or allocated on the basis of the net premium revenue of the segments.

	2016					
	Fire and Property Damage	Marine, Aviation and Transport	Motor	Accident and Health	Liability	Total
	(Rupees)					
Segment assets	619,491,229	19,387,900	119,501	11,639,007	31,200,689	681,838,326
Unallocated assets	-	-	-	-	-	600,972,625
Total assets	619,491,229	19,387,900	119,501	11,639,007	31,200,689	1,282,810,951
Segment liabilities	698,964,934	27,613,097	1,881,790	23,502,556	43,360,883	795,323,260
Unallocated liabilities	-	-	-	-	-	18,289,718
Total liabilities	698,964,934	27,613,097	1,881,790	23,502,556	43,360,883	813,612,978
Net assets						**469,197,973**

	2015					
	Fire and Property Damage	Marine, Aviation and Transport	Motor	Accident and Health	Liability	Total
	(Rupees)					
Segment assets	1,089,023,652	31,542,607	11,301	7,706,105	20,753,859	1,149,037,524
Unallocated assets	-	-	-	-	-	748,417,493
Total assets	1,089,023,652	31,542,607	11,301	7,706,105	20,753,859	1,897,455,017
Segment liabilities	1,368,553,102	48,411,059	2,592,247	40,756,931	39,039,804	1,499,353,143
Unallocated liabilities	-	-	-	-	-	-
Total liabilities	1,368,553,102	48,411,059	2,592,247	40,756,931	39,039,804	1,499,353,143
Net assets						**398,101,874**

22 FINANCIAL INSTRUMENTS BY CATEGORY

	As at December 31, 2016		
	Loans and receivables	Held-to-maturity	Total
Financial assets	(Rupees)		
Cash and bank deposits	437,243,607	-	437,243,607
Investments	-	53,944,633	53,944,633
Premium due but unpaid	96,026,728	-	96,026,728
Amounts due from other insurers / reinsurers	27,092,934	-	27,092,934
Reinsurance recoveries due but unpaid	33,110,057	-	33,110,057
Reinsurance recoveries against outstanding claims	456,824,765	-	456,824,765
Accrued investment income	1,246,463	-	1,246,463
Sundry receivables	8,689,816	-	8,689,816
	1,060,234,370	53,944,633	1,114,179,003

	As at December 31, 2016		
	At fair value through profit or loss	At amortised cost	Total
Financial liabilities	(Rupees)		
Provision for outstanding claims (including IBNR)	-	513,236,614	513,236,614
Amounts due to other insurers / reinsurers	-	80,142,295	80,142,295
Accrued expenses	-	11,865,046	11,865,046
Other creditors and accruals	-	23,978,867	23,978,867
	-	629,222,822	629,222,822

Financial assets	As at December 31, 2015		
	Loans and receivables	Held-to-maturity	Total
	(Rupees)		
Cash and bank deposits	640,522,495	-	640,522,495
Premium due but unpaid	130,160,254	-	130,160,254
Amounts due from other insurers / reinsurers	97,294,691	-	97,294,691
Reinsurance recoveries against outstanding claims	835,176,702	-	835,176,702
Accrued investment income	-	-	-
Sundry receivables	20,268,463	-	20,268,463
	1,723,422,605	-	1,723,422,605

Financial liabilities	As at December 31, 2015		
	At fair value through profit or loss	At amortised cost	Total
	(Rupees)		
Provision for outstanding claims (including IBNR)	-	923,825,148	923,825,148
Amounts due to other insurers / reinsurers	-	302,047,471	302,047,471
Accrued expenses	-	7,398,906	7,398,906
Other creditors and accruals	-	19,470,115	19,470,115
	-	1,252,741,640	1,252,741,640

23 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Company's activities expose it to a variety of financial risks namely market risk, credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

23.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument may fluctuate as a result of changes in market interest rates or market price of securities arising due to changes in credit rating of the issuer of the instrument, changes in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

The Company manages market risk by monitoring exposure in marketable securities and by following the internal risk management policies and regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risk namely currency risk, yield / interest rate risk and price risk.

23.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's principal transactions are carried out in Pakistani rupees and its exposure to currency risk arises primarily with respect to US Dollars, Bangladeshi Taka and Sri Lankan Rupee. The details of balances denominated in foreign currencies as at the end of the reporting period are as follows:

	2016		
	USD	BDT	LKR
Premium due but unpaid	351,987	2,240,355	-
Net foreign currency exposure	351,987	2,240,355	-

	2015		
	USD	BDT	LKR
Premium due but unpaid	481,860	4,197,566	20,605
Net foreign currency exposure	481,860	4,197,566	20,605

As at December 31, 2016, if the Pakistani Rupee had weakened / strengthened by 1% against the US Dollar, the Bangladeshi Taka and the Sri Lankan Rupee with all other variables held constant, profit before taxation for the year would have been higher / lower by Rs. 0.398 million (2015: Rs 0.561 million).

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23.1.2 Yield / interest rate risk

Yield / 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.

The Company is exposed to yield / interest rate risk in respect of the following:

	2016							
	Effective yield / mark-up rate (% per annum)	Interest / mark-up bearing			Non-interest / mark-up bearing			Total
		Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total	
		(Rupees)						
Financial assets								
Cash and bank deposits	4.70%-5.36%	405,000,000	-	405,000,000	32,243,607	-	32,243,607	437,243,607
Investments	9.25%	-	53,944,633	53,944,633	-	-	-	53,944,633
Premium due but unpaid		-	-	-	96,026,728	-	96,026,728	96,026,728
Amount due from other insurers / reinsurers		-	-	-	27,092,934	-	27,092,934	27,092,934
Reinsurance recoveries due but unpaid		-	-	-	33,110,057	-	33,110,057	33,110,057
Reinsurance recoveries against outstanding claims		-	-	-	456,824,765	-	456,824,765	456,824,765
Accrued investment income		-	-	-	1,246,463		1,246,463	1,246,463
Sundry receivables		-	-	-	8,689,816	-	8,689,816	8,689,816
		405,000,000	53,944,633	458,944,633	655,234,370	-	655,234,370	1,114,179,003
Financial liabilities								
Provision for outstanding claims (including IBNR)		-	-	-	513,236,614	-	513,236,614	513,236,614
Amounts due to other insurers / reinsurers		-	-	-	80,142,295	-	80,142,295	80,142,295
Accrued expenses		-	-	-	11,865,046	-	11,865,046	11,865,046
Other creditors and accruals		-	-	-	23,978,867	-	23,978,867	23,978,867
		-	-	-	629,222,822	-	629,222,822	629,222,822
On-balance sheet gap (a)		405,000,000	53,944,633	458,944,633	26,011,548	-	26,011,548	484,956,181
Off-balance sheet financial instruments		-	-	-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-	-	-
Total interest rate sensitivity gap (a+b)		405,000,000	53,944,633	458,944,633				
Cumulative interest rate sensitivity gap		405,000,000	458,944,633					

	2015							
	Effective yield / mark-up rate (% per annum)	Interest / mark-up bearing			Non-interest / mark-up bearing			Total
		Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
		(Rupees)						
Financial assets								
Cash and bank deposits	5.10% to 5.59%	590,000,000	-	590,000,000	50,522,495	-	50,522,495	640,522,495
Premium due but unpaid		-	-	-	130,160,254	-	130,160,254	130,160,254
Amount due from other insurers / reinsurers		-	-	-	97,294,691	-	97,294,691	97,294,691
Reinsurance recoveries against outstanding claims		-	-	-	835,176,702	-	835,176,702	835,176,702
Accrued investment income		-	-	-	-	-	-	-
Sundry receivables		-	-	-	20,268,463	-	20,268,463	20,268,463
		590,000,000	-	590,000,000	1,133,422,605	-	1,133,422,605	1,723,422,605
Financial liabilities								
Provision for outstanding claims (including IBNR)		-	-	-	923,825,148	-	923,825,148	923,825,148
Amounts due to other insurers / reinsurers		-	-	-	302,047,471	-	302,047,471	302,047,471
Accrued expenses		-	-	-	7,398,906	-	7,398,906	7,398,906
Other creditors and accruals		-	-	-	19,470,115	-	19,470,115	19,470,115
		-	-	-	1,252,741,640	-	1,252,741,640	1,252,741,640
On-balance sheet gap (a)		590,000,000	-	590,000,000	(119,319,035)	-	(119,319,035)	470,680,965
Off-balance sheet financial instruments		-	-	-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-	-	-
Total interest rate sensitivity gap (a+b)		590,000,000	-	590,000,000				
Cumulative interest rate sensitivity gap		590,000,000	590,000,000					

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Sensitivity analysis

(a) Sensitivity analysis for variable rate instruments

Presently, the Company does not hold any variable rate instrument.

(b) Sensitivity analysis for fixed rate instruments

The Company holds Term Deposit Receipts (TDRs) and Pakistan Investment Bonds (PIBs) which are classified as cash and cash equivalents and investments respectively. These carry fixed interest rates and therefore any change in the interest rates will not affect the total assets of the Company and profit after taxation for the year ended December 31, 2016.

23.1.3 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. As at December 31, 2016 and 2015, the Company did not have any financial instrument which exposed it to price risk.

23.2 Credit risk

Credit risk is the risk, which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counter parties.

23.2.1 Concentration of credit risk exposure

Concentration of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political and / or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risks arise from bank deposits in current and other accounts, premium due but unpaid, amount due from other insurers / reinsurers, sundry receivables and for commission and claim recoveries from reinsurers. The total financial assets of Rs 1,114.179 million (2015: Rs 1,723.422 million) except Rs. 0.05 million (2015: Rs. 0.05 million) are subject to credit risk.

Out of the total financial assets, bank balances of Rs. 32.194 million (2015: Rs. 50.472 million) and fixed term deposits of Rs. 405 million (2015: Rs. 590 million) have been placed with banks having credit rating of A and above as at December 31, 2016.

The management monitors exposures to credit risk through regular review of credit exposure and prudent estimates of provisions for doubtful receivables. Due to the Company's long outstanding business relationships with its counterparties and after giving due consideration to their sound financial standing, the management does not expect non–performance by these counter parties on their obligations to the Company.

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

Name of bank	Rating agency	2016 Rating		2015 Rating	
		Short-term	Long-term	Short-term	Long-term
Current Accounts					
Citibank N.A., - Pakistan Branches	Moody's	P-1	A1	P-1	A2
MCB Bank Limited	PACRA	A1+	AAA	A1+	AAA
Habib Bank Limited	JCR-VIS	A-1+	AAA	A-1+	AAA

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23.2.1.1 An age analysis of premiums due but unpaid that are past due but not impaired are as under:

	2016	2015
	------------(Rupees)------------	
Upto 30 days	6,930,287	34,896,787
31 to 180 days	29,048,073	7,948,505
Over 180 days	7,706,359	14,949,732
	43,684,719	57,795,024

23.2.2 Out of the total amount of premium outstanding as at December 31, 2016 of Rs 96.027 million (2015: Rs. 130.160 million), Rs 52.342 million (2015: Rs.72.365 million) relate to policies which were effective in the current year but premium on account of these policies is not yet due in the current year due to agreed contractual terms.

23.2.3 Sector wise analysis of premiums due but unpaid is given below:

	2016	2015
	------------(Rupees)------------	
Financial sector	3,485,497	4,243,942
Pharmaceuticals	-	78,402
Chemicals	4,753,298	3,493,930
Fertilizer	1,189,896	19,559,533
Oil and Gas	1,638,909	262,103
Energy	51,782,795	64,622,607
Construction	1,025,026	2,306,436
Distribution	4,549,628	6,975,087
Telecommunication	3,187,885	9,450,803
Miscellaneous	24,413,794	19,167,411
	96,026,728	130,160,254

23.2.4 The credit quality of amounts due from other insurers and reinsurers which can be assessed with reference to external credit ratings is as follows:

	----------2016----------				
	Premium due but upaid	**Amount due from other insurers / reinsurers**	**Reinsurance recoveries against outstanding claims**	**Reinsurance recoveries due but unpaid**	**Aggregate**
	---------------- (Rupees) ----------------				
A or above	17,722,311	27,092,934	456,824,765	33,110,057	534,750,067
Others	-	-	-	-	-
Unrated	78,304,417	-	-	-	78,304,417
Total	96,026,728	27,092,934	456,824,765	33,110,057	613,054,484

	----------2015----------				
	Premium due but upaid	**Amount due from other insurers / reinsurers**	**Reinsurance recoveries against outstanding claims**	**Reinsurance recoveries due but unpaid**	**Aggregate**
	---------------- (Rupees) ----------------				
A or above	22,225,526	95,184,484	835,176,702	-	952,586,712
Others	-	2,110,207	-	-	2,110,207
Unrated	107,934,728	-	-	-	107,934,728
Total	130,160,254	97,294,691	835,176,702	-	1,062,631,647

23.3 Liquidity risk

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date on an undiscounted cash flow basis.

	2016			
	Carrying amount	Contractual cash flow	Upto one year	More than one year
	(Rupees)			
Provision for outstanding claims	513,236,614	513,236,614	513,236,614	-
Amounts due to other insurers / reinsurers	80,142,295	80,142,295	80,142,295	-
Accrued expenses	11,865,046	11,865,046	11,865,046	-
Other creditors and accruals	23,978,867	23,978,867	23,978,867	-
	629,222,822	629,222,822	629,222,822	-

	2015			
	Carrying amount	Contractual cash flow	Upto one year	More than one year
	(Rupees)			
Provision for outstanding claims	923,825,148	900,683,293	923,825,148	-
Amounts due to other insurers / reinsurers	302,047,471	302,047,471	302,047,471	-
Accrued expenses	7,398,906	7,398,906	7,398,906	-
Other creditors and accruals	19,470,115	19,470,115	19,470,115	-
	1,252,741,640	1,229,599,785	1,252,741,640	-

24 INSURANCE RISK / RISK MANAGEMENT PRACTICES

24.1 Insurance and reinsurance risk

The Company accepts the insurance risk through its insurance contracts where it assumes the risk of loss from persons or organisations that are directly subject to the underlying loss. The Company is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts.

The Company manages its risk via its underwriting and reinsurance strategy within an overall risk management framework and proactive claims handling. Exposures are managed by having documented underwriting limits and criteria. Outward reinsurance contracts are entered to mitigate the effect of potential loss to the Company from individual large or catastrophic events and also to provide access to specialist risks and to assist in managing capital.

Reinsurance ceded does not relieve the Company from its obligation to policy holders as a result of which the Company remains liable for the portion of outstanding claims reinsured to the extent that the reinsurer fails to meet the obligation under the reinsurance agreements.

As is common with other insurance companies, in order to minimise the financial exposure arising from large claims, the Company, in the normal course of business, enters into agreement with other parties for reinsurance purposes. To minimise its exposure to significant losses from reinsurer insolvencies, the Company obtains reinsurance cover only from companies with sound financial position.

The greatest likelihood of significant losses on the contracts underwritten by the Company mainly arises from earthquakes or floods. The Company's estimated exposure on account of such perils for any given single loss event and maximum re-insurance cover against those perils are summarised below:

	2016		
	Maximum gross exposure	Reinsurance cover	Highest net liability
	Rupees in million		
Earthquake	17,450	17,448	2
Flood / windstorm	13,703	13,701	2

	2015		
	Maximum gross exposure	Reinsurance cover	Highest net liability
	Rupees in million		
Earthquake	29,319	29,317	2
Flood / windstorm	13,866	13,864	2

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24.2 Geographical concentration of insurance 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 risks 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 commercial / industrial / residential occupation of the policyholders. Details regarding the fire separation / segregation with respect to the manufacturing processes, storage, utilities, etc. are extracted from the layout plan of the insured facility. Such details form part of the reports which are made available to the underwriters / reinsurance personnel for their evaluation. Reference is made to the standard construction specifications as laid down by IAP (Insurance Association of Pakistan) which includes measures like the presence of Perfect Party Walls, Double Fire Proof Iron Doors, physical separation between the buildings within an insured's premises, etc. 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.

Address look-up and geocoding is the essential field of the policy data interphase of Information Technology (IT) systems. It provides instant location which is dependent on data collection provided under the policy schedule. All critical underwriting information is punched into the IT system / application through which a number of MIS reports can be generated to assess the concentration of risk.

A risk management solution is implemented to help assess and plan for risk in catastrophic scenarios. It provides a way to better visualize the risk exposures so the Company determines the appropriate amount of reinsurance coverage to protect the business portfolio.

For Marine risks, complete underwriting details, besides sums insured and premiums, like vessel identification, voyage input (sea / air / inland transit), sailing dates, origin and destination of the shipments, per carry limits, etc. are entered into the IT system. The reinsurance module of the IT system is designed to satisfy the requirements as laid down in the treaty agreements. Shipment declarations are also endorsed on the policies. Respective reinsurance cessions are automatically made upon the posting of policy documents.

24.3 Frequency and severity of claims

For the Company's insurance contracts, climatic changes give rise to more frequent and severe extreme weather events (for example river flooding) and their consequences. The Company has the right to re-price the risk on renewal. It also has the ability to impose deductibles and reject fraudulent claims. These contracts are underwritten by reference to the commercial replacement value of the contents insured. Claims payment limits are always included to cap the amount payable on occurrence of the insured event.

Claims on general insurance contracts are payable on a claim occurrence basis. The Company is liable for all insured events that occur during the term of the insurance contract including the event reported after the expiry of the insurance contract term.

The Company's insurance contracts are sub-divided into risk segments fire and property damage, marine aviation and transport, motor, accident and health and liability. The Company manages these risk segments through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography.

24.4 Uncertainty in the estimation of future claims payment

An estimated amount of the claim is recorded immediately on intimation to the Company. The estimation of the amount is based on the amount notified by the policy holder, management judgment or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims. The estimation of provision for claims incurred but not reported (IBNR) is determined on the basis of actuarial recommendation for all classes of business.

The Company takes all reasonable measures to identify and account for 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 the amounts recognised initially.

24.5 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 insurance claims recognised in the balance sheet is adequate. However, actual experience will differ from the expected outcome.

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.

	Pre tax profit		Shareholders' equity	
	2016	2015	2016	2015
	(Rupees)			
10% increase in net claims (i.e. loss)				
Fire and property damage	(1,639,735)	(3,578,618)	(1,131,417)	(2,433,460)
Marine, aviation and transport	(127,366)	(71,795)	(87,883)	(48,821)
Motor	(143,430)	(130,834)	(98,967)	(88,967)
Accident and health	(232,862)	(120,629)	(160,675)	(82,028)
Liability	(3,464)	(4,146)	(2,390)	(2,819)
	(2,146,857)	(3,906,022)	(1,481,332)	(2,656,095)
10% decrease in net claims (i.e. loss)				
Fire and property damage	1,639,735	3,578,618	1,131,417	2,433,460
Marine, aviation and transport	127,366	71,795	87,883	48,821
Motor	143,430	130,834	98,967	88,967
Accident and health	232,862	120,629	160,675	82,028
Liability	3,464	4,146	2,390	2,819
	2,146,857	3,906,022	1,481,332	2,656,095

24.6 Claims development tables

The following table shows the development of fire and property damage claims over a period of time. The disclosure goes back to the period when the earliest material claim arose for which there is still uncertainty about the amount and timing of the claim payments. For other classes of business the uncertainty about the amount and timings of claim payments is usually resolved within a year. Further, there are no material claims that are outstanding as at December 31, 2016 which pertain to years prior to the year ended December 31, 2013.

Analysis on gross basis	2013	2014	2015	2016	Total
	(Rupees)				
Accident year					
Estimate of ultimate claims cost:					
At end of accident year	486,673,105	230,028,721	868,149,162	251,433,413	1,836,284,401
One year later	486,673,105	307,305,049	853,076,897	-	1,647,055,051
Two years later	437,468,820	279,277,868	-	-	716,746,688
Three years later	430,186,671	-	-	-	430,186,671
Four years later	-	-	-	-	-
Five years later			-	-	-
Estimate of cumulative claims	430,186,671	279,277,868	853,076,897	251,433,413	1,813,974,849
Cumulative payments to date	429,693,045	268,948,533	819,809,300	33,222,427	1,551,673,305
Liability recognised in the balance sheet for the respective periods	493,626	10,329,335	33,267,597	218,210,986	262,301,544

24.7 Reinsurance arrangements

Keeping in view the maximum exposure in respect of key zone aggregates, a number of proportional and non-proportional reinsurance arrangements are in place to protect the net account in case of a major catastrophe. 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.

In compliance of the regulatory requirement, the reinsurance agreements are duly submitted to the Securities and Exchange Commission of Pakistan on an annual basis.

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25 CAPITAL RISK MANAGEMENT POLICIES AND PROCEDURES

The Company's objectives when managing capital are:

- to comply with the minimum paid-up capital requirements as prescribed by the Securities and Exchange Commission of Pakistan (SECP);
- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for share holders and benefits for the other stakeholders;
- to provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk; and
- to maintain a strong capital base to support the sustained development of its business.

The current requirement for regulatory capital is Rs 400 million as at December 31, 2016. The Company complies with this requirement.

26 FAIR VALUE MEASUREMENT

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

As detailed in note 22, the Company's assets and liabilities are carried at amortised cost as at December 31, 2016 and 2015.

27 TRANSACTIONS WITH RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and include major shareholders, parent company, related group companies with or without common directors, retirement benefit funds, directors, and key management personnel and their close family members. The Company in the normal course of business carries out transactions with various related parties at agreed terms and conditions. Remuneration to key management personnel is disclosed in note 20.

Amounts due to / from related parties and other significant transactions other than those disclosed elsewhere in these financial statements, are as follows:

	Chubb INA International Holdings Limited (U.S.A.)		Group / associated companies		Other related parties		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
BALANCES	(Rupees)							
Provision for outstanding claims	-	-	5,034,975	29,530,086	-	-	5,034,975	29,530,086
Amounts due to other insurers / reinsurers	-	-	68,677,273	292,017,741	-	-	68,677,273	292,017,741
Accrued expenses	-	-	-	-	1,337,049	-	1,337,049	-
Payable to defined benefit plan - gratuity fund	-	-	-	-	11,694,189	7,305,906	11,694,189	7,305,906
Other creditors and accruals								
- ACE American Insurance Company	-	-	169,367	-	-	-	169,367	-
Premiums due but unpaid								
- ACE American Insurance Company	-	-	2,950,232	9,020,528	-	-	2,950,232	9,020,528
Amounts due from other insurers / reinsurers								
- ACE American Insurance Company	-	-	1,281,356	46,450,356	-	-	1,281,356	46,450,356
Reinsurance recoveries due but unpaid								
- Chubb Tempest Reinsurance Limited	-	-	33,110,057	-	-	-	33,110,057	-
Reinsurance recoveries against outstanding claims								
- Chubb Tempest Reinsurance Limited	-	-	238,431,012	576,784,909	-	-	238,431,012	576,784,909
- Chubb INA Overseas Insurance Company	-	-	2,237,969	186,100	-	-	2,237,969	186,100
Prepaid reinsurance premium ceded	-	-	62,142,650	73,918,732	-	-	62,142,650	73,918,732
Sundry receivables								
- Chubb Limited (ultimate parent Company)	-	-	372,581	7,391,869	-	-	372,581	7,391,869
- ACE American Insurance Company	-	-	-	430,523	-	-	-	430,523

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TRANSACTIONS	Chubb INA International Holdings Limited (U.S.A.)		Group / associated companies		Other related parties		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	(Rupees)							
Gross premium written	-	-	27,375,491	37,698,573	-	-	27,375,491	37,698,573
Reinsurance premium ceded	-	-	313,269,204	552,881,097	-	-	313,269,204	552,881,097
Claims paid	-	-	13,586,313	10,827,642	-	-	13,586,313	10,827,642
Claims ceded	-	-	505,978,395	303,708,531	-	-	505,978,395	303,708,531
Commission on cession	-	-	42,714,775	43,404,235	-	-	42,714,775	43,404,235
Write-offs against sundry receivables	-	-	6,033,432	-	-	-	6,033,432	-
Remuneration of key management personnel								
- Managerial remuneration	-	-	-	-	23,157,663	21,258,965	23,157,663	21,258,965
- Share based compensation benefits	-	-	-	-	4,936,447	6,164,207	4,936,447	6,164,207
- Retirement benefits	-	-	-	-	1,335,951	1,193,763	1,335,951	1,193,763
Contribution to gratuity fund	-	-	-	-	3,016,052	13,352,973	3,016,052	13,352,973
Contribution to provident fund	-	-	-	-	3,517,243	3,146,679	3,517,243	3,146,679
Right shares issued	50,000,000	-	-	-	-	-	-	-
Bonus shares issued	50,000,000	-	-	-	-	-	-	-
Dividend paid	-	90,000,000	-	-	-	-	-	90,000,000

28 DEFINED CONTRIBUTION PLAN - PROVIDENT FUND

The Company has set up a provident fund for its permanent employees wherein contributions are made by the Company in accordance with the requirements of Section 227 of the Companies Ordinance, 1984. The total charge against provident fund for the year ended December 31, 2016 is Rs 3.517 million (2015: Rs 3.147 million).

The following information is based on the un-audited financial statements of the Fund for the year ended December 31, 2016 and 2015:

	2016	2015
	(Rupees)	
Size of the fund - net assets	55,653,025	46,465,723
Fair value / cost of investments made	54,200,648	46,068,134
	Percentage	
Investments made as a percentage of total size of the Fund	97.39%	99.14%

The break-up of investments made is given below:

Particulars of Investments	2016		2015	
	Amount	Amount as a percentage of total investments	Amount	Amount as a percentage of total investments
	Rupees		Rupees	
Khas deposit certificates	23,000	0.04%	23,000	0.05%
Bank deposits	54,177,648	99.96%	46,045,134	99.95%
	54,200,648	100.00%	46,068,134	100.00%

The above investments out of provident fund have been made in accordance with the requirement of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

29 STAFF STRENGTH

	2016	2015
	(Number of employees)	
Number of employees as at December 31	15	15
Average number of employees during the year	15	15

30 NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

The Board of Directors has proposed a final stock dividend for the year ended December 31, 2016 of Rs. 1.25 per share (2015: stock dividend of Rs. 1.667 per share) amounting to Rs. 50 million (2015: Rs 50 million) in its meeting held on March 28, 2017. The financial statements for the year ended December 31, 2016 do not include the effect of this appropriation which will be accounted for in the financial statements of the Company for the year ending December 31, 2017.

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31 CORRESPONDING FIGURES

Until last year the Company was classifying claims which had been approved for payment and against which cheques had not been issued as part of other creditors. During the current year these have been reclassified to provision for outstanding claims. Accordingly, corresponding figures have been re-classified, in these financial statements, to facilitate comparison and to conform with changes in presentation in the current year. The effect is stated below:

Reclassification from	Reclassification to	2015	2014
		----------Rupees----------	
Other creditors	Provision for outstanding claims (including IBNR)	23,141,855	6,503,244

No other rearrangement or reclassification has been made in these financial statements during the current year.

32 DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on 28 MAR 2017 by the Board of Directors of the Company.

33 GENERAL

Figures in these financial statements have been rounded off to the nearest Rupee unless otherwise stated.

PRINCIPAL OFFICER & CHAIRPERSON

DIRECTOR

DIRECTOR