



Har Ghari

ANNUAL REPORT 2019



askarilife
Jee Lo **Har Ghari**

Contents

02	Company Overview
04	Our Vision & Mission
05	Our Core Values
06	Code of Conduct
08	Products Information
12	CEO Message
14	Company Information
15	Management Team
16	Management Committees
17	Chairman's Review
19	Directors' Report to the Shareholders
27	Directors' Report to the Shareholders (Urdu)
37	Key Financial Data for the last Six Years
38	Key Financial Data for the last Six Years (Urdu)
39	Review report to the Members on Statement of Compliance with the Code of Corporate Governance
40	Statement of Compliance with the CCGI & CCG Regulations, 2019
45	Shariah Advisor Report to the Board of Directors
46	Auditors' Independent Assurance Report on Shariah Compliance to the Board of Directors
48	Statement of Compliance with Shariah Principles
49	Independent Auditor's report to the members
53	Financials
110	Statement of Directors
111	Statement by the Appointed Actuary
112	Pattern of Shareholdings
114	Notice of Annual General Meeting
118	Proxy Form (English & Urdu)
121	Branch Network



Company Overview

Askari Life Assurance Co. Ltd, is part of one of the leading conglomerates in Pakistan, Army Welfare Trust (AWT). Our insurance solutions range from savings and family protection products to customized life coverages. We develop products and processes to enhance opportunities and mitigate the risk of threats to the overall financial and business objectives of our individual and corporate clients.

As a company we rely on innovation to be a key driver for future growth which allows for more customized solutions, digitization and swift product development.

A Legacy of Distinction

Askari Life Assurance Co. comes from a legacy of distinction and integrity. The parent group (AWT), was Formed in 1971 and comprises of a diversified business portfolio renowned in all major sectors of Pakistan including General Insurance, Aviation, CNG, Agriculture, Manufacturing, Sugar, Lubricants, Real Estate, Security Solutions and Information Technology.

Askari General Insurance Company Limited (AGICO), under the umbrella of AWT, has been operating since 1995 with a prominent standing in Pakistan's Insurance industry.

Askari Life Assurance Co. Ltd is a Public Limited Company with shares traded in Pakistan Stock Exchange (PSX).

Askari Life has a team of highly trained professionals, dedicated to offering a client focused policy management system, through swift claim processing and settlement with a strong financial backing. Askari Life is at the forefront in providing the ultimate insurance experience by adding value to the lives of its customers.

We have designed a service strategy that is highly responsive and personalized to provide complete peace of mind to our clients.

Vision

To be a trusted, globally acknowledged, top rated Financial Solutions Providing Company.

Mission

To uplift the financial well-being of Policy Holders, Customers, Advisors, Employees; and Shareholder profitability by continuously reinforcing deep commitment to our core values.

Core Values

Financial Acumen

We believe in empowering our customers through need based packaged financial solutions to cater specific needs with an extensive distribution network.

Customer Care

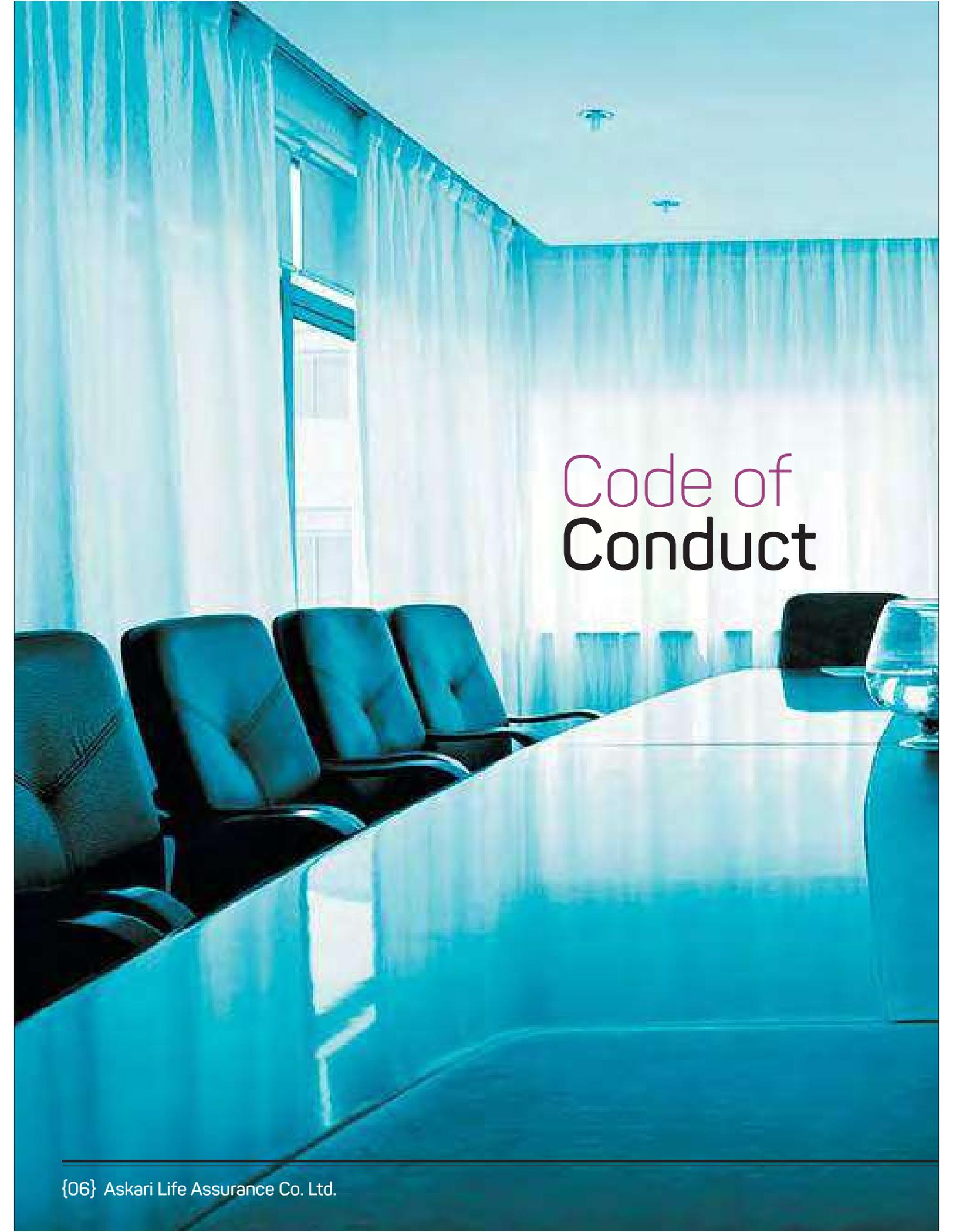
We believe in creating value for society by optimizing customer experience through superior financial advisory that makes positive difference in our customer's life

Ethical Conduct

We believe in exhibiting and ensuring honesty and integrity at all times by encouraging open communication, transparency and humility.

Sustainability

We believe in generating revenue from multiple channels to build a strong asset base for long term sustainable income and growth for the Trust.



Code of Conduct

The Askari Life's policy is to conduct business with honesty and integrity and be ethical in all its dealings, showing respect for the interest of those with whom it has relationship.

The Askari life is committed to run its business in an environment that is sound and sustainable. As a responsible corporate citizen, the company recognizes its social responsibilities, and endeavors to contribute for betterment of society as a whole.

Askari Life is an equal opportunity employer. Its employee recruitment and promotional policies are free of any gender bias, and is merit as well as excellence oriented. It believes in providing its employees safe and healthy working conditions, and in maintaining good channels of communications.

The Askari life shall comply with all laws, and regulations with letter and in spirit which are applicable on the company. All employees are expected to familiarize themselves with laws and regulations governing their individual areas of responsibility, and not to transgress them. and in case employees become aware of the violation of any laws, it is the responsibility of the employee to report the matter to Head of Compliance and CEO.

Employees are required to comply with Anti-money laundering Laws and Company's Anti-Money Laundering (AML) Manual in order to prevent the company being used as a medium for money laundering activities and terrorism financing activities. Moreover, employees are also required to immediately notify the AML-Compliance Officer in case they found any suspicion of the Money laundering activities while dealing with the customers.

The Askari life does not support any political party nor contributes to the funds of groups whose activities promote party interests.

The Askari life is committed to provide services, which consistently offer value in terms of price and quality and satisfy customer needs and expectations.

The Askari life firmly believes and adheres to the principles of reliability and credibility in its financial reporting and in transparency of business transactions.

The Askari life expects its employees to abide by professional code of ethics whereby company information and assets are not used for any personal advantage or gain. Any conflict of interests should be avoided.

The Board ensures that the above principles are complied with, for which the Board has constituted the Risk Management & Compliance Committee and Audit committee, to be supportive of compliance.



Nayab Plan

With Askari Life Nayab & Zarkhez Plans, you can map your future as you desire. It provides you a combination of protection and investment solutions with the flexibility of customization as per your specific need.

Key Features

Packaged Solution

Keeping in view the changing economic trends, we have bundled all your financial needs (saving, investment and protection) under one solution.

Customized Plan

You can customize your plan according to your need and choose from variety of add-ons with the help of our financial planner.

Tax Benefit

You can also enjoy tax benefits through Askari Life's savings & investment plan.



Zarkhez Plan

Additional Investment Option (Top-Up Premium)

This plan provides you an option to add or withdraw amount over and above your regular premium during the course of your policy term with ease, that will provide increment to your investment.

Insurance Benefit

It provides the freedom to provide the desired financial security to your loved ones. In case of your unfortunate event of death, your nominated family member can be paid up to 200 times of the annual premium.

Optional Benefits

With the variety of exclusive features/add-ons, you can draft your plan to cater to your responsibilities with ease.

- School Fee Waiver
- Child Wedding Benefit
- Hospitalization Cover
- Major Surgery Benefit
- Accidental Death & Disability Rider
- Waiver of Premium (Death)
- Waiver of Premium (Disability)
- Monthly Income Benefit
- Level Term Rider
- Critical Illness Rider

Askari Value Plan



Being conscious about your changing financial needs Askari Life in collaboration with Askari Bank has designed a unique product called "**Askari Value Plan**", which not only provides comprehensive protection but also enables your savings to grow steadily over-time, giving you and your loved ones peace of mind. Hence you and your family can easily realize their dreams and truly enjoy every moment of their lives, without worrying about future uncertainties.

Key Features

Complete Package

As we go through each stage in life, our financial responsibilities change. Our perspective on life and savings changes with time. Being conscious about your changing needs, Askari Life has designed the Askari Value plan which not only provides long-term protection from unforeseen circumstances but also brings prosperity into your life. Whether you are at the beginning of your career, have just started a family, require funds for your child's education or marriage or would like to plan for your retirement, all possibilities are ensured under the Askari Value Plan.

Strengthen your Child's Future

When a child is born, a dream is born. We being a parent would want to shape that dream and bring it to reality in the best possible way. Either it's the question of providing top-quality education or making best arrangement for their marriage, we always want the best for our child. Askari Value Plan helps you in achieving all those dreams with ease, as this plan offers one of the most effective way to keep your child's future secured along-with the peace of mind through various exclusive benefits and coverage enhancement options that can be tailored as per your child's future financial needs.

Customized Plan

With Askari Value Plan, you can design the future you want for yourself. It provides you the flexibility to personalize your plan according to your own goals and family's unique lifestyle. There are many flexible options the plan provides, such as altering your investment and protection level. In addition to flexibility, you can also opt from various optional add-ons with the help of our certified financial advisor, that will add more benefit to your policy.

Additional Investment Option (Top-up)

This feature provides additional flexibility to your existing plan. If you have any additional funds available at any stage you can place them as investment under Askari Value plan during the course of the policy term that will further enhance your cash value. Many people use this option to

make yearly premium payment by placing additional investment as top-up with their policy.

Cover Multiple (Life Insurance Protection)

A sudden departure of a bread-earner can make many lives difficult. In that case financial security for your family is of utmost priority. With Askari Value Plan you can ensure desired financial security for your family. You can fix a significant lump sum amount as much as you anticipate would be enough to fulfill their future financial needs which could be set as high as 200 times of the premium amount.

Emergency Monetary Access

What do you do when you have an urgent requirement of cash? You either borrow it from some one or sell your valuables. To save you from all those hassles and to satisfy your urgent cash requirement, Askari Value Plan offers a valuable loan facility and easy access to cash (of up-to 50% of your account value).

Inflation Protection

It's an unfortunate fact that the money we have is worth a little less every day. As rising inflation erodes all our savings bit by bit, we need a plan to keep our savings intact. Askari Value Plan offers this unique feature dedicated to combat inflation with just 5% increment in the premium every year.

Tax Credit

With Askari Value Plan, you can also avail tax benefit, as per prevailing norms under section 62 of income tax ordinance 2001.

Free Look Period

Life insurance plan is a long-time commitment towards your goal to provide desired financial security and prosperity to yourself and your loved ones. However, in case you realize that you are not satisfied with the product offering, you need not to worry, as Askari Life offers a free look period where you can return the policy documents within 14 days and get 100% refund.

Optional Benefits

Apart from standard applicable benefits such as protection and investment, Askari Value also offers you additional benefits, and the liberty to choose from various optional insurance benefits, based on your goals and financial capabilities.

- School Fee Waiver
- Hospitalization Coverage
- Monthly Income Benefit
- Waiver of Premium (Disability)
- Waiver of Premium (Death)
- Accidental Death & Disability Rider
- Level Term Rider (Additional Coverage Option)
- Critical Illness Rider
- Major Surgery Benefit



CEO Message

In year 2019, the efforts of strategic transformation have started reflecting in company's business performance. Askari life Assurance capitalized on its distribution platform to market products to target audience, introduced Bancassurance partnership with Askari Bank and penetrated aggressively in corporate clientele for Group Insurance services.

Askari Life obtained approval of Takaful window operations, launched innovative products and engagements with potential distribution partners to position Askari Life and acquire due share of market. Deployment of new technology and enhanced system capabilities is expected to lower costs and improve customer satisfaction.

In 2020, management plans to maintain focus on increase in productivity of distribution lines in order to yield optimum value for shareholders. Despite instability in political environment, economic challenges and efforts to contain inflation, the company has shown resilience and resolve to identify new opportunities and maximize output from existing distribution. As inflation is significantly impacting disposable income of customers, the company plans to engage cost effective strategies to curtail overhead costs in times of lower production.

I, along with the leadership team are confident of competitive business results in coming years by extraordinary focus on innovative product line, expansive quality distribution and prompt customer servicing.

Our teams make our work meaningful and exciting, boasting a culture of transparency and collaboration allowing individuals to deliver at their best. I want to thank our customers, distributors, partners and shareholders for placing their trust in our team and brand. And I want to thank our employees for their commitment to our core values and dedication to making Askari Life a trusted financial partner.



Jehanzeb Zafar
CEO Askari Life

Company Information

Board of Directors

Lt. Gen. Najib Ullah Khan (Retd.)
Maj. Gen. Imtiaz Hussain Sherazi (Retd.)
Maj. Gen. Akhtar Iqbal (Retd.)
Malik Riffat Mahmood
Javed Yunus
Ayesha Rafique
Tariq Hameed
Jehanzeb Zafar

Board Committees

Audit Committee

Tariq Hamid	Chairman
Maj Gen Imtiaz Hussain Sherazi (Retd)	Member
Malik Riffat Mahmood	Member
Syeda Haajra Nazish Jafri	Secretary

Investment Committee

Malik Riffat Mahmood	Chairman
Maj. Gen. Akhtar Iqbal (Retd.)	Member
Jehanzeb Zafar	Member
Noman Noor Muhammad	Member
Rehan Mobin	Member

Ethics, Human Resource Remuneration & Nomination Committee

Ayesha Rafique	Chairperson
Maj. Gen. Imtiaz Hussain Sherazi (Retd.)	Member
Maj. Gen. Akhtar Iqbal (Retd.)	Member
Jehanzeb Zafar	Member
Head - Human Resources	Secretary

Management Team



Noman Muhammad
Chief Operating Officer



Rehan Mobin
Chief Financial Officer



Syed Jawaid Raza
Head of IT



Yusuf Ansari
Head of Corporate Sales



Hasan Askari
Head of Bancassurance

Management Committees

Risk Management & Compliance Committee

Maj. Gen. Akhtar Iqbal (Retd.)	Chairman
Tariq Hameed	Member
Jehanzeb Zafar	Member
Noman Noor Muhammad	Member
Rehan Mobin	Member
Sandeep Kumar Rajpal	Member & Secretary

Underwriting & Reinsurance Committee

Maj. Gen. Akhtar Iqbal (Retd.)	Chairman
Jehanzeb Zafar	Member
Noman Noor Muhammad	Member
Sumair Sarwar	Member & Secretary

Claim Settlement Committee

Maj. Gen. Imtiaz Hussain Sherazi (Retd.)	Chairman
Jehanzeb Zafar	Member
Rehan Mobin	Member
Bushra Aftab	Member & Secretary

Appointed Actuary

Shujat Siddiqui, MA, FIA, FPSA
Akhtar & Hasan (Pvt.) Ltd.

Legal Advisor

Saiduddin & Co.

External Auditor

Grant Thornton Anjum Rehman
(Chartered Accountants)

Registered Office

8th Floor Army Welfare Trust,
AWT plaza, The Mall, Rawalpindi.

Head Office

Emerald Tower, Officer No 1104,
11th Floor, Plot G-19, Block 5, KDA
Improvement Scheme No. 5
Clifton Karachi, Pakistan.
Phone: +92 21 36269941-44,
021-111-225-275
Fax: +92 21 3514 7540

Website

www.askarilife.com

Email

info@askarilife.com

Share Registrar

THK (Pvt) Limited
1st Floor, 40-C Block-6
P.E.C.H.S, Karachi-75400
UAN: +92 (021) 111-000-322
Dir: +92 (021) 34168266-68-70
Fax: +92 (021) 34168271
E-mail: secretariat@thk.com.pk
Web: www.thk.com.pk

Bankers

Askari Bank Limited
Allied Bank Limited
Summit Bank Limited
MCB Bank Limited
The Bank of Punjab
Habib Bank Limited
JS Bank Limited
Al Baraka Bank (Pakistan) Limited

CHAIRMAN'S REVIEW

It gives me personal pleasure to present the 27th Annual Report for the year ended December 31, 2019 to the stakeholders of Askari Life Assurance Company Limited on the overall performance of the Board and the effectiveness of its role in achieving the objectives of the Company.

THE ECONOMY

Year 2019 remained a tough year for the country's economy. Pakistan's economic landscape continues to face pressures from deficit in current account, devaluation in Pak Rupee and higher inflation.

The year 2020 was expected to be a better year for the economy of Pakistan before COVID-19 outbreak which became a major threat to the financial markets and the global economy. Corona Virus and the underlying uncertainties of the issue will influence the countries having close ties with China and other countries affected at a greater magnitude. Pakistan has been focusing on various economic buildup steps including austerity measures and new bailout packages from bilateral partners and the IMF which gave a boost to the economy of the country. However, the COVID-19 has currently made the economic situation uncertain, the impact of it will be known once the situation eases out.

Among domestic factors, political stability, the pace of governance reforms, security situation, impact of climate change on our agriculture, successful implementation of forthcoming trade, industrial and economic diplomacy policies would be decisive factors for Pakistan's economy this year.

Increasing awareness for Insurance products, low Insurance penetration and high interest rates indicate fertile market for life assurance products. Askari Life is building strong foundations to evolve into a leading financial services company by creating value for our policyholders and our community.

COMPANY'S FINANCIAL PERFORMANCE

The Company's financial performance for the year 2019 was as follows:

- The gross premium written by your Company stood at Rs.301.96 million (including Takaful Contributions) as compared to the same period of 2018 which was Rs.43.85 million.
- Marketing & Administration expenses stood at Rs.228.77 million, (2018: Rs.83.69 million) and other expenses stood at Rs. 10.14 million, decrease by Rs. 20.45 million from the previous year (2018: 30.59 million),
- The Net Claim expenses stood at Rs.82.13 million, (2018: Rs.50.08 million),
- The Company's Investment portfolio currently stood at 623.46 million, as compared to the last year for December, 2018 which was Rs 787.89 million.

In 2019, all lines of business have shown tremendous growth, the Company has initiated distribution partnership for Bancassurance with Askari Bank and received an impressive response from the market. It has become key focus of the company to enhance profitability by expanding distribution network while carefully monitoring the cost of acquisition and management of the business. Furthermore, the Company has changed its Registered Office from province of Baluchistan to Province of Punjab for better management of business.

FUTURE PROSPECTS OF THE COMPANY

In 2020 and beyond, the Company will continue to focus on development and expansion of distribution network to promote new marketing strategies and launching of competitive products which will help the company in achieving the growth in premium amount on a long term basis. It is aimed to deliver sustainable, profitable growth in challenging and competitive business environment in order to reach leading position in the industry

The company plans to deploy latest business technology to enable management to compete and operate effectively and efficiently. Due to the unprecedented economic situation posed by COVID-19, the Board and management are making all possible efforts to minimize its impact on the financials of the Company and seeking new opportunities arising post pandemic.

ACKNOWLEDGEMENT

I would like to take this opportunity to express my sincere thanks to Pakistan Stock Exchange and the Securities and Exchange Commission of Pakistan (SECP) for their continued direction and support given in managing the affairs of the company in a prudent manner. I also wish to record my appreciation for the contribution made by the able and efficient officers, staff and sales force of the company towards its development and count on their continued effort for 2020.

My thanks and appreciation to our shareholders, whose trust is a source of confidence for us to make Askari Life a sound financial organization and a symbol of trust for the marketplace.

May Almighty Allah bless us all (Ameen).



Lt Gen Najib Ullah Khan, (Retd)

Chairman

April 23, 2020

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of your Company are pleased to present the Financial Statements along with the Auditors' Report for the year ended December 31, 2019.

PRINCIPAL ACTIVITY

The Company is actively engaged in life insurance business. We provide individual life insurance / window Takaful, group/corporate life / window family takaful and accidental to companies all over Pakistan.

Operational Review

After acquiring majority shareholding of the Company, the Board has focused its attention towards rebuilding operational infrastructure of the Company to enable it to effectively compete in the market and target due share of business. To achieve this goal, the board of your Company has considered both short term and long-term strategy for business. New leadership has been appointed giving special consideration towards their industry experience and overall attitude towards market and business of life insurance.

In year 2019, the efforts of strategic transformation have started reflecting in company's business performance. Askari life Assurance capitalized on its distribution platform to market products to target audience, introduced Bancassurance partnership with Askari Bank and penetrated aggressively in corporate clientele for Group Insurance services.

Askari Life obtained approval of Takaful window operations, launched innovative products and engagements with potential distribution partners position Askari Life to acquire due share of market. Deployment of new technology and enhanced system capabilities is expected to lower costs and improve customer satisfaction.

New products have been introduced to generate better and consistent return for our policy holders. Management has further plans to introduce Bancassurance channels and Takaful products in future.

The management of the Company is fully committed to board's vision for the growth of business, provide services to the highest standards to policy holders, shareholders and other stake holders of the Company.

Gross Premium:

During the year the Gross Premium written was as follows:

Statutory Funds	Gross Premium Rupees. in '000	
	2019	2018
First Year	100,779	2,224
Second Year Renewal	1,572	562
Subsequent Year Renewal	12,739	10,097
Single Premium	59,244	-
Individual Premium	174,334	12,883
Group Policies without cash value	127,627	30,966
Total	301,961	43,849

The change in strategy has started showing results. During the year 2019, the gross premium written by your Company stood at Rs. 301.96 million (including Takaful Contributions) as compared to the same period of 2018 which was Rs.43.85 million.

The trust and confidence of our Policyholders/Takaful Participants reflected in all line of business and shown tremendous growth in business. The Company has also joined hand with Askari Bank for Bancassurance and received an impressive response from the market and was able to underwrite Rs.25.39 million in its startup phase. Further the new individual life business and Group life business increased by Rs.98.56 million and Rs.96.66 million respectively.

Our Sales team of individual life and group life has actively pursued business effectively and targeting due share of business by launching of competitive products in the market as well as procuring the 100% renewals of individual life business. The Company has also obtained the approval of Window Takaful Operations from Securities and Exchange Commission of Pakistan. We are confident that the Company is offering innovative products for conventional and Takaful customers and it will contribute to achieve its goals in coming years.

Expenses

During the year 2019, marketing & administration expenses stood at Rs.228.77 million (2018: Rs.83.68million) the increase is mainly due to the hiring of new management & sales teams, deployment of operational infrastructure, branding & launching of Askari life. Whereas other expenses stood at Rs. 10.14 million, decrease by Rs. 20.45 million from the previous year (2018: 30.59 million). Finance cost of Rs.5.7 million substantially increased due to the adoption of IFRS 16 regarding leasing of office premises.

Claims:

During the year 2019, net Claim expenses stood at Rs.82.13 million, (2018: Rs.50.08million), the Company has revamped and modernized the Claims processing which make it convenient for the policyholders to process their claims and make Company service available to its customers.

Investment

The Investment income for the year 2019 is Rs 75.5 million as compared to the same period of 2018 of Rs 30.8 million.

The Company's Investment portfolio currently stood at 623.46 million, as compared to the last year for December, 2018 which was Rs 787.89 million. The decrease in investment portfolio is because of cost incurred in development of new operations infra-structure. The company is constantly looking for new investment opportunities and also considering the current economic and political situation of the country.

Company's Financial performance

Moreover, your Company's net loss (before tax) for the year 2019 stood at Rs.262.37 million, an increase of Rs.149.63 million, (2018: Rs.112.74 million). The loss per share is PKR. 2.39 (2018 PKR1.82)

The reason for increase in losses is that the Company has gone through the transition phase which involves restructuring of departments, hiring of new management, acquisition of productive Sales teams, rebranding of Askari life, revamping of the company's process and development of new offices /branches.

Paid up Requirement of the Company:

The Company maintains adequate capital to support its existing and planned business activities. The Company's paid-up capital stands at Rs. 1101.7 million and has met the minimum capital requirement of Rs.700 million as prescribed by SECP in section 11 of the Insurance Rule 2017.

Retirement Benefits:

The Company operates an unfunded gratuity scheme for its permanent employees. The amount of gratuity fund liability at year end has been computed by Actuary. Balance of unfunded Gratuity as at December 31, 2019 was Rs.12.177 million.

Investment in Associate Undertaking

The Company has equity investment of Rs.0.251 million (Cost) in EAST West Insurance Company Limited, whereas the market value of investment as at December 31, 2019 was Rs. 0.408 million.

Related party transactions

At each Board meeting, the Board of Directors approves the Company's transactions made with associated companies and related parties based on the recommendations of the Audit Committee. All such transactions are executed at arm's length basis.

Risk Management & Reinsurance:

The Company's reinsurance arrangements are with the internationally recognized reinsurers, having high credit ratings.

The Company has developed the risk management policy and placed at the website of the Company required by Listed Companies (Code of Corporate Governance) Regulations, 2019. This policy provides the guidance to the Company regarding the management of risk within the Company to support the achievement of corporate objectives and ensure financial sustainability of the Company for effective decision making.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Board is aware of its responsibilities as established by the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan (SECP). Accordingly, the following is stated:

- The financial statements are prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements, changes, if any, are appropriately disclosed in the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards and International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored
- Board of Directors propose the appointment of RSM Avais Hyder Liaquat Nauman- Chartered Accountants as recommended by the Audit Committee and recommended for shareholders' approval to hold the office of external auditors for the year ending Dec. 31 2020.
- The Board is ultimately responsible for the Company's system of internal control and reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve objectives, and by its nature can provide only reasonable and not absolute assurance against material misstatement or loss. Business strategies agreed to divisional level are approved by the Board. In addition, there is an annual budgeting and strategic planning process. Financial results are prepared quarterly and these strategies are reviewed during the year to reflect significant changes in the business environment.
- The principal features of control framework include:
 - Evaluation and approval procedures for major capital expenditure and other transactions.
 - Regular reporting and monitoring of financial performance of the Company as a whole, using operating developments and quarterly financial statements, which highlight key performance indicators and variance from budgets and quarterly forecasts.
 - Review of the group's health, safety, environment contingency management processes and other significant policies.
- As explained in the note 1.3 of the financial statements, there are no doubts upon the company's ability to continue as a going concern.

- There has been no material departure from the best practices of corporate governance
- The key operating and financial data for the last six years is annexed.
- The statement of shareholding in the Company as December 31, 2019 is included with the Report.
- There has been no trading during the year in the shares of the Company carried out by the directors, CEO, COO, CFO, Company Secretary, Head of Internal Audit and their spouses and minor children except for the following:
 - Mr. Javed Yunus sold 420,935 shares
 - Ms. Rubina Yunus sold 491,821 shares
 - Mr. Tulu Javed Yunus sold 1,488,652 shares

Composition of Board of Directors and their meetings

- Total number of Directors are eight (8) which consists of
 - (a) Male: 7
 - (b) Female: 01
- The composition of Board of the Directors of the Company currently consists of following

Category	Names
Independent Directors	Ayesha Rafique Tariq Hameed
Executive Director	Jehanzeb Zafar - CEO
Non-Executive Directors	Lt Gen. Najib Ullah Khan (Retd) Maj. Gen. Imtiaz Hussain Sherazi (Retd) Maj. Gen. Akhtar Iqbal, (Retd) Malik Riffat Mahmood Javed Yunus

- During the year 2019, five(5) meetings of the Board of Directors were held and attendance position was as under.

Serial No	Name of Director	Number of Meetings Attended
01	Lt Gen Najib Ullah Khan, (Retd)	05 out of 05
02	Maj Gen Imtiaz Hussain Sherazi (Retd)	04 out of 05
03	Maj Gen Akhtar Iqbal (Retd)	05 out of 05
04	Malik Riffat Mahmood	05 out of 05
05	Tariq Hameed	05 out of 05
06	Javed Yunus	03 out of 05
07	Ayesha Rafique	04 out of 05
08	Jehanzeb Zafar - CEO	05 out of 05

Leave of absence was granted for Directors who could not attend the Board meetings.

Composition of Board Committees:

The Board has formed the following Board committees:

1) **Ethics, Human Resource, Remuneration and Nominations Committee:**

Name of the Member	Category
Ayesha Rafique	Chairperson
Maj. Gen Akhtar Iqbal, (Retd)	Member
Maj. Gen Imtiaz Hussain Sherazi (Retd)	Member
Jehanzeb Zafar	Member
Head HR- Vacant	Secretary

2) **Investment Committee:**

Name of the Member	Category
Malik Riffat Mahmood	Chairman
Maj. Gen Akhtar Iqbal (Retd)	Member
Jehanzeb Zafar	Member
Noman Noor Muhammad	Member
Rehan Mobin	Member & Secretary

3) **Audit Committee:**

Name of the Member	Category
Tariq Hameed	Chairman
Maj. Gen Imtiaz Hussain Sherazi (Retd)	Member
Malik Riffat Mahmood	Member
Syeda Haajra Nazish Jafri	Secretary

- The Board has formed the following Management Committees:

1) **Underwriting & Reinsurance Committee:**

Name of the Member	Category
Maj. Gen Akhtar Iqbal (Retd)	Chairman
Jehanzeb Zafar	Member
Noman Noor Muhammad	Member
Sumair Sarwar	Member & Secretary

2) **Claim Settlement Committee:**

Name of the Member	Category
Maj. Gen Imtiaz Hussain Sherazi (Retd)	Chairman
Jehanzeb Zafar	Member
Rehan Mobin	Member
Bushra Aftab	Member & Secretary

3) **Risk Management & Compliance Committee**

Name of the Member	Category
Maj. Gen Akhtar Iqbal (Retd)	Chairman
Tariq Hameed	Member
Jehanzeb Zafar	Member
Rehan Mobin	Member
Noman Noor Muhammad	Member
Sandeep Kumar	Member & Secretary

Remuneration policy of Non-Executive Directors:

The Board value the representation of independent directors and their expertise in the business. The remuneration policy is decided by the Board to appreciate member directors for their professional contribution towards the sustainability and growth of the Company. In addition of meeting fee, the directors are also reimbursed for travelling, boarding & lodging and ancillary expenses where needed by the respective Board members for attending the Board meetings. Board has also ensured the remuneration of independent directors shall be appropriate and commensurate with the level of expertise offered by Independent Directors. A formal Board Remuneration Policy is in place that serves as a guiding tower for establishing the remuneration of Board Members.

Challenges faced by the insurance industry:

Imposition of Sales tax:

Currently, the insurance industry is facing the biggest challenge with respect of imposition of provincial sales taxes by the provincial revenue authorities. The insurance industry collectively through the forum of the Insurance Association of Pakistan (IAP) has taken up the issue with the respective authorities for the exemption of provincial sales taxes on technical grounds in order to enhance insurance penetration in Pakistan.

The details of the same have been mentioned in note 25 of the of the Audited Financial statements.

Compliances of AML requirements:

Furthermore, life insurance companies are also facing the challenges in the implementation of the stringent Anti Money laundering (AML) requirements imposed by the SECP. In order for effective implementation of AML regulations, SECP arranged necessary awareness sessions for the insurance companies on AML regulations from time to time and at different sessions of the SECP, the representatives from insurance industry have raised their concerns and at length discussed the challenges in the implementation of AML regulations and Companies have also requested the SECP for providing of necessary support to Companies for an effective compliances of AML regulations in letter & spirit.

Furthermore, Companies are facing numerous challenges in the collection of customer due diligence documents regarding their source of funds and due to the lack of awareness on AML regulations, customers are reluctant to provide or disclose its source of funds even if it is not derived from any money laundering activities.

Code of Conduct

The Board of Directors has adopted the professional standards and corporate values in conducting the business of life insurance with honesty and integrity. The roles & responsibilities of the Company & employees towards the stakeholders are mentioned the form of code of conduct as whole, the Board is taking necessary steps to disseminate the code of conduct throughout Company and is also available on the website of the Company.

FUTURE OUTLOOK

In 2020 and beyond, management of the company will maintain focus on development of distribution network to promote new marketing strategy and yield optimum value for shareholders. The company will continue its focus on increasing business by introducing Bancassurance partnerships and capitalise on demand for Takaful products. Our efforts to explore distribution are not limited to Bancassurance, company will also explore and build avenues such as alternative distribution and direct sales. Alongside increase in premium growth, company will take concrete steps to improve profitability by improving internal controls and operational efficiency. The company will continue its efforts for the sustainability of the business by providing better services to its customer and building value for its shareholders.

Company will critically analyse and monitor of cost of business acquisition to improve the profitability while at the same time special focus will be given on retention and motivation of the sales team by career development and compensation programs.

Your management is certain that focus on the above objectives will result in improvement of the financial results while developing an improved corporate culture within the organization. The company is focused on the Boards vision and strategy, which, we are confident, will be mutually beneficial for the policyholders and shareholders of the organization.

The economy is facing unprecedented challenges due to COVID -19. The Board of Directors and the management of your company are making every effort to figure out ways to deal with and minimize the effect of the same on the Company's finances and seeking new opportunities arising post pandemic.

STATEMENT OF CODE OF CONDUCT

The Board has adopted the statement of Code of Conduct. All employees are informed of this statement and are required to observe these rules of conduct in relation to business and regulations.

REGISTERED OFFICE:

During the year, Company has changed its registered office to Rawalpindi, Punjab and all the respective statutory compliances have been duly fulfilled.

DIVIDEND

The Board of Directors suggest that no dividend shall declared for the year ended December 31, 2019, as Company has to focus on expanding business reach while maintaining solvency.

PATTERN OF SHAREHOLDING

The pattern of shareholding, as required by section 236 of the Companies Act 2017 and Code of Corporate Governance is enclosed.

STATUTORY AUDITORS

The present Auditors, M/S Grant Thornton Anjum Rahman, (Chartered Accountants) retire after the completion of current year term. The Board of Directors hereby propose the appointment of RSM Avais Hyder Liaquat Nauman-Chartered Accountantsfor the financial year 2020, on recommendation of the Audit Committee.

ACKNOWLEDGEMENT

The directors would like to take this opportunity to extend their gratitude to the Securities and Exchange Commission of Pakistan (SECP) for their continued guidance and support to the company's management.

The board also wishes to sincerely thank the company's loyal policyholders and corporate clients for placing their trust and confidence in our organization.

The directors also wish to record their appreciation for the extraordinary efforts of the management staff and field force of the company towards its development and growth. Their constant dedication to high ethical standards, client service and hard work will make your company an important member among the private sector life insurers.

Further, the board would like to thank the Insurance Association of Pakistan (IAP) for their guidance, support and invaluable representation of our industry.

The Board also like to thank the reinsurers and bankers of the Company for their support and efforts towards the betterment of our business processes.

Finally, thanks to of our shareholders, whose loyalty and dedication for the company is a source of encouragement for us to make Askari Life a strong and dependable financial institution and a symbol of trust for the marketplace.

For and on behalf of the Board of Directors



Director



Chief Executive Officer

Date: April 23, 2020

ڈائریکٹرز رپورٹ برائے سال ۲۰۱۹ء

کمپنی ڈائریکٹرز، ۳۱ دسمبر ۲۰۱۹ء کو ختم ہونے والے سال کیلئے، بورڈ کی سالانہ رپورٹ اور آڈٹ شدہ مالیاتی بیانات، بشمول آڈیٹرز رپورٹ، پیش کرنے میں مسرت محسوس کرتے ہیں۔

اہم سرگرمی

کمپنی تندرہی سے بیمہ زندگی کے کاروبار میں مشغول رہی ہے۔ ہم پاکستان بھر میں لوگوں اور کمپنیوں کو انفرادی بیمہ زندگی / ونڈو تکافل گروپ / کارپوریٹ لائف / ونڈو تکافل اور حادثاتی بیمہ فراہم کرتے ہیں۔

آپریٹیشنل جائزہ

کمپنی کی شیئر ہولڈنگ کی اکثریت حاصل کر لینے کے بعد، بورڈ نے، مارکیٹ میں موثر طور پر مقابلہ کرنے اور کاروبار کے صحیح اہداف بنانے کے قابل ہونے کے لئے، کمپنی کے آپریٹیشنل انفراسٹرکچر کو دوبارہ تشکیل دینے پر اپنی توجہ مرکوز رکھی ہے۔ اس ہدف کو حاصل کرنے کے لئے آپ کی کمپنی نے کاروبار کے لئے قلیل المدّت اور طویل المدّت حکمت عملی اختیار کی ہے۔ بیمہ انڈسٹری میں تجربے اور مارکیٹ کے تمام تر طرز عمل اور بیمہ زندگی کے کاروبار پر خاص توجّہ دیتے ہوئے، نئی انتظامی لیڈرشپ کا تقرر کیا گیا ہے۔

۲۰۱۹ء میں، حکمت عملی میں تبدیلی کی کاوشیں کمپنی کی کاروباری کارکردگی میں ظاہر ہونا شروع ہو گئی ہیں۔ عسکری لائف انشورنس نے عوام الناس تک اپنی مصنوعات پہنچانے کیلئے اپنے تقسیمی پلیٹ فارم سے فائدہ اٹھایا، عسکری بینک کے ساتھ پینلشنرز شراکت متعارف کرائی اور گروپ انشورنس خدمات کیلئے کارپوریٹ کلائنٹیل میں شدّت سے رسائی حاصل کی۔

عسکری لائف نے تکافل ونڈو آپریشن کی منظوری حاصل کی، اختراعی مصنوعات اور مارکیٹ میں مناسب حصّہ کے حصول کیلئے عسکری لائف کو ایک مقام فراہم کرنے کے لئے ممکنہ تقسیم کار شراکت داروں کے ساتھ شمولیت کا آغاز کیا۔ نئی ٹیکنالوجی کے استعمال اور سسٹم کی اضافی قابلیتوں سے کم تر اخراجات ہونے اور صارفین کے اطمینان کو بہتر بنانے کی امید ہے۔

ہمارے پالیسی ہولڈرز کو بہتر اور مسلسل منافع حاصل کرنے کے لئے نئی مصنوعات متعارف کرائی گئی ہیں۔ مستقبل میں انتظامیہ بینک ایشورنس چینل اور تکافل مصنوعات متعارف کرنے کے مزید منصوبے بھی رکھتی ہے۔

کمپنی کی انتظامیہ نے، کمپنی کے کاروبار کی نشوونما کیلئے، پالیسی ہولڈرز، حصص کنندگان اور کمپنی کے دیگر اسٹیک ہولڈرز کو اعلیٰ ترین درجے کی خدمات فراہم کرنے کے بورڈ کے ویژن پر خود کو مکمل طور پر پابند کیا ہوا ہے۔

مجموعی پرمیئم

سال کے دوران، مجموعی پرمیئم کی صورت حال درج ذیل رہی:

مجموعی پرمیئم		قانونی فنڈز
'000 روپوں میں		
2018	2019	
2,224	100,779	پہلے سال
562	1,572	دوسرے سال تجدید
10.097	12,739	سال مابعد تجدید
-	59,244	سنگل پرمیئم
12,883	174,334	انفرادی پرمیئم
30,966	127,627	نقد قدر کے ساتھ گروپ پالیسیاں
43,849	301,961	ٹوٹل:

حکمت عملی میں تبدیلی نے نتائج ظاہر کرنا شروع کردئے ہیں۔ سال ۲۰۱۹ء کے دوران مجموعی پرمیئم (بشمول تکافل کنٹریبیوشنز)، سال ۲۰۱۸ء کے اسی دورانیے کے مقابلے میں جو کہ 43.85 ملین روپے تھا، 301.96 ملین روپے رہا۔

ہمارے پالیسی ہولڈرز/تکافل شراکت داروں کا ہم پر اعتماد اور یقین کاروبار کی تمام مدوں میں ظاہر ہوا جس سے کاروبار میں غیر معمولی نشوونما دیکھنے میں آئی۔ کمپنی نے پنکشنورنس کیلئے عسکری بینک سے ہاتھ ملا لیا ہے جس کے نتیجے میں مارکیٹ سے ایک موثر جواب موصول ہوا اور اپنے آغاز کے دور میں ہی اس مد میں 25.39 ملین روپے کی بیمہ کاری کی۔ مزید یہ کہ نیا انفرادی بیمہ حیات کا کاروبار اور گروپ لائف کاروبار بالترتیب 98.56 ملین روپے اور 96.66 ملین روپے بڑھ گیا۔

انفرادی بیمہ زندگی اور گروپ لائف کی سیلز ٹیم نے کاروبار کے لئے اور تقابلی مصنوعات کا آغاز کر کے مارکیٹ میں کاروبار میں مناسب حصے کے حصول کے لیا ہدف مقرر کرنے کے ساتھ ساتھ انفرادی بیمہ حیات کے کاروبار کی سرفیصلہ تجدید حاصل کرنے کیلئے مستعدی سے جدوجہد کی ہے۔ کمپنی نے سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان سے ونڈو تکافل آپریشنز کی منظوری بھی حاصل کر لی ہے۔ ہم پُر امید ہیں کہ کمپنی اپنے روایتی اور تکافل صارفین کیلئے اختراعی مصنوعات پیش کر رہی ہے اور آنے والے سالوں میں یہ اپنے اہداف و مقاصد حاصل کرنے میں شامل ہوگی۔

اخراجات

سال ۲۰۱۹ء کے دوران، مارکیٹنگ اینڈ اینڈسٹریٹیشن اخراجات 228.77 ملین روپے رہے (۲۰۱۸: 83.68 ملین روپے)۔ یہ اضافہ خاص طور پر نئی انتظامیہ اور سیلز ٹیم کی تقرری، آپریشنل انفراسٹرکچر کی صف بندی، عسکری کی برانڈنگ اور اس کے اجراء کے باعث ہے۔ جبکہ حصص کنندگان کے فنڈز سے منسوب دیگر اخراجات 10.14 ملین روپے رہے، یعنی ان میں پچھلے سال کے مقابلے میں 20.4 ملین روپے کی کمی آئی (۲۰۱۸: 30.59 ملین روپے)۔ دفتری عمارت کی لیزنگ سے متعلق آئی ایف آریس 16 اختیار کرنے کے سبب 5.7 ملین روپے کی مالیاتی لاگت معقول حد تک بڑھ گئی۔

کلیمز

سال ۲۰۱۹ء کے دوران، اصل کلیم کے اخراجات 82.13 ملین روپے رہے (۲۰۱۸: 50.08 ملین روپے)۔ کمپنی نے کلیمز کا طریقہ کار تبدیل اور جدید کر دیا ہے جو پالیسی ہولڈرز کے لئے ان کے کلیمز کو سہل بناتا ہے اور کمپنی کو اپنے صارفین کی خدمت فراہم کرنے کے لئے دستیاب ہے۔

سرمایہ کاری

کمپنی کی سرمایہ کاری آمدنی سال ۲۰۱۹ء کے لئے، سال ۲۰۱۸ء کے اسی دورانیے کے 30.8 ملین روپے کے مقابلے میں 75.5 ملین روپے رہی۔ کمپنی کا سرمایہ کاری پورٹ فولیو، پچھلے سال کے دسمبر ۲۰۱۸ء کیلئے جو کہ 787.89 ملین روپے تھا، حالیہ طور پر 623.46 ملین روپے رہا۔ سرمایہ کاری پورٹ فولیو میں یہ کمی نئے آپریشنز کے انفراسٹرکچر کی ترقی میں اٹھنے والے اخراجات کے باعث ہے۔ کمپنی نے مسلسل سرمایہ کاری کے نئے مواقع پر نظر رکھی ہوئی ہے اور ملک کی موجودہ معاشی اور سیاسی صورت حال کو بھی مد نظر رکھا ہوا ہے۔

کمپنی کی مالی کارکردگی

مزید برآں، ۲۰۱۹ء کے لئے آپ کی کمپنی کا اصل نقصان (قبل از ٹیکس) 262.37 ملین روپے رہا، جس میں 149.63 ملین روپے اضافہ ہوا (۲۰۱۸: 112.74 ملین روپے)۔ فی حصص نقصان 2.39 روپے رہا (۲۰۱۸: 1.82 روپے)۔

نقصانات میں اضافہ کی وجہ یہ ہے کہ کمپنی تبدیلی کے دور سے گزری ہے جس میں شعبہ جات کی دوبارہ ترتیب سازی، نئی انتظامیہ کی تقرری، پیداواری سلیزٹیم کا حصول، عسکری لائف کی ری برانڈنگ، کمپنی کے طریقہ کار میں تبدیلی اور نئے دفاتر/شاخوں کا قیام شامل ہے۔

کمپنی کی پیڈ اپ ضرورت

کمپنی اپنی موجودہ اور زیر منسوبہ کاروباری سرگرمیوں کو سہارا دینے کیلئے مناسب سرمایہ برقرار رکھتی ہے۔ آپ کی کمپنی کا پیڈ اپ سرمایہ 1,101.72 ملین روپے ہے اور کمپنی نے 700 ملین روپے کی کم از کم سرمایہ کی ضرورت کو پورا کر دیا ہے جو کہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے انشورنس قوانین 2017 کی شق 11 میں مقرر کی گئی ہے۔

ریٹائرمنٹ پروفائد

کمپنی اپنے مستقل ملازمین کیلئے ایک غیر فنڈ شدہ گریجویٹ اسکیم چلاتی ہے۔ سال کے اختتام پر گریجویٹ فنڈ کی واجب الادائیگیوں کی رقم کا حساب ایلچوری کی طرف سے کیا گیا ہے۔ 31 دسمبر 2019 کو غیر فنڈ شدہ گریجویٹ کامیزان 12.177 ملین روپے تھا۔

مربوط اقرار میں سرمایہ کاری

کمپنی نے ایسٹ ویسٹ انشورنس کمپنی لمیٹڈ میں 0.251 ملین روپے (لاگت) کی ایکویٹی سرمایہ کاری کی ہے جبکہ سرمایہ کاری کی مارکیٹ ویلیو 31 دسمبر 2019 کو 0.408 ملین روپے تھی۔

متعلقہ فریق سے لین دین

ہر بورڈ میٹنگ میں، بورڈ آف ڈائریکٹرز آڈٹ کمیٹی کی سفارشات پر مربوط کمپنیوں اور متعلقہ فریقین سے کئے جانے لین دین کی منظوری دیتا ہے۔ ایسے تمام لین دین آرمز لینتھ (arms length) پر کئے جاتے ہیں۔

رِسک مینجمنٹ اور ری انشورنس

کمپنی کے ری انشورنس انتظامات بین الاقوامی طور پر تسلیم شدہ، اعلیٰ کریڈٹ درجات کے حامل ری انشوررز کے ساتھ ہیں۔

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) قوانین، 2019 کی ضرورت کے تحت، کمپنی نے رِسک مینجمنٹ پالیسی تیار کر لی ہے اور اسکو کمپنی کی ویب سائٹ پر ڈال دیا گیا ہے۔ یہ پالیسی کارپوریٹ مقاصد کے حصول میں مدد دینے کیلئے کمپنی کے اندر خطرے کی تنظیم سے متعلق کمپنی کو رہنمائی فراہم کرتی ہے اور موثر فیصلہ سازی کے لئے کمپنی کے مالی استحکام کو یقینی بناتی ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ کا فریم ورک

بورڈ، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ کوڈ آف کارپوریٹ گورننس کی طے کردہ ذمہ داریوں سے آگاہ ہے۔ چنانچہ، درج ذیل پیش ہیں:

- کمپنی کی انتظامیہ کے تیار کردہ مالیاتی بیانات اس کے امور کو، اسکے آپریشنز کے نتائج، نقد رقوم کے بہاؤ اور ایکویٹی میں تبدیلیاں واضح طور پر پیش کرتے ہیں
- کمپنی نے تمام تر کھاتے صحیح طور پر مرتب کئے ہیں
- مالیاتی بیانات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے اور تبدیلیاں اگر کوئی ہیں تو ان کو مالیاتی بیانات میں ظاہر کیا گیا ہے اور اکاؤنٹنگ تخمینے مناسب اور محتاط فیصلے پر مبنی ہیں
- بین الاقوامی فنانشل رپورٹنگ اسٹنڈرڈز اور بین الاقوامی اکاؤنٹنگ اسٹنڈرڈز جیسے ان کا اطلاق پاکستان میں ہوتا ہے، مالیاتی بیانات کی تیاری میں ان پر عمل کیا گیا ہے اور اگر کسی باعث کہیں ان سے اختلاف ہوا ہے تو اسکو مناسب طور پر عیاں کیا گیا ہے اور اس کی وضاحت کی گئی ہے
- داخلی کنٹرول کا سسٹم اپنے ڈھانچے کے اعتبار سے کافی متوازن ہے اور موثر طور پر اطلاق شدہ اور زیر نگرانی ہے
- بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی سفارش پر آر ایس ایم او ایس حیدر لیاقت نعمان چارٹرڈ اکاؤنٹنٹس کی تقرری کی تجویز دے دی ہے اور 31 دسمبر 2020 کو ختم ہونے والے سال کے لئے خارجی آڈیٹرز کا دفتر سنبھالنے کیلئے حصص کنندگان کی منظوری کے لئے اس کی سفارش کر دی ہے
- بورڈ قطعی طور پر، کمپنی کے داخلی کنٹرول اور اس کی افادیت پر نظر ثانی کرنے کا ذمہ دار ہے۔ البتہ، ایسا سسٹم مقاصد حاصل کرنے میں ناکامی کے خطرے کو ختم کرنے کی بہ نسبت اس کا انتظام چلانے کے لئے تشکیل دیا گیا ہے، اور اپنی نوعیت کے اعتبار سے مادی غلط بیانی یا نقصان کے خلاف صرف مناسب نہ کہ مکمل یقین فراہم کرتا ہے۔ ڈویژنل لیول پر متفقہ کاروبار کی حکمت عملیاں بورڈ کی طرف سے منظور کی جاتی ہیں۔ اسکے علاوہ، ایک سالانہ بجٹنگ اور حکمت عملی کی منصوبہ بندی کا طریقہ کار بھی موجود ہے۔ مالیاتی نتائج سے ماہی بنیاد پر تیار کئے جاتے ہیں اور ان حکمت عملیوں پر، کاروبار کے ماحول میں نمایاں تبدیلیوں پر غور کرنے کیلئے پورے سال کے دوران نظر ثانی کی جاتی ہے

- کنٹرول فریم ورک کے اہم فیچرز میں شامل ہیں:
- سرمائے کے بڑے اخراجات اور دیگر لین دین کے لئے تخمینے اور منظوری کا طریقہ کار
- آپریٹنگ ارتقاء اور سہ ماہی مالیاتی بیانات کے استعمال سے، منجملہ کمپنی کے مالیاتی کارکردگی کی مسلسل رپورٹنگ اور نگرانی، جو کارکردگی کے کلیدی انڈیکسز اور بجٹ سے فرق اور سہ ماہی پیشین گوئیوں کی نشاندہی کرتی ہے
- گروپ کی صحت، حفاظت، ماحول کے غیر یقینی ہونے کی صورت میں انتظام کے طریقہ ہائے اور دیگر نمایاں پالیسیاں
- جیسا کہ مالیاتی بیانات کے نوٹ 1.3 میں وضاحت کی گئی ہے، کمپنی کو یہ کاروبار جاری رکھنے کے لئے اسکی قابلیت کے متعلق کوئی واضح شکوک و شبہات نہیں ہیں
- کارپوریٹ گورننس کے بہترین طریقہ ہائے کار سے کہیں بھی کوئی مادی اختلاف نہیں کیا گیا ہے
- پچھلے چھ سالوں کا کلیدی آپریٹنگ اور مالیاتی مواد منسلک ہے
- 31 دسمبر 2019ء کو کمپنی میں شیئر ہولڈنگ کا بیان رپورٹ میں شامل ہے
- سال کے دوران، چیف ایگزیکٹو آفیسر، چیف آپریٹنگ آفیسر، چیف فنانشل آفیسر، کمپنی سیکریٹری، ہیڈ آف انٹرنل آڈٹ اور انکی شریک حیات اور نابالغ بچوں کی طرف سے، کمپنی کے حصص میں کوئی تجارت نہیں ہوئی ہے ماسوائے درج ذیل کے:

- جاوید یونس نے 420,935 حصص بیچے
- روبینہ یونس نے 491,821 حصص بیچے
- تلو جاوید یونس نے 1,488,652 حصص بیچے

بورڈ آف ڈائریکٹرز کی ترتیب اور ان کی میٹنگس

- ڈائریکٹرز کی کل تعداد 8 ہے جن میں 7 مرد حضرات ہیں اور ایک خاتون شامل ہیں
- کمپنی کے بورڈ آف ڈائریکٹرز کی ترتیب موجودہ طور پر درج ذیل پر مشتمل ہے:

نام	عہدہ
عائشہ رفیق	آزاد ڈائریکٹرز
طارق حمید	
جہاں زیب ظفر چیف ایگزیکٹو آفیسر	ایگزیکٹو ڈائریکٹر
لیفٹننٹ جنرل نجیب اللہ خان (ریٹائرڈ)	نان ایگزیکٹو ڈائریکٹرز
میجر جنرل امتیاز حسین شیرازی (ریٹائرڈ)	
میجر جنرل اختر اقبال (ریٹائرڈ)	
ملک رفعت محمود	
جاوید یونس	

سال ۲۰۱۹ء کے دوران، بورڈ آف ڈائریکٹرز کی چھ میٹنگس ہوئیں اور ان میں شرکت کی صورت حال درج ذیل رہی:

نمبر شمار	ڈائریکٹر کا نام	شرکت کی گئی میٹنگس کی تعداد
1	لیفٹنٹ جنرل نجیب اللہ خان (ریٹائرڈ)	پانچ میں سے پانچ
2	میجر جنرل امتیاز حسین شیرازی (ریٹائرڈ)	چار میں سے پانچ
3	میجر جنرل اختر اقبال (ریٹائرڈ)	پانچ میں سے پانچ
4	ملک رفعت محمود	پانچ میں سے پانچ
5	طارق حمید	پانچ میں سے پانچ
6	جاوید یونس	تین میں سے پانچ
7	عائشہ رفیق	چار میں سے پانچ
8	جہاں زیب ظفر چیف ایگزیکٹو آفیسر	پانچ میں سے پانچ

ان ڈائریکٹرز کے لئے جو بورڈ کی میٹنگس میں شرکت نہ کر سکے ان کی غیر حاضری کے لئے رخصت دی گئی

بورڈ کمیٹیوں کی ترتیب

بورڈ نے درج ذیل بورڈ کمیٹیاں تشکیل دی ہیں:

1. انتھکس، ہیومن ریسورس اور ریویژن اور نو مینیشن کمیٹی

رکن کا نام	عہدہ
عائشہ رفیق	چیئر پرسن
میجر جنرل اختر اقبال (ریٹائرڈ)	رکن
میجر جنرل امتیاز حسین شیرازی (ریٹائرڈ)	رکن
جہاں زیب ظفر	رکن
سربراہ ہیومن ریسورس (آسامی خالی ہے)	سیکرٹری

سرمايه کمیٹی

2.

رکن کا نام	عہدہ
ملک رفعت محمود	چیئر مین
میجر جنرل اختر اقبال (ریٹائرڈ)	رکن
جہاں زیب ظفر	رکن
ریحان مبین	رکن
نعمان نور محمد	رکن

آڈٹ کمیٹی

3.

رکن کا نام	عہدہ
طارق حمید	چیئر پرسن
میجر جنرل امتیاز حسین شیرازی (ریٹائرڈ)	رکن
ملک رفعت محمود	رکن
سیدہ حاجرہ نازش جعفری	سیکرٹری

بورڈ نے درج ذیل انتظامی کمیٹیاں بھی تشکیل دی ہوئی ہیں:

انڈر رائٹنگ اور ری انشورنس کمیٹی

1.

رکن کا نام	عہدہ
میجر جنرل اختر اقبال (ریٹائرڈ)	چیئر مین
جہاں زیب ظفر	رکن
نعمان نور محمد	رکن
سمیر سرور	رکن اور سیکرٹری

کلیم تصفیہ کمیٹی

2.

رکن کا نام	عہدہ
میجر جنرل امتیاز حسین شیرازی (ریٹائرڈ)	چیئر مین
جہاں زیب ظفر	رکن
ریحان مبین	رکن
بشری آفتاب	رکن اور سیکرٹری

3. رسک مینجمنٹ اینڈ کمپلائنس کمیٹی

رکن کا نام	عہدہ
میجر جنرل اختر اقبال (ریٹائرڈ)	چیئرمین
طارق حمید	رکن
جہاں زیب ظفر	رکن
ریحان مبین	رکن
نعمان نور محمد	رکن
سندیپ کمار	رکن اور سیکریٹری

نان ایگزیکٹو ڈائریکٹرز کے معاوضے کی پالیسی

بورڈ اپنے کاروبار میں آزاد ڈائریکٹرز کی نمائندگی اور ان کے تجربے کی قدر کرتا ہے۔ کمپنی کے فروغ اور استحکام کے لئے رکن ڈائریکٹرز کے پیشہ ورانہ حصے کے لئے ان کی خدمات کو سراہنے کے لئے معاوضہ پالیسی کا فیصلہ بورڈ کی جانب سے کیا جاتا ہے۔ میٹنگ فیس کے علاوہ، بورڈ مینٹنس میں شرکت کے لئے متعلقہ بورڈ ارکان کی طرف سے جب ضرورت ہو، ان ڈائریکٹرز کو سفر/قیام و طعام اور دیگر اخراجات کیلئے بازا دائیگی کی جاتی ہے۔ بورڈ نے اس بات کو یقینی بنایا ہے کہ آزاد ڈائریکٹرز کا معاوضہ ان کے تجربے کے درجے کے مطابق اور مناسب ہوگا۔ ایک رسمی بورڈ ریویو نریشن پالیسی بنائی گئی ہے جو بورڈ کے ارکان کے معاوضے طے کرنے کیلئے ایک رہنمائی فراہم کرنے والے مینار کا کام کرتی ہے۔

بیمہ صنعت کو درپیش چیلنجز

سیلز ٹیکس کا اطلاق

موجودہ طور پر، بیمہ صنعت کو سب سے بڑے چیلنج کا سامنا، صوبائی ریویو اتھارٹیز کی جانب سے صوبائی سیلز ٹیکس کے اطلاق سے متعلق ہے۔ بیمہ صنعت نے انشورنس ایسوسی ایشن آف پاکستان کے فورم کے ذریعے مجموعی طور پر پاکستان میں بیمہ کے پھیلاؤ کو بڑھانے کے لئے تکنیکی بنیادوں پر صوبائی سیلز ٹیکس کی چھوٹ کیلئے متعلقہ اتھارٹیز سے اس مسئلے کو اٹھایا ہے۔

اس سے متعلق تفصیلات آڈٹ شدہ مالیاتی بیانات کے نوٹ 25 میں پیش کی گئی ہیں۔

اینٹی منی لانڈرنگ کی ضروریات کی پاسداری

مزید برآں، بیمہ حیات کمپنیاں سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے عائد کی گئی سخت اینٹی منی لانڈرنگ ضروریات کے اطلاق میں بھی چیلنجز کا سامنا کر رہی ہیں۔ اینٹی منی لانڈرنگ قوانین کے موثر اطلاق کے لئے، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان وقتاً فوقتاً اینٹی منی لانڈرنگ قوانین پر بیمہ کمپنیوں کیلئے ضروری آگاہی سیشنز کا اہتمام کیا اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے مختلف سیشنز میں بیمہ صنعت کے نمائندگان نے اپنے تفکرات کا اظہار کیا اور تفصیل سے اینٹی منی لانڈرنگ قوانین کے اطلاق میں درپیش چیلنجز پر گفتگو کی اور کمپنیوں نے سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان سے اینٹی منی لانڈرنگ قوانین کی باضابطہ موثر عملداری کیلئے کمپنیوں کو ضروری مدد فراہم کرنے کی درخواست بھی کی ہے۔

مزید یہ کہ، کمپنیاں صارفین سے ان کے فنڈز کی دستیابی سے متعلق ان کی دستاویزات کے حصول میں کئی چیلنجز کا سامنا کر رہی ہیں اور اینٹی منی لانڈرنگ قوانین سے آگاہی نہ ہونے کے سبب، صارفین اپنے فنڈز کی دستیابی فراہم کرنے یا اس کو عیاں کرنے میں ہچکچاہٹ کا مظاہرہ کرتے ہیں خواہ اس فنڈ کا تعلق کسی منی لانڈرنگ سرگرمیوں سے نہ بھی ہو۔

ضابطہ اخلاق

بورڈ آف ڈائریکٹرز نے بیمہ زندگی کا کاروبار چلانے کے لئے، ایمان داری اور دیانت داری کے ساتھ، پیشہ ورانہ اسٹینڈرڈز اور کارپوریٹ اقدار کو اپنایا ہے۔ اسٹیک ہولڈرز کے لئے کمپنی اور اس کے ملازمین کے کردار اور ذمہ داریاں مکمل طور پر ضابطہ اخلاق کی شکل میں پیش کی گئی ہیں۔ بورڈ اس ضابطہ اخلاق کو پوری کمپنی میں پھیلانے کے لئے ضروری اقدامات کر رہا ہے اور یہ کمپنی کی ویب سائٹ پر بھی دستیاب ہے۔

مستقبل پر نظر

2020 میں اور بعد ازاں، کمپنی کی انتظامیہ مارکیٹنگ کی نئی حکمت عملی کو فروغ دینے کے لئے تقسیمی نیٹ ورک کی وسعت اور اسکی ترقی پر توجہ جاری رکھے گی اور حصص کنندگان کیلئے زیادہ سے زیادہ قدر پیدا کرے گی۔ کمپنی بینک ایٹورنس کی شراکت داریاں متعارف کرا کے کاروبار بڑھانے پر توجہ جاری رکھے گی اور تکافل مصنوعات کیلئے ضرورت پر سرمایہ کاری کرے گی۔ تقسیم کاری کو پھیلانے کے لئے ہماری کوششیں صرف بینک ایٹورنس تک محدود نہیں رہیں گی، بلکہ کمپنی اور ذرائع بھی تلاش کرے گی اور ان کو اپنائے گی جیسے کہ متبادل تقسیم کاری اور براہ راست سیلز۔ پریمیئم کی نشوونما کے اضافے کے ساتھ ساتھ، کمپنی داخلی کنٹرول اور آپریشنل صلاحیتوں اور کارکردگیوں کو مزید بہتر کر کے، منافع جات بہتر بنانے کے لئے ٹھوس اقدامات اٹھائے گی۔ اس حصول کے سلسلے میں، کمپنی اپنے صارفین کو بہتر خدمات فراہم کر کے اور حصص کنندگان کیلئے قدر بنا کر، کاروبار کے استحکام کیلئے اپنی کوششیں جاری رکھے گی۔ کمپنی منافع کو بہتر بنانے کے لئے کاروبار کے حصول میں اٹھنے والی لاگت کا تنقیدی تجزیہ اور اسکی کڑی نگرانی کرے گی جبکہ اسکے ساتھ ساتھ، سیلز ٹیم کو انکے کیریئر میں ترقی کے پروگرام کے علاوہ، معاوضے کے ذریعے، انکو کمپنی میں برقرار رکھنے اور حوصلہ افزائی اور ترغیب پر خصوصی توجہ دے گی۔

آپ کی انتظامیہ کو یقین ہے کہ درج بالا اہداف پر توجہ مالیاتی نتائج کی بہتری کا نتیجہ ثابت ہوگی جبکہ یہ ادارے کے اندر ایک بہتر کارپوریٹ کلچر کو فروغ بھی دے گا۔ کمپنی بورڈ کے ویژن اور حکمت عملی پر اپنی توجہ مرکوز رکھے ہوئے ہے جو، ہمیں بھروسہ ہے کہ پالیسی ہولڈرز کے لئے اور ادارے کے حصص کنندگان کیلئے مشترکہ طور پر فائدہ مند ثابت ہوگی۔

کورونائرس کی وجہ سے معیشت کو خلاف معمول چیلنجز کا سامنا ہے۔ آپ کی کمپنی کے بورڈ آف ڈائریکٹرز اور انتظامیہ اس صورت حال سے نمٹنے کی اور کمپنی کی مالیات پر اس کے اثرات کو کم سے کم رکھنے کے لئے ہر ممکن کوشش کر رہے ہیں اور اس عالمگیر وباء کے ختم ہونے کے بعد پیدا ہونے والے موقعوں کی تلاش میں ہیں۔

ضابطہ اخلاق کا بیان

بورڈ نے ایک ضابطہ اخلاق اپنایا ہوا ہے۔ تمام ملازمین کو اس بیان سے آگاہ کر دیا گیا ہے جن کو کاروبار اور ریگولیشنز سے متعلق اخلاق کے ان قوانین پر عمل پیرا ہونے کی ضرورت ہے

رجسٹرڈ دفتر

اس سال کے دوران، کمپنی نے اپنا رجسٹرڈ دفتر راولپنڈی، پنجاب منتقل کر لیا ہے اور اس سلسلے میں تمام متعلقہ قانونی تقاضوں کی پاسداری کی گئی ہے۔

ڈویڈنڈ

بورڈ آف ڈائریکٹرز نے تجویز دی ہے کہ ۳۱ دسمبر ۲۰۱۹ء کو ختم ہونے والے سال کے لئے کسی ڈویڈنڈ کا اعلان نہیں کیا جائے گا کیونکہ کمپنی ادائے قرض کی صلاحیت کو برقرار رکھتے ہوئے کاروبار کو وسعت دینے پر توجہ مرکوز رکھنا چاہتی ہے۔

شیئر ہولڈنگ کا نمونہ

کمپنیز ایکٹ 2017 کی شق 236 اور کوڈ آف گورننس کے تحت درکار، شیئر ہولڈنگ کا نمونہ منسلک ہے۔

قانونی آڈیٹرز

موجودہ آڈیٹرز، میسرز گرانٹ تھورنٹن انجم رحمان (چارٹرڈ اکاؤنٹنٹس) موجودہ سال کی مدت کی تکمیل پر ریٹائر ہو رہے ہیں۔ بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی سفارش پر مالیاتی سال 2020 کے لئے آرائیس ایم او بیس حیدرلیاقت نعمان چارٹرڈ اکاؤنٹنٹس کی تقرری کی تجویز دے دی ہے۔

اظہار تشکر

ڈائریکٹرز کمپنی کی انتظامیہ کی حمایت اور مسلسل رہنمائی کیلئے سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے مشکور ہیں۔

بورڈ کمپنی کے خیر خواہ پالیسی ہولڈرز اور کارپوریٹ صارفین کا بھی خلوص دل سے شکریہ ادا کرنا چاہتا ہے جنہوں نے ہمارے ادارے میں اپنا اعتماد اور اعتبار قائم رکھا۔

ڈائریکٹرز کمپنی کے انتظامی عملے اور فیلڈ فورس کی معمول سے ہٹ کر کاوشوں کو جو انہوں نے کمپنی کی ترقی اور نشوونما میں پیش پیش کیں، خراج تحسین پیش کرتے ہیں۔ اعلیٰ اخلاقی اسٹینڈرڈز کیلئے، صارف کو پیش کی جانے والی خدمات اور جانفشانی سے کام کرنے کے لئے، ان کی مسلسل وابستگی آپ کی کمپنی کو نجی شعبے میں بیمہ زندگی کا کاروبار کرنے والوں میں ایک اہم رکن بنائے گی۔

مزید برآں، بورڈ، انشورنس ایسوسی ایشن آف پاکستان کا بھی، انکی رہنمائی، تعاون اور ہماری صنعت کی قابل قدر نمائندگی کیلئے شکریہ ادا کرنا چاہے گا۔ بورڈ، ری انشورنس اور کمپنی کے بینکرز کا بھی، ہماری کارروباری طریقہ جات کے بہتری کے لئے انکے تعاون اور کوششوں کا بھی شکریہ ادا کرنا چاہے گا۔

آخر میں، ہمارے حصص کنندگان کا بھی شکریہ جنکی مسلسل وابستگی اور خیر خواہی عسکری لائف کو ایک مضبوط اور قابل بھروسہ مالیاتی ادارہ اور مارکیٹ کیلئے بھروسے کا نشان بنانے کیلئے ہمارے لئے حوصلہ افزائی کا ایک ذریعہ ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے


چیف ایگزیکٹو آفیسر


ڈائریکٹر

تاریخ: ۲۳ اپریل ۲۰۲۰ء

KEY FINANCIAL DATA FOR THE LAST SIX YEAR Data

	2019	2018	2017	2016	2015	2014
<u>REVENUE ACCOUNT</u>						
Premium - Net of Reinsurance	219,535	25,661	16,758	20,081	31,584	142,582
Interest and Other Income	76,437	32,811	25,622	40,209	32,379	39,673
	295,972	58,472	42,380	60,290	63,963	182,255
Claims Less Reinsurance	82,127	50,083	37,332	49,516	73,712	120,971
Net Commission & Acquisition Cost	163,575	11,222	3,399	4,010	7,675	10,842
Other Administrative Cost	238,905	114,271	42,473	48,674	47,355	53,810
Movement in Policyholders' Liabilities	73,735	-4,366	-5,751	-19,959	-33,651	-15,673
Profit/(Loss) Before Tax	-262,370	-112,738	-35,073	-21,951	-31,128	12,305
Taxation	-510	-255	-589	-166	-1,085	661
Profit/(Loss) After Tax	-262,880	-112,993	-35,662	-22,117	-32,213	12,966
<u>BALANCE SHEET</u>						
Investments	510,611	714,005	423,768	359,808	305,099	284,900
Other Assets	162,111	123,985	86,070	97,455	218,421	275,748
Fixed Assets	99,749	5,383	17,129	19,291	21,302	24,974
	772,471	843,373	526,967	476,554	544,822	585,622
Issued, Subscribed and Paid-Up Capital	1,101,720	1,101,720	601,720	601,720	594,292	594,292
Advance Against Equity	-	-	100,000	-	-	-
Accumulated Surplus/(Loss)	-828,874	-563,359	-448,752	-411,596	-391,462	-357,505
Balance of Statutory Fund	264,125	186,713	189,445	193,747	215,406	247,312
Other Liabilities	235,500	118,299	84,554	92,683	126,586	101,523
	772,471	843,373	526,967	476,554	544,822	585,622

پچھلے چھ سال کا کلیدی معلوماتی مواد

2014 000 روپے میں	2015 000 روپے میں	2016 000 روپے میں	2017 000 روپے میں	2018 000 روپے میں	2019 000 روپے میں	
						آمدنی اکاؤنٹ
142,582	31,584	20,081	16,758	25,661	219,535	پریمیئم - ری انشورنس کا کل مجموعہ
39,673	32,379	40,209	25,622	32,811	76,437	سود اور دیگر آمدنی
<u>182,255</u>	<u>63,963</u>	<u>60,290</u>	<u>42,380</u>	<u>58,472</u>	<u>295,972</u>	
120,971	73,712	49,516	37,332	50,083	82,127	کلیم منفی ری انشورنس
10,842	7,675	4,010	3,399	11,222	163,575	کمیشن اور حصول کی لاگت
53,810	47,355	48,674	42,473	114,271	238,905	دیگر انتظامی اخراجات
(15,673)	(33,651)	(19,959)	(5,751)	(4,366)	73,735	پالیسی ہولڈرز کی ذمہ داریوں میں تحریک
12,305	(31,128)	(21,951)	(35,073)	(112,738)	(263,370)	نفع / نقصان (قبل از ٹیکس)
661	(1,085)	(166)	(5,800)	(255)	(510)	ٹیکس
<u>12,966</u>	<u>(32,213)</u>	<u>(22,117)</u>	<u>(35,662)</u>	<u>(112,993)</u>	<u>(262,880)</u>	نفع / نقصان (بعد از ٹیکس)

						بیلنس شیٹ
284,900	305,099	359,808	423,768	714,005	510,611	سرمایہ کاری
275,748	218,421	97,455	86,070	123,985	162,111	دیگر اثاثہ جات
24,974	21,302	19,291	17,129	5,383	99,749	مستقل اثاثہ جات
<u>585,622</u>	<u>544,822</u>	<u>476,554</u>	<u>526,967</u>	<u>843,373</u>	<u>772,471</u>	
594,292	594,292	601,720	601,720	1,101,720	1,101,720	جاری کردہ، اقراری اور پیڈ اپ سرمایہ
-	-	-	100,000	-	-	ایکویٹی کے بدلے میں ایڈوانس
(357,505)	(391,462)	(411,596)	(448,752)	(563,359)	(828,874)	مجموعی زائد ضرورت (نقصان)
247,312	215,406	193,747	189,445	186,713	262,125	قانونی فنڈ کا بتایا
101,523	126,587	92,683	84,554	118,299	235,500	دیگر واجب الادا نیکیاں
<u>585,622</u>	<u>544,822</u>	<u>476,554</u>	<u>526,967</u>	<u>843,373</u>	<u>772,471</u>	

Review report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019 and Code of Corporate Governance for Insurers, 2016.

ASKARI LIFE ASSURANCE COMPANY LIMITED

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Code of Corporate Governance for Insurers, 2016 (collectively referred as 'the Code') as prepared by the Board of Directors (the Board) of Askari Life Assurance Company Limited (the Company) for the year ended December 31, 2019 in accordance with the requirement of regulation 36 of the Listed Companies.(Code of Corporate Governance) Regulations, 2019 and provision Ixxvii of the Code of Corporate Governance for Insurers, 2016.

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

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

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of approval of related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2019.

Further, we highlight below instances of non-compliance with the requirements of "the Code" as reflected in the below mentioned paragraph reference where these are stated in the Statement of Compliance:

Paragraph Reference	Description
31	The performance evaluation of the Board's own performance, members of the Board and of its committees has not been carried out as per the evaluation criteria.
32	The credit rating for the year has not been carried out.


Grant Thornton Anjum Rahman
Chartered Accountants
Muhammad Shaukat Naseeb
Engagement Partner

Date: April 30th, 2020
Karachi

Statement of Compliance with the Code of Corporate Governance for Insurers, 2016 & Listed Companies (Code of Corporate Governance) Regulations, 2019 for the Year ended 31st December, 2019

Askari Life Assurance Company Limited

This statement is being presented in compliance with the Code of Corporate Governance for Insurers, 2016 and listed Companies (Code of Corporate Governance Regulations), for the purpose of establishing a framework of good Governance, whereby the Company is managed in compliance with the best practices of corporate governance.

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

1. The total number of directors are 8 as per the following,-
 - a. Male: 7
 - b. Female: 1
2. The Company encourages representation of independent non-executive Directors and Directors representing minority interests on its Board of Directors. At present the Board includes:

Category	Names
Independent Directors	Ayesha Rafique Tariq Hameed
Executive Director	Jehanzeb Zafar- CEO
Non-Executive Directors	Lt Gen Najib Ullah Khan, (Retd) Maj Gen Imtiaz Hussain Sherazi (Retd) Maj Gen Akhtar Iqbal (Retd) Malik Riffat Mahmood Javed Yunus
Female Director	Ayesha Rafique

All the independent Directors meet the criteria of independence as laid down under the Code of Corporate Governance for Insurer, 2016.

3. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.
4. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a Banking Company, A Development Financial Institution (DFI) or Non-Banking Financial Institution or, being a member of stock exchange, has been declared as a defaulter by a stock exchange.
5. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with supporting policies and procedures.
6. The Board has developed a vision /mission statement, overall Corporate Strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other executive directors and the key officers, have been taken by the Board as empowered by the relevant provisions of the Act and Code of Corporate Governance 2019 regulations.

8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers were circulated at least seven (07) days before the meeting. The minutes of the meeting were appropriately recorded and circulated. The Board has complied with the requirements of the act and regulations with respect to frequency, recording and circulating minutes of the Board meeting.
9. The Board has established a system of sound internal control, which is effectively implemented at all levels within the Company. The Company has adopted and complied with all the necessary aspects of internal controls given in the Code according to the provided timeline.
10. The Company has undertaken the process of orientation course for its Directors during the year.
11. Three of the Board members have undertaken Directors training program. More members are encouraged to carry out the program by June 30, 2020.
12. The Board has approved, during the year, and appointed the Company Secretary and Head of Internal Audit of the Company including their remuneration and terms and conditions of employment.
13. The Directors' report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance for Insurers, 2016, Listed Companies Code of Corporate Governance 2019 and fully describes the salient matters required to be disclosed.
14. The Board of Directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
15. The financial statements of the Company were duly endorsed by the Chief Executive Officer and Chief Financial Officer before approval of the Board.
16. The Directors, Chief Executive Officer and others executives do not hold any interest in the shares of the Company other than disclosed in the pattern of shareholding.
17. The Company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance for Insurers, 2016.
18. The Board has formed the following Management Committees:

1) Underwriting & Reinsurance Committee:

Name of the Member	Category
Maj.Gen Akhtar Iqbal (Retd)	Chairman
Jehanzeb Zafar	Member
Noman Noor Muhammad	Member
Sumair Sarwar	Member & Secretary

2) Claim Settlement Committee:

Name of the Member	Category
Maj Gen Imtiaz Hussain Sherazi (Retd)	Chairman
Jehanzeb Zafar	Member
Rehan Mobin	Member
Bushra Aftab	Member & Secretary

3) Risk Management & Compliance Committee

Name of the Member	Category
Maj.Gen Akhtar Iqbal (Retd)	Chairman
Tariq Hameed	Member
Jehanzeb Zafar	Member
Rehan Mobin	Member
Noman Noor Muhammad	Member
Sandeep Kumar Rajpal	Member & Secretary

19. The Board has formed the following Board committees:

1) Ethics, Human Resource, Remuneration and Nominations Committee:

Name of the Member	Category
Ayesha Rafique	Chairperson
Maj.Gen Akhtar Iqbal (Retd)	Member
Maj Gen Imtiaz Hussain Sherazi (Retd)	Member
Jehanzeb Zafar	Member
Head HR- Vacant	Secretary

2) Investment Committee:

Name of the Member	Category
Malik Riffat Mahmood	Chairman
Maj.Gen Akhtar Iqbal (Retd)	Member
Jehanzeb Zafar	Member
Noman Noor Muhammad	Member
Rehan Mobin	Member

20. The Board has also formed an Audit Committee. It comprises of three members, all of whom are non-executive Directors and the Chairperson of the Committee is an independent Director. The composition of the Audit Committee is as follows:

Audit Committee:

Name of the Member	Category
Tariq Hameed	Chairman
Maj Gen Imtiaz Hussain Sherazi (Retd)	Member
Malik Riffat Mahmood	Member
Syeda Haajra Nazish Jafri	Secretary

21. The meetings of the Audit Committee and Investment Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code of Corporate Governance for Insurers, 2016. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

22. An effective internal Audit function is in place which is suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.

23. The Chief Executive Officer, Chief Financial Officer, Compliance Officer and the Head of Internal Audit possess such qualification and experience as is required under the Code of Corporate Governance for Insurers, 2016. The Appointed Actuary of the Company also meets the conditions as laid down in the said Code. Moreover, the persons heading the underwriting, claim, reinsurance, risk management and grievance functions / departments possess qualification and experience of direct relevance to their respective functions, as required under section 12 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000);

Name of the Person	Designation
Mr. Jehanzeb Zafar	Chief Executive Officer
Mr. Rehan Mobin	Chief Financial Officer
Mr. Noman Muhammad	Chief Operating Officer/Actuary/Head of Risk Management
Mr. Sandeep Kumar	Head of Compliance
Ms. Syeda Haajra Nazish Jafri	Company Secretary
Mr. Atif Usman	Head Internal Audit
Mr. Sumair Sarwar	Head of Underwriting
Ms. Bushra Aftab	Head of Claims
Mr. Mohib ul Haq	Head of Reinsurance
Mr. Azfar Khan	Head of Grievance

During the year Mr. Atif Usman was appointed as Head Internal Audit and Ms. Syeda Haajra Nazish Jafri was appointed as Company Secretary as these positions were vacant due to resignations earlier.

24. The statutory auditors of the Company have been appointed from the panel of auditors approved by the Commission in terms of section 48 of the Insurance Ordinance, 2000 (Ordinance No, XXXIX of 2000). The statutory auditors have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
25. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
26. The Appointed Actuary by the Company has confirmed that neither he nor his spouse and minor children hold shares of the Company.
27. The Board ensures that the Appointed Actuary complies with the requirements set out for him in the Code of Corporate Governance for Insurers, 2016.
28. The Board ensures that the investment policy of the Company has been drawn up in accordance with the provisions of the Code of Corporate Governance for Insurers, 2016.
29. The Board ensures that the Risk management system of the Company is in place as per the requirement of the Code of Corporate Governance for Insurers, 2016.
30. The Company has set up a risk management function, which carries out its tasks as covered under the Code of Corporate Governance for Insurers, 2016.
31. The Board has developed a mechanism for the annual evaluation of the board's own performance, members of board and of its committees. The Board evaluation will be carried out in due course.
32. The Company will initiate the credit rating process in due course.
33. The Board has set up a grievance department / function as per the requirement of the Code of Corporate Governance for Insurers, 2016.
34. The Company has not obtained any exemptions from the Securities and Exchange Commission of Pakistan in respect of the requirements of the Code of Corporate Governance for Insurers, 2016.

35. We confirm that all requirements of regulation 3,6,7,8,27,32,33 and 36 of the regulations have been complied with. With respect to Clause 6 of the Companies (Code of Corporate Governance) Regulations, 2019, we would like to inform you that currently the Board has 2 Independent Directors, the requirement of as per Clause 6 will be applicable on the Company at the time of next election of directors as per sub Clause (2) of Clause 6.

By order of the Board



Jehanzeb Zafar
Chief Executive Officer

Date: April 23, 2020

SHARIAH ADVISOR REVIEW REPORT TO THE BOARD OF DIRECTORS YEAR ENDED DECEMBER 31, 2019

الحمد لله رب العلمين والصلاة والسلام على سيد الأنبياء والمرسلين
محمد النبي الأمي وعلى آله وصحابه أجمعين ، وبعد؛

I have examined the accompanying financial statements of Askari Life Assurance Company Limited - Window Takaful Operations (hereafter referred to as "the Window Takaful") for the year ended 31 December, 2019.

I acknowledge that as the Shariah Advisor of the Window Takaful, it is my responsibility to ensure that the financial arrangements, contracts and transactions entered into by the Window Takaful with its participants and stakeholders are in compliance with the requirements of Shariah rules and principles. It is the responsibility of the Window Takaful's management to ensure that the rules, principles and guidelines set by the Shariah Advisor are complied with, and that all policies and services being offered are duly approved by the Shariah Advisor.

The primary scope of Shariah Audit is to review the Window Takaful's compliance with Shariah Guidelines, and includes the examination of the appropriate evidence of transactions undertaken by the Window Takaful during the year 2019.

It is the responsibility of the Shariah Advisor to express his opinion on the submitted financial statements. In my opinion, and to the best of my understanding based on the provided information and explanations, below are the findings:

- (i) Financial transactions undertaken by the Window Takaful for the year ended December, 31 2019 were in accordance with guidelines by Shariah Advisor as well as the requirements of Takaful Rules 2012.
- (ii) The guidance has been provided regarding Shariah compliance for the establishment of Group Family Takaful and Takaful Statutory Funds. Furthermore, the management of the Window Takaful has been advised to strictly follow Shariah compliance and contact for clarification when required, if any.
- (iii) Consequently, we have found that the Window Takaful is in accordance with the Shariah principles in all transactional aspects.

In conclusion, I pray to Almighty Allah to guide us the Sirat-e-Mustaqeem, enable us to overcome on every hindrance/weaknesses and bring financial prosperity to Askari Life-Window Takaful Operations and all its stakeholders.



Mufti Muhammad Zubair Usmani
Shariah Advisor

Independent Reasonable Assurance Report to the Board of Directorson the Statement of Management's Assessment of Compliance with the Shari'ah Principles

We were engaged by the Board of Directors of Askari Life Assurance Company Limited ("the Company") to report on the management's assessment of compliance of the Window Takaful Operations ("Takaful Operations") of the Company, as set out in the annexed statement prepared by the management for the year ended December 31, 2019, with the Takaful Rules, 2012, in the form of an independent reasonable assurance conclusion about whether the annexed statement presents fairly the status of compliance of the Operations with the Takaful Rules, 2012, in all material respects.

Applicable Criteria

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

Responsibilities of the Management

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

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

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. The firm applies International Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibilities

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

The procedures selected depend on our judgment, including the assessment of the risks of material non-compliance with the Takaful Rules, 2012, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the Takaful Operations compliance with the Takaful Rules, 2012, in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes

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

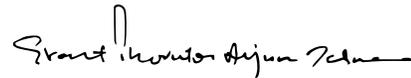
The procedures performed included:

- Evaluating the systems, procedures and practices in place with respect to the Takaful Operations against the Takaful Rules, 2012 and Shariah advisor's guidelines;
- Evaluating the governance arrangements including the reporting of events and status to those charged with relevant responsibilities, such as the Audit Committee / Shari'ah Advisor and the board of directors;
- Performing test for a sample of transactions relating to Takaful Operations to ensure that these are carried out in accordance with the laid down procedures and practices including the regulations relating to Takaful Operations as laid down in Takaful Rules, 2012; and
- Review the statement of management's assessment of compliance of the Retakaful transactions for the year ended December 31, 2019 with the Takaful Rules, 2012.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. In our opinion, the annexed statement, for the year ended December 31, 2019, present fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.

Date: April 30th, 2020
Karachi:



Grant Thornton Anjum Rahman
Chartered Accountants
Muhammad Shaukat Naseeb
Engagement partner

Management's Statement of Compliance with the Shariah Principles Year ended December 31, 2019

الحمد لله رب العلمين والصلاة والسلام على سيد الأنبياء والمرسلين
محمد النبي الأمي وعلى آله وصحابه أجمعين ، وبعد؛

The financial arrangements, contracts and transactions, entered into by Askari Life Assurance Company Limited - Window Takaful Operations (the Company) for the year ended December 31, 2019 are in compliance with the Takaful Rules, 2012.

Further we confirm that:

- The Company has developed and implemented all the policies and procedures in accordance with the Takaful Rules, 2012 and rulings of the Shariah Advisor along with a comprehensive mechanism to ensure compliance with such rulings and Takaful Rules, 2012 in their overall operations with zero tolerance. Further, the governance arrangements including the reporting of events and status to those charged with relevant responsibilities, such as the Audit Committee / Shariah Advisor and the Board of Directors have been implemented;
- All the products and policies have been approved by Shariah Advisor and the financial arrangements including policies, contracts and transactions, entered into by Window Takaful Operations are in accordance as approved by Shariah Advisor.
- The assets and liabilities of Window Takaful Operations (Participant Takaful Fund and Operator's Sub Fund) are segregated from its other assets and liabilities, at all times in accordance with the provisions of the Takaful Rules, 2012.

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



Jehanzeb Zafar
Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASKARI LIFE ASSURANCE COMPANY LIMITED

Report on the audit of the financial statements

Opinion

We have audited the annexed financial statements of Askari Life Assurance Company Limited (the Company), which comprise the statement of financial position as at December 31, 2019, and the statement of comprehensive income, the statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of comprehensive income, the statement of changes in equity and cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of Company's affairs as at December 31, 2019 and of the loss, total comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note 25.1.3 to the financial statements, which describes that the Company has challenged the scope and applicability of the provincial sales tax on services on the premium from life insurance business.

Our opinion is not qualified in respect of the above matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key Audit Matters:

Key audit matters	How our audit addressed the key audit matters
<p>Transition from the accounting standard 'IAS 17 to IFRS 16- Leases</p> <p>Refer note 5.1.1 and 9 to the financial statements.</p> <p>IFRS 16 - Leases' becomes effective for annual reporting period beginning on or after January 01, 2019. The application of the new standard gives rise to a right of use asset of Rs. 56.72 million, and a financial lease liability of Rs. 58.95 million.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Our audit procedures included the following: • Evaluated management's implementation process and reviewed the updated accounting policy and policy election. • Assessed the reasonableness of management's assumptions used especially in respect of

The Company decided to apply the modified retrospective approach for the transition accounting. The assessment of the impact of the new standard is significant to our audit, as the balances recorded are material. The recognition of right of use asset and lease liability is based on assumptions such as discount rates and the lease terms, including termination and renewal options. Therefore, we have considered this to be a key audit matter.

determination of discount rates for a portfolio of leases and the assessment of renewal and termination options contained in the lease agreement.

- We recomputed the right-of-use assets and corresponding lease liabilities independently and compared the results to that of the management.
- Assessed the adequacy of the overall disclosures in the financial statements in respect of the right of use asset and lease liability.

Valuation of insurance liabilities

Refer note 20 to the financial statements.

The Company has significant Insurance liabilities representing 71% of the Company's total liabilities. This is an area that involves significant judgement over uncertain future outcomes, mainly the ultimate total settlement value of long term policyholder liabilities. Economic assumptions, including investment return, and associated discount rates, and operating assumptions including mortality, morbidity, expenses and persistency (including consideration of policyholder behavior) are the key inputs used to estimate these long term liabilities.

Our audit procedures included the following:

- Obtained an understanding from the management, of the actuarial assumption and methodologies used for estimating the policyholder's liabilities as at December 31, 2019.
- Tested the relevance and reasonableness of those assumptions and methods.
- Tested the relevance, completeness, and accuracy of that source data used for the valuation.
- Tested the valuation for accuracy and determining whether the assumptions were consistently applied in the valuation.
- Recomputed on a test basis, the effect of unearned premium.
- Assessed the relevant disclosures made in the financial statements to determine whether these complied with the accounting and reporting standards as applicable in Pakistan.

Information Other than the Financial Statements and Auditor's Report Thereon

The management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, the requirements of Insurance Ordinance, 2000 and Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

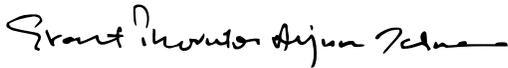
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with the Board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide to the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated with the Board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XIX of 2017), and are in agreement with the books of account;
- c) the apportionment of assets, liabilities, revenue and expenses between two or more funds has been performed in accordance with the advice of the appointed actuary;
- d) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the company's business; and
- e) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is **Muhammad Shaukat Naseeb**.



Grant Thornton Anjum Rahman

Chartered Accountants

Karachi

Date: April 30th, 2020

**STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019**

	Note	2019 ----- (Rupees in '000) -----	2018
ASSETS			
Property and equipment	8	40,806	5,383
Right of use assets	9	56,727	-
Intangible assets	10	2,216	-
Investments			
Equity securities	11	6,819	6,830
Government securities	12	492,725	697,184
Mutual funds	13	11,067	9,991
Loans secured against life insurance policies		6,651	9,424
Insurance receivables	14	11,213	3,380
Other loans and receivables	15	14,222	20,892
Taxation - payments less provision		13,650	11,311
Prepayments	16	968	5,097
Cash and bank	17	112,844	73,881
TOTAL ASSETS		769,908	843,373
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES ATTRIBUTABLE TO COMPANY'S EQUITY HOLDERS			
Share capital	18	1,101,720	1,101,720
Money ceded to Waqf Fund		500	-
Retained earnings arising from business other than participating business attributable to the shareholders (Ledger Account D)		(732,558)	(452,235)
Unrealised gain on available-for-sale financial assets	19	800	257
Accumulated losses		(86,415)	(103,858)
TOTAL EQUITY		284,047	545,884
LIABILITIES			
Insurance liabilities	20	345,874	257,883
Retirement benefit obligations	21	12,177	86
Premium received in advance		9,575	13,837
Insurance / reinsurance payables	22	27,917	14,112
Other creditors and accruals	23	31,360	11,571
Lease liability against right of use assets	24	58,958	-
TOTAL LIABILITIES		485,861	297,489
TOTAL EQUITY AND LIABILITIES		769,908	843,373
CONTINGENCIES AND COMMITMENTS			
	25		

The annexed notes from 1 to 52 form an integral part of these financial statements.


Chief Financial Officer


Chief Executive Officer


Director


Director


Chairman

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2019**

	2019	2018
Note	------(Rupees in '000)-----	
Gross premium / contribution revenue	301,961	43,849
Re insurance premium / contribution ceded	(82,426)	(18,188)
Net premium / contribution revenue	26 219,535	25,661
Investment income	27 68,124	29,631
Net realised fair value gains / (losses) on financial assets	28 147	(21)
Net fair value gains / (losses) on financial assets at fair value	29 49	(3,369)
Other income	30 8,117	6,570
	76,437	32,811
Total income	295,972	58,472
Insurance benefits	176,873	64,040
Reinsurance recoveries	(94,746)	(13,957)
Net insurance benefits expense	31 82,127	50,083
Net change in insurance liabilities (other than outstanding claims)	73,735	(4,366)
Acquisition expenses	32 163,575	11,222
Marketing and administration expenses	33 228,766	83,685
Other expenses	34 10,139	30,586
Total expenses	476,215	121,127
Loss before tax	(262,370)	(112,738)
Income tax expense	35 (510)	(255)
Loss for the year	(262,880)	(112,993)
Other comprehensive income:		
Unrealised gain on remeasurement of available-for-sale financial assets	19 543	19
	543	19
Total comprehensive loss for the year	(262,337)	(112,974)
Loss per share - Rupees	36 (2.39)	(1.82)

The annexed notes from 1 to 52 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Director



Director

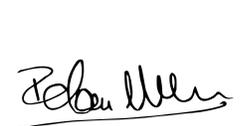


Chairman

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2019

	Note	2019 ------(Rupees in '000)-----	2018
Operating Cashflows			
(a) Underwriting activities			
Insurance premium / contribution received		290,257	46,466
Reinsurance premium / contribution received		3,059	397
Claims paid		(137,379)	(42,748)
Commission paid		(49,356)	(2,903)
Marketing and administrative expenses paid		(314,784)	(110,031)
Net cash used in underwriting activities		(208,203)	(108,819)
(b) Other operating activities			
Income tax paid		(2,849)	(1,818)
Other operating payments		(5,432)	(17,649)
Gratuity paid	21.2	(1,002)	-
Other operating receipts		23,762	8,550
Loans secured against life insurance policies - advanced		-	(328)
Loans secured against life insurance policies - repayments received		210	1,066
Net cash flow generated from / (used in) other operating activities		14,689	(10,179)
Total cash used in operating activities		(193,514)	(118,998)
Investment activities			
Profit received		73,436	33,910
Dividend received		738	764
Payment for purchase of investments		(3,073,392)	(1,780,201)
Proceeds from disposal of investments		3,277,378	1,486,614
Addition to property and equipment	8	(44,085)	(5,926)
Addition to intangible assets	10	(2,901)	-
Proceeds from sale of property and equipment		803	2,493
Total cash flow generated from / (used in) from investing activities		231,977	(262,346)
Financing activities			
Proceeds from issuance of shares		-	500,000
Money ceded to waqf fund		500	-
Repayment to Holding Company		-	(100,000)
Total cash generated from financing activities		500	400,000
Net increase in cash and cash equivalents		38,963	18,656
Cash and cash equivalents at beginning of year		73,881	55,225
Cash and cash equivalents at end of year	17	112,844	73,881
Reconciliation to statement of comprehensive income			
Operating cash flows		(193,514)	(118,998)
Depreciation expense on property and equipment	8	(8,484)	(2,580)
Amortisation expense on intangible assets	10	(676)	-
Depreciation on right of use asset	9	(16,520)	-
Property and equipment - write offs		-	(14,333)
Profit on disposal of property and equipment	30	624	1,736
Loss on disposal of intangible assets	30	(9)	-
Net realised fair value gains/(losses) on financial assets	28	147	(21)
Dividend and other investment income		75,626	34,466
Increase in assets other than cash		93,476	27,961
Increase in liabilities		(213,599)	(37,855)
Net fair value gain / (losses) on financial assets at fair value	29	49	(3,369)
Loss after taxation		(262,880)	(112,993)

The annexed notes from 1 to 52 form an integral part of these financial statements.


Chief Financial Officer


Chief Executive Officer


Director


Director


Chairman

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Share Capital	Revenue reserves	Retained earnings	Money Ceded to Waqf Fund	Other Reserves	Total Equity
		Accumulated losses	arising from business other than participating business attributable to the shareholders (Ledger)		Unrealised gain on available-for-sale financial assets	
Note -----(Rupees in '000)-----						
Balance as at January 1, 2018	601,720	(87,365)	(355,735)	-	238	158,858
Transactions with owners						
Issue of right shares at Rs.10 each	500,000	-	-	-	-	500,000
Total comprehensive loss for the year	-	(112,993)	-	-	-	(112,993)
Change in fair value of available for sale investments 19.1	-	-	-	-	19	19
Deficit for the year in statutory funds	-	96,500	(96,500)	-	-	-
Balance as at December 31, 2018	<u>1,101,720</u>	<u>(103,858)</u>	<u>(452,235)</u>	<u>-</u>	<u>257</u>	<u>545,884</u>
Balance as at January 1, 2019	1,101,720	(103,858)	(452,235)	-	257	545,884
Total comprehensive loss for the year	-	(262,880)	-	-	-	(262,880)
Money ceded to Waqf fund	-	-	-	500	-	500
Change in fair value of available for sale investments 19.1	-	-	-	-	543	543
Deficit for the year in statutory funds	-	280,323	(280,323)	-	-	-
Balance as at December 31, 2019	<u>1,101,720</u>	<u>(86,415)</u>	<u>(732,558)</u>	<u>500</u>	<u>800</u>	<u>284,047</u>

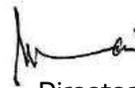
The annexed notes from 1 to 52 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Director



Director



Chairman

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

1. LEGAL, STATUS AND NATURE OF BUSINESS

1.1 Askari Life Assurance Company Limited (the Company) was incorporated in Pakistan on August 18, 1992 as a public limited company under the repealed Companies Ordinance, 1984 (replaced by Companies Act 2017). Its shares are quoted on Pakistan Stock Exchange. The Company commenced life insurance operations on February 22, 1993 after registration with Controller of Insurance on February 14, 1993. The address of its registered and principal office are 8th Floor, Army Welfare Trust, AWT Plaza, The Mall, Rawalpindi and 11th Floor, Emerald Tower, Plot No. G-19, Block 5, KDA Improvement Scheme No.5, Clifton, Karachi respectively. The geographical locations other than stated above are as under:

Karachi Regional Development Centre: Showroom 4-5, Zubaida Garden Ground Floor, Near Awami Markaz, K.M.C.H.S Main Shahrah e Faisal, Karachi

Lahore Regional Development Center: Plot # 524, Block-15, Sector B-1, Quaid-e-Azam Town Scheme, College Road, Lahore.

Islamabad Regional Development Center: 1st Floor Left side Rizwan Center Plot #85 West, Blue Area Sector F-7/G-7, Islamabad

Horizon Tower - Sub Office: Room No.507, 5th Floor, Horizon Tower, near Bilawal House, Khayaban-e-Saadi, Clifton, Karachi.

Army Welfare Trust as a Holding Company holds 54.54% (2018: 54.54%) shares of the Company.

1.2 The Company is engaged in life insurance and window family takaful business including ordinary life business and accidental and health business.

In accordance with the requirement of Insurance Ordinance, 2000, the Company has established a Shareholder Fund and separate Statutory Funds in respect of each class of its life insurance business. The Statutory Funds established by the Company, in accordance with the advice of appointed actuary are as follow:

- Ordinary Life
- Universal Life
- Accidental and Health

The Company commenced the Window Takaful Operations during the year. Company's Board of Directors in its meeting held on October 24, 2018 approved the contribution of seed money of Rs. 50 million from shareholder's fund for the commencement of operation. The Window Takaful Operation is also approved by SECP and Company has also established Individual Family Takaful and Group Family Takaful Funds.

1.3 The Company incurred loss after tax of Rs. 262.88 million (2018: Rs. 112.99 million) resulting in accumulated loss of Rs. 86.41 million (2018: Rs. 103.85 million) and deficit in the ledger account 'D' of Rs. 732.55 million (2018: Rs. 452.23 million) as at December 31, 2019. Further Company's cashflows from operating activities are negative Rs. 193.51 million (2018: Rs. 118.99 million).

The Directors have reasonable expectation that the Company will have the resources to continue its business after taking into account the following matters:

- a) As per business plan the losses made in initial years is expected to be recovered as the distribution lines mature and initial setup investments are recovered as per normal business cycle of life insurance companies. As acquisition cost of business in initial years is high, subsequent year renewals will start contributing positively to the bottom line.

- b) Management also plan to increase its distribution network through introducing more bancassurance partners and also introduction digital resources for business.
- c) Management has also introduced window takaful operations for distribution of shariah compliant product which allows company to capture due market share in Takaful domain.
- d) The Parent company have explicitly provided a commitment to provide necessary financial support to the Company, if need arises, to address any liquidity and solvency issues to enable the Company to continue its business.

Further, the company has sufficient assets in excess of the solvency margin required to be maintained under the Insurance Ordinance, 2000 and will be able to discharge its liabilities in the normal course of business

2. BASIS FOR PRESENTATION AND STATEMENT OF COMPLIANCE

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Act 2017 and Insurance Accounting Regulations, 2017 provisions of and directives issued under the Companies Act 2017, the Insurance Ordinance, 2000, Insurance Rules, 2017 and the Takaful Rules, 2012. In case requirements differ, the provisions or directives of the Companies Act 2017, Insurance Ordinance, 2000, Insurance Accounting Regulations 2017 Insurance Rules, 2017 and Takaful Rules, 2012 shall prevail.

2.2 Accounting Standards, IFRIC Interpretations and Amendments which became effective during the year

2.2.1 Standards, amendments and interpretations to the published standards that are relevant to the Company and adopted in the current year

The Company has adopted the following new standards, amendments to published standards and interpretations of IFRSs which became effective during the current year.

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 16 - Leases	January 1, 2019
IFRIC 23 - Uncertainty over Income Tax Treatments	January 1, 2019
IAS 28 - Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)	January 1, 2019
IFRS 9 - Prepayment Features with Negative Compensation (Amendments to IFRS 9)	January 1, 2019
IAS 19 - Plan Amendment, Curtail or Settlement (Amendments to IAS 19)	January 1, 2019
IAS 12/IAS 23/ IFRS 3/ IFRS 11 - Annual Improvements to IFRS Standards 2015-2017 Cycle	January 1, 2019

IFRS 9 'Financial Instruments' and amendment (effective for period ending on or after June 30, 2019) replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements. It has also carried forward the guidance on recognition and derecognition of financial instruments from IAS 39.

Further, IFRS 4 provides two alternative options in relation to application of IFRS 9 for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from the effective date to remove from the statement of comprehensive income the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied. The Company has adopted the temporary exemption which allows the Company to defer the application of IFRS 9 until December 01, 2022.

For the companies adopting the temporary exemption, the IFRS 4 requires certain disclosures which have been disclosed as follows:

Temporary exemption from application of IFRS 9

As an insurance company, the management has opted temporary exemption from the application of IFRS 9 as allowed by the International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance.

2.2.2 Standards, amendments to published standards and interpretations that are effective but not relevant

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on January 01, 2019 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are therefore not presented here.

2.2.3 Standards, amendments and interpretations to the published standards that are relevant but not yet effective and not early adopted by the Company

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Postponed
IAS 1/IAS 8 - Definition of Material (Amendments to IAS 1 and IAS 8)	January 1, 2020
IFRS 1 and IAS 28 - Annual Improvements to IFRSs 2014-2016	January 1, 2020

The management anticipates that, except as stated above, adoption of the new standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than presentation and disclosures. The management is in the process of assessing the impact of changes laid down in IFRS 9 and 15 on its financial statements.

2.2.4 Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP)

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 1 - First Time Adoption of International Financial Reporting Standards	Not yet notified
IFRS 14 - Regulatory Deferral Accounts	January 1, 2016
IFRS 17 - Insurance Contracts	January 1, 2023
IFRIC 4 - Determining Whether an Arrangement Contains a Lease	Not yet notified
IFRIC 12 - Service Concession Arrangements	Not yet notified

3 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except for valuation of certain investments at their market value.

4 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Pakistan Rupees (rounded upto thousand) which is the Company's functional and presentation currency.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Change in accounting policy

5.1.1 IFRS 16 "Leases"

"IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease')."

This new Standard has been applied using the modified retrospective approach, and accordingly the information presented for 2018 reporting year has not been restated. It remains as previously reported under IAS 17 and the related interpretations.

The Company has applied the cost model to right-of use assets, except for those assets that meet the definition of investment property. Alternatively, the Company may elect to apply the revaluation model in IAS 16 to right-of-use assets, if it applies the revaluation model to the class of property and equipment that the right-of-use assets relate to.

The right-of-use asset is initially measured based on the present value of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is depreciated on a straight-line method over the lease term as this method most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, which is KIBOR (Karachi Inter Bank Offer Rate).

Followings are the amounts recognised by the Company in these financial statement for the year ended December 31, 2019

	Note	Rupees in'000'
Total lease liabilities - (included in other creditors and accruals)	24	58,958
Right of use asset	9	56,727
Finance charges on lease liability against right of use asset -Acquistion expense	32	1,764
Finance charges on lease liability against right of use asset -Marketing and administrative expense	33	4,016
Depreciation - Acquisition expense	32	6,766
Depreciation - Marketing and administrative expense	33	9,754

5.2 Statutory funds

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

5.3 Property and equipment

These are stated at cost less accumulated depreciation and impairment, if any. Depreciation is calculated on the straight line method at rates mentioned in note 8.

Depreciation on all assets available for use during the year is charged from the month of addition to the month of disposal. When parts of an item of asset have different useful lives, they are accounted for as separate items in property and equipment.

Subsequent costs are included in the assets' carrying amount or recognized 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 are charged to profit and loss account as and when incurred. However, major repairs and renewals are capitalized.

Depreciation rates and method are reviewed at financial position date and adjusted, if required.

Gains or losses on disposal of property and equipment are determined by comparing proceeds with the carrying amount. These are included in the statement of comprehensive income.

5.4 Intangible assets

Intangible assets are stated at cost less accumulated amortization and any impairment losses. Amortization is charged over the estimated useful life of the asset on a systematic basis applying the straight line method at the rates specified in note 10 to the financial statements. The estimate of useful life and amortization method are reviewed at the end of each financial year with the effect of any changes in estimate being accounted for prospectively.

The amortization is charged from the month in which asset is available for use to the month in which that asset is disposed off.

5.5 Right of use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date of which the underlying asset is available for use). Right-of-use assets is initially measured based on the amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred and an estimated costs of dismantling. The right of use assets is depreciated on straight line method over the lease term as this method most closely reflects the expected pattern of consumption of the future economic benefits, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

5.6 Lease Liability

The lease liability is initially measured at present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Kibor rate is applied.

5.7 Types of Insurance Contracts/Window Takaful Operations

5.7.1 Insurance contracts

Insurance contracts represent contracts with policy holders and reinsurers.

Those contracts where the Company (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders.

Those insurance contracts that are issued by one insurer (the reinsurer) to compensate another insurer (the cedant) for losses on one or more contracts issued by the cedant are reinsurance contracts.

The Company enters into insurance contracts with policyholders which are divided into following two major categories:

Group insurance contracts

The Company offers group life and group health to its clients. The risk underwritten is mainly death, hospitalization and disability. The group insurance contracts are issued typically on yearly renewable term basis.

Individual insurance Contracts

Individual life investment linked policies are regular life policies, where policy value is determined as per the underlying assets' value. Various types of riders (Accidental Death, Family Income Benefit, etc.) are also sold along with the basic policies.

5.7.2 Family takaful contracts

The Company offers Family Takaful Contracts. Family Takaful Contract is an arrangement which rests on key Shariah principles of mutual cooperation, solidarity and well being of a community and is based on the principles of Wakala Waqf Model. Under a Takaful arrangement, individuals come together and contribute towards the common objective of protecting each other against financial losses by sharing the risk on the basis of mutual assistance. The obligation of Waqf for Waqf participants' liabilities is limited to the amount available in the Waqf fund. In case there is a deficit in the Waqf Fund, the Window Takaful Operator shall grant an interest free loan (Qard-e-Hasna) to make good the deficit. The loan shall be repayable from the future surpluses generated in the Waqf Fund, without any excess of the actual amount given to it. Repayment of Qard-e-Hasna shall receive priority over surplus distribution to Participants from the Waqf Fund. The detailed disclosures of window takaful operations are presented in note 40.

Group family takaful

The Group Family Takaful contracts are issued typically on yearly renewable term basis. The Company offers group term life and group credit plans to its participants.

Individuals family takaful contracts

The Company offers Individual Takaful Plans which provide Shariah Compliant financial protection and investment vehicle to individual participants. These plans carry cash value to the participants to direct their investment related contributions based on their risk / return objectives. The investment risk is borne by the participants.

5.8 Policyholders' liabilities /technical reserves

Policyholders' liabilities including claim incurred but not reported (IBNR) are stated at a value determined by the appointed actuary through an actuarial valuation / advice carried out at each financial position date, in accordance with section 50 of the Insurance Ordinance, 2000. In determining the value both acquired policy values as well as estimated values which will be payable against risks which the Company underwrites are considered. The basis used are applied consistently from year to year. Calculation for premium deficiency reserve and (IBNR) is calculated by the appointed actuary on the basis of assumptions that the claim pattern will follow the historical trend experience.

5.8.1 Mortality, morbidity and interest bases adopted

SECP vide its circular 17/2013 dated September 13, 2013 has stipulated that SLIC(2001?05) Individual Life Mortality Table published by Pakistan Society of Actuaries be used as the minimum valuation basis prescribed under SECP's notification S.R.O 16(1)/2012. A test was previously conducted to compare the existing valuation basis i.e. EFU (1961?66) mortality table with the minimum valuation basis SLIC (2001?05) for the relevant reserves. The test revealed that the existing valuation basis was more prudent than the minimum valuation basis and therefore it was considered to be more appropriate to continue with the existing valuation basis.

The rate of discount was taken as 3.75% in line with the requirements under SECP's notification S.R.O 16(1)/2012, for determining reserves of traditional products and supplementary coverage. Any differential between the assumed rate and the actual rate is intended to be available to the Company for meeting its administrative expenses.

The general principles adopted in the actuarial valuation to estimate policyholders' liabilities as at December 31, 2019 are as follows:

- a) Universal policies: The liability for universal life business was calculated by summing up individual mathematical reserves of the policies. The mathematical reserves as at the valuation date were calculated individually in accordance with the basis outlined in the policy document. LIC (1994-96) Mortality table is used as the basis of deducting mortality charges. Suitable provision were made for the unexpired mortality charges, expense charges, unexpired link charges and investment income to be credited on each policy account in respect of the policy anniversary date of the said calendar year upto the valuation date.
- b) Group policies: The liability in respect of group life insurance and riders of all types, was set using the unearned premium method. Unearned premium reserve is held for that portion of premium which has not yet accrued at the balance sheet date. Due provision was made for the claims incurred but not reported (IBNR).
- c) Individual conventional life policies: The liability under individual conventional life assurances was calculated by deducting from the present value of the sums assured, ninety percent of the present value of the net premiums. Net premiums were calculated under the modified preliminary term method, to be the level net premiums on the valuation basis plus adjustments to allow for the first year expenses at 5% of net premiums for each year of the premium paying term (e.g. 50% for the term of 10 years), limited to 100% for a term of 20 years or more, SLIC (2001-05) Mortality Table and valuation interest rate of 3.75% were used for valuation of liabilities. As at the balance sheet date (valuation date), all conventional policies are either paid-up or are in benefit stage where the premiums have been ceased.
- d) For universal life policies unearned premium reserves has been calculated for mortality charges only.
- e) Technical reserves-takaful : Technical Reserves are valued at a value determined by the appointed actuary through an actuarial valuation carried out at the statement of Financial Position date, in accordance with section 50 of the Insurance Ordinance 2000.

5.8.2 Claims provision and IBNR

- a) Provisions have been made in respect of all intimated claims. Most claims require lump sum payments and reserves have been maintained in each Statutory Fund, where applicable.
- b) Adequate reserves have also been maintained for Incurred But Not Reported (IBNR) claims. The IBNR is determined based on chain ladder method that analyses the time lag between the claim occurrence date and claim reported date from the Company's own experience.

5.8.3 Premium deficiency reserve

The Company is required as per Insurance Rules, 2017 and IFRS-4, to maintain a provision in respect of premium deficiency for the class of business where the unearned premium reserve is not adequate to meet the expected future liability, after reinsurance, from claims and other expenses, including reinsurance expense, commissions and other underwriting expenses, expected to be incurred after the financial position date in respect of policies in that class of business at the financial position date. The movement in the premium deficiency reserve is recorded as an expense and the same shall be recognized as a liability.

5.9 Liability adequacy test

At each financial position date, liability adequacy tests are performed to ensure the adequacy of the

contract liabilities. Any deficiency is immediately charged to statement of comprehensive income account initially by writing off the deferred policy acquisition costs, if any, and by subsequently establishing a provision for losses arising from liability adequacy tests.

5.10 Reinsurance/retakaful contracts held

5.10.1 Conventional

Reinsurance premiums are recognized at the same time when the premium income is recognized. It is measured in line with the terms and condition of the reinsurance treaties.

Reinsurance liabilities represent balances due to reinsurance companies. Reinsurance liabilities are estimated in a manner consistent with the related reinsurance contract. Reinsurance assets represent balances due from reinsurance companies which are stated on the basis of amounts receivable under the respective contract after considering any impairment in the value of such assets.

Reinsurance assets are not offset against related insurance liabilities. Income or expenses from reinsurance contract are not offset against expenses or income from related insurance assets as required by Insurance Ordinance, 2000.

5.10.2 Retakaful

Retakaful contribution

These contracts are entered into by the Company with retakaful operator under which the "Waqf Fund" cedes the takaful risk assumed during normal course of its business and according to which Waqf is compensated for losses on contracts issued by it are classified as retakaful contracts held.

Retakaful contribution is recorded at the time the retakaful is ceded. Surplus from retakaful operator is recognised in the statement of comprehensive income

Retakaful expenses

Retakaful expenses are recognized as a liability in accordance with the pattern of recognition of related contribution.

Retakaful assets and liabilities

Retakaful assets represent balances due from retakaful operator. Recoverable amounts are estimated in a manner consistent with the associated retakaful treaties.

Retakaful liabilities represent balances due to retakaful operator. Amounts payable are calculated in a manner consistent with the associated retakaful treaties.

Retakaful assets are not offset against related Retakaful liabilities. Income or expenses from retakaful contract are not offset against expenses or income from related Retakaful contracts as required by the Insurance Ordinance, 2000. Retakaful assets and liabilities are derecognized when the contractual rights are extinguished or expired.

5.11 Receivables and payables related to insurance contract/Takaful contracts

Insurance

Receivables and payables are recognised when due. These include amounts due to and from agents and policyholders.

Takaful

Receivables under Family takaful contracts are recognized when due, at the fair value of the consideration receivable less provision for doubtful debts, if any. If there is objective evidence that the receivable is impaired, the Company reduces the carrying amount of the receivable accordingly and recognizes it as impairment loss.

5.12 Loan secured against life insurance policies

Cash loan

The Company provides loans to their policyholders on the basis of payment of premium for three consecutive years. The maximum limit of disbursement is 90 percent of the surrender value and carries a mark-up rate determined by the Company from time to time.

Auto paid-up loan

These non-interest bearing loans are available to policyholders of the Company to the extent of cash value built in their policies.

5.13 Segment reporting

Insurance

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 or sub classes of business (statutory funds) as specified under the Insurance Ordinance, 2000 and Insurance Rules, 2017.

Based on its classification of Insurance contracts issued, the Company has three business segments for reporting purposes namely universal life business, ordinary life business and accident and health business.

The Company maintains Statutory Funds in respect of each class of its life insurance business. Assets, liabilities, revenues and expenses of the Company are referable to respective Statutory Funds, however, wherever, these are not referable to Statutory Funds, they are allocated to the Shareholders' Fund.

Apportionment of assets, liabilities, revenues and expenses, wherever required, between the funds are made on a fair and equitable basis and in accordance with the written advice of the appointed actuary.

Family takaful

The individual family takaful business Segment provides family takaful coverage to individuals Participants.

The Group Family Takaful business segments provides Group family takaful coverage to members/ employees of business enterprises, corporate entities and common interest groups under group family takaful scheme operated by the Company.

Actuarial valuation of life insurance business is required to be carried out annually at the balance sheet date. Policyholders' liabilities included in the statutory funds are based on the actuarial valuation carried out by the appointed actuary as at December 31, 2019.

The Company reviews the basis of estimation used in respect of allocation of assets, liabilities, income and expenses not referable to specific fund with the consultation of Company's appointed actuary.

5.14 Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents consists of cash in hand, stamps in hand and deposits with banks in current and other accounts.

5.15 Revenue recognition

Premiums

-First year individual life premiums are recognized once the related policy have been issued and premiums received.

-Renewal premiums are recognized upon receipt of premium provided the policy is still in force.

-Premiums for group life, group health business are recognized as and when due. Receivables under insurance contracts are recognized when due, at the fair value of the consideration receivable less provision for doubtful debts, if any. If there is objective evidence that the receivable is impaired, the Company reduces the carrying amount of the receivable accordingly and recognizes it as impairment loss.

Investment income

-Mark-up / interest income on bank deposits and government securities is recognized on time proportion basis, using effective yield method.

-Interest on fixed income securities is recognized on time proportion basis using effective yield method.

-Gain or loss on sale of investments is included in profit and loss account for investments relating to shareholders fund and statutory funds.

-Revaluation gain/loss on investment held 'at fair value through profit and loss' is recognized as income/expense in the comprehensive income.

-Revaluation gain/loss on investment held 'at available for sale' is recognized as income/expense in the other comprehensive income.

Dividend income

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

Commission from re-insurer

Commission from re-insurer is recognized where such commission has contractually fallen due. When the commission has not fallen due the amount accrued may still be recognized, being calculated as if the contractual period for its determination ended on the financial position date.

Contributions

Individual life family takaful

First year, renewal and single contributions are recognized once the related policies are issued/renewed against receipt of contribution. Subsequent contributions falling due under the certificate are recognised if received and processed. Single contributions and top-up contributions are recognised once the related Certificates are issued against the receipt of contribution.

Group life family takaful

Group Family contributions are recognized as and when due.

5.16 Claims

Conventional business

Claim expenses are recognized on the date the insured event is intimated.

A liability for outstanding claims is recognized in respect of all claims incurred up to the financial position date, as soon as reliable estimates of the claim amount can be made. The provision for claims "Incurred But Not Reported"(IBNR) is included in policyholders' liabilities.

Claim recoveries

Claims recoveries receivable from reinsurers are recognized as assets at the same time when the corresponding claims are recorded in accordance with the terms of the re-insurance contracts.

Family takaful business

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

The outstanding claims liability includes amounts relating to unpaid reported claims and expected claims settlement costs. Full provision is made for the estimated cost of claims incurred to the reporting date. The liability for claims expenses relating to "Incurred But Not Reported"(IBNR) is included in technical reserves.

5.17 Investments

All investments are initially recognized at cost, being the fair value of the consideration given and includes transaction costs except for investments designated at fair value through profit and loss.

Held to maturity

Investments with fixed or determinable payments and fixed maturity, where the Company has positive intent and ability to hold to maturity, are classified as Held-to-Maturity. Subsequently, these are measured at amortized cost using the effective interest method and taking any discount or premium on acquisition.

Available-for-sale

Investments which are intended to be held for an indefinite period but may be sold in response to the need for liquidity are classified as available-for-sale. Subsequently these investments are carried at fair value. Surplus / (deficit) on revaluation from one reporting date to other is taken to other comprehensive income in the statement of comprehensive income. On derecognition or impairment of available-for-sale investments, the cumulative gain or loss previously reported in other comprehensive income is transferred to profit and loss for period within statement of comprehensive income.

Investments at fair value through profit and loss account

Investments which are acquired principally for the purposes of generating profit from short term fluctuation in price are classified as held-for-trading. Subsequent to initial recognition, these are remeasured at fair value. Gains or losses on investments on remeasurement of these investments are recognized in statement of comprehensive income.

5.18 Creditors, accruals and provisions

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

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

5.19 Taxation

Current

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

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences at the financial position date between the tax bases and carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

5.20 Staff retirement benefits

Defined benefit plan

The Company operates an unfunded gratuity scheme for its permanent employees. Employees who have completed six month of service are eligible for the scheme. The amount of liability of each employee at year end is computed by Actuary. The person who have completed six month of service in a year is entitled to one month gross salary. Until December 31, 2018 the Company operated contributory provident fund scheme. Equal monthly contribution were made both by the Company and employees to the fund at the rate of 10% of basic salary.

Accumulated compensated absences

The Company makes provision in the financial statements for its liabilities towards vested compensated absences accumulated by its employees, estimated on the basis of actuarial valuation carried out by the Company's actuary, on the basis of following criteria :

- a) Earned leave encashment calculation purposes, entitlements, will be calculated on monthly prorata basis
- b) The earned leave may be accumulated upto maximum upto maximum of 60 days.
- c) Any leave not availed will be carry forward to the next year and accrued earned leaves in excess of 30 days can be encashed on the option of the employee.
- d) Maximum 30 leaves can be encashed
- e) Maximum 15 days leaves can be carry forward in one calendar year.

5.21 Impairment of assets

Financial assets

The Company assesses at each reporting date whether there is objective evidence that the financial asset is impaired. In case of equity securities, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the security is impaired. If such indication exists,

the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in statement of comprehensive income. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Non-financial assets

The Company assesses at each financial position date whether there is any indication that assets except deferred tax assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

5.22 Dividend distribution

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

5.23 Acquisition cost

These comprise commission and other costs incurred in acquiring insurance policies and include without limitation all forms of remuneration paid to insurance agents.

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

5.24 Management expenses

Marketing, management and other expenses have been allocated to various statutory funds, expenses are not attributable to statutory funds, charged to Shareholders funds.

5.25 Takaful operator's fee

The shareholders of the Company manage the Window Takaful operations for the participants. Accordingly, the Company is entitled to Takaful Operator's Fee for the management of Window Takaful Operations under the Waqf Fund, to meet its general and administrative expenses. The Takaful Operator's fee, termed as Wakala Fee, is recognized up front.

5.26 Related party transactions

Transaction with related parties are made at arm's length basis subject to approval of the Board of Directors.

5.27 Financial instruments

Financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual right to future cash flows from the asset expire or is transferred along with the risks and rewards of the asset. Financial liabilities are de-recognised when obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial assets and liabilities is recognised in the statement of comprehensive income of the current period. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

5.28 Off-setting of financial assets and financial liabilities

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

5.29 Foreign currencies

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

6 CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

6.1 Use of critical accounting judgments and estimates

The preparation of financial statements in conformity with the requirements of approved accounting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and any future periods affected.

Significant areas where assumptions and estimates were exercised in application of accounting policies, otherwise that are disclosed in these financial statements, relate to:

	Note
-Property and equipment	5.3
-Right of use asset	5.5
-Policy holders' liabilities / Technical Reserves	5.8
-Taxation	5.19
-Staff retirement benefits	5.20
-Impairment of financial and non financial assets	5.21

7 SUMMARY OF SIGNIFICANT EVENTS

7.1 During the period the Company has adopted IFRS 16 - Leases, with effect from January 1, 2019. The Company has applied IFRS 16 - Leases on five rental properties namely:

- 1) Emerald Tower - Principal office.
- 2) Horizon Tower - Sub office.
- 3) Karachi Regional Development Centre.
- 4) Lahore Regional Development Center.
- 5) Islamabad Regional Development Center.

7.2 During the year the Company has transferred its registered office and principal office from 57 Regal Plaza, M.A. Jinnah Road, Quetta and 802, 8th floor, Lakson Square Building No.1 Karachi to 8th floor, Army Welfare Trust, AWT Plaza, The Mall, Rawalpindi and 11th floor, Emerald Tower, Karachi respectively.

7.3 During the year, the Company commenced Window Takaful Operations (refer note 1.2).

8 PROPERTY AND EQUIPMENT

2019	Cost				Accumulated Depreciation				Written down value As at December 31, 2019	Rate %
	As at January 01, 2019	Additions	Disposals	As at December 31, 2019	As at January 01, 2019	Charge for the year	Disposals	As at December 31, 2019		
Rupees in '000										
Description										
Furniture and fixture	-	9,192	-	9,192	-	1,206	-	1,206	7,986	20
Office and electrical equipment	778	5,664	(87)	6,355	696	838	(87)	1,447	4,908	20
Computer equipment	3,883	10,455	(204)	14,134	972	3,382	(26)	4,328	9,806	33.33-50
Motor vehicles	5,445	50	(1,199)	4,296	3,055	534	(1,199)	2,390	1,906	20
Leasehold improvements	-	18,724	-	18,724	-	2,524	-	2,524	16,200	20
	10,106	44,085	(1,490)	52,701	4,723	8,484	(1,312)	11,895	40,806	

2018	Cost				Accumulated Depreciation				Written down value As at December 31, 2018	Rate %
	As at January 01, 2018	Additions	Disposals	As at December 31, 2018	As at January 01, 2018	Charge for the year	Disposals	As at December 31, 2018		
Rupees in '000										
Description										
Furniture and fixture	38,967	-	(38,967)	-	26,871	907	(27,778)	-	-	10-20
Office and electrical equipment	11,191	90	(10,503)	778	8,185	476	(7,965)	696	82	20
Computer equipment	5,101	3,181	(4,399)	3,883	4,826	383	(4,237)	972	2,911	30-33.33
Motor vehicles	13,550	2,655	(10,760)	5,445	11,798	814	(9,557)	3,055	2,390	10-20
	###	5,926	(64,629)	10,106	51,680	2,580	(49,537)	4,723	5,383	

8.1 Depreciation charge has been allocated as

	Note	2019	2018
-----Rupees in '000----			
Acquisition expenses	32	2,558	-
Marketing and administration expenses	33	5,926	2,580
		8,484	2,580

8.2 Detail of disposal of property and equipment

Property and equipment exceeding aggregate book value of Rs. 50,000 and assets sold to a Director or an Executive.

During the year no assets exceeding book value of Rs. 50,000 or more were disposed off, furthermore no disposals were made to any Directors or Executives of the Company.

2018						
Description of Asset	Cost	Book Value	Sale Proceed	Gain	Buyer	Mode of disposal
-----Rupees in '000-----						
Toyota Saloon (LX0-9098)	643	61	300	239	Sheikh Khalid Mahmood (Ex Employee)	Negotiations
Toyota Saloon (AGZ-704)	333	48	525	477	Imran Ali Dodani (Ex Director)	Negotiations
Suzuki Saloon (ARQ-692)	514	58	180	122	Naveed Ashraf (Ex Employee)	Negotiations
Honda Saloon (AQK-332)	1,646	165	525	360	Sohail Nazeer Sheikh (Ex Executive)	Negotiations
Suzuki Saloon (ART-620)	703	79	180	101	Tanveer Iqbal (Ex Employee)	Negotiations
Toyota Saloon (ARR-084)	2,100	262	475	213	Imran Ali Dodani (Ex Director)	Negotiations
	5,939	673	2,185	1,512		

9 RIGHT OF USE ASSETS

2019

Description	Cost				Accumulated Depreciation				Written down value As at December 31, 2019	Rate %
	As at January 01, 2019	Additions	Disposals	As at December 31, 2019	As at January 01, 2019	Charge for the year	Disposals	As at December 31, 2019		
----- Rupees in '000 -----										
Right of use assets	-	73,247	-	73,247	-	16,520	-	16,520	56,727	20-33.33

2018

Description	Cost				Accumulated Depreciation				Written down value As at December 31, 2018	Rate %
	As at January 01, 2018	Additions	Disposals	As at December 31, 2018	As at January 01, 2018	Charge for the year	Disposals	As at December 31, 2018		
----- Rupees in '000 -----										
Right of use assets	-	-	-	-	-	-	-	-	-	-

9.1 During the year, the Company has leased 5 new premises.

9.2 Disclosure relating to right of use assets

Office Building

Number of right of use assets leased	Range of remaining term	Average remaining lease term	Number of leases with extension option	Number of leases with termination option
5	2-5 years	3 years	5	5

9.3 Depreciation charge has been allocated as follows:

	2019	2018
	----- Rupees '000 -----	
Acquisition expenses	32	6,766
Marketing and administration expenses	33	9,754
	<u>16,520</u>	<u>-</u>

10 INTANGIBLE ASSETS

2019

Description	Cost				Accumulated Depreciation				Written down value As at December 31, 2019	Rate %
	As at January 01, 2019	Additions	Disposals	As at December 31, 2019	As at January 01, 2019	Charge for the year	Disposals	As at December 31, 2019		
----- Rupees in '000 -----										
Softwares	-	2,901	(10)	2,891	-	676	(1)	675	2,216	33.33

2018

Description	Cost				Accumulated Depreciation				Written down value As at December 31, 2018	Rate %
	As at January 01, 2018	Additions	Disposals	As at December 31, 2018	As at January 01, 2018	Charge for the year	Disposals	As at December 31, 2018		
----- Rupees in '000 -----										
Softwares	-	-	-	-	-	-	-	-	-	-

10 Software includes licenses for windows and anti virus.

11 INVESTMENTS IN EQUITY SECURITIES

	2019				2018			
	Cost	Unrealised gain	Impairment losses	Fair value	Cost	Unrealised gain / (loss)	Impairment losses	Fair value
-----Rupees in '000-----								
AVAILABLE FOR SALE	Refer note 11.1				Refer note 11.1			
Related party								
Listed Shares								
East West Insurance Company Limited	281	127	-	408	281	263	-	544
Others								
Listed Shares								
Kohat Cement Company Limited	340	-	(139)	201	340	-	(119)	221
D. G. Khan Cement Company Limited	512	-	(289)	223	512	-	(271)	241
Habib Bank Limited	1,351	-	(249)	1,102	1,351	-	(508)	843
Ghandhara Industries Limited	1,633	-	(1,100)	533	1,633	-	(534)	1,099
Millat Tractor Limited	744	-	(300)	444	744	-	(278)	466
Bifo Industries Limited	350	-	(99)	251	350	-	(93)	257
Descon Oxychem Limited	101	17	-	118	101	43	-	144
Packages Limited	2,221	-	(626)	1,595	2,221	-	(674)	1,547
Al-Shaheer Corporation	78	-	(43)	35	78	(18)	-	60
Friesland Campina Engro Pakistan Limited	323	-	(85)	238	323	(84)	-	239
Ferozsons Laboratories Limited	1,958	-	(386)	1,572	1,958	-	(876)	1,082
AGP Limited	103	-	(4)	99	103	-	(16)	87
	9,995	144	(3,320)	6,819	9,995	204	(3,369)	6,830

11.1 Movement in accumulated impairment losses on available for sale investments.

	2019	2018
	-----Rupees in '000-----	
Opening balance	(3,369)	-
Reversal for the year	49	(3,369)
Closing balance	(3,320)	(3,369)

12 INVESTMENTS IN GOVERNMENT SECURITIES

	2019				2018			
	Maturity Year	Effective Yield (%)	Face Value	Principal Repayment	Carrying Value	Effective Yield (%)	Face Value	Carrying Value
-----Rupees in '000-----								
HELD TO MATURITY								
Pakistan Investment Bonds								
-10 year	22-Jul-20	12.00%	5,200	on Maturity	5,176	12.00%	5,176	5,138
-10 year	18-Aug-21	12.00%	16,000	on Maturity	15,912	12.00%	15,912	15,866
-10 year	19-Jul-22	12.00%	18,700	on Maturity	18,463	12.00%	18,463	18,388
-10 year	21-Apr-26	8.75%	32,500	on Maturity	33,042	8.75%	33,042	33,107
-10 year	21-Feb-29	11.21%	39,200	on Maturity	39,400	-	-	-
					111,993			72,499
Market Treasury Bills								
-03 Months	17-Jan-19	8.79%	-	on Maturity	-	8.79%	100,000	99,622
-03 Months	28-Feb-19	10.27%	-	on Maturity	-	10.27%	175,000	172,211
-03 Months	14-Mar-19	10.30%	-	on Maturity	-	10.30%	200,000	196,032
-03 Months	14-Mar-19	10.30%	-	on Maturity	-	10.30%	160,000	156,820
-03 Months	12-Mar-20	13.34%	71,270	on Maturity	69,471	-	-	-
-06 Months	09-Apr-20	13.55%	200,000	on Maturity	193,112	-	-	-
-12 Months	08-Oct-20	13.43%	130,000	on Maturity	118,149	-	-	-
					380,732			624,685
					492,725			697,184

13 INVESTMENTS IN MUTUAL FUNDS

	2019			2018		
	Cost	Unrealised gain	Carrying Value	Cost	Unrealised gain	Carrying Value
-----Rupees in '000-----						
AVAILABLE FOR SALE						
NBP Islamic money market fund	104	5	109	-	-	-
NAFA income opportunity fund	10,307	651	10,958	9,938	53	9,991
	10,411	656	11,067	9,938	53	9,991

	Note	2019 ----- Rupees in '000 -----	2018
14 INSURANCE RECEIVABLES			
Due from insurance contract holders	14.1	<u>11,213</u>	<u>3,380</u>
14.1 Due from related parties			
Holding company			
Army Welfare Trust		188	91
Associate			
Askari Guards Limited Head Office Staff		-	761
MEDASK		-	138
Real Estate (Head Office)		-	95
AWT Housing Scheme Lahore		-	72
AWT Housing Scheme Peshawar		-	34
AWT Housing Scheme Sang Jani		-	48
AWT Housing Scheme Karachi		-	68
Askari Fuels		2	-
Askari Woolen Mills		3	-
Askari Development Holding (Private) Limited		32	-
Askari General Insurance Company Limited		21	-
AWT Investment		14	-
Askari Chartered Aviation Services		2	-
Fauji Security Services		1	-
Mobil Askari Pakistan Limited		10	-
	14.3	<u>273</u>	<u>1,307</u>

14.2 Maximum aggregate amount outstanding at any time during the year:

<u>Name of related party</u>		
Askari Guards Limited Head Office Staff	761	5,660
MEDASK	138	138
Real Estate (Head Office)	95	95
AWT Housing Scheme Lahore	72	72
AWT Housing Scheme Peshawar	34	34
AWT Housing Scheme Sang Jani	48	48
AWT Housing Scheme Karachi	68	68
Army Welfare Trust	188	-
Askari Fuels	30	-
Askari Woolen Mills	3	-
Askari Development Holding (Private) Limited	32	-
Askari General Insurance Company Limited	21	-
AWT Investment	14	-
Askari Chartered Aviation Services	2	-
Fauji Security Services	1,221	-
Mobil Askari Pakistan Limited	10	-

14.3 Age analysis of insurance receivables from related parties

Name of related party	Amount past due			
	Past due 0-90 days	Past due 90-360 days	Past due 360 days	Total gross amount due
	----- Rupees in '000 -----			
Army Welfare Trust	7	90	91	188
Askari Fuels	-	2	-	2
Askari Woolen Mills	-	3	-	3
Askari Development Holding Pvt Limited	-	32	-	32
Askari General Insurance Company Limited	-	21	-	21
AWT Investment	-	14	-	14
Askari Chartered Aviation Services	-	2	-	2
Fauji Security Services	-	1	-	1
Mobil Askari Pakistan Limited	-	10	-	10
	<u>7</u>	<u>175</u>	<u>91</u>	<u>273</u>

2019 2018
Note ----- Rupees in '000 -----

15 OTHER LOANS AND RECEIVABLES

Accrued investment income		4,181	2,581
Security deposit		7,436	5,717
Advance to vendors		2,085	12,214
Loans to employees	15.1	<u>520</u>	<u>380</u>
		<u><u>14,222</u></u>	<u><u>20,892</u></u>

15.1 This represent interest free loans provided to employees repayable within 12 months.

2019 2018
Note ----- Rupees in '000 -----

16 PREPAYMENTS

Prepaid rent		-	5,097
Prepaid expenses		<u>968</u>	-
		<u><u>968</u></u>	<u><u>5,097</u></u>

17 CASH AND BANK

Stamps in hand		49	100
Cash at bank			
- current account		552	6,380
- saving account	17.1	<u>112,243</u>	<u>67,401</u>
Cash and cash equivalents		<u><u>112,844</u></u>	<u><u>73,881</u></u>

17.1 It carries mark-up / interest at the rate of 8% to 11.25% per annum (2018: 4% to 8% per annum).

18 SHARE CAPITAL

18.1 Authorized share capital

2019	2018		2019	2018
Number of shares			Rupees in '000	
125,000,000	75,000,000	-Ordinary shares of Rs. 10 each as at the beginning of the year	1,250,000	750,000
-	50,000,000	-increased during the year	-	500,000
125,000,000	125,000,000	-as at the end of the year	1,250,000	1,250,000

18.2 Issued, subscribed and paid up share capital

2019	2018		2019	2018
Number of shares			Rupees in '000	
110,172,014	60,172,014	-Ordinary shares of Rs.10 each as at beginning of the year	1,101,720	601,720
-	50,000,000	-issued during the year	-	500,000
110,172,014	110,172,014	-as at end of the year	1,101,720	1,101,720

18.3 As at December 31, 2019, 60.087 million shares - 54.54% shares (December 31, 2018: 60.087 million shares - 54.54% shares) were held by Trustees of Army Welfare Trust.

19 UNREALIZED GAIN ON AVAILABLE FOR SALE FINANCIAL ASSETS

	Note	2019	2018
		Rupees in '000	
Investment in equity securities	11	144	204
Investment in mutual funds	13	656	53
		800	257

19.1 Movement in balance

Opening balance	257	238
Unrealised gain for the year	543	19
Closing balance	800	257

20 INSURANCE LIABILITIES

Reported outstanding claims (including claims in payment)	20.1	92,950	78,694
Incurred but not reported claims (IBNR)	20.2	1,960	1,620
Investment component of account value policies	20.3	222,043	161,565
Liabilities under individual conventional insurance contracts	20.4	2,897	3,278
Liabilities under group insurance contracts (other than investment linked)	20.5	8,683	5,202
Other insurance liabilities	20.6	17,341	7,524
		252,924	179,189
		345,874	257,883

20.1 Reported outstanding claims

Gross of reinsurance

Payable within one year	113,712	30,214
Payable over a period of time exceeding one year	10,387	56,954
	124,099	87,168

Recoverable from reinsurance

Receivable within one year	(21,437)	(8,019)
Receivable over a period of time exceeding one year	(9,712)	(455)
	(31,149)	(8,474)
Net reported outstanding claims	92,950	78,694

	2019	2018
	----- Rupees in '000 -----	
20.2 Incurred but not reported claims (IBNR)		
Gross of reinsurance	4,746	3,119
Reinsurance recoveries	<u>(2,786)</u>	<u>(1,499)</u>
Net of reinsurance	<u>1,960</u>	<u>1,620</u>
20.3 Investment component of universal life and account value policies		
Investment component of account value policies	<u>222,043</u>	<u>161,565</u>
20.4 Liabilities under individual conventional insurance contracts		
Gross of reinsurance	2,897	3,278
Reinsurance credit	-	-
Net of reinsurance	<u>2,897</u>	<u>3,278</u>
20.5 Liabilities under group insurance contracts (other than investment linked)		
Gross of reinsurance	26,770	14,527
Reinsurance credit	<u>(18,087)</u>	<u>(9,325)</u>
Net of reinsurance	<u>8,683</u>	<u>5,202</u>
20.6 Other insurance liabilities		
Gross of reinsurance	17,837	8,327
Reinsurance recoveries	<u>(496)</u>	<u>(803)</u>
	<u>17,341</u>	<u>7,524</u>

21 RETIREMENT BENEFIT OBLIGATIONS

The Company operates an unfunded gratuity scheme for its permanent employees. Employees who have completed six month of service are eligible for the scheme. The amount of liability of each employee at year end is computed by Actuary. The person who have completed six month of service in a year is entitled to one month gross salary.

		2019	2018
	Note	----- Rupees in '000 -----	
Gratuity- unfunded	21.1	<u>12,177</u>	<u>86</u>
21.1 Movement in liability recognised in Statement financial position			
Present value of defined benefit obligation	21.2	12,177	86
Fair value of plan assets		-	-
Net Liability in Statement of Financial Position		<u>12,177</u>	<u>86</u>
21.2 Movement in liability recognised in Statement of financial position			
At the beginning of year		86	86
Add: charge for the year	21.3	13,093	-
Less: payment to outgoing employees		<u>(1,002)</u>	-
At the end of the year		<u>12,177</u>	<u>86</u>
21.3 Charge for the year			
Current service cost		<u>13,093</u>	-

		2019	2018
		----- Rupees in '000 -----	
21.4 Charge has been allocated as follows:			
Acquisition expenses	32.1	305	-
Marketing and administration expenses	33.1	12,788	-
		<u>13,093</u>	<u>-</u>
21.5 Analysis of present value of defined benefit obligation			
Split by vested/ non vested			
Vested Benefits		<u>12,177</u>	<u>86</u>
Split by benefits earned to date			
Accumulated benefit obligation		4,016	86
Amounts attributable to future salary increases		<u>8,161</u>	<u>-</u>
		<u>12,177</u>	<u>86</u>
Expected distribution of timing of benefit payments time in years			
Distribution of timing of benefit payments (time in the periods)			
Within first year from the end of financial year		<u>1,159</u>	<u>-</u>
Within second year from the end of financial year		<u>1,621</u>	<u>-</u>
Within third year from the end of financial year		<u>2,188</u>	<u>-</u>
Within fourth year from the end of financial year		<u>2,855</u>	<u>-</u>
Within fifth year from the end of financial year		<u>3,513</u>	<u>-</u>
Within sixth to ten years from the end of financial year		<u>55,568</u>	<u>-</u>
Sensitivity analysis on significant actuarial assumptions on present value of defined benefit obligation			
Discount rate +0.50%		<u>11,504</u>	<u>-</u>
Discount rate -0.50%		<u>12,911</u>	<u>-</u>
Long term salary increases +0.50%		<u>12,937</u>	<u>-</u>
Long term salary increases -0.50%		<u>11,475</u>	<u>-</u>
Maturity Profile of present value of defined benefit obligation			
Weighted average duration of the present value of defined benefit obligation (time in years)		<u>11.52</u>	<u>-</u>
21.6 Details of employees valued			
Total number of employees		<u>94</u>	<u>-</u>
Total monthly salary		<u>10,802</u>	<u>-</u>
21.7 Principal actuarial assumptions			
The following significant assumptions were used in the valuation carried out at the statement of financial position date :			
		2019	2018
Estimated rate of increase in salary of the employees		<u>11.75%</u>	<u>-</u>
Discount rate		<u>11.75%</u>	<u>-</u>
Rates of employee turnover		<u>Moderate</u>	<u>-</u>
Demographic Assumptions			
Mortality rates (for death in service)		<u>SLIC (2001-05)-1</u>	<u>-</u>

The mortality rates are provided by the State Life Insurance Corporation of Pakistan (SLIC).

21.8 Profit and Loss for the year December 31, 2020

Rupees in 000

Service cost

Current service cost
Past service cost

11,708

-

11,708

Net interest cost

Interest cost on defined benefit obligation
Interest income on planned assets

2,033

-

2,033

Cost recognised in statement of comprehensive income

13,741

	Note	2019	2018
----- Rupees in '000 -----			
22 INSURANCE/REINSURANCE PAYABLES			
Due to co-insurers / reinsurers		27,527	14,112
Due to other insurance contract holders		390	-
		<u>27,917</u>	<u>14,112</u>
23 OTHER CREDITORS AND ACCRUALS			
Agent commission payable		10,911	2,924
Accrued expenses		8,856	4,884
Compensated absence provision	23.1	6,966	781
Other liabilities		2,059	724
Withholding tax payable		1,892	1,497
Workers welfare fund		676	676
Payable to staff provident fund		-	85
		<u>31,360</u>	<u>11,571</u>

- 23.1** This includes provision made against accumulated compensated absences on the basis of actuarial assumptions taken by Company's actuary.
The main assumptions used for actuarial valuation are as under :

Principal actuarial assumption	2019	2018
Discount factor used per annum	11.75%	13.25%
Expected increase in eligible pay per annum	11.75%	13.25%

Movement in payable to accumulated compensated absences	2019	2018
----- Rupees in '000 -----		
Opening balance	781	1,604
Addition / (reversal) during the year	6,185	(823)
Closing balance	<u>6,966</u>	<u>781</u>

24 LEASE LIABILITY AGAINST RIGHT OF USE ASSETS	2019	2018
	----- Rupees in '000 -----	
Lease Liability represented by:		
Non current portion	20,270	-
Current portion	<u>38,688</u>	-
	<u><u>58,958</u></u>	<u><u>-</u></u>

December 31, 2019				
Minimum Lease Payment due in				
Not Later than one year	Later than one year but not later than 5 years	Later than five years	Total	
Minimum lease payments	44,547	26,797	-	71,344
Less: finance charges	<u>(5,859)</u>	<u>(6,527)</u>	-	<u>(12,386)</u>
Net present value	<u>38,688</u>	<u>20,270</u>	-	<u>58,958</u>

- 24.1 The adoption of IFRS 16 has resulted in the Company recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.
- 24.2 On transition to IFRS 16, the one year KIBOR rate applied to lease liabilities recognised under IFRS 16 was 12%.

25 CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

25.1.1 There is pending adjudication bearing No 125/2012 before the Session Court, South, Karachi in respect of a employee who was previously working on contract basis at company's Hyderabad branch and committed fraud. As the Company is taken over by AWT (the buyer) it was agreed with the previous management (the seller) that if any stage the Company or any of its director(s) become party and as such any liability is imposed by any Court on the Company or its Director(s) in this regard, the accrued liability would be paid by the sellers to the Company for onward payment to the affectees at earliest. The Company will accordingly ensure timely and fair payment of liability.

That to guarantee the covenants made by the seller above and to fully indemnify the Buyer against any liability/loss the Sellers have furnished in favour of the buyer an irrevocable and unconditional Insurance Guarantee from a AA+ rated insurance company, East West Insurance Company Limited bearing number EWL/HO/PB-009/01/2017 to an amount of PKR 118.467 million. Further to this effect a duly executed and notarized undertaking dated 13-01-2017 has also been furnished by the Sellers to the Federal Insurance Ombudsman.

25.1.2 Pakistan Steel Mill had filed instant suit against the Company in respect of the claims of their employees amounting to Rs. 4 million. The claim had been repudiated by the previous management on the grounds of delayed intimation. The Company is contesting the case in and is at the stage of appointment of commissioner. In view of Company's legal consultant, the Company has a prima facie case and unfavourable outcome is not expected.

25.1.3 During the year, Sindh Revenue Board (SRB) vide notification No. SRB 3-4/5/2019 dated May 8, 2019 extended the exemption on life insurance till June 30, 2019. With effect from July 1, 2019, life insurance has been made taxable at the rate of 3% on individual life and group life insurance at the rate of 13%. Further, the Punjab Revenue Authority (PRA) also withdrew the exemption on life insurance and made

the same subject to Punjab Sales Tax (PST). The Company collectively through the forum of Insurance Association of Pakistan (IAP) had filed a writ / constitutional petition in the Lahore High Court (LHC) and in the High Court of Sindh (HCS) on September 28, 2019 and November 28, 2019 against PRA and SRB respectively.

According to the opinion provided by the legal advisor, the insurance premium does not fall under definition of service rather an insurance policy is a financial arrangement, which is in the nature of contingent contract and not a service upon which sales tax can be levied (and that an insurance company is not rendering a service). The petitions filed in the Punjab and Sindh High Courts also includes the same grounds. It is also the opinion of life insurance companies that a vast majority of premium received from a policy holder, during the life of the policy, is in fact accounted for in the policyholders' investment which cannot be termed as service.

In view of the above the Company has not started invoicing sales tax to it's customers. The amount of sales tax involved is around Rs. 10.8 million computed on the basis of risk based premium, as per the advice of the legal advisor. Moreover, based on legal view, sales tax cannot be levied as insurance is not a service. In case of unfavourable outcome, the Company would be liable to pay sales tax amounting to Rs. 10.8 million.

Further, subsequent to filling petition, the matters relating to sales tax on life insurance premium were also discussed in the meeting of all the provincial tax authorities i.e. SRB, PRA, BRA and representatives of life insurance industry, where it was agreed to form a joint committee of the insurance representatives to resolve these matters. Based on the above legal opinion and ongoing discussions, the Company considers it has a reasonable strong case on the merit in the constitutional petition and the writ petition filed in the Honourable High Courts.

25.2 Commitments

Operating leases

	2019	2018
	----- Rupees in '000 -----	
Not later than one year	5,947	10,396
Later than one year and not later than five years	20,557	4,475
	<u>26,504</u>	<u>14,872</u>

26 NET INSURANCE PREMIUM / CONTRIBUTION REVENUE

Gross Premiums / Contributions revenue

Regular Premium / Contributions Individual Policies*

First year	100,779	2,224
Second year renewal	1,572	562
Subsequent year renewal	12,739	10,097
Single premium / Contribution individual policies	59,244	-
Group policies without cash value	127,627	30,966
Total Gross Premiums / Contribution	<u>301,961</u>	<u>43,849</u>

Less: Reinsurance Premium / Contribution Ceded

On individual life first year business	3,006	35
On individual life second year business	32	15
On individual life renewal business	(3,446)	807
On group policies	82,845	18,138
Less : Reinsurance commission on risk premium	(11)	(807)
Total Reinsurance Premium / Contribution Ceded	<u>82,426</u>	<u>18,188</u>

Net Premium / Contribution Revenue

<u>219,535</u>	<u>25,661</u>
----------------	---------------

*Individual policies are those underwritten on an individual basis, and include joint life policies underwritten as such.

	2019	2018
	----- Rupees in '000 -----	
27 INVESTMENT INCOME		
Income from equity securities		
<i>Available for Sale</i>		
Dividend income	738	764
Income from debt securities		
<i>Held to Maturity</i>		
Return on government securities	67,386	27,390
Income from term deposits		
Return on term deposits	-	1,477
	<u>68,124</u>	<u>29,631</u>
28 NET REALISED FAIR VALUE GAINS / (LOSSES) ON FINANCIAL ASSETS		
Available for sale		
Realised gains/(losses) on:		
Equity securities	43	412
Mutual funds	104	(433)
Total	<u>147</u>	<u>(21)</u>
29 NET FAIR VALUE GAINS/ LOSSES ON FINANCIAL ASSETS AT FAIR VALUE		
Reversal/(impairment) in value of available for sale investments	<u>49</u>	<u>(3,369)</u>
30 OTHER INCOME		
Return on bank saving accounts	7,213	4,552
Gain on sale of property and equipment	624	1,736
Loss on disposal of intangible assets	(9)	-
Miscellaneous	289	282
	<u>8,117</u>	<u>6,570</u>
31 NET INSURANCE BENEFITS		
Gross Claims		
Claims under individual policies		
by death	2,984	7,344
by maturity	29,041	26,367
by surrender	14,078	14,295
Total gross individual policy claims	46,103	48,006
Claims under group policies		
by death	124,407	15,984
by insured event other than death	6,363	50
Total gross group policy claims	130,770	16,034
Total gross claims	176,873	64,040
Less: Reinsurance recoveries		
On Individual life claims	-	(730)
On Group life claims	(94,746)	(13,227)
Total reinsurance recoveries	(94,746)	(13,957)
Net insurance benefit expense	<u>82,127</u>	<u>50,083</u>

31.1 Claim Development Table

Accident Year
INDIVIDUAL

	2015	2016	2017	2018	2019	Total
	----- Rupees in '000 -----					
Estimate of ultimate claims costs:						
At end of accident year	2,461	1,268	1,263	1,561	45	6,598
One year later	543	1,410	150	200	-	2,303
Two years later	257	34	-	-	-	291
Three years later	38	200	-	-	-	238
Four years later	100	-	-	-	-	100
Current estimate of cumulative claims	3,399	2,912	1,413	1,761	45	9,530
Cumulative payments to date	2,389	1,869	841	(1,532)	(45)	3,522
Liability recognised in the statement of financial position	5,788	4,781	2,254	229	-	13,052

GROUP

Estimate of ultimate claims costs:

At end of accident year	8,231	416	457	16,746	122,431	148,281
One year later	-	-	-	3,864	-	3,864
Two years later	-	-	-	-	-	-
Three years later	-	-	-	-	-	-
Four years later	-	-	-	-	-	-
Current estimate of cumulative claims	8,231	416	457	20,610	122,431	152,145
Cumulative payments to date	(7,572)	(416)	(307)	(17,450)	(95,120)	(120,865)
Liability recognised in the statement of financial position	659	-	150	3,160	27,311	31,280

32 ACQUISITION EXPENSES

Note ----- Rupees in '000 -----

Remuneration to insurance intermediaries on individual policies:

Commission to agent on first year premiums	44,485	1,090
Commission to agent on second year premiums	170	61
Commission to agent on subsequent renewal premiums	129	436
	44,784	1,587

Remuneration to insurance intermediaries on group policies:

Commission	12,560	2,213
------------	--------	-------

Other acquisition costs

Employee benefit cost	32.1	72,518	5,017
Depreciation on right of use asset	9.3	6,766	-
Advertisements and sales promotion		5,058	-
Vehicle running expenses		2,739	195
Depreciation on property and equipment	8.1	2,558	-
Repair and maintenance		2,539	22
Travel and conveyance		2,075	1,016
Finance charges on lease liability against right of use asset		1,764	-
Electricity, gas and water		1,721	35
Ijara rental		1,716	-
Postage, telegrams and telephone		1,601	197
Entertainment		1,467	35
Stamp duty		1,301	37
Rent, rates and taxes		1,213	720
Printing and stationery		901	18
Insurance		146	-
Fees, subscription and periodicals		92	-
Legal and professional charges		30	-
Bank charges		23	35
Miscellaneous		3	95
		106,231	7,422
		163,575	11,222

		2019	2018
	Note	----- Rupees in '000 -----	
32.1 Employee benefit cost			
Salaries, allowances and other benefits		72,213	5,017
Charges for post employment benefit	21.4	<u>305</u>	<u>-</u>
		<u>72,518</u>	<u>5,017</u>
33 MARKETING AND ADMINISTRATION EXPENSES			
Employee benefit cost	33.1	136,192	54,402
Advertisements and sales promotion		21,002	2,084
Depreciation on right of use asset	9.3	9,754	-
Vehicle running expenses		9,913	4,229
Travel and conveyance		9,685	3,141
Repair and maintenance		8,496	320
Depreciation on property and equipment	8.1	5,926	2,581
Postage, telegrams and telephone		5,228	1,265
Printing and stationery		4,954	1,024
Finance charges on lease liability against right of use asset		4,016	-
Entertainment		2,293	874
Ijara rental		2,120	-
Rent, rates and taxes		1,942	6,216
Electricity, gas and water		1,972	954
Insurance		1,793	3,160
Fees, subscription and periodicals		1,062	135
Miscellaneous		836	3,144
Money ceded to Waqf Fund		500	-
Amortisation of intangible assets	10	676	-
Bank charges		306	110
Annual supervision fee SECP		100	46
		<u>228,766</u>	<u>83,685</u>
33.1 Employee benefit cost			
Salaries, allowances and other benefits		123,404	53,689
Charges for post employment benefit	21.4	<u>12,788</u>	<u>713</u>
		<u>136,192</u>	<u>54,402</u>
34 OTHER EXPENSES			
Legal and professional charges		3,369	13,031
Appointed actuary fees		2,556	1,200
Auditors' remuneration	34.1	2,444	1,158
Shariah Advisor Fee		875	-
Director meeting fee		895	520
Fixed assets written off		-	14,333
Miscellaneous		-	344
		<u>10,139</u>	<u>30,586</u>
34.1 Auditors' remuneration			
Annual audit fee		558	400
Interim review		280	173
Taxation services		843	80
Review of code of corporate governance		58	50
Other Certifications		331	275
Out-of pocket expenses		294	180
Shariah audit fee		80	-
		<u>2,444</u>	<u>1,158</u>

	2019	2018
	----- Rupees in '000 -----	
35 TAXATION		
Current	518	205
Prior	(8)	50
	<u>510</u>	<u>255</u>

35.1 The Company computes provision for taxation in accordance with Income Tax Ordinance 2001 to ensure that the sufficient provision for the purpose of taxation is available which can be analyzed as follows:

	2018	2017	2016
	-----Rs in '000-----		
Tax provision as per financial	205	128	166
Tax payable / paid as per tax return	197	178	627

The deferred tax assets of Rs. 10.237 million (December 31, 2018: Rs. 2.219 million) is not recognized in these financial statements as management views that the benefit arising from carry forward losses will be recognized when future profitability is consistently demonstrated.

	2019	2018
36 LOSS PER SHARE		
Loss after tax for the year (Rupees in '000')	<u>(262,880)</u>	<u>(112,993)</u>
Weighted average number of ordinary shares (Number of shares in '000')	<u>110,172</u>	<u>62,090</u>
Loss per share	<u>(2.39)</u>	<u>(1.82)</u>

36.1 There is no dilutive effect on basic earning per share as the Company has no potential ordinary shares outstanding at year end.

	2019	2018
37 EMPLOYEES PROVIDENT FUND		
Net assets of the fund	Rupee in thousands	5,023
Cost of investments made	Rupee in thousands	5,023
Percentage of investments made (Cost of investment / Net assets of the Fund)	Percentage	100%
Fair value of investments	Rupee in thousands	5,023

38 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives*	
	2019	2018	2019	2018	2019	2018
	-----Rs in '000-----					
Fees	-	-	895	520	-	-
Managerial remuneration	7,713	6,350	-	-	18,713	6,964
House rent allowance	3,471	2,894	-	-	8,794	3,134
Utilities	4,242	732	-	-	9,919	4,030
Special allowance	-	1,965	-	-	-	-
Bonus	1,800	-	-	-	800	-
Medical	180	561	-	-	702	143
Car allowance	-	-	-	-	2,249	1,341
Others	634	624	-	-	3,375	1,090
Reimbursements	-	-	-	-	-	25
Retirement benefits	-	-	-	-	320	-
Staff provident fund	-	82	-	-	-	-
	<u>18,040</u>	<u>13,208</u>	<u>895</u>	<u>520</u>	<u>44,872</u>	<u>16,727</u>
Number of person (s)	<u>1</u>	<u>2</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>

38.1 Some of the executives have been provided with Company maintained cars.

* Executive means a person having basic salary exceeding Rs. 1.2 million in a year (2018: Rs. 1.2 million).

39 SEGMENTAL INFORMATION

39.1 Revenue Account by Statutory Fund For the year ended December 31, 2019

	Statutory funds					Total
	Ordinary Life	Universal Life	Accident & health business	Individual Family Takaful	Group Family Takaful	
	----- Rs in '000' -----					
Income						
Premium / Contributions less reinsurances	44,251	174,753	-	-	531	219,535
Net investment income	6,245	27,467	604	-	10	34,326
Total net income	50,496	202,220	604		541	253,861
Insurance benefits and expenditure						
Insurance benefits including bonuses, net of reinsurance recoveries	37,999	44,128	-	-	-	82,127
Management expenses less recoveries	104,498	273,601	-	-	223	378,322
Total insurance benefits and expenditure	142,497	317,729	-	-	223	460,449
(Deficit)/ surplus of income over claims and expenditure	(92,001)	(115,509)	604	-	318	(206,588)
Add: Policyholders' liabilities at beginning of the year	9,549	169,640	-	-	-	179,189
Less: Policyholders' liabilities at end of the year	12,994	239,584	-	-	346	252,924
(Deficit)/surplus	(95,446)	(185,453)	604	-	(28)	(280,323)
Movement in policyholders' liabilities	3,445	69,944	-	-	346	73,735
Transfers from shareholders' fund						
- Capital contributions from shareholders' fund	98,500	185,000	-	-	-	283,500
- Money ceded to Waqf	-	-	-	-	500	500
Balance of statutory fund at beginning of the year	10,875	170,849	4,989	-	-	186,713
Balance of statutory fund at end of the year	17,374	240,340	5,593	-	818	264,125
Represented by:						
Capital contributed by shareholders' fund	315,683	409,708	17,868	-	-	743,259
Money ceded to Waqf	-	-	-	-	500	500
Policyholders' liabilities	12,994	239,584	-	-	346	252,924
Retained earnings on other than participating business	(311,303)	(408,952)	(12,275)	-	(28)	(732,558)
Balance of statutory fund at end of the year	17,374	240,340	5,593	-	818	264,125

For the year ended December 31, 2018

	Statutory funds					Total
	Ordinary Life	Universal Life	Accident & health business	Individual Family Takaful Contracts	Group Family Takaful	
	----- Rs in '000' -----					
Income						
Premium / Contribution reinsurances	13,601	12,060	-	-	-	25,661
Net investment income	1,134	16,646	219	-	-	17,999
Total net income	14,735	28,706	219	-	-	43,660
Claims and expenditure						
Claims, including bonuses, net of reinsurance recoveries	11,649	38,384	50	-	-	50,083
Management expenses less recoveries	48,789	45,654	-	-	-	94,443
Total claims and expenditure	60,438	84,038	50	-	-	144,526
(Deficit)/surplus of income over claims and expenditure	(45,703)	(55,332)	169	-	-	(100,866)
Add: Policyholders' liabilities at beginning of the year	4,048	179,507	-	-	-	183,555
Less: Policyholders' liabilities at end of the year	9,549	169,640	-	-	-	179,189
(Deficit) / Surplus	(51,204)	(45,465)	169	-	-	(96,500)
Movement in policyholders' liabilities	5,501	(9,867)	-	-	-	(4,366)
Transfers from shareholders' fund						
- Capital contributions from shareholders' fund	49,808	46,208	2,118	-	-	98,134
Balance of statutory fund at beginning of the year	6,770	179,973	2,702	-	-	189,445
Balance of statutory fund at end of the year	10,875	170,849	4,989	-	-	186,713
Represented by:						
Capital contributed by shareholders' fund	217,183	224,708	17,868	-	-	459,759
Policyholders' liabilities	9,549	169,640	-	-	-	179,189
Retained earnings on other than participating business	(215,857)	(223,499)	(12,879)	-	-	(452,235)
Balance of statutory fund at end of the year	10,875	170,849	4,989	-	-	186,713

39.2 Segment results by line of business

For the year ended December 31, 2019

	Statutory funds					Total
	Ordinary Life	Universal Life	Accident & health business	Individual Family Takaful	Group Family Takaful	
	----- Rs in '000' -----					
Income						
Gross premiums / contributions						
Regular Premium / Contributions Individual Policies						
First year	-	100,779	-	-	-	100,779
Second year renewal premium	-	1,572	-	-	-	1,572
Subsequent year renewal premium	-	12,739	-	-	-	12,739
Single premium / Contribution individual policies	-	59,244	-	-	-	59,244
Group Premiums	126,141	-	-	-	1,486	127,627
Total gross premiums / Contributions	126,141	174,334	-	-	1,486	301,961
Reinsurance premiums/ Contributions						
- Individual premiums	-	(408)	-	-	-	(408)
- Group premiums	81,890	-	-	-	955	82,845
- Reinsurance commission on risk premium	-	(11)	-	-	-	(11)
Total reinsurance premiums/ Contributions	81,890	(419)	-	-	955	82,426
Net premium / Contribution revenues	44,251	174,753	-	-	531	219,535
Net investment income	6,245	27,467	604	-	10	34,326
Net income	50,496	202,220	604	-	541	253,861
Insurance benefits and expenditures						
Insurance benefits, including bonuses, net of reinsurance	37,999	44,128	-	-	-	82,127
Management expenses less recoveries	104,498	273,601	-	-	223	378,322
Total insurance benefits and expenditures	142,497	317,729	-	-	223	460,449
(Deficit) / Excess of income over insurance benefits	(92,001)	(115,509)	604	-	318	(206,588)
Add: Policyholders' liabilities at beginning of the year	9,549	169,640	-	-	-	179,189
Less: Policyholders' liabilities at end of the year	12,994	239,584	-	-	346	252,924
(Deficit) / surplus before tax	(95,446)	(185,453)	604	-	(28)	(280,323)

For the year ended December 31, 2018	Statutory funds					Total
	Ordinary Life	Universal Life	Accident & health business	Individual Family Takaful	Group Family Takaful	
	----- Rs in '000' -----					
Income						
Gross premiums						
First year	-	2,224	-	-	-	2,224
Second year renewal	-	562	-	-	-	562
Subsequent year renewal	-	10,097	-	-	-	10,097
Group premiums	30,966	-	-	-	-	30,966
Total gross premiums	30,966	12,883	-	-	-	43,849
Reinsurance premiums						
- Individual premiums	-	857	-	-	-	857
- Group premiums	18,138	-	-	-	-	18,138
- Reinsurance commission on risk premium	(773)	(34)	-	-	-	(807)
Total reinsurance premiums	17,365	823	-	-	-	18,188
Net premium revenues	13,601	12,060	-	-	-	25,661
Other income	-	-	-	-	-	-
Net investment income	1,134	16,646	219	-	-	17,999
Net income	14,735	28,706	219	-	-	43,660
Insurance benefits and expenditures						
Insurance benefits, including bonuses, net of reinsurance	11,649	38,384	50	-	-	50,083
Management expenses less recoveries	48,789	45,654	-	-	-	94,443
Total insurance benefits and expenditures	60,438	84,038	50	-	-	144,526
(Deficit) / Excess of income over insurance benefits	(45,703)	(55,332)	169	-	-	(100,866)
Add: Policyholders' liabilities at beginning of the year	4,048	179,507	-	-	-	183,555
Less: Policyholders' liabilities at end of the year	9,549	169,640	-	-	-	179,189
(Deficit)/ surplus before tax	(51,204)	(45,465)	169	-	-	(96,500)

39.3 Segment Statement of financial position

Shareholders' fund	Statutory funds					2019	2018
	Ordinary Life	Universal Life	Accident & health business	Individual Family Takaful	Group Family Takaful	Total	Total
	----- Rs in '000' -----						
Property and equipment	40,806	-	-	-	-	40,806	5,383
Right of use assets	56,727	-	-	-	-	56,727	-
Intangible assets	2,216	-	-	-	-	2,216	-
Investments	183,987	64,006	257,937	4,681	-	510,611	704,014
Loans secured against life insurance policies	-	1,487	5,164	-	-	6,651	9,424
Insurance receivables	-	10,837	-	376	-	11,213	3,380
Other loans and receivables	11,758	969	300	1,195	-	14,222	20,892
Taxation - payments less provision	13,650	-	-	-	-	13,650	11,311
Prepayments	968	-	-	-	-	968	5,097
Cash & Bank	52,217	8,236	47,499	2,941	1,951	112,844	73,881
Interfund balances	(86)	-	-	-	86	-	-
Total assets	362,243	85,535	310,900	9,193	2,037	769,908	833,382
Insurance liabilities net of reinsurance recoveries	-	54,035	287,893	3,600	346	345,874	257,883
Retirement benefit obligations	12,177	-	-	-	-	12,177	86
Premium received in advance	-	1,079	8,496	-	-	9,575	13,837
Insurance / reinsurance payables	-	23,619	3,343	-	955	27,917	14,112
Lease liability against right of use assets	58,958	-	-	-	-	58,958	-
Other creditors and accruals	18,434	2,422	10,412	-	92	31,360	11,571
Total Liabilities	89,569	81,155	310,144	3,600	1,393	485,861	297,489

40 WINDOW TAKAFUL OPERATIONS

The statement of financial position of Window Takaful Operations as at December 31, 2019 and its financial performance for the year ended december 31, 2019 is as follows

40.1 Statement of Financial Position As at December 31, 2019

Operator's Sub Fund	Statutory funds		Aggregate
	Individual Family Takaful	Group Family Takaful	2019
-----Rupees in '000-----			
Share capital and reserves			
Funds received from Shareholders' Fund	-	-	-
Capital returned to Shareholders' Fund	-	-	-
Accumulated Surplus	12	-	12
Qard-e-Hasna contributed by the Window Takaful Operator	-	-	-
Net shareholders' equity	12	-	12
Balance of statutory fund (including Technical reserves Rs. 0.346 million (December 31, 2018: Nil)	-	-	806
Deferred liabilities			
Staff retirement benefits	-	-	-
Creditors and accruals			
Outstanding claims	-	-	-
Contributions received in advance	-	-	-
Amount due to takaful / re-takaful operators	-	955	955
Amounts due to agents	85	-	85
Accrued expenses	-	-	-
Other creditors and accruals	7	-	7
	<u>92</u>	<u>-</u>	<u>1,047</u>
Total liabilities	92	-	1,761
Commitments	-	-	-
Total equity and liabilities	104	-	1,865

Operator's Sub Fund	Statutory funds		Aggregate
	Individual Family Takaful	Group Family Takaful	2019
-----Rupees in '000-----			
Cash and bank deposits			
Cash and others	-	-	-
Current and other accounts	190	-	1,951
Deposits maturing within 12 months	-	-	-
	<u>190</u>	<u>-</u>	<u>1,951</u>
Unsecured loans to employees	-	-	-
Investments			
Government securities	-	-	-
Listed securities	-	-	-
Open end mutual funds	-	-	-
Provision for diminution in value	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Current assets - others			
Contributions due but unpaid	-	-	-
Amount due from takaful / re-takaful operators	-	-	-
Sundry receivables	-	-	-
Investment income accrued	-	-	-
Advances and deposits	-	-	-
Prepayments	-	-	-
Taxation - payments less provision	-	-	-
Inter fund balance	(86)	-	(86)
	<u>(86)</u>	<u>-</u>	<u>(86)</u>
Fixed assets			
Tangible assets			
Furniture & fixture, office equipments	-	-	-
Motor vehicles	-	-	-
Right of use	-	-	-
Computer equipments	-	-	-
Intangible assets			
Softwares	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>104</u>	<u>-</u>	<u>1,761</u>
	<u>104</u>	<u>-</u>	<u>1,865</u>

40.2 Revenue Account
For the year ended December 31, 2019

Statutory Funds		Aggregate
Individual Family Takaful	Group Family Takaful	2019

-----Rupees in '000-----

40.2.1 Participants' Takaful Fund (PTF)

Income

Contribution net of retakaful
Net investment income
Other income

-	531	531
-	10	10
-	-	-
-	541	541

Less: Claims and Expenditure

Claims
Takaful operator fee

-	-	-
-	235	235
-	235	235

Excess of Income over Claims and expenditure

-	306	306
---	-----	-----

Add : Technical reserves at the beginning of the period

-	-	-
-	346	346
-	(40)	(40)

Less : Technical reserves at the end of the period
Deficit retained in PTF

Movement in technical reserves

-	(306)	(306)
---	-------	-------

Surplus before distribution

Movement in technical reserves

-	306	306
---	-----	-----

Transfers from

Qard-e-Hasna contributed by Window Takaful Operator
Money ceded to Waqf
Balance of PTF at the beginning of the year

-	-	-
-	500	500
-	-	-

Balance of PTF at the end of the year

-	806	806
---	-----	-----

40.2.2 Operators' Sub Fund (OSF)

	Statutory Funds		Aggregate
	Individual Family Takaful	Group Family Takaful	2019
	-----Rupees in '000'-----		
Income			
Allocation fee	-	-	-
Investment income	-	-	-
Takaful operator fee	-	235	235
Certificate admin fee	-	-	-
Wakalat-ul-Istismar	-	-	-
	-	235	235
Less: Expenses			
Acquisition cost	-	136	136
Administration expenses	-	87	87
Total management cost	-	223	223
Excess of (expenditure)/over income			
Add : Technical reserves at the beginning of the period	-	-	-
Less : Technical reserves at the end of the period	-	-	-
	-	-	-
Surplus	-	12	12
Movement in technical reserves	-	-	-
Capital Contribution during the period	-	-	-
Qard-e-Hasna contributed to the Participants Takaful Fund	-	-	-
Balance of OSF at the beginning of the year	-	-	-
Balance of OSF at the end of the year	-	12	12

40.3 Statement of Contribution
For the year ended December 31, 2019

Statutory Funds		Aggregate
Individual Family Takaful	Group Family Takaful	2019

-----'Rupees in '000-----

Gross Contributions

Regular contributions individual family takaful*

- First year	-	-	-
- Second year	-	-	-
- Subsequent year renewal	-	-	-
Single Contribution individual family takaful	-	-	-
Group family takaful contribution without cash value	-	1,486	1,486

Total Gross Contributions

-	1,486	1,486
---	-------	-------

Less: Retakaful Contribution Ceded

On individual first year business	-	-	-
On individual second year business	-	-	-
On individual renewal business	-	-	-
On group family takaful	-	955	955

Net Contributions

-	531	531
---	-----	-----

*Individual family takaful those underwritten on an individual basis, and includes Joint Life Family takaful underwritten as such.

40.4 Statement of Claims For the year ended December 31, 2019

Gross claims

Claims under individual family takaful

- by death	-	-	-
- by covered event other than death	-	-	-
- by maturity	-	-	-
- by surrender	-	-	-

Total gross individual family takaful claims

-	-	-
---	---	---

Claims under group family takaful

- by death	-	-	-
- by covered event other than death	-	-	-

Total group family takaful claims

-	-	-
---	---	---

Total Gross Claims

-	-	-
---	---	---

Participants' Investment Fund (PIF)

Claims under individual family takaful

- by death	-	-	-
- by covered event other than death	-	-	-
- by maturity	-	-	-
- by surrender	-	-	-

Total gross individual family takaful claims

-	-	-
---	---	---

	Statutory Funds		Aggregate
	Individual Family Takaful	Group Family Takaful	2019
-----Rupees in '000-----			
Participants' Takaful Fund (PTF)			
Claims under individual family takaful			
- by death	-	-	-
- by covered event other than death	-	-	-
- by maturity	-	-	-
- by surrender	-	-	-
Total gross individual family takaful claims	-	-	-
Less: Retakaful recoveries			
On individual family takaful first year claims	-	-	-
On individual family takaful second year claims	-	-	-
On individual family takaful renewal claims	-	-	-
On group takaful claims	-	-	-
Net Claims	-	-	-

40.5 Statement of Expenses For the year ended December 31, 2019

Operators' Sub Fund

Acquisition costs

Remuneration to takaful intermediaries on individual family takaful:

- Commission on first year contributions
- Commission on second year contributions
- Commission on subsequent renewal contributions
- Other benefits to takaful intermediaries

-	-	-
-	-	-
-	-	-
-	-	-
-	-	-

Remuneration to takaful intermediaries on group family takaful:

- Commission

-	135	135
---	-----	-----

Other acquisition costs:

- Stamp duty

-	1	1
-	1	1

Total acquisition cost

-	136	136
---	-----	-----

administration expenses

- Shariah Advisor Fee
- Employee benefit cost
- Vehicle running expenses
- Postage, telegrams and telephone

-	20	20
-	60	60
-	6	6
-	1	1
-	87	87

Gross management expenses

-	223	223
---	-----	-----

40.6 Statement of Investment Income For the year ended December 31, 2019

Statutory fund		Aggregate
Individual Family Takaful	Group Family Takaful	2019

-----Rupees in '000-----

Participants' Investment Fund (PIF)

On government securities	-	-	-
On other fixed income securities and deposits	-	-	-
Dividend income	-	-	-
Amortization of discount relative to par	-	-	-
(Loss)/ gain on sale of investments	-	-	-
Unrealised (loss) / gain on investments	-	-	-
Net investment income of PIF	a	-	-

Participants' Takaful Fund (PTF)

On government securities	-	-	-
On other fixed income securities and deposits	-	10	10
Dividend income	-	-	-
Amortization of discount/(premium)	-	-	-
(Loss)/ gain on sale of investments	-	-	-
Unrealised (loss) / gain on investments	-	-	-
Net investment income of PTF	b	10	10

Operators' Sub Fund (OSF)

On government securities	-	-	-
On other fixed income securities and deposits	-	-	-
Dividend income	-	-	-
Amortization of discount/(premium)	-	-	-
(Loss)/ gain on sale of investments	-	-	-
Unrealised (loss) / gain on investments	-	-	-
Net investment income of OSF	c	-	-

Net investment income	(a+b+c)	-	10	10
------------------------------	----------------	---	----	----

41 MOVEMENT IN INVESTMENTS

	Held to	Available for	Total
	-----Rs in '000'-----		
At beginning of previous year (January 01, 2018)	423,249	519	423,768
Additions	1,691,403	88,798	1,780,201
Disposals (sale and redemptions)	(1,417,468)	(69,146)	(1,486,614)
Unrealised fair value gain	-	19	19
Impairment loss	-	(3,369)	(3,369)
At beginning of current year (Januaray 01, 2019)	697,184	16,821	714,005
Additions	3,023,023	50,369	3,073,392
Disposals (sale and redemptions)	(3,227,482)	(49,896)	(3,277,378)
Unrealised fair value gain	-	543	543
Reversal of impairment	-	49	49
At end of current year (December 31, 2019)	492,725	17,886	510,611

42 MANAGEMENT OF INSURANCE AND FINANCIAL RISK

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

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

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

42.1 Insurance risk

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

42.1.1 Universal Life

The risk underwritten is mainly death and sometimes disability and/or critical illness. The risk of death and disability will vary from region to region. The Company may get exposed to poor risks due to unexpected experience in terms of claim severity or frequency. This can be a result of anti-selection, fraudulent claims, a catastrophe or poor persistency. The Company may also face the risk of poor investment return, inflation of business expenses and liquidity issues on monies invested in the fund. The Company faces the risk of under-pricing particularly due to the fact that these contracts are long term. Additionally, the risk of poor persistency may result in the Company being unable to recover expenses incurred at policy acquisition.

The Company manages these risks through its underwriting, reinsurance, claims handling policy and other related controls. The Company has a well defined medical under-writing policy and avoids selling policies to high risk individuals. This puts a check on anti-selection. Profit testing is conducted to ensure

reasonableness of premiums charged. Reinsurance contracts have been purchased by the Company to limit the maximum exposure on any one policyholder. To avoid poor persistency the Company applies quality controls on the standard of service provided to policyholders and has placed checks to curb mis-selling and improvement in standard of service provided to the policyholders. For this, a regular monitoring of lapsation rates is conducted. On the claims handling side, the Company has procedures in place to ensure that payment of any fraudulent claims is avoided. For this, Claims Committee with variable materiality limits review all claims for verification and specific and detailed investigation of all apparently doubtful claims (particularly of high amounts) is conducted. The Company maintains adequate liquidity in each unit fund to cater for potentially sudden and high cash requirement. The Company reserves the right to review the charges deductible under the contracts, thus limiting the risk of under-pricing.

a) Frequency and severity of claims

The Company charges mortality risk for all insurance contracts. It has the right to alter these charges based on its mortality experience and hence minimizes its exposure to mortality risk. Delays in implementing increases in charges and market or regulatory restraints over the extent of the increases may reduce its mitigating effect. The Company manages these risks through its underwriting strategy and reinsurance arrangements.

b) Sources of uncertainty in the estimation of future benefit payments and premium receipts

Uncertainty in the estimation of future benefit payments and premium receipts for long – universal life insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and variability in policyholder’s behaviour.

c) Process used to decide on assumptions

For long-term universal life insurance contracts, assumptions are made in two stages. At inception of the contract, the Company determines assumptions on future mortality, persistency, administrative expenses and investment returns. At regular intervals, profit testing is conducted on main policies.

d) Changes in assumptions

There has been no change in assumptions during the year.

e) Sensitivity analysis

	Statement of comprehensive income		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 December 2019	------(Rupees in '000)-----			
Cash flow sensitivity	6,050	(6,050)	6,050	(6,050)
31 December 2018	------(Rupees in '000)-----			
Cash flow sensitivity	7,646	(7,646)	7,646	(7,646)

42.1.2 Ordinary Life

The main risk written by the Company is mortality. The Company may be exposed to the risk of unexpected claim severity or frequency. This can be a result of writing business with higher than expected mortality (such as mining or other hazardous industries), writing high cover amounts without adequate underwriting, difficulty of verification of claims, fraudulent claims or a catastrophe. The Company also faces risk such as that of under-pricing to acquire business in a competitive environment and of non-receipt of premium in due time. There also exists a potential risk of asset liability term mismatch due to liabilities being very short term in nature.

The Company manages these risks through underwriting, reinsurance, effective claims handling and other related controls. The Company has a well defined medical under-writing policy and avoids writing business for groups with overly hazardous exposure. Pricing is done in line with the actual experience of the Company. The premium charged takes into account the actual experience of the client and the nature of mortality exposure the group faces. The rates are certified by the appointed actuary for large groups. The Company also maintains an MIS to track the adequacy of the premium charged. Reinsurance contracts have been purchased by the Company to limit the maximum exposure to any life. At the same time, due caution is applied in writing business in areas of high probability of terrorism. The Company ensures writing business with good geographical spread and tries to maintain a controlled exposure to large groups which generally have poor claim experience. Writing business of known hazardous groups is also avoided. On the claims handling side, the Company ensures that payment of any fraudulent claims is avoided. For this, a claims committee reviews all large claims for verification. Strict monitoring is in place in order to keep the outstanding balances of premium at a minimum, especially the ones that are overdue. The bulk of the assets held against liabilities of this line of business have a short duration, thus mitigating the risk of asset value deterioration.

a) Frequency and severity of claims

The risk is affected by several factors e.g. age, occupation, benefit structure and life style. The Company attempts to manage this risk through its underwriting, claims handling and reinsurance policy. Concentration of risk arising from geographical area is not a factor of concern due to spread of risks across various parts of the country.

b) Sources of uncertainty in the estimation of future benefits payments and premium receipts

Other than conducting a liability adequacy for Unexpired Risk Reserves (URR), there is no need to estimate mortality for future years because of the short duration of the contracts.

c) Process used to decide on assumptions

Statistical methods are used to adjust the rates to a best estimate of mortality. Where data is sufficient to be statistically credible, the statistics generated by the data is assigned appropriate credibility factors to account for the group's experience.

d) Changes in assumptions

There has been no change in assumptions during the year.

e) Sensitivity Analysis

	Statement of comprehensive income		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 December 2019	----- (Rupees in '000) -----			
Cash flow sensitivity	<u>6,050</u>	<u>(6,050)</u>	<u>6,050</u>	<u>(6,050)</u>
31 December 2018	----- (Rupees in '000) -----			
Cash flow sensitivity	<u>7,646</u>	<u>(7,646)</u>	<u>7,646</u>	<u>(7,646)</u>

42.2 Financial risk

42.2.1 Market risk

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

Maturity profile of financial assets and liabilities

On Statement of Financial Position	31 December, 2019					31 December 2018				
	Maturity upto one year	Maturity after one year	Sub-Total	Non-interest bearing financial instruments	Total	Maturity upto one year	Maturity after one year	Sub Total	Non-interest bearing financial instruments	Total
----- (Rupees in '000) -----										
Financial assets										
Investments	385,908	106,817	492,725	17,886	510,611	624,685	72,499	697,184	16,821	714,005
Loans secured against life insurance policies	-	-	-	6,651	6,651	-	-	-	9,424	9,424
Insurance / reinsurance receivables	-	-	-	11,213	11,213	-	-	-	3,380	3,380
Other loans and receivables	-	-	-	14,222	14,222	-	-	-	20,892	20,892
Cash and bank	112,243	-	112,243	601	112,844	67,401	-	67,401	6,480	73,881
	498,151	106,817	604,968	50,573	655,541	692,086	72,499	764,585	56,997	821,582
Financial liabilities										
Insurance Liabilities	-	-	-	345,874	345,874	-	-	-	257,883	257,883
Retirement benefit obligations	-	-	-	12,177	12,177	-	-	-	86	86
Premium received in advance	-	-	-	9,575	9,575	-	-	-	13,837	13,837
Insurance / reinsurance payables	-	-	-	27,917	27,917	-	-	-	14,112	14,112
Other creditors and accruals	-	-	-	31,360	31,360	-	-	-	11,571	11,571
	-	-	-	426,903	426,903	-	-	-	297,489	297,489
On statement of financial position gap	498,151	106,817	604,968	(376,330)	228,638	692,086	72,499	764,585	(240,492)	524,093

(a) Interest rate risk exposure

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

(b) Equity Price Risk

The Company's investment in listed securities are susceptible to market price risk arising from uncertainties about the future value of investment securities. The Company manages equity price risk by maintaining a diversified portfolio and by continuous monitoring of developments in equity market. The Company is exposed to equity price risk with respect to its investments in quoted securities. Change of 10% in equity prices (NAV in case of mutual funds) will result in change in prices of respective equity instruments by Rs. 1.788 million (2018: Rs. 1.682 million).

42.2.2 Operational risk

The Company's operational cash flows and financial conditions could be negatively affected by the following:

- If employees are quarantined as the result of exposure to COVID-19, this could result in disruption of operations and impact economic activity.
- Similarly, operational issues resulting from the rapid spread of COVID-19 in Pakistan may have a material effect on our business and results of operations.

However the Company manages above risks with well-defined Disaster Recovery (DR) and Business Continuity Plan (BCP). The staff is sufficiently trained and aware of their job responsibilities in case of any calamity which may prevent employees to use office of the Company or any other joint working space. The BCP also provides remote access to the resources for employees to fulfil their job responsibilities and service clients while ensuring utmost security of the Company's information system.

42.2.3 Credit risk

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

The maximum exposure to credit risk before any credit enhancements as at December 31, 2019 is the carrying amount of the financial assets as set out below:

	Note	2019 ------(Rupees in '000)-----	2018
Financial assets			
Insurance receivables	14	11,213	3,380
Other loans and receivables	15	14,222	20,892
Cash and bank	17	112,844	73,881
		<u>138,279</u>	<u>98,153</u>

Bank balances

The credit quality of cash at bank (in Current, PLS and deposit accounts) as per credit rating agencies is as follows:

December 31, 2019	AAA	AA	AA-	AA+	A-1	Suspended	Total
	-----Rupees in '000-----						
Bank Balances	<u>1,541</u>	-	<u>33,513</u>	<u>32,710</u>	<u>45,030</u>	<u>1</u>	<u>112,795</u>
December 31, 2018							
Bank Balances	<u>6,514</u>	<u>2,061</u>	<u>16,874</u>	<u>48,331</u>	-	<u>1</u>	<u>73,781</u>

Concentration of credit risk

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

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

42.2.4 Capital risk managements

The Company's objective when managing capital is to safe guard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development its businesses. The Company manages its capital structure by monitoring return on net assets and makes adjustments

to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares.

Currently the Company has a paid up capital of Rs. 1,101 million against the minimum required paid-up capital of Rs. 700 million set by the SECP for the life insurance companies for the year ended December 31, 2019.

43 MANAGEMENT OF TAKAFUL RISK AND FINANCIAL RISK

The Company is responsible for managing contracts that result in the transfer of Takaful and Financial Risk from the Participant to the PTF. This section summarizes the risks and the way the Company manages them, as part of the Company's Window Takaful Operations.

Takaful Risk

The PTF issues Takaful contracts that are classified in the following segments:

- Individual Family Takaful
- Group Family Takaful"

Individual Family Takaful

These risks are managed along similar lines as explained for universal life business.

a) Frequency and severity of claims

Concentration of risk is not a factor of concern due to spread of risks across various parts of the country. However, undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis. However, a risk of concentration of risk on any one Participant of the PTF still exists. The Company caters to this risk by entering into suitable Retakaful arrangements. For the basic life The Company charges for mortality risk/Waqf Donation (credited to the PTF) on a monthly basis for all Takaful contracts without fixed term.

Moreover, the Company manages these risks through its underwriting strategy and the results are revised quarterly by the Underwriting and Reinsurance Committee.

b) Source of uncertainty in the estimate of future benefits payments and contributions receipts
Uncertainty in the estimation of future benefit payments and contribution receipts for long term takaful contracts arises from the unpredictability of long-term changes in overall levels of mortality and variability in participants' behaviour (this primarily impacts persistency).

c) Process used to decide on assumptions

- Mortality: The expected mortality is assumed as mentioned in note 5.8.1.
- Persistency: A periodic analysis of the Company's recent and historic experience is performed and persistency is calculated every month. Persistency rates vary by products and more importantly the sales distribution channel.
- Expense levels and inflation: A periodic study is conducted on the Company's current business expenses and future projections to calculate per membership expenses. Expense inflation is assumed in line with assumed investment return.
- Investment returns: The investment returns assumptions are based on the assets backing the portfolio.

d) Change in assumptions

There has been no change in assumptions.

Group Family Takaful

The main risk written by the Company is mortality. The Company may be exposed to the risk of unexpected claim severity or frequency. This can be a result of writing business with higher than expected mortality (such as mining or other hazardous industries), writing high cover amounts without adequate underwriting, and difficulty of verification of claims, fraudulent claims or a catastrophe. The Company also faces risk such as that of under-pricing to acquire business in a competitive environment and of non-receipt of model contribution in due time.

The Company manages these risks through its:

a) Pricing and Underwriting:

All products of this nature are prepared by the Group Underwriting Department along with input from relevant sales team members which is then reviewed by the Appointed Actuary.

Pricing is done in line with the actual experience of the Company. The contribution charged takes into account the actual experience of the Group Participant and the nature of mortality exposure the group faces.

At the same time, due caution is applied in writing business in areas of high probability of terrorism. The Company ensures writing business with good geographical spread and tries to maintain a controlled exposure to large groups which generally have poor exposure.

Furthermore, the Company also maintains various MIS that are shared with relevant management to track the adequacy of the contribution charged.

Also, Underwriting & Reinsurance Committee reviews the underwriting performance of the Company on a quarterly basis.

b) Retakaful:

Retakaful agreements are in place to limit the mortality exposure. Underwriting & Reinsurance Committee reviews every quarter the performance of the treaties to ensure that adequate retakaful coverage is in place.

c) Claims handling policy:

The Company has procedures in place to ensure that payment of any fraudulent claims is avoided. Detailed investigation of all material and apparently doubtful claims is conducted. Moreover, Claims committee has assigned claims process authority limits for processing of claims. Claims committee meets on a quarterly basis to review the claims department's performance and to make sure that adequate claims controls are in place.

d) Sources of uncertainty in the estimation of future benefits payments and contribution receipts:

Other than conducting a liability adequacy for unearned contribution reserve, there is no need to estimate mortality for future years because of the short duration of the contracts.

e) Process used to decide on assumptions

Where data is sufficient to be statistically credible, the statistics generated by the data is assigned appropriate credibility factors to account for the group's experience.

f) Change in assumptions

There has been no material change in assumptions.

43.1 Concentration of Takaful Risk

A concentration of risk may arise from a single Family Takaful Contract issued to a particular type of Participant, within a geographical location or to types of commercial business. The Company minimizes its exposure to significant losses by obtaining re-takaful from foreign Re-Takaful Operator.

To optimize 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 e.g. financial underwriting ensuring a reasonable relationship between the income and Family Takaful coverage amount of person covered, determination of Family Takaful Coverage amount through some mechanism which precludes individual choices and anti-selection.

44 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

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

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

December 31, 2019	Fair value measurement using			
	Level 1	Level 2	Level 3	Total
	------(Rupees in '000) -----			
Government securities	-	492,725	-	492,725
Listed securities	6,819	-	-	6,819
Open end mutual funds	11,067	-	-	11,067
	17,886	492,725	-	510,611
December 31, 2018				
Government securities	-	697,184	-	697,184
Listed securities	6,830	-	-	6,830
Open end mutual funds	9,991	-	-	9,991
	16,821	697,184	-	714,005

45 STATEMENT OF SOLVENCY

	Shareholder's Fund	Ordinary Life	Universal Life	Accident and Health	Individual Family Takaful	Group Family Takaful	December 31, 2019	December 31, 2018
-----Rupees in '000-----								
Assets								
Property and equipment	40,806	-	-	-	-	-	40,806	5,383
Intangible assets	2,216	-	-	-	-	-	2,216	-
Investments								
Equity securities	6,819	-	-	-	-	-	6,819	6,830
Government securities	177,059	64,006	246,979	4,681	-	-	492,725	697,184
Mutual funds	109	-	10,958	-	-	-	11,067	9,991
Loans secured against life insurance policies	-	1,487	5,164	-	-	-	6,651	9,424
Insurance / reinsurance receivables	-	10,837	-	376	-	-	11,213	3,380
Taxation - payments less provision	13,650	-	-	-	-	-	13,650	11,311
Prepayments	3,490	-	-	-	-	-	3,490	5,097
Cash and Bank	52,217	8,236	47,499	2,941	-	1,951	112,844	73,881
Other loans and receivables	11,758	969	300	1,195	-	-	14,222	20,892
Interfund balances	(4,010)	(98)	4,194	-	-	(86)	-	-
Total Assets (A)	304,114	85,437	315,094	9,193	-	1,865	715,703	843,373
Inadmissible Assets								
Property and equipment	40,806	-	-	-	-	-	40,806	5,383
Intangible assets	2,216	-	-	-	-	-	2,216	-
Investments								
Equity securities	408	-	-	-	-	-	408	544
Insurance / reinsurance receivables	-	2,517	-	376	-	-	2,893	405
Other loans and receivables	520	869	-	-	-	-	1,389	1,248
Total of In-admissible assets (B)	43,950	3,386	-	376	-	-	47,712	7,580
Total Admissible Assets (C=A-B)	260,164	82,051	315,094	8,817	-	1,865	667,991	835,793
Total Liabilities								
Insurance liabilities net of reinsurance recoveries	-	54,035	287,893	3,600	-	346	345,874	257,883
Retirement benefit obligations	12,177	-	-	-	-	-	12,177	86
Premium received in advance	-	1,079	8,496	-	-	-	9,575	13,837
Insurance / reinsurance payables	-	23,619	3,343	-	-	955	27,917	14,112
Other creditors and accruals	18,514	2,422	10,412	-	-	92	31,360	11,571
Total Liabilities (D)	30,691	81,155	310,144	3,600	-	1,393	426,903	297,489
Total Net Admissible Assets (E=C-D)	229,473	896	4,950	5,217	-	472	241,088	538,304
							2019	2018
							----- Rupees in '000 -----	
Minimum Solvency Requirement								
Shareholders fund							165,000	165,000
Ordinary Life							22,266	10,310
Universal Life							5,550	3,683
Accident and Health							720	-
Group Family Takaful							372	720
Total solvency margin required							193,908	179,713
Excess in Net Admissible Assets over Minimum Requirements							47,180	358,591

46 RELATED PARTY RELATIONSHIPS

Name of related parties	Relationship
Askari Development & Holdings Private Limited	Associated undertaking
AWT Investments Limited (Primus Investment)	Associated undertaking
Askari Life Assurance Company Limited	Associated undertaking
Askari General Insurance company Limited	Associated undertaking
Askari Siddiqsons Development Company Limited	Associated undertaking
Askari Chartered Services	Associated undertaking
Askari Airport Services	Associated undertaking
Askari Travels Agencies	Associated undertaking
Askari Travels and Tours	Associated undertaking
Services Travels	Associated undertaking
Blue Lagoon	Associated undertaking
Askari Lagoon Faisalabad	Associated undertaking
Askari Fuels	Associated undertaking
Army Welfare Sugar Mills	Associated undertaking
Askari Woolen Mills	Associated undertaking
Askari Shoe Project	Associated undertaking
AWT Plaza Rawalpindi	Associated undertaking
RE-Lahore	Associated undertaking
RE-Peshawar	Associated undertaking
Army Farms Khoski	Associated undertaking
Farms Boyel Gung	Associated undertaking
Farms Probynabad	Associated undertaking
Farms - RB	Associated undertaking
Askari Seeds	Associated undertaking
MAL Pakistan Limited	Associated undertaking
Askari Securities Limited	Associated undertaking
Askari Aviation (Private) Limited	Associated undertaking
Askari Guards (Private) Limited	Associated undertaking
Askari Enterprises (Private) Limited	Associated undertaking
Fauji Securities Services (Private) Limited	Associated undertaking
MedASK (Private) Limited	Associated undertaking
Askari Air Pakistan (Private) Limited	Associated undertaking
East West Insurance Company Limited	Associated undertaking
Army Welfare Trust	Holding company

47 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

		2019	2018
		----- (Rupees in '000) -----	-----
Relationship	Transactions		
Holding company	Premium revenue	<u>97</u>	<u>492</u>
Holding company	Insurance benefits	<u>-</u>	<u>1,200</u>
Holding company	Payments	<u>-</u>	<u>100,000</u>
Associated undertaking	Premium revenue	<u>17,311</u>	<u>9,576</u>
Associated undertaking	Insurance benefits	<u>23,430</u>	<u>2,660</u>
Associated undertaking	Expenses and acquisition cost	<u>6,308</u>	<u>7,796</u>
Chief Executive Officer	Premium revenue	<u>50</u>	<u>50</u>
Contribution	Staff Provident Fund	<u>-</u>	<u>813</u>
Key Management Personnel	Remuneration	<u>64,955</u>	<u>29,935</u>
Directors	Fee	<u>895</u>	<u>520</u>
Related Party	Balances		
Holding Company			
Army Welfare Trust	Due from insurance contract holders	<u>188</u>	<u>91</u>
Associated undertakings			
Askari Guards Limited	Due from insurance contract holders	<u>-</u>	<u>761</u>
Mobil Askari Pakistan Limited	Due from insurance contract holders	<u>6</u>	<u>-</u>
Askari Fuels	Due from insurance contract holders	<u>2</u>	<u>-</u>
Askari Woolen Mills	Due from insurance contract holders	<u>3</u>	<u>-</u>
Askari Development Holding Pvt Limited	Due from insurance contract holders	<u>32</u>	<u>-</u>
Askari General Insurance Company Limited	Due from insurance contract holders	<u>21</u>	<u>-</u>
AWT Investment	Due from insurance contract holders	<u>14</u>	<u>-</u>
Askari Chartered Aviation Services (ACS)	Due from insurance contract holders	<u>2</u>	<u>-</u>
Fauji Security Services	Due from insurance contract holders	<u>1</u>	<u>-</u>
MEDASK	Due from insurance contract holders	<u>-</u>	<u>138</u>
AWT Housing Scheme (Head Office) Lahore	Due from insurance contract holders	<u>-</u>	<u>95</u>
AWT Housing Scheme Peshawar	Due from insurance contract holders	<u>-</u>	<u>72</u>
AWT Housing Scheme Sang Jani	Due from insurance contract holders	<u>-</u>	<u>34</u>
AWT Housing Scheme Karachi	Due from insurance contract holders	<u>-</u>	<u>48</u>
	Due from insurance contract holders	<u>-</u>	<u>68</u>

		2019	2018
		--- (Rupees in '000) --	
Army Welfare Shugar Mills	Due to insurance contract holders	102	-
Blue Lagoon	Due to insurance contract holders	25	-
Askari Farms & Seeds Products	Due to insurance contract holders	26	-
Askari Flying Academy	Due to insurance contract holders	2	-
Askari Guards Limited	Outstanding claims	3,056	2,060
Fauji Security Services	Outstanding claims	1,000	-
Army Welfare Sugar Mills	Outstanding claims	1,100	-
Askari Fuel	Outstanding claims	15	-
AWT Housing Scheme Lahore	Outstanding claims	600	-
Askari Travel & Tours	Accrued expenses	457	844
East West Insurance Company Limited	Equity investments	408	544
Provident Fund			
Staff Provident Fund	Payable to fund	-	85
Staff Gratuity Fund	Payable to employees	12,177	86

48 GENERAL

Figures have been rounded off to the nearest thousand.

49 CORRESPONDING FIGURE

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

50 NUMBER OF EMPLOYEES

2019 2018

The details of number of employees are as follows:

Number of employees as at year end	94	62
Average number of employees as at year end	78	35

51 EVENTS AFTER THE BALANCE SHEET DATE

The existence of novel corona virus (COVID 19) was confirmed in early 2020 and has spread across the globe, causing disruption to businesses and economic activities. The Company considers this outbreak to be a non-adjusting post statement of financial position date event. As this situation is fluid and rapidly evolving, we do not consider it practicable to provide a quantitative estimate of the potential impact of this outbreak on the Company. The impact of this outbreak on the Company's financial statements, if any, will be considered in the next financial statements.

52 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Company on April 23rd, 2020.



Chief Financial Officer



Chief Executive Officer



Director



Director



Chairman

STATEMENT OF DIRECTORS UNDER INSURANCE ORDINANCE 2000

(As per the requirement of section 46(6) and section 52(2) of the Insurance Ordinance 2000)
Section 46(6)

- a) In our opinion the annual statutory accounts of the Company set out in the forms attached to the statement have been drawn up in accordance with the Ordinance and any rule made there under;
- b) The Company has at all times in the year complied with the provision with the Ordinance and the rules made there under relating to paid-up capital, solvency and reinsurance arrangements; and
- c) As at December 31, 2019 the Company continues to be in compliance with the provisions of the Ordinance and the rules made there under relating to paid-up capital, solvency and reinsurance arrangements.

Section 52(2)

- d) In our opinion the statutory fund of the Company complies with the solvency requirements of the Insurance Ordinance, 2000.



Chairman



Chief Executive Officer



Director



Director

**Statement by the Appointed Actuary
Required Under Section 52 (2) (a) & (b) of the Insurance Ordinance, 2000**

I, Shujat Siddiqui, of Akhter & Hasan (Private) Limited, being an Actuary duly qualified under the terms of the Insurance Ordinance, 2000, and being the Appointed Actuary of Askari Life Assurance Company Limited, do hereby state that in my opinion:

- (a) The policyholder liabilities included in the balance sheet of Askari Life Assurance Company Limited as at 31st December 2019 have been determined in accordance with the provisions of the Insurance Ordinance, 2000; and
- (b) The Shareholders' Fund and the Statutory Fund of the Company meet the solvency requirements of the Insurance Ordinance, 2000 as at 31st December 2019 in aggregate.



Shujat Siddiqui, MA, FIA, FPSA
Appointed Actuary

Pattern of Shareholding as at December 31, 2019

No of Shareholders	From	TO	Total Shares hold	Percentage
63	1	100	1,566	0.00%
124	101	500	53,386	0.05%
73	501	1000	66,445	0.06%
154	1001	5000	449,787	0.41%
53	5001	10000	407,379	0.37%
15	10001	15000	191,199	0.17%
11	15001	20000	201,709	0.18%
11	20001	25000	263,878	0.24%
7	25001	30000	198,786	0.18%
2	30001	35000	67,330	0.06%
6	35001	40000	228,999	0.21%
2	40001	45000	81,500	0.07%
8	45001	50000	395,837	0.36%
3	50001	55000	157,933	0.14%
2	55001	60000	117,309	0.11%
1	60001	65000	65,000	0.06%
1	65001	70000	68,500	0.06%
1	80001	85000	80,561	0.07%
1	85001	90000	86,500	0.08%
5	95001	100000	499,000	0.45%
2	105001	110000	219,500	0.20%
1	115001	120000	120,000	0.11%
1	120001	125000	124,799	0.12%
1	125001	130000	129,646	0.12%
1	135001	140000	136,562	0.12%
1	175001	180000	177,619	0.16%
1	205001	210000	208,000	0.19%
1	250001	255000	254,605	0.23%
1	285001	29000	288,359	0.26%
1	335001	340000	336,500	0.31%
1	395001	400000	396,773	0.36%
1	460001	465000	460,461	0.42%
1	595001	600000	596,217	0.54%
1	610001	615000	611,966	0.56%
1	735001	740000	736,465	0.67%
1	755001	760000	759,345	0.69%
1	960001	965000	960,500	0.87%
1	1215001	1220000	1,218,096	1.11%
1	1240001	1245000	1,240,841	1.13%
1	1345001	1350000	1,349,000	1.22%
1	1660001	1665000	1,662,091	1.51%
1	2745001	2750000	2,748,253	2.49%
1	3230001	3235000	3,232,523	2.93%
1	3830001	3835000	3,833,025	3.48%
1	24210001	24215000	24,211,824	21.98%
1	60085001	60090000	60,087,278	54.54%
571			110,172,014	100%

No of Shareholders

S.No.	Name of the Director	No of Shareholders	Shares held	Percentage
1	CEO, Directors and their spouses and minor childrens	4	8,700	0.0079%
2	Executive	1	4,000	0.0036%
3	Associated Companies, Undertakings & related parties	2	84,299,102	76.5159%
4	NIT and ICP	-	-	-
5	Public Sector Companies & Corporations	-	-	-
6	Others	13	7,405,248	6.7215%
7	Banks, Development Finance Insitutions, Non-Banking Finance Institution, Insurers, Modaraba & Mutual funds	1	1,000	0.0009
8	Individuals	550	18,453,964	16.7501%

Total

571 110,172,014 100.0000%

Categories of Shareholdes

CEO, Directors and their spouses and minor childrens	4	8,700	0.0079%
1 Jehanzeb Zafar - CEO		2,500	0.0023%
2 Ayesha Rafique - Director		2,500	0.0023%
3 Miss. Uroj Javed Yunus		1,200	0.0011%
4 Tariq Hameed		2,500	0.0023%
Executive	1	4,000	0.004%
Associated Companies, Undertakings & related parties and Shareholders holding five percent or more	2	84,299,102	76.5159%
1 East West Insurance Co.Ltd		24,211,824	21.9764%
2 Army Welfare Trust		60,087,278	54.5395%
Banks, Development Finance Insitutions, Non-Banking Finance Institution, Insurers, Modaraba & Mutual funds	1	1000	0.0009%
Others	13	7,405,248	6.7215%
Individuals	550	18,453,964	16.7501%
Total	570	110,172,014	100.0000%

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 27th Annual General Meeting (AGM) of the shareholders of **Askari Life Assurance Company Limited** will be held **on Friday May 29, 2020** Via Video Conferencing at **10:30 AM**.

The Securities and Exchange Commission of Pakistan through its Circular No 5 dated March 17, 2020 had directed the listed companies to modify their usual planning of AGM due to the threat posed by current outbreak of COVID-19. The Company will ensure maximum participation of shareholders via video conferencing. Members are requested to consolidate their attendance through proxies while honoring quorum provisions. The meeting will be convened on "Zoom Cloud Meetings" which can be downloaded from Google PlayStore or Apple App Store. The interested shareholders are requested to download the app before the meeting to avoid any inconvenience. On the day of the AGM the shareholders will be able to login and participate in the meeting through smartphones or computers devices from any convenient location.

The entitled shareholders whose name appear on the Books of the Company by Close of Business on May 22, 2020 will be treated 'in time' for the purpose of attending the meeting and who are interested to attend AGM through online platform are requested to get themselves registered at the Company Secretary's office through provision of the following information at the earliest but not later than 24 hours before the meeting (i.e. before 10:30am on May 28, 2020) at agm.companysecretary@askarilife.com:

Name of Shareholder	CNIC No.	Folio Number/CDC Number	Mobile Number	Email Address

Upon receipt of the aforementioned information from the interested shareholders, the company will send the login details at their email address. The login facility will be opened 30 minutes before the meeting time at 10:00 am on Friday May 29, 2020 to facilitate the participants' identification and verification process before joining the meeting at 10:30a.m sharp.

The entitled shareholders, whose name appear in the books of the Company (by Close of Business on May 22, 2020), may send their comments/suggestions for the proposed agenda items, on the aforementioned email address at least 24 hours before the meeting, the same shall be discussed in the meeting and be made part of the minutes of the meeting.

The meeting will be convened to transact the following business:

Ordinary Business:

1. To confirm the minutes of the 26th Annual General Meeting held on April 24, 2019
2. To receive, consider and adopt the Company's Financial Statements for the year ended December 31, 2019, together with the Reports of the Auditors and Directors thereon
3. To appoint M/S RSM Avais Hyder Liaquat Nauman- Chartered Accountants as Statutory Auditors of the Company and to fix their remuneration for the financial year December 31, 2020
4. To transact any other business that may be placed before the meeting with the permission of the Chairman.

Special Business:

5. To consider, if thought fit, to pass the following "Special Resolutions" with or without modification:

"RESOLVED THAT the Authorized Share Capital of the Company be increased from Rs. 1,250,000,000 divided into ordinary shares of 125,000,000 of Rs. 10/- each to Rs. 2,000,000,000 divided into 200,000,000 ordinary shares of Rs. 10/- each and the words and figures in Clause V of Memorandum of Association and Articles 4 of Articles of Association of the Company be amended accordingly as under:"

CLAUSE-V OF THE MEMORANDUM OF ASSOCIATION

The authorized Capital of the Company is Rs. 2,000,000,000/- (Two Billion only) divided into 2,00,000,000 shares of Rs.10/= each.

CLAUSE-4 OF THE ARTICLES OF ASSOCIATION

The authorized capital of the company is Rs. 2,000,000,000/- (Two Billion only) divided into 2,00,000,000 ordinary shares of Rs.10/- each.

"FURTHER RESOLVED THAT any one Director or the Chief Executive Officer or the Company Secretary be and are hereby authorized to complete all corporate and legal formalities in connection with the above resolution and to execute and file the necessary forms, applications and documents with the Company Registration Officer."

Date: May 07, 2020

By Order of the Board

Company Secretary

NOTES:

- (a) The Share Transfer Books of the Company will remain closed from May 23, 2020 to May 29, 2020 (both days inclusive) for Annual General Meeting. Transfers received in order by our registrar, M/s THK Associates (Pvt) Limited, 1st Floor, 40-C Block 6, PECHS, Karachi, at the close of business on May 22, 2020 will be treated in time for the purpose of attending the meeting.
- (b) A member eligible to attend and vote at the meeting may appoint another person as his/her proxy to attend, speak and vote instead of him/her. Proxies in order to be effective must be received in the office of the Company's Head Office at Emerald Tower, Office No 1104, 11th Floor, Plot G-19, Block 5, KDA Improvement Scheme No. 5, Clifton, Karachi, not less than 48 hours before the time for holding the meeting (i.e. by 10:30am on May 27, 2020) and must be duly stamped, signed and witnessed. A member shall not be entitled to appoint more than one proxy.
- (c) CDC account/sub account holders should provide their original Computerized National Identity Cards (CNIC), Accounts/Sub-Account Number and Participant's ID Number in the Central Depository Company (CDC) for identification purpose when attending the meeting. In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.
- (d) Shareholders (Non-CDC) are requested to promptly notify the Company's Share Registrar of any change in their addresses and also provide the email address, if possible.

FOR APPOINTING PROXIES:

- In case of individuals, the submission of the proxy form as per the requirement notified in Note (b) mentioned above.
- The proxy form shall be witnessed by two persons whose name, addresses and CNIC numbers shall be mentioned on the form.
- Attested copies of CNIC or the passport of the beneficial owner and the proxy shall be furnished with the proxy form.
- The proxy shall produce his/her original CNIC or original Passport at the time of meeting.
- In case of corporate entity, the Board of Directors' resolution /power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

Annual Accounts of the Company:

Annual accounts of the company for the financial year ended December 31, 2019, can be downloaded from the Company's website- www.askarilife.com

Members are hereby informed that for electronic transmission of Annual Report, Electronic transmission consent form has been uploaded on the Company's website-www.askarilife.com Members who wish to avail this facility are requested to submit their form duly filled and signed to Company Secretary at Company's Head Office at Emerald Tower, Office No 1104, 11th Floor, Plot G-19, Block 5, KDA Improvement Scheme No. 5, Clifton, Karachi along with CNIC copy of the member.

For any query/problem/information, members may contact the Share Registrar at the following address:
Principal Shareholder Joint Shareholder(s)

THK Associates (Pvt) Ltd

1st Floor, 40-C, Block-6,
P.E.C.H.S
Karachi-75400

Askari life Assurance Company Limited

Emerald Tower, Office No 1104, 11th Floor, Plot G-19,
Block 5, KDA Improvement Scheme No. 5, Clifton, Karachi
Telephone No:021-111-222-275
Contact Person: Company Secretary
Email: investor.relations@askarilife.com

STATEMENT OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

This statement sets of the material facts for the special business to be transacted at the Annual General Meeting scheduled to be held on May 29, 2020.

INCREASE IN AUTHORIZED SHARE CAPITAL

In order to provide the Company adequate leverage to consider the future issue of shares for meeting the expected requirements to support financial growth and capital expenditure in future the Board of Directors in their meeting held on April 23, 2020 have recommended the increase in Authorized Share Capital of the Company from Rs. 1250,000,000 divided into ordinary shares of 1,25,000,000 of Rs. 10/- each to Rs. 2,000,000,000 divided into 200,000,000 ordinary shares of Rs. 10/- each for raising equity in future along with related amendments in clauses of Memorandum of Association and Articles of Association.

The directors, sponsors, majority shareholders and their relatives are not interested directly or indirectly, in the above business except to the extent of shares that are held by them in the company.

ANNEXURE

AMENDMENT IN MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY

S.No.	Present Clause	New Clause
V.	The authorized Capital of the Company is Rs. 1,250,000,000/- (One Thousand two hundred fifty million only) divided into 125,000,000 shares of Rs.10/= each	The authorized Capital of the Company is Rs. 2,000,000,000/- (Two Billion only) divided into 2,00,000,000 shares of Rs.10/= each
04.	The authorized capital of the company is Rs. 1,250,000,000/- (One Thousand two hundred fifty million only) divided into 25,000,000 ordinary shares of Rs.10/- each.	The authorized capital of the company is Rs. 2,000,000,000/- (Two Billion only) divided into 2,00,000,000 ordinary shares of Rs.10/- each.

PROXY FORM

Askari Life Assurance Company Limited

"I _____s/o_____resident of _____(full address) being member of Askari Life Assurance Company Limited hereby appoint_____s/o_____resident of _____(full address) as my proxy to vote on my behalf at the 27th Annual General Meeting of the Company to be held on Friday May 29, 2020 at 10:30am at Via Video Conferencing and at any adjournment thereof".

Signed this _____ day of _____ 2020.

Please affix Revenue Stamp

Revenue
Stamp

Signature of the Member

Signed in the presence of:

Witnesses

Signature of Witness No. 1

Name:

CNIC No:

Signature of Witness No. 2

Name:

CNIC No:

Note:

1. A person appointed as proxy shall be entitled to attend, speak and vote on behalf of appointer.
2. Attested copies of CNIC/Passport shall be provided with the proxy form.
3. A person may be appointed proxy even though he/she is not member of the company.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorized in writing or if such appointer is a corporation under its common seal or the hand of its attorney.
5. The instrument appointing a proxy and the power-of-attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power or authority, shall be deposited with the Company's Head Office at Emerald Tower, Office No 1104, 11th Floor, Plot G-19, Block 5, KDA Improvement Scheme No. 5, Clifton, Karachi, not less than forty-eight (48) hours before the time for holding the meeting.6. The proxy shall produce his original CNIC/Passport at the time of the meeting.

پراکسی فارم

عسکری لائف ایٹورنس کمپنی لمیٹیڈ

من کہ مستمی _____ ولد _____
ساکن _____

(مکمل پتہ) _____

عسکری لائف ایٹورنس کمپنی لمیٹیڈ کارکن ہونے کی حیثیت سے،

مستمی _____ ولد _____
ساکن _____

(مکمل پتہ) _____

کو، کمپنی کی ستائیسویں سالانہ جنرل میٹنگ جو جمعہ، ۲۹ مئی ۲۰۲۰ء کو صبح ساڑھے دس بجے، ویڈیو کانفرنسنگ کے ذریعے منعقد ہوگی اور بعد ازاں کسی بھی التوا پر، میری جانب سے ووٹ دینے کے لئے، اپنے نائب کے طور پر مقرر کرتا ہوں۔

مورخہ _____ ۲۰۲۰ء کو دستخط کیا گیا

براہ مہربانی ریوینو اسٹامپ چسپاں کریں

رکن کے دستخط

گواہان کی موجودگی میں دستخط کئے گئے

گواہ نمبر دو کے دستخط

گواہ نمبر ایک کے دستخط

نام:

نام:

شناختی کارڈ نمبر:

شناختی کارڈ نمبر:

نوٹ:

- ۱- نائب کے طور پر مقرر کردہ فرد، مقرر رکن کے والے کی جانب سے شرکت کرنے، گفتگو کرنے اور ووٹ ڈالنے کا اہل ہوگا۔
- ۲- پراکسی فارم کے ساتھ قومی شناختی کارڈ/ پاسپورٹ کی تصدیق شدہ نقل فراہم کرنا ہوگی۔
- ۳- کوئی بھی فرد نائب کے طور پر مقرر کیا جاسکتا ہے خواہ وہ کمپنی کارکن ہو یا نہیں۔
- ۴- نائب مقرر رکھے جانے کی دستاویز مقرر رکن کے والے کی طرف سے یا اسکے منظور شدہ اٹارنی کی جانب سے تحریر کردہ ہوگی یا اگر مقرر رکن والا کوئی کارپوریشن ہے تو اس ادارے کی مہر یا ادارے کے اٹارنی کی جانب سے۔
- ۵- نائب مقرر رکھے جانے کی دستاویز اور مختار نامہ یا کوئی اور اتھارٹی (اگر ہو تو) جس کے تحت اس پر دستخط کئے گئے ہوں، یا اس مختار نامے کی یا اتھارٹی کی نوٹری پبلک سے تصدیق شدہ نقل کمپنی کے ہیڈ آفس ایمرلڈ ٹاور، آفس نمبر ۱۱۰۴، گیارہویں فلور، پلاٹ نمبر جی ۱۹، بلاک ۵، کے ڈی اے امپرفمنٹ اسکیم نمبر ۵، کلفٹن، کراچی کے پاس میٹنگ کے وقت سے کم از کم اڑتالیس (۴۸) گھنٹے قبل جمع کرائی جائے گی۔
- ۶- مقرر کردہ نائب میٹنگ کے وقت اپنا اصل قومی شناختی کارڈ/ پاسپورٹ پیش کرے گا۔

Fold Here



The Company Secretary

Askari Life Assurance Co. Ltd.

Emerald Tower, Office No. 1104,
11th Floor, Plot G-19, Block 5,
KDA Improvement Scheme No. 5,
Clifton, Karachi.

AFFIX
CORRECT
POSTAGE

Fold Here

Fold Here

Fold Here

Fold Here

Fold Here

Branch Network

Head office/Other offices

Emerald Tower, Office No. 1104, 11th Floor, Plot G-19, Block 5, KDA Improvement Scheme No. 5, Clifton, Karachi.

Horizon Tower: Room # 507, 5th Floor, Horizon Tower, Near Bilawal House, Khayaban-e-Saadi, Clifton, Karachi.

Registered Office: 8th Floor, Army Welfare Trust, AWT Plaza, The Mall, Rawalpindi, Pakistan

Email: info@askarilife.com

UAN: 021-111-225-275

Phone: +92 21 36269941-44

Fax: +92 21 3514 7540

Karachi:

Showroom number 05 & 06 Ground Floor, Zubaidas Garden, Plot # 1 Survey no. 34, Survey Sheet no. 35-P/1, situated in Block 7 & 8 Kathiawar Cooperative Housing Society, Karachi.

Email: Rdc.karachi@askarilife.com

Lahore:

Plot # 524, Block-15, Sector B-1, Quaid-e-Azam Town Scheme, College Road, Lahore.

Email: Rdc.Lahore@askarilife.com

Islamabad:

1st Floor Left side Rizwan Center
Plot #85 West, Blue Area
Sector F-7/G-7, Islamabad.

Email: Rdc.Islamabad@askarilife.com

Contact No:

UAN : 021- 111 -225- 275



**Be aware, Be alert,
Be safe**

**Learn about investing at
www.jamapunji.pk**

Key features:

-  Licensed Entities Verification
-  Scam meter*
-  Jamapunji games*
-  Tax credit calculator*
-  Company Verification
-  Insurance & Investment Checklist
-  FAQs Answered

-  Stock trading simulator
(based on live feed from KSE)
-  Knowledge center
-  Risk profiler*
-  Financial calculator
-  Subscription to Alerts (event
notifications, corporate and
regulatory actions)
-  Jamapunji application for
mobile device
-  Online Quizzes



Jama Punji is an Investor
Education Initiative of
Securities and Exchange
Commission of Pakistan

 jamapunji.pk

 @jamapunji_pk

*Mobile apps are also available for download for android and ios devices



Askari Life Assurance Co. Ltd.

Emerald Tower, Office No. 1104, 11th Floor, Plot G-19,
Block 5, KDA Improvement Scheme No. 5, Clifton, Karachi.

Tel: 021 36269941-44 | Fax: 021 3514 7540

UAN: 021-111-225-275 | Email: info@askarilife.com



021-111-225-275



www.askarilife.com