Annual Report 2011

PAK-QATAR GENERAL TAKAFUL

Together we Protect

PAK-QATAR GENERAL TAKAFUL

Together we Protect

Contents

Vision

Providing financial protection through Takaful, to everyone

Mission

- Promote Takaful amongst the masses, encompassing education and awareness, and present an image that is consistent with our ideological values
- Adhere to best ethical practices in all aspects of our operations, while abiding by the Shariah and the law of the land
- Empower our employees by inspiring, guiding, enabling, and supporting them
- Ensure our support to the community and the environment with excellence
- Ensure customer satisfaction by offering quality products and services driven by their needs
- Ensure optimum returns to the shareholders

COMPANY INFORMATION

Board of Directors

H. E. Sheikh Ali Bin Abdullah Al-Thani	Chairman
Ali Abdullah Darwesh	Vice Chairman
Abdul Basit Al-Shaibei	Director
Said Gul	Managing Director & Chief Executive Officer
Fawad Yusuf	Director
Zahid Hussain Awan	Director
Muhammad Maher Al-Jabari	Director

Executive Committee

Ali Abdullah Darwesh	Chairman
Abdul Basit Al-Shaibei	Member
Said Gul	Member
Zahid Hussain Awan	Member

Audit Committee

Fawad Yusuf	Chairman
Zahid Hussain Awan	Member
Muhammad Maher Al-Jabari	Member

Investment Committee

Fawad Yusuf	Chairman
Said Gul	Member
Zahid Hussain Awan	Member

Shariah Board

Dr. Mufti Muhammad Taqi Usmani	Chairman
Dr. Muhammad Zubair Usmani	Member
Dr. Mufti Ismatullah	Member

Chief Financial Officer & Company Secretary

Muhammad Kamran Saleem,FCA,FCMA

Registered Office

Room No. 402-404, 4th Floor, Business Arcade, P.E.C.H.S., Block-6,
Sharea Faisal, Karachi, Pakistan
Phone : + 92 21 4380357-61
Fax : +92 21 4320358
Email : info@pakqatar.com.pk
Web : www.pakqatar.com.pk

Management Committee

Said Gul	Managing Director & Chief Executive Officer
Najmullah Khan	Chief Operating Officer
M. Kamran Saleem	Chief Financial Officer/Company Secretary & Head of Human Resource
Ansar Muhammad	Head of Information Technology & System
Saifuddin Shaikh	Head of Administration
Muneeb Afzal Lone	Head of Internal Audit
Syed Adnan Hasan	Head of Marketing
Muhammad Raza	Joint Senior Vice President - Underwriting
Abdul Hannan Shadani	Vice President - Claims
M. Shakir Siddiqui	Shariah Compliance Officer

Underwriting Committee

Said Gul	Chairman
Najmullah Khan	Vice Chairman
M. Kamran Saleem	Member
Muhammad Raza	Member & Secretary
Abdul Hannan Shadani	Member
Muhammad Shahzad Kasumbi	Member
Ansar Muhammad	Member

Retakaful Committee

Said Gul	Chairman
Najmullah Khan	Vice Chairman
Ansar Muhammad	Member
Muhammad Raza	Member & Secretary
Muhammad Saleem	Member

Claims Committee

Said Gul	Chairman
Najmullah Khan	Vice Chairman
M. Kamran Saleem	Member
Saifuddin Shaikh	Member
Muhammad Raza	Member
Muhammad Saleem	Member
Abdul Hannan Shadani	Member & Secretary

Information Technology Committee

Najmullah Khan	Chairman
M. Kamran Saleem	Member
Ansar Muhammad	Member
Saifuddin Shaikh	Member
Muneeb Afzal Lone	Member
Muhammad Raza	Member & Secretary
Muhammad Saleem	Member
Abdul Hannan Shadani	Member

Sales Commitee

Said Gul	Chairman
Najmullah Khan	Vice Chairman
M. Kamran Saleem	Member
Saifuddin Shaikh	Member
Muhammad Raza	Member
Muhammad Shahzad Kasumbi	Member & Secretary
Abdul Hannan Shadani	Member
Tariq Mahmood	Member
Arshad Mehmood	Member
Zeeshan Bhatti	Member
Faisal Rashid	Member

NOTICE OF 6th ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the sixth Annual General Meeting of Pak-Qatar General Takaful Limited (the Company) will be held on Monday, 30 April 2012 at 11:30 A.M. Qatar International Islamic Bank, Grand Hammad Street, Doha, Qatar to transact the following businesses:

Ordinary Business:

1. To confirm minutes of the fifth annual general meeting held on 27 April 2011.

2. To receive, consider and adopt the annual audited financial statements for the year ended 31st December 2011, together with the Directors' and Auditors' Report thereon.

3. To appoint Auditors of the Company for the year ending 31st December 2012 and to fix their remuneration.

4. To consider any other business with the permission of the Chair.

Date: 09 April 2012

By Order of the Board

Muhammad Kamran Saleem
Company Secretary

Place: Doha

NOTES:

1. A member of the Company entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies, in order to be effective, must be received by the Company not less than 48 hours before the meeting. In case of corporate entity, the Board of Directors' resolution/power of attorney with the specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.

2. Members are requested to immediately notify the change in their addresses, if any.

PRODUCT INFORMATION

FIRE & PROPERTY TAKAFUL

We need safety and security for our business place, home, wealth and everyday casualties. Natural calamities, fire, lightening, burglary, other moral hazards are associated to our everyday life. Pak-Qatar General Takaful Fire and Allied Perils Takaful provides vast coverage against all these risks to make your life and business secure.

Fire Takaful policy provides compensation to the individual participant or firm in the event of damage to the property (i.e. buildings, stock, machinery and other contents) caused by fire, lightning and explosion. We have extended customized coverage for diversified industrial sector companies as per their needs. Risk management services are also extended for the clients with assessing and recommending improvement in risk exposure to mitigate the risks. Our Fire Takaful coverage is extended for losses due to.

- Fire & Lightening
- Domestic Explosion
- Riot and Strike,
- Malicious Damage,
- Standard Explosion,
- Atmospheric Disturbance
- Earthquake (Fire & Shock)
- Aircraft Damage
- Impact Damage,
- Burglary and Housebreaking,
- Electrical Clause "B"

Differentiated product range is also designed to cater to the unmet needs of SMEs and Individual business owners including,

- Property All Risk
- Comprehensive Machinery Takaful
- Home Takaful
- Shop owners' Takaful

MARINE TAKAFUL

Our Marine Takaful products cater to the needs of business such as traders, shipping agents, courier services, and transport related companies. Marine Cargo is extended for losses /damages pertaining to cargo / freight carried on the vessels, aircraft or road transportation. We provide all risks coverage as well as tailor made products depending upon the needs of our customers. There are various coverage available for the following types of cargo:

- **Marine Cargo**

  All trading businesses linked with goods imports and exports are covered under this policy. These



may vary from raw material to finished goods. Our policy is accepted at almost all financial institutions for the purpose of Letter of Credit. The product categories include,

1. All Risks as per Institute Cargo Clause 'A'
2. Institute Cargo Clause 'B'
3. Institute Cargo Clause 'C'

- **Marine Inland Transit**

  We comprehensively cover movement of all kinds of raw material, finished goods and other items pertaining to the business of our clients under the Marine Inland Transit policies. These policies have been designed for damage to the cargo during domestic transit, whether by Road/Rail or by Air.

MOTOR TAKAFUL

Vehicles today have become a necessity, whether for personal or commercial needs. They have, in essence, become assets to us which require protection. PQGTL Motor Takaful offers comprehensive coverage for private and commercial vehicles. The vehicle is protected for losses incurred as a result of traffic accident and liabilities that could incur due to accident. The business is enriched with valued clientele and duly competent staff at the backend for best service provisions.

Pak Qatar's comprehensive Motor Takaful policy gives you the maximum coverage against theft, accidental damage and third party liability inclusive of Terrorism coverage with greater benefits, innovative features and hassle free post and pre takaful processing. The major scope of our cover includes accidental external means, fire external explosion, snatch and theft, malicious act, riot & strike damage and natural calamities. Terrorism and Third Party liability i.e., Property Damage, Bodily Injury, & Death are additional features of the policy. The package also includes Satellite Tracking system arranged through qualified Tracking companies for round the clock surveillance of your vehicle. The special features of our product includes,

- Satellite car tracking device
- Competitive pricing
- Proficient claim staff
- Dedicated claim hotlines
- Minimum claim settlement time
- Credit facility at all major workshops across the country

ENGINEERING TAKAFUL

The world of engineering involves a lot of incontrollable factors which make it occupied with all sorts of incidents. Accidents whether minor or major can cause major setbacks and can cause costly delays that endanger the schedule and integrity of the project. PQGTL Engineering Takaful provides your construction site the protection you need to safeguard the unforeseen incidents. Risk management services are also extended for the clients with assessing and recommending important areas to mitigate the risks.

Our offerings are customized and based on the actual need of the client. It includes Contractor's All Risk (CAR), Contactor's Plant & Machinery/Equipment (CPM/CPE) covering civil works like construction of roads, bridges, dams, high rises, housing projects, comprehensive and adequate protection against loss or damage

in respect of the construction plant, equipment and machinery respect of property damage arising in connection with the execution of a construction project. Other major covers include Erection All Risk (EAR), Machine Breakdown (MB), and Electronic Equipment Takaful (EET).

- **Contractor All Risk (CAR) Takaful**

  CAR Takaful offers comprehensive and adequate protection against all the risks involved in the construction of civil works of any kind, including surrounding property and third-party claims in respect of property damage or bodily injury arising in connection with the execution of a project.

- **Electronic Equipment Takaful**

  Electronic Equipment Takaful covers all equipments with moderate power requirements against material damage. The coverage is extended for all electrical and electronic systems such as Electronic Data Processing (EDP) equipment, Electrical equipment for medical use, Communication facilities, Lighting and navigation facilities and Equipment for research and materials testing.

- **Machinery Breakdown Takaful**

  The Machinery Breakdown Takaful policy covers sudden and unforeseen physical damage or loss due to any accidental electrical or mechanical breakdowns to the Participant machinery whilst being at work or rest and during any cleanup, inspection, overhauling or subsequent re-erection and removal to another position within the premises.

- **Erection All Risk Takaful**

  Erections All-Risk's (EAR) Takaful provides cover against all the risks involved in the erection of machinery, plant and steel structures. If the Participant suffer any unforeseen and sudden physical loss or damage from any cause, other than those specifically excluded, in a manner necessitating repair or replacement, the Participant shall be indemnified in respect of such loss or damage in anyone event the limit of indemnity where applicable and not exceeding in all the total sum expressed in the Schedule as hereby covered.

LIABILITY TAKAFUL

Liability Takaful provides coverage against legal liability to pay compensation to any third party for accidental bodily injury or death and/or direct damage to the material property of any third party arising due to any accident caused by Participant's business activities. Our Liability Takaful product provides compensation in respect of legal liability by law to third party for Bodily injury and / or death and Property damage.

- **Premises Liability (Third Party/ Public Liability) Takaful**

  Exposures arise from the legal duties associated with the ownership, use, occupancy, and/or possession and control of land. These include the duties an owner owes to a tenant, the duties a tenant owes to an owner, the duties one tenant owes to other tenants, and the duties a possessor owes to a "third person" - that is, a person who is not a party to the lease and who is on the premises (or in the vicinity thereof) for a reason other than to work as an employee of the processor.



- **Products Liability Takaful**

  Product Liability is the legal responsibility of the manufacturer, distributor, or retailer to the user or consumer of a product. The liability arises out of the manufacture distribution, or sale of an unsafe, dangerous, or defective product, and the failure of the manufacturer, distributor, or retailer to meet the legal duties imposed with respect to the particular product. PQGTL safeguards Participant interest for all such due payments.

- **Employer's Liability Takaful**

  An employer may become liable to his employee if due to the negligence of the employer the employee is injured at work. Our Employer's Liability Takaful policy will protect the employer in such a case and will pay all sums that the employer becomes legally liable to pay to his employee as compensation. In addition, it will pay for legal fees incurred in preparing a defense in a court of law. Any penalties herein are not covered.

MISCELLANEOUS TAKAFUL

Other than contemporary offerings, Pak Qatar General Takaful also adheres to differentiated propositions as required as per the need of clients. This coverage is personalized and tailor made with the corporate requirements. Cash in Safe, Cash in Transit, Fidelity Guarantee and Personal Accident Takaful coverage are prominent in this section. Differentiated offering of ATM Withdrawal Takaful is also extended for banking clients. Various products offered under miscellaneous portfolio includes,

- **MONEY TAKAFUL**

  Cash, during transit or safely kept, have always been a reason for concern and insecurity. Money Takaful assures security by providing coverage with respect to:

  i. **Cash in Safe:** Coverage of Cash/Money whilst in Safe at participants premises at home, office or shop under lock & key.

  ii. **Cash in Transit:** Coverage of Loss due to cash/money whilst in transit (Office to Bank & vice versa, etc.)

  iii. **Cash on Counter:** Loss coverage of cash/money during hold-ups within the business premises while placed on counter

- **Fidelity Guarantee Takaful**

  The product is offered to employers to cover infidelity of their employees who hold position of trust like handling cash, stocks, store keeping, etc. This policy is designed to avoid misappropriation and embezzlement risk committed by permanent employees during the bourse of business.

- **Personal Accident Takaful**

  This Takaful covers the 'Death', bodily injury, Total and Partial Disablement directly or indirectly caused by an accident.

DIRECTORS' REPORT

Dear Shareholders,

On behalf of the Chairman and the Board of Directors of Pak-Qatar General Takaful Limited (hereinafter referred to as "the Company" or "PQGTL"), I welcome you all to the 6th Annual General Meeting of PQGTL for the year 2011.

1. Economic Overview

Despite devastating floods in the early part of the fiscal year, Pakistan's economy managed to grow by 2.4 percent in FY 11. Lack of international response to the devastation seemed no obstacle towards government's determination, being able to address the challenges despite several fiscal constraints. The term "blend" sounds perfect, government's effort along with the community work and the resilience of the agri sector helped overcome the natural disaster evidencing the nation's economy to be self sufficient.

Concerning inflation figure during 2011 were kept under check and the average CPI Inflation was 11.86% during the year. The scenario helped ease the monetary stance, positioning the discount rate to 12% from 14%. SBP is expected to maintain this monetary stance and this would encourage the economic activity. Energy Crisis during the outgoing year was another key concern resulting in various strategies being adopted by the government including the rental power project to increase generation capacity.

Pakistan's external account witnessed surprising improvement during FY 11. Surplus of US$ 2.5 billion was recorded as compared to US$ 1.3 billion in the previous year. Work remittances have also increased from US $ 10 billion in 2010 to US $ 11.2 billion in the current year and the total exchange reserve stood at US $ 17 billion on December 31, 2011. Under this favorable scenario, pressure on rupee was particularly lower in FY 11 as it depreciated by just 0.7% during the year.

Marching forward, experts forecast 4.2 percent economic growth anticipating strong agricultural performance, recovery in manufacturing sector and positive outcomes from strategies adopted to overcome energy shortfall. Above all, the plans and forecasts may not be possible without a healthy political environment. A need for consensus over strategic issues seems to be a key in discovering a prosperous Pakistan.

2. Industry Overview

Pakistan Insurance industry has been saturated; which outlined negative growth last year as compared to Takaful which raised the bars with more than 50% growth consistently for last two years. The increasing penetration of Takaful has led to the formation of Takaful windows by conventional players. Currently there are only two players operating in Family Takaful and three are operating in General Takaful segment. A significant threat to Takaful Sector is due to possible introduction of window takaful operators from conventional insurers. If introduced, window takaful could pose threat to the cause of takaful if not properly monitored and controlled by the regulators.

3. Your company's performance

3.1. Financial Highlights:

We give below the financial highlights of the company:

	2011 Rupees	2010 (re-stated) Rupees
Wakala Income	**121,755,631**	75,802,544
Commission Expense	**(19,446,325)**	(15,278,948)
Management Expense	**(86,177,569)**	(92,673,030)
	16,131,737	(32,149,434)
Modarib share of PTF investment Income	**1,496,409**	1,463,729
Net Investment Income	**28,903,885**	25,390,387
General & Administrative Expenses	**(35,052,553)**	(38,581,666)
Other income / (charges)	**(3,308)**	182,903
Worker's welfare fund	**(229,523)**	-
Profit / (Loss) before taxation	**11,246,641**	(43,694,081)
Provision for Taxation - current	**(1,379,104)**	(1,013,870)
- deferred	**(1,310,214)**	16,082,895
Profit / (Loss) after taxation	**8,557,323**	(28,625,056)
Earning / (Loss) per share	**0.28**	(0.93)

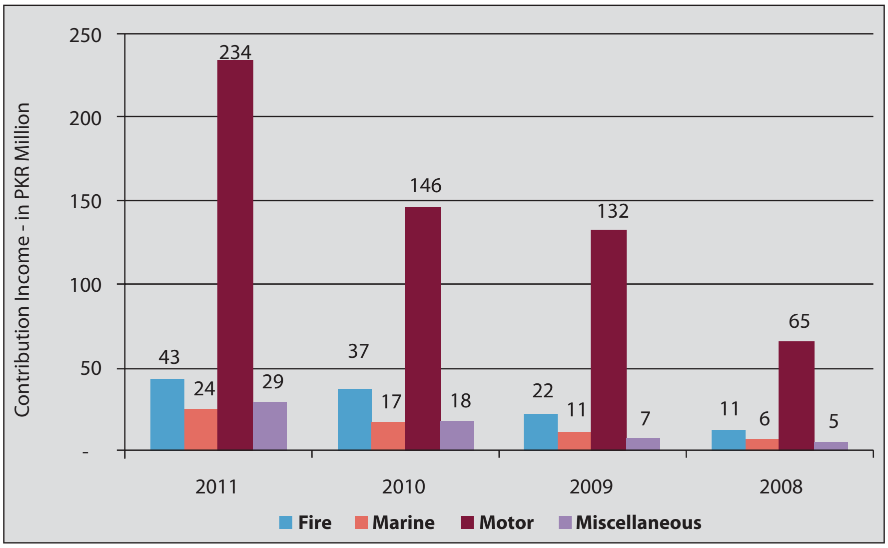
3.2. Contribution:

During the fourth year of operation, PQGTL was able to achieve a gross contribution of Rs. 330 million. It is an increase of 52% over the preceding year's figure of Rs. 217 million. Segment wise comparatives are provided below;

	2011	2010	2009	2008
	Rupees			
Fire	**43,091,563**	36,731,664	22,343,503	11,445,609
Marine	**24,111,861**	16,814,507	10,526,689	5,857,882
Motor	**234,229,501**	146,131,867	132,187,646	64,526,347
Miscellaneous	**29,039,003**	17,504,286	6,644,145	4,591,137
	330,471,928	217,182,324	171,701,983	86,420,975

The table above evidences an increasing trend in volumes for all segments. Business growth in each segment is analyzed below:

Business Growth



A reasonable growth is witnessed in all segments, keeping in view the challenges of a new company and the competitive environment of the industry.

Business Mix

	2011		2010		2009		2008	
	Rupees	%age	Rupees	%age	Rupees	%age	Rupees	%age
Fire	**43,091,563**	**13%**	36,731,664	17%	22,343,503	13%	11,445,609	13%
Marine	**24,111,861**	**7%**	16,814,507	8%	10,526,689	6%	5,857,882	7%
Motor	**234,229,501**	**71%**	146,131,867	67%	132,187,646	77%	64,526,347	75%
Miscellaneous	**29,039,003**	**9%**	17,504,286	8%	6,644,145	4%	4,591,137	5%
	330,471,928	**100%**	217,182,324	100%	171,701,983	100%	86,420,975	100%

The motor segment continued to be a major contributor to the overall business volume. The miscellaneous segment showed a marginal increase in its weightage from FY 2010.

3.3. Claims

During the year 2011, PQGTL incurred net claims' expense amounted to Rs. 156 million as compared to Rs. 134 million in 2010. The percentage increase in claims was kept under check as it was just an increase of 17% from 2010. The improvements are a result of prudent underwriting that has helped achieved such results for the motor segment. Following is the claim analysis and its comparisons with previous year:

	2011		2010	
	Rupees	%age	Rupees	%age
Fire	**10,560,334**	**7%**	4,123,291	3%
Marine	**8,725,734**	**6%**	4,030,087	3%
Motor	**129,106,884**	**83%**	123,966,831	93%
Miscellaneous	**7,962,546**	**5%**	1,677,268	1%
	156,355,498	**100%**	133,797,477	100%

The claim expense ratio on the basis of gross contribution in each segment during the year 2011 remained as under:

	2011			2010		
	Gross Claims	Gross Contribution	Claims vs, Contribution	Gross Claims	Gross Contribution	Claims vs, Contribution
	Rupees		%age	Rupees		%age
Fire	**11,413,669**	43,091,563	26%	7,515,345	36,731,664	20%
Marine	**10,682,901**	24,111,861	44%	10,417,005	16,814,507	62%
Motor	**154,998,429**	234,229,501	66%	141,601,283	146,131,867	97%
Miscellaneous	**10,302,686**	29,039,003	35%	2,866,961	17,504,286	16%
	187,397,685	330,471,928	57%	162,400,594	217,182,324	75%

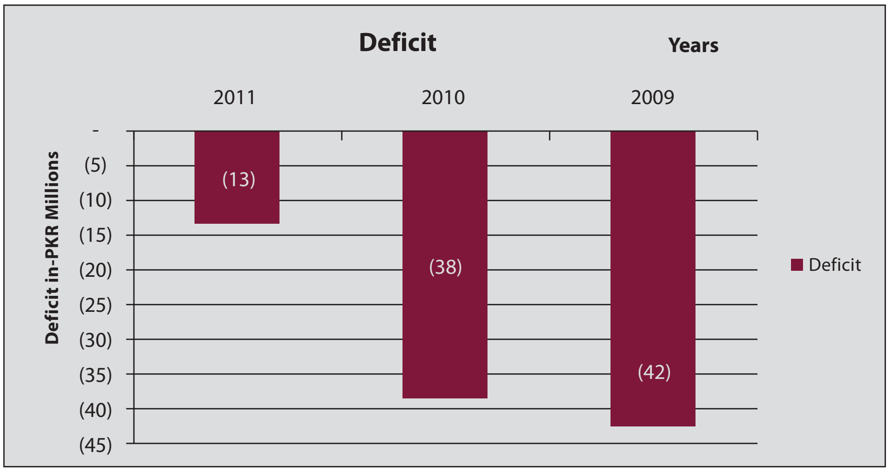
A high gross claim ratio was addressed to be a concern in the motor segment during the year 2010. The figure for 2011 has improved significantly and not only is the increase in gross contribution the rationale; control over claims played an equally important role. The overall status displays an improved performance, reducing this ratio to 57% in 2011.

3.4. Investment Income

With limited Shariah compliant mode of investments available in Pakistan, your company was able to post satisfactory performance during the outgoing year. Analysis is provided below;

	2011		2010	
	Year-end Investment	Income for the year	Year-end Investment	Income for the year
	Rupees		Rupees	
Shareholders' Fund	**180,092,110**	**30,710,848**	166,307,878	25,390,387
Participant Takaful Fund	**15,905,759**	**3,741,007**	17,456,422	3,659,323
	195,997,869	**34,451,856**	183,764,300	29,049,710

3.5. Participant Takaful Fund



The statistics above present an improved performance of the fund as it is on its way to achieve a break-even. The improved performance owes a lot to the efforts in non-motor segment.

3.6. Shareholders' Fund

Analyzing profit before tax, 2011 was the profitable year for Pak-Qatar General Takaful Limited. Accumulated losses as at December 31, 2010 amounted to Rs. 41 million and the outgoing year has brought this to Rs. 32.5 million, posting a profit of Rs 8.5 million. Strong foundation has been laid to witness successive profitable years, eliminating deficits and realizing surpluses.

4. Credit Rating

The JCR-VIS rating agency has reaffirmed the Insurer Financial Strength (IFS) rating of Pak-Qatar General Takaful Limited at 'BBB+' (Triple B Plus), and the outlook on the assigned rating also remains 'Stable'.

5. Human Resource

Your Company lays emphasis on building and sustaining an excellent organization climate based on human performance. Performance management is the key word for the Company. The company has developed an environment of harmonious and cordial relations with its employees. We have been successful in solidifying your company's infrastructure and the stability in processes is evident from its results. All of the above may not have been possible without your company's investment in quality human resource.

6. Sales & Marketing

At the start of 2011, sales function was realigned into 'Branch' model with a total of 11 branches across the country under the supervision of consistent performers, which induced greater motivation replicating into major breakthroughs on the business fronts. In addition, competent industry professionals and large producers were also taken on board for strengthening this section. Activation of business monitoring and coordination domain was also carried out for centralized reporting, adherence of standard procedures and timely assistance to sales function aiding to bridge communication between front and back offices. Centralized Market intelligence & key account management philosophy were introduced for provisioning of one-window servicing to key clients, specifically Islamic Banks and also provided comprehensive support to sales section.

7. Other Strategic Achievements

Active efforts and quality servicing lead the company to successfully secure 90% of its corporate & Islamic Banking Assets renewals. PQGTL is currently extending comprehensive assets covers to prominent Islamic Banks. Major emphasis was also extended for conversion of corporate and SME business available in major industrial locations of the country. The company also executed exclusive Auto Ijara arrangements with various Islamic Banks during 2011, and thus become the largest Takaful service provider to Islamic Banking Industry. Initialization of Bancatakaful arrangements with exquisite products during the year depicts company's emphasis for mass market penetration and portfolio diversification. Our arrangements with Retakaful partners and local financial institutions were also executed successfully with significant enhancement of limits for the year. We are strongly focusing on development of non-motor business targeting corporate clients and SMEs along with maximum leverage through our existing relationships for alternate channel arrangements for the upcoming year 2012.

8. Business Challenges and Future Outlook

Economic environment is likely to remain tough during 2012 owing to persistently high inflation, soaring fiscal deficit coupled with structural issues like energy shortages. Key focus would be on quality of service, controlling costs, improving efficiencies by risk management and prudent underwriting. The current political & economic setup has adhered greater challenge for growth for businesses operating in the country.

Retakaful availability has remained major challenge as the global industry is also in developing phase, and is being dealt with strengthening relations with existing partners. Credit rating as discussed was reaffirmed this year but we are striving for enhancement, foreseeing much better financial results for 2012 as the foundation has been laid in 2011. We will be focusing on betterment of our portfolio mix and the spotlight is on non-motor business targeting corporate clients and SMEs along with maximum leverage through our existing relationships for alternate channel arrangements for the upcoming year 2012. Induction of seasoned professionals and targeting industrial avenues will be key initiative planned for the year.

9. Compliance with Code of Corporate Governance

The Company has complied with the requirements of the Code of Corporate Governance set out by the Securities and Exchange Commission of Pakistan. A statement to the effect is annexed with the report.

10. Board of Directors

#	Director	Number of meetings attended
1	Sheikh Ali Bin Abdullah Al-Thani	1
2	Ali Abdullah Darwesh	1
3	Abdul Basit Al-Shaibei	1
4	Said Gul	4
5	Fawad Yusuf	4
6	Zahid Hussain Awan	4
7	Mohammed Maher Al Jaabri	4

Leave of absence was granted to directors who could not attend the Board Meetings.

11. Corporate and Financial Reporting Frame Work

- The financial statements prepared by the management of the company present fairly its state of affairs, the result of its operations, cash flow and changes in equity.

- Proper books of accounts have been maintained by the Company.

- Appropriate accounting policies have been consistently applied in preparation of financial statements, except some changes in accounting policies, which are appropriately disclosed in notes to the financial statements for the year ended 31 December 2011, and accounting estimates are based on reasonable and prudent judgment.

- The International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.

- The system of internal control is sound in design and has been effectively implemented and monitored.

- There are no significant 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, as detailed in the listing regulations.

- Key operating and financial data for the last five years is attached.

- The accumulated balance in provident fund account as at 31 December 2011 was Rs. 8,215,908/-.

- No trading in shares has been made by the Chief Executive, Directors, Chief Financial Officer, Company Secretary, their spouses and minor children.

12. Statement of Ethics and Business Practices

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

13. Auditors

The present auditors, M/s. Ernst & Young Ford Rhodes Sidat Hyder & Co., Chartered Accountants, retire and since they have completed their tenure of five years, are not eligible for reappointment. The Board of Directors of your company has proposed the name of M/s. M. Yousuf Adil Saleem & Co., Chartered Accountants, member firm of Deloitte Touche Tohmatsu Limited for the appointment as auditors of the Company for the year ending 31 December 2012.

14. Earnings per Share

The basic and diluted earnings per share of the Company were Rs. 0.28 (2010: Loss per Share Rs. 0.93) per ordinary share of Rs. 10/- each.

15. Pattern of Shareholding

The Pattern of shareholdings of the Company is attached.

16. Appreciation

We appreciate the hard work and diligence of the Company's employees in achieving the milestones set for the outgoing year.

17. Vote of Thanks

On the behalf of the Board, I thank, the valued participants, the Securities and Exchange Commission of Pakistan, our Shariah advisors, our shareholders and the sponsors for their continued guidance, co-operation and understanding extended to us.

18. Conclusion

In Conclusion, we bow, beg and pray to Almighty Allah, Rahman-o-Ar-Rahim, for the continued showering of His blessing, guidance, strength, health, and prosperity to us, our Company, Country and the Nation; Ameen; Summa Ameen.

For and on behalf of the
Board of Directors
Pak-Qatar General Takaful Limited

SAID GUL
Chief Executive Officer

Doha - 09 April 2012

PAK QATAR GENERAL TAKAFUL LIMITED
KEY FINANCIAL DATA

Rupees in Thousand

	FY 2011	FY 2010	FY 2009 (Restated)	FY 2008 (Restated)
Gross Contribution	**330,472**	**217,182**	**171,702**	**86,421**
REVENUE ACCOUNT				
Contribution-Net of Re-Takaful	103,051	87,425	52,146	6,765
Earned Wakala Fee	121,756	75,803	51,511	16,459
Claims less Re-Takaful	(135,742)	(138,370)	(100,552)	(22,835)
Commission & Expenses	(491)	(1,820)	913	3,439
Investment Income less Impairment	32,645	29,050	44,095	1,957
Cede money contributed to Waqf Fund	-	-	-	-
Management & General Admin. Expense	(123,195)	(131,866)	(89,853)	(46,448)
Other Income/(Loss)	(3)	183	(1)	(189)
Others Reserves	2,876	(2,440)	(2,576)	(306)
Loss before tax	897	(82,035)	(44,317)	(41,158)
Provision for tax	(2,689)	15,069	5,593	10,890
Profit/(Loss) After Tax	(1,792)	(66,966)	(38,724)	(30,268)
BALANCE SHEET				
Investments	131,274	183,764	221,674	122,485
Cash & Bank balances	81,817	14,316	30,164	135,543
Deferred Tax Asset	21,579	22,889	15,554	965
Other Assets	160,332	100,567	74,729	42,361
Fixed Assets	48,619	53,836	52,458	32,919
Issued, subscribed & paid up capital	307,800	307,800	307,800	307,800
Advance against future issue of Share Capital	-	2,661	2,661	2,661
Accumulated surplus/(loss)	(136,609)	(134,817)	(85,048)	(29,128)
General Reserve	217,564	150,385	118,279	40,912
Other Liabilities	54,867	49,344	50,888	12,028

PAK QATAR GENERAL TAKAFUL LIMITED
KEY FINANCIAL RATIOS

	FY 2011	FY 2010	FY 2009	FY 2008	FY 2007
Growth in:					
Gross Contribution	52%	26%	99%	5231%	-
Contribution-Net of Re-Takaful	18%	68%	671%	543%	-
Earned Wakala Fee	61%	53%	202%	-	-
Claims less Re-Takaful	-2%	38%	-541%	5717%	
Commission and Expenses	-73%	-299%	-98%	138%	-
Investment Income (without Impairment)	12%	-34%	92%	55%	-
Current Ratio	6.79	6.03	6.37	8.49	90.46
Fixed assets turnover	0.61	(0.51)	0.09	0.76	1.03
Revenue per share (Rs.)	1.01	(0.88)	0.13	0.59	0.48
Earning per shares (Rs.)	0.28	(0.93)	0.02	(0.61)	(0.18)
Gross Claim to Gross Contribution (Less Retakaful)	53%	88%	75%	35%	-70%
Management Expenses to Gross Contribution	37%	61%	52%	54%	1233%
Management Expenses to Wakala Fee	100%	174%	174%	117%	-
Gross Commission Expense to Gross Contribution	0%	-1%	5%	3%	6%
Wakala fee to Gross Contribution	37%	35%	30%	46%	-
Retakaful to Gross Contribution	22%	28%	24%	24%	135%
REVENUE DISTRIBUTION (PTF)					
Claims (Including IBNR)	132%	158%	193%	338%	-26%
Other Reserve	-3%	3%	6%	5%	0%
Direct expenses	2%	1%	0%	3%	0%
Rebate	-18%	-15%	-15%	-71%	0%
Net Investment income	-2%	-3%	-2%	-5%	0%
Deficit for the year	-10%	-44%	-82%	-169%	126%
	100%	100%	100%	100%	100%
REVENUE DISTRIBUTION (SHF)					
Commission	16%	20%	14%	8%	-
Management expenses	71%	122%	130%	192%	-
Modarib share	-1%	-2%	-1%	-1%	-
Net investment income	-24%	-33%	-86%	-9%	-
General and administrative expenses	29%	51%	51%	89%	-
Other (Loss) / Gain	0%	0%	0%	1%	-
Cede money	0%	0%	0%	0%	-
Taxation	2%	-20%	-9%	-66%	-
Profit / (Loss) after Taxation	7%	-38%	1%	-114%	-
	100%	100%	100%	100%	0%

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

For the year ended 31 December, 2011

This statement is being presented to comply with the Code of corporate governance for Insurance Companies for the purpose of establishing a framework of good governance, whereby an Insurance 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 directors have confirmed that none of them is serving as a director in ten or more listed companies, incorporated in Pakistan.

2. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of stock exchange, has been declared as a defaulter by a stock exchange.

3. The Company has prepared a 'Statement of Ethics and Business Practices, which has been signed by all the directors and employees of the Company.

4. 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 or amended has been maintained.

5. 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 CEO, have been taken by the Board.

6. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose 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 days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

7. The Board has established a system of sound internal control, which is effectively implemented at all levels within the company. The company includes all the necessary aspects of internal control given in the code.

8. No orientation course for the directors during the year was arranged, however, directors being seasoned bankers, insurance & investments professionals and experienced businessmen; they are aware of their responsibilities as directors.

9. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

10. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

11. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

12. The Company has complied with all the corporate and financial reporting requirements of the Code.

13. The Board has formed underwriting / claim settlement and retakaful committee.

14. The Board has formed an audit committee. It comprises 3 members, of whom all are non-executive directors including the chairman of the committee.

15. The meetings of the committees were held as required in the Code. The terms of reference of the audit committees have been formed and advised to the committee for compliance.

16. Internal audit function is operational.

17. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

18. The statutory auditors or the persons associated with them have not been appointed to provide other services and the auditors have confirmed that they have observed IFAC guidelines in this regard.

19. We confirm that all other material principles contained in the Code have been complied.

On behalf of the Board of Directors

SAID GUL
Chief Executive Officer

SHARIAH AUDIT REPORT
TO THE BOARD OF DIRECTORS

for the year ended 31 December 2011

الحمد لله رب العلمين والصلاة والسلام على سيد الأنبياء والمرسلين

محمد النبى الأمى وعلى آلهٖ وصحابه أجمعين ، وبعد؛

We have examined the accompanying financial statements of **Pak-Qatar General Takaful Limited** (hereafter referred to as "the Company") for the year ended 31 December 2011.

We acknowledge that, as Shariah Advisory Board members of the Company, it is our responsibility to ensure that the financial arrangements, contracts and transactions entered into by the Company with its clients and stakeholders are in compliance with the requirements of Shariah rules and principles. It is the responsibility of the Company's management to ensure that the rules, principles and guidelines set by the Shariah Advisory Board are complied with, and that all policies and services being offered are duly approved by the Shariah Advisory Board. The primary scope of our audit is to review the Company's compliance with Shariah Guidelines, and include the examination of the appropriate evidence of transactions undertaken by the Company during the year 2011.

The Shariah Advisory Board with the coordination of Shariah Compliance Department of the Company has decided to conduct internal Shariah audit on a quarterly basis, as the exercise is directly related to the Company's future growth, sustainability and alignment with the original vision.

Members of the Shariah Advisory Board visited the premises frequently and observed different transactions and activities. Any surfacing issues were resolved during meetings with the management, which was then directed to implement the suggested course of action.

We are glad to observe that the management is working diligently to ensure compliance in all respects including misspellings and fraud, as well as working towards developing an atmosphere consistent with our vision in the Company's branches. We have also observed and increased emphasis on Takaful and Ethics in the training for new recruits.

The Shariah Department has worked tirelessly in order to prepare a work force that believes in the philosophy of Takaful. In that regard, the Department has always gone out of its way to train new personnel as well as could be hoped, and also transfer and share this knowledge with other companies in order to help them better understand Takaful's inherent Islamic values and economic benefits and practicality. The Shariah Department remains easily accessible to all members of the organisation as well as individual or corporate entities through all channels of communication, and plays an active role in laying misconceptions to rest.

It is the responsibility of the Shariah Advisory Board to express its opinion on the submitted financial statements. In our opinion, and to the best of our understanding based on provided information and explanations:

(i) Financial transactions undertaken by the Company, during the year ended 31 December 2011 (except those few which had some irregularities from the Shariah point of view and were duly resolved) were in accordance with SAB's guidelines as well as the requirements of Takaful Rules, 2005;

(ii) The Operations Department has performed much better in 2011 than it did in 2010, with respect to underwriting and claims. Cases were sampled randomly, and it was heartening to note that not a single case had violated the Shariah Guidelines in any respect. Moreover, rejected claims were also sampled to see if there had been malpractice. Alhamdulillah! We did not find any unfairly rejected claims or other transgressions against the Shariah, and

(iii) Consequently, we found the Company to be in accordance with the Shariah principles in all transactional respects. Moreover, we also concur with the accounting policies adopted for incorporation of Participant Takaful Fund (Waqf Fund) into the accompanying financial statements.

اَللّٰهُمَّ اَرِنَا الْحَقَّ حَقًّا وَّارْزُقْنَا اتِّبَاعَه وَاَرِنَا الْبَاطِلَ بَاطِلًا وَّارْزُقْنَا اجْتِنَابَه

O Allah! Enable us to see the Truth as Truth and give us the ability to follow it. And enable us to see the falsehood as false and give us the ability to refrain from it. Ameen.

On behalf of Chairman of Shariah Advisory Board

Dr. Mufti Ismatullah
Shariah Advisory Board Member

Mufti Muhammad Zubair Ashraf Usmani
Shariah Advisory Board Member

KARACHI
07 April 2012

شریعہ آڈٹ رپورٹ برائے بورڈ آف ڈائریکٹرز

الحمد للہ رب العلمین والصلاۃ والسلام علی سید الأنبیاء والمرسلین

محمد النبی الأمی وعلی آلہٖ وصحابہ أجمعین ، وبعد؛

الحمدللہ، ہم نے پاک قطر جنرل تکافل لمیٹڈ جسے بعد ازاں ''کمپنی'' سے تعبیر کیا گیا ہے، کے مالیاتی اسٹیٹمنٹس برائے سال 2011ء کا شرعی اعتبار سے جائزہ لیا۔

ہم کمپنی کے شریعہ ایڈوائزری بورڈ کی حیثیت سے اس بات سے بخوبی باخبر ہیں کہ کمپنی اور شرکاءِ تکافل سے متعلق تمام مالی معاملات اور مختلف عقود و معاہدات کو شرعی قواعد وضوابط کے مطابق یقینی بنانا ہماری بنیادی ذمہ داری ہے۔ اسی طرح کمپنی کی منتظمہ کمیٹی کی بھی یہ ذمہ داری ہے کہ وہ شریعہ بورڈ کی طرف سے جاری کردہ اُصول وضوابط اور گائیڈ لائنز پر اہتمام کے ساتھ عمل کرانے کو یقینی بنائے۔ مزید یہ کہ تمام تکافل پالیسز اور تکافل خدمات شرعی قواعد وضوابط کے مطابق اور باقاعدہ شریعہ بورڈ سے منظور شدہ ہوں۔ شریعہ بورڈ کی طرف سے جاری کردہ قواعد وضوابط کے مطابق کمپنی کے شریعہ کمپلائنس ہونے کا جائزہ لینا ہمارے شریعہ آڈٹ کا حصہ ہے۔

الحمدللہ، اس سلسلے میں اگلے سال کے لیے شریعہ ایڈوائزی بورڈ نے کمپنی کے شریعہ کمپلائنس ڈپارٹمنٹ کی معاونت سے باقاعدہ سہ ماہی بنیادوں پر شرعی کمپلائنس کا جائزہ لینے کا ارادہ کیا ہے، تاکہ مزید اہتمام کے ساتھ شریعہ بورڈ اپنا فعال کردار ادا کر سکے۔

شریعہ ایڈوائزری بورڈ ممبرز کمپنی کے آپریشنز کا عملی طور پر دورہ بھی کرتے ہیں اور مختلف معاملات کا جائزہ لیتے رہتے ہیں۔ دورانِ سال جب بھی کوئی مسئلہ درپیش ہوا تو فوری طور پر کمپنی انتظامیہ کیساتھ میٹنگ کر کے حل کرلیا گیا اور کمپنی انتظامیہ کو شرعی قواعد و ضوابط کے مطابق اس کی تنفیذ کے سلسلے میں ہدایات جاری کردی گئیں۔

یہ بات بھی خوش آئند ہے کہ کمپنی انتظامیہ اپنی تمام برانچز میں کمپلائنس سیٹ اپ کیلئے تندہی سے کوشاں ہے، تاکہ شرکاءِ تکافل کو بہتر اور شفاف انداز میں تکافل کی خدمات پیش کی جاسکیں، نیز اس کے ساتھ ساتھ ہر برانچ میں متعلقہ ملازمین کے لیے باقاعدہ تکافل کے تربیتی پروگرام بھی منعقد کئے جارہے ہیں۔

اس سلسلے میں کمپنی کے شریعہ کمپلائنس ڈپارٹمنٹ نے ماشاءاللہ پورے سال ذمہ داری اور اہتمام سے تکافل کی شریعہ ٹریننگ کی ذمہ داری اُٹھائی، نہ صرف یہ کہ کمپنی کے مستقل ملازمین کو اس مفید ٹریننگ کورس سے گزارا بلکہ ساتھ ساتھ ڈیولپمنٹ اسٹاف کے لیے بھی تکافل کورسز منعقد کروائے گئے۔ وقتاً فوقتاً ملکی سطح پر تکافل کے حوالہ سے مختلف سیمینارز بھی منعقد کروائے گئے، اسلامی اقدار اور اسلامی معاشی نظام بشمول تکافل کو فروغ دینے کے لیے کمپنی کی یہ کوشش قابلِ تعریف ہے۔

ہماری معلومات کے مطابق:

ا......سال 2011ء میں کمپنی کی جانب سے کیے گئے تمام مالی معاملات (سوائے اُن چند معاملات کے جن میں شرعی اعتبار

سے تردد تھا، بعدازاں ان کو باقاعدہ طور پر حل بھی کرلیا گیا) شریعہ ایڈوائزری بورڈ کی جانب سے دی گئی گائڈلائنز اور تکافل رولز 2005ء کے مطابق تھے۔

۲......سال گذشتہ سال کی بنسبت رواں سال کمپنی کے آپریشن ڈیپارٹمنٹ نے شریعہ بورڈ کی جانب سے وقتاً فوقتاً دی جانے والی ہدایات کے مطابق اپنی ذمہ داریوں کو بحسن وخوبی انجام دیا اور کوئی غیر شرعی پہلو نہیں پایا گیا۔ (سوائے اُن بعض ضمنی معاملات کے جو شرعی اعتبار سے درست نہ تھے اور ان کو باقاعدہ طور پر حل بھی کرلیا گیا)

۳......الحمدللہ، مجموعی اعتبار سے کمپنی کے معاملات شرعی قواعد وضوابط کے مطابق تھے، نیز ہم وقف فنڈ کے لئے اختیار کی گئی اکاؤنٹنگ پالیسیز کیساتھ بھی اتفاق کرتے ہیں۔

''اللّٰھُمَّ أَرِنَا الْحَقَّ حَقّاً وَارْزُقْنَا اتِّبَاعَهُ وَأَرِنَا الْبَاطِلَ بَاطِلاً وَارْزُقْنَا اجْتِنَابَهُ''

اللہ تعالیٰ سے دُعا ہے کہ وہ ہم سب کو اخلاص کیساتھ کام کرنے کی توفیق عطا فرمائے، نیز حق بات کو حق دکھلائے اور اس کی اتباع کی توفیق عطا فرمائے اور باطل کو باطل دکھلائے اور اس سے بچنے کی توفیق عطا فرمائے (آمین)

درنیابت چیئرمین شریعہ ایڈوائزری بورڈ

ڈاکٹر مفتی محمد زبیر اشرف عثمانی
ممبر شریعہ ایڈوائزری بورڈ

ڈاکٹر مفتی عصمت اللہ
ممبر شریعہ ایڈوائزری بورڈ

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
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P.O. Box 15541, Karachi 75530, Pakistan
Tel: +9221 3565 0007
Fax: +9221 3568 1965
www.ey.com

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance (the Statement) with the best practices contained in the Code of Corporate Governance (the Code) for the year ended 31 December 2011 prepared by the Board of Directors of Pak Qatar General Takaful Limited (the Company) to comply with the Best Practices of the Code as required under Section B of S.R.O 68 (1)/2003 dated 21 January 2003.

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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review, nothing has come to our attention which causes us to believe that the Statement does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company, for the year ended 31 December 2011.

Ernst & Young

KARACHI
09 April 2012

CHARTERED ACCOUNTANTS

ERNST & YOUNG

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed financial statements comprising of:

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

of **Pak - Qatar General Takaful Limited** as at **31 December 2011** together with the notes forming part thereof, for the year then ended.

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

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

In our opinion:

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

(b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied, except for the changes in accounting policies as stated in note 5.1 to the financial statements with which we concur;

(c) the financial statements together with the notes thereon present fairly in all material respects, the state of the Company's affairs as at **31 December 2011** and of its financial performance, changes in equity and cash flows for the year then ended in accordance with the approved accounting standards as applicable in Pakistan and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and

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

Ernst & Young

KARACHI
09 April 2012

Chartered Accountants
Audit Engagement Partner: Omer Chughtai

BALANCE SHEET

As at December 31, 2011

	Note	2011	2010
		————(Rupees) ————	
SHARE CAPITAL AND RESERVES			
[SHAREHOLDERS' FUND (SHF)]			
Authorised share capital	9	**400,000,000**	400,000,000
Paid-up share capital	9	**307,800,080**	307,800,080
Accumulated loss		**(32,502,628)**	(41,059,951)
		275,297,452	266,740,129
ADVANCE AGAINST FUTURE ISSUE OF SHARE CAPITAL	10	**-**	2,660,568
WAQF / PARTICIPANTS' EQUITY			
[PARTICIPANTS' TAKAFUL FUND (PTF)]			
Cede money		**500,000**	500,000
Accumulated deficit		**(104,106,596)**	(93,757,369)
		(103,606,596)	(93,257,369)
PTF UNDERWRITING PROVISIONS			
Reserve for claims - IBNR		**1,850,000**	2,250,000
Provision for outstanding reported claims	11	**110,934,649**	79,892,470
Reserve for unearned contribution		**95,755,507**	58,252,760
Reserve for unearned retakaful rebate		**7,350,880**	5,440,294
Contribution deficiency reserve		**1,172,826**	4,049,023
		217,063,862	149,884,547
CREDITORS AND ACCRUALS			
Amount due to co-takaful / retakaful operators (PTF)		**33,146,839**	38,043,696
Accrued expenses (SHF)	12	**1,012,997**	923,543
Other creditors and accruals	13	**20,707,221**	10,376,615
		54,867,057	49,343,854
TOTAL EQUITY AND LIABILITIES		**443,621,775**	375,371,729
COMMITMENTS	14		

The annexed notes from 1 to 34 form an integral part of these financial statements.

Chairman	**Chief Executive**	**Director**	**Director**

BALANCE SHEET
As at December 31, 2011

	Note	2011	2010
		———(Rupees)———	
CASH AND BANK DEPOSITS	15		
Cash and other equivalents		**690,949**	407,600
Current and other accounts		**16,402,872**	13,908,679
Deposits maturing within 12 months		**64,723,500**	-
		81,817,321	14,316,279
INVESTMENTS	16	**131,274,372**	183,764,300
LONG-TERM SECURITY DEPOSITS		**1,045,675**	1,045,675
DEFERRED TAX ASSET (SHF)	17	**21,578,607**	22,888,821
CURRENT ASSETS - OTHERS			
Contribution due but unpaid - unsecured considered good (PTF)	18	**80,597,535**	43,471,208
Accrued investment income	19	**4,924,140**	5,146,272
Taxation - payment less provision		**6,671,620**	6,433,328
Retakaful and other recoveries in respect of outstanding claims (PTF)		**29,263,151**	16,185,819
Deferred commission expense (SHF)		**10,454,713**	5,994,833
Prepayments	20	**25,531,557**	20,226,200
Sundry receivables - considered good	21	**1,843,797**	2,063,197
		159,286,513	99,520,857
FIXED ASSETS (SHF)	22		
Tangible			
Furniture and fixtures		**9,255,378**	10,334,005
Office equipment		**4,969,629**	5,294,568
Motor vehicles		**12,758,277**	15,947,853
Computer equipment		**3,580,343**	4,216,686
		30,563,627	35,793,112
Intangible			
Computer software		**6,929,987**	8,335,943
Capital work in progress		**11,125,673**	9,706,742
Total fixed assets		**48,619,287**	53,835,797
TOTAL ASSETS		**443,621,775**	375,371,729

The annexed notes from 1 to 34 form an integral part of these financial statements.

Chairman	Chief Executive	Director	Director

PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2011

	Note	Fire and property	Marine, aviation and transport	Motor	Miscellaneous	2011 Aggregate	2010 Aggregate
		(Rupees)					
PTF REVENUE ACCOUNT							
Net contribution revenue		1,687,793	(1,740,596)	100,156,648	2,947,335	**103,051,180**	87,425,085
Net claims - reported / settled		(3,273,098)	(4,273,175)	(125,604,829)	(2,990,970)	**(136,142,072)**	(137,619,664)
- IBNR		200,000	(300,000)	-	500,000	**400,000**	(750,000)
		(3,073,098)	(4,573,175)	(125,604,829)	(2,490,970)	**(135,742,072)**	(138,369,664)
		(1,385,305)	(6,313,771)	(25,448,181)	456,365	**(32,690,892)**	(50,944,579)
Contribution deficiency reversal / (expense)		2,580,609	295,588	-	-	**2,876,197**	(1,473,441)
Direct expense		(409,434)	-	(297,515)	-	**(706,949)**	(611,063)
Net retakaful rebate		10,505,125	5,064,173	1,668	3,384,761	**18,955,727**	13,459,068
(Deficit) / surplus before investment income		11,290,995	(954,010)	(25,744,028)	3,841,126	**(11,565,917)**	(39,570,015)
Net investment income						**2,244,604**	2,195,594
Provision for doubtful contribution net of wakala	23					**(1,027,914)**	(966,110)
Deficit transferred to participants' equity						**(10,349,227)**	(38,340,531)
SHF REVENUE ACCOUNT							
Wakala income		17,222,469	9,636,937	81,977,745	12,918,480	**121,755,631**	75,802,544
Commission expense		(6,121,397)	(3,050,738)	(7,861,317)	(2,412,873)	**(19,446,325)**	(15,278,948)
Management expenses	25	(11,237,555)	(6,290,963)	(61,082,661)	(7,566,390)	**(86,177,569)**	(92,673,030)
		(136,483)	295,236	13,033,767	2,939,217	**16,131,737**	(32,149,434)
Modarib share of PTF investment income	26					**1,496,403**	1,463,729
Net investment income						**28,903,885**	25,390,387
General and administrative expenses	27					**(35,052,553)**	(38,581,666)
Other (charges) / income	28					**(3,308)**	182,903
Worker's welfare fund						**(229,523)**	-
Profit / (loss) before taxation						**11,246,641**	(43,694,081)
Provision for taxation - current	29					**(1,379,104)**	(1,013,870)
- deferred						**(1,310,214)**	16,082,895
Profit / (loss) after taxation						**8,557,323**	(28,625,056)

The annexed notes from 1 to 34 form an integral part of these financial statements.

Chairman **Chief Executive** **Director** **Director**

STATEMENT OF CASH FLOWS

For the year ended December 31, 2011

	Note	2011	2010
		————(Rupees) ————	
OPERATING CASH FLOWS			
(a) Takaful activities			
Contributions received		**292,125,813**	210,622,028
Claims paid		**(156,355,498)**	(133,797,477)
Payment to retakaful operator		**(19,476,055)**	(14,667,274)
Commission paid		**(20,780,603)**	(13,767,727)
Other retakaful payments		**(706,949)**	(611,063)
Net cash inflow from takaful activities		**94,806,708**	47,778,487
(b) Other operating activities			
Income tax paid		**(1,617,396)**	(2,149,308)
General and other expenses paid		**(112,111,220)**	(120,740,884)
Advances and deposits		**-**	1,335,500
Other operating receipts / (payments)		**11,028,458**	(3,443,260)
Net cash used in from other operating activities		**(102,700,158)**	(124,997,952)
Total cash used in all operating activities		**(7,893,450)**	(77,219,465)
INVESTMENT ACTIVITIES			
Profit / return received		**24,762,889**	29,266,169
Payment for investments		**(167,802,888)**	(177,070,610)
Proceeds from investment		**225,372,889**	219,754,484
Proceeds from disposal of fixed assets		**29,023**	2,004,298
Fixed capital expenditure		**(4,306,853)**	(12,582,388)
Total cash used in from investing activities		**78,055,060**	61,371,953
FINANCING ACTIVITIES			
Advance against issue of share capital		**(2,660,568)**	-
Net cash inflow from / (used) in all activities		**67,501,042**	(15,847,512)
Cash at the beginning of the year		**14,316,279**	30,163,791
Cash at the end of the year	15	**81,817,321**	14,316,279

.... Continued ....

STATEMENT OF CASH FLOWS

For the year ended December 31, 2011

	Note	2011	2010
		———(Rupees)———	
Reconciliation to consolidated profit and loss account			
Operating cash flows		**(7,893,450)**	(77,219,465)
Depreciation		**(6,987,972)**	(7,348,374)
Amortisation		**(1,693,545)**	(2,014,191)
Exchange gain		**9,682**	20,821
Loss / (gain) on disposal of fixed assets		**(12,990)**	162,082
Provision for bad debt		**(1,219,788)**	(1,629,286)
Investment income		**32,644,892**	29,184,092
Increase in liabilities		**(32,842,848)**	(56,408,937)
Increase in assets		**54,778,784**	31,192,799
Increase in unearned contribution		**(37,502,747)**	(123,461)
Income tax paid		**1,617,396**	2,149,308
Profit / (loss) before taxation		**897,414**	(82,034,612)
Deficit in participants' equity		**(10,349,227)**	(38,340,531)
Profit / (loss) before tax attributable to shareholders		**11,246,641**	(43,694,081)
		897,414	(82,034,612)

Definition of cash & cash equivalents

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

	Note	2011	2010
		———(Rupees)———	
Cash for the purposes of the statement of cash flows consists of :			
Cash and other equivalents			
Cash in hand		**361,044**	267,296
Stamps in hand		**329,905**	140,304
		690,949	407,600
Current and other accounts			
Current accounts		**1,469,212**	765,013
Saving accounts		**14,933,660**	13,143,666
		16,402,872	13,908,679
Deposits maturing within 12 months (encashable on demand)		**64,723,500**	-
		81,817,321	14,316,279

The annexed notes from 1 to 34 form an integral part of these financial statements.

Chairman	Chief Executive	Director	Director

STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2011

	(SHF)		
	Issued, subscribed and paid-up	Accumulated loss	Total
	———————— (Rupees) ————————		
Balance as at January 01, 2010	307,800,080	(12,434,895)	295,365,185
Loss for the year	-	(28,625,056)	(28,625,056)
Balance as at December 31, 2010	307,800,080	(41,059,951)	266,740,129
Profit for the year	-	8,557,323	8,557,323
Balance as at December 31, 2011	**307,800,080**	**(32,502,628)**	**275,297,452**

	(PTF)		
	Cede money	Accumulated deficit	Total
	———————— (Rupees) ————————		
Balance as at January 01, 2010	500,000	(55,416,838)	(54,916,838)
Deficit for the year	-	(38,340,531)	(38,340,531)
Balance as at December 31, 2010	500,000	(93,757,369)	(93,257,369)
Deficit for the year	-	(10,349,227)	(10,349,227)
Balance as at December 31, 2011	**500,000**	**(104,106,596)**	**(103,606,596)**

The annexed notes from 1 to 34 form an integral part of these financial statements.

Chairman	Chief Executive	Director	Director

STATEMENT OF CONTRIBUTIONS

For the year ended December 31, 2011

Takaful business underwritten inside Pakistan

	contri-butions written	Wakala Fee	Net contri-butions	Unearned contribution reserve Opening	Unearned contribution reserve Closing	Contri-butions earned	Retakaful ceded	Prepaid retakaful ceded Opening	Prepaid retakaful ceded Closing	Retakaful expense	2011 Net Contri-bution revenue	2010 Net Contri-bution revenue
	(Rupees)											
Direct and facultative												
Fire and property	43,091,563	17,222,469	25,869,094	9,438,804	11,686,708	23,621,190	22,387,409	14,096,726	14,550,738	21,933,397	**1,687,793**	(5,515,137)
Marine, Aviation and Transport	24,111,861	9,636,937	14,474,924	1,105,703	2,259,715	13,320,912	16,104,123	1,371,552	2,414,167	15,061,508	**(1,740,596)**	(1,572,743)
Motor	234,229,501	81,977,745	152,251,756	44,713,544	73,914,961	123,050,339	22,877,010	16,681	-	22,893,691	**100,156,648**	94,225,907
Miscellaneous	29,039,003	12,918,480	16,120,523	2,994,709	7,894,123	11,221,109	12,255,242	2,013,218	5,994,686	8,273,774	**2,947,335**	287,058
	330,471,928	121,755,631	208,716,297	58,252,760	95,755,507	171,213,550	73,623,784	17,498,177	22,959,591	68,162,370	**103,051,180**	87,425,085

The annexed notes from 1 to 34 form an integral part of these financial statements.

Chairman　　Chief Executive　　Director　　Director

STATEMENT OF CLAIMS

For the year ended December 31, 2011

Takaful business underwritten inside Pakistan

	Claims Paid	Provision for outstanding reported claims		Claims expense	Retakaful and other recoveries Received	Retakaful and other recoveries in respect of outstanding claims		Retakaful and other recoveries revenue	2011 Net claims expense	2010 Net claims expense
		Opening	Closing			Opening	Closing			
	(Rupees)									
Direct and facultative										
Fire and Property	10,560,334	6,464,500	7,317,835	11,413,669	12,761,826	5,117,258	496,003	8,140,571	**3,273,098**	1,734,196
Marine, Aviation and Transport	8,725,734	6,821,918	8,779,098	10,682,914	5,235,431	4,093,151	5,267,459	6,409,739	**4,273,175**	4,166,798
Motor	129,106,884	64,875,419	90,766,945	154,998,410	14,840,091	6,541,610	21,095,100	29,393,581	**125,604,829**	130,014,705
Miscellaneous	7,962,546	1,730,633	4,070,771	10,302,684	5,340,925	433,800	2,404,589	7,311,714	**2,990,970**	1,703,965
	156,355,498	79,892,470	110,934,649	187,397,677	38,178,273	16,185,819	29,263,151	51,255,605	**136,142,072**	137,619,664

The annexed notes from 1 to 34 form an integral part of these financial statements.

Chairman **Chief Executive** **Director** **Director**

STATEMENT OF EXPENSES

For the year ended December 31, 2011

Takaful business underwritten inside Pakistan

	Commission paid or payable	Deferred Commission Opening	Deferred Commission Closing	Net commission expense	Direct expenses	Takaful expense	Rebate from retakaful operators	2011 Net takaful expense	2010 Net takaful expense
	(Rupees)								
Direct and facultative									
Fire and property	5,695,211	2,826,866	2,400,680	6,121,397	409,434	6,530,831	10,505,125	**(3,974,294)**	(1,720,087)
Marine, Aviation and Transport	3,260,294	304,281	513,837	3,050,738	-	3,050,738	5,064,173	**(2,013,435)**	(1,102,484)
Motor	10,197,319	2,480,563	4,816,565	7,861,317	297,515	8,158,832	1,668	**8,157,164**	6,669,948
Miscellaneous	4,753,381	383,123	2,723,631	2,412,873	-	2,412,873	3,384,761	**(971,888)**	(1,416,434)
Total	**23,906,205**	**5,994,833**	**10,454,713**	**19,446,325**	**706,949**	**20,153,274**	**18,955,727**	**1,197,547**	**2,430,943**

The annexed notes from 1 to 34 form an integral part of these financial statements.

Chairman | Chief Executive | Director | Director

STATEMENT OF INVESTMENT INCOME

For the year ended December 31, 2011

	Note	2011	2010
		(Rupees)	
Income from non-trading investments			
PTF			
Profit on bank balances and deposits		**1,633,928**	1,155,860
Profit on Government securities		**1,943,229**	1,563,756
Gain on sale of investments		**-**	880,044
Amortisation of discount of Government securities		**163,850**	59,663
		3,741,007	3,659,323
Less: Modarib's fee	26	**(1,496,403)**	(1,463,729)
Net investment income		**2,244,604**	2,195,594
SHF			
Profit on bank balances and deposits		**3,755,930**	464,355
Gain on sale of investments		**6,792,247**	3,912,708
Dividend income		**506,500**	896,250
Profit on Government securities		**11,869,984**	12,004,905
Profit on other securities		**8,126,067**	8,306,214
Amortisation of premium of Government securities		**(748,986)**	(567,672)
Amortisation of discount of other securities		**409,106**	373,627
Impairment in the value of available for sale listed investments	16.3	**(1,806,963)**	-
		17,849,208	20,117,074
Net investment income		**28,903,885**	25,390,387

The annexed notes from 1 to 34 form an integral part of these financial statements.

Chairman	Chief Executive	Director	Director

NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2011

1. CORPORATE INFORMATION

Pak-Qatar General Takaful Limited (the Company) was incorporated in Pakistan as an unquoted public limited company on March 15, 2006. The Company received Certificate of Registration on August 16, 2007 under section 6 of the Insurance Ordinance, 2000. The registered office of the Company is situated at Suite # 402-403, Business Arcade, Block 6, P.E.C.H.S., Sharae Faisal, Karachi. The main business activity of the Company is to undertake takaful business. The company operates with 8 (2010:8) branches in Pakistan.

For the purpose of carrying on the takaful business, the Company has formed a Waqf for Participants' Equity. The Waqf namely Pak Qatar General Takaful Limited Waqf [hereafter referred to as the Participant Takaful Fund (PTF)] was formed on August 17, 2007 under a trust deed executed by the Company with a cede money of Rs. 500,000/-. Waqf deed also governs the relationship of shareholders and policyholders for management of takaful operations, investment of policyholders' funds and investment of shareholders' funds approved by the Shariah Board established by the Company.

2. BASIS OF PREPARATION

These financial statements have been prepared in line with the format issued by the Securities and Exchange Commission of Pakistan (SECP) through SEC (Insurance) Rules, 2002, vide SRO 938 dated December 12, 2002, with appropriate modifications based on the approval of the Shariah Board of the Company.

These financial statements reflect the financial position and results of operations of both the Company and PTF in a manner that the assets, liabilities, income and expenses of the Company and PTF remain separately identifiable. For this purpose, the receivables and payables between the Company and PTF have been eliminated (note 6.27).

3. 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 (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP), as are notified under the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984, the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002, Takaful Rules, 2005 and directives issued by the SECP. Wherever the requirements of Companies Ordinance, 1984, the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002, Takaful Rules, 2005 or directives issued by the SECP differ with the requirements of IFRS / IFAS, the requirements of the Companies Ordinance, 1984, the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002, Takaful Rules, 2005 or said directives shall prevail.

The SECP has allowed the insurance companies to defer the application of International Accounting Standard (IAS-39) "Financial Instruments: Recognition and Measurement" in respect of valuation of investments classified as available for sale. Accordingly, the requirements of IAS-39 to the extent allowed by the SECP as aforesaid have not been considered in the preparation of these financial statements.

4. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention.

5. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of these financial statements are consistent with those followed in the preparation of the Company's financial statements for the year ended 31 December 2010, except for changes mentioned in notes 5.1 to the financial statements.

5.1 Accounting standards that became effective during the year

The Company has adopted the following new and amended IFRS and related interpretations that became effective during the year

Standard or interpretation

IAS 24	Related Party Disclosure (Revised)
IFRIC 14	Prepayments of a Minimum Funding Requirement (Amendment)
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

Improvements to various standards issued by IASB in 2010

IFRS 3	Business Combinations
IAS 27	Consolidated and Separate Financial Statements
IAS 1	Presentation of Financial Statements
IAS 34	Interim Financial Reporting
IFRIC 13	Customer Loyalty Programmes

The adoption of the above standards, amendments and interpretation did not have any material effect on the financial statements.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

6.1 Takaful Contracts

Contracts under which the Participant Takaful Fund (PTF) accepts significant takaful risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the takaful event) adversely affects the policyholder are classified as takaful contracts. Takaful risk is significant if a takaful event could cause the PTF to pay significant benefits due to the happening of the takaful event compared to its non happening. Once a contract has been classified as a takaful contract, it remains a takaful contract for the remainder of its lifetime, even if the takaful risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

The PTF underwrites non-life takaful contracts that can be categorised into Fire and Property, Marine, Aviation and Transport, Motor and Miscellaneous contracts. Contracts may be concluded for a fixed term of one year, for less than one year and in some cases for more than one year. However, most of the contracts are for twelve months duration. Takaful contracts entered into by the PTF under which the contract holder is another takaful operator / insurer (inward retakaful / reinsurance) of a facultative nature are included within the individual category of takaful contracts, other than those which fall under the Treaty.

Fire takaful provides coverage against damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and other related perils.

Marine, aviation and transport takaful provides coverage against cargo risk, terminals, damages occurred in between the points of origin and final destination and other related perils.

Motor takaful provides comprehensive car coverage, indemnity against third party loss and other related covers.

Miscellaneous takaful provides cover against burglary, loss of cash in safe and cash in transit, money, engineering losses, travel and other coverage.

6.2 Claims

Claims comprise the settlement of events occurring during the financial year. Where applicable, deductions are made for salvage and their recoveries.

6.3 Provision for outstanding claims

PTF maintains provision in respect of all known claims against losses incurred up to the balance sheet date which is measured at the undiscounted value of expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in a takaful contract. The provision for claims includes expected claim settlement costs.

6.4 Reserve for claims - Incurred But Not Reported (IBNR)

Reserve for claims - IBNR is made at the estimated cost of settling claims incurred but not reported at the balance sheet date on the basis of management's best estimate which takes into account past trends, expected future pattern of reporting of claims and the claims actually reported subsequent to the balance sheet date.

6.5 Contributions

Contributions including administrative surcharge received / receivable (if any) under a takaful policy are recognised as written at the time of issuance of policy. Contributions are stated gross of commission payable to intermediaries and exclusive of taxes and duties levied on contributions.

6.6 Reserve for unearned contribution

The unearned portion of contribution written net of wakala is set aside as a reserve. Such reserve is calculated according to the ratio of the unexpired period of the policy and the total period, both measured to the nearest day.

6.7 Contribution deficiency reserve

According to the requirements of the SEC (Insurance) Rules, 2002, a contribution deficiency reserve needs to be created where the unearned contribution for any class of business is not sufficient to cover the net liability expected to be incurred after the balance sheet date in respect of the policies in that class of business. Any movement in the reserve is to be charged to the profit and loss account.

For this purpose, loss ratios for each class are estimated based on historical claim development. Judgment is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims. If these ratios are adverse, contribution deficiency is determined.

The expected ultimate net claim ratios for the unexpired periods of policies in force at balance sheet date for each class of business is as follows:

	%
Fire and Property	17.31
Marine, Aviation and Transport	54.12
Motor	68.96
Miscellaneous	18.85

As at year end, a provision is created in respect of contribution deficiency reserve for those classes of business where it is estimated that the unearned contribution for that class will not be sufficient to provide for the expected losses and expenses attributable to the unexpired periods of policies in force at the balance sheet date.

6.8 Appropriations

Appropriations of profit, if any, are recognised in the year in which these are approved.

6.9 Creditors, accruals and provisions

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

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

6.10 Investments

All purchase and sale of investments that require delivery within the required time frame established by regulations or market convention are accounted for at the trade date. Trade date is the date when the Company commits to purchase or sell the investments. The investments are classified upon recognition as follows:

Investments at fair value through profit and loss

These include held for trading investments and those designated under this category upon initial recognition. Subsequent to initial recognition, these are carried at fair value.

Held to maturity

These are securities with fixed or determinable payments and fixed maturity that the Company has a positive intent and ability to hold to maturity. These are initially measured at cost including acquisition charges associated with the investments. Subsequent to initial recognition, these investments are measured at amortised cost less any accumulated impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition by using the effective return method.

Available for sale

These are investments that do not fall under the other categories. These are initially measured at cost including acquisition charges associated with the investments. In the case of fixed income investments redeemable at a given date and where the cost is different from the redemption value, such difference shall be amortised uniformly between the date of acquisition and the date of maturity in determining cost. Subsequent to initial recognition, these are stated at the lower of cost or market value (market value being taken as lower if the reduction is other than temporary) in accordance with the requirements of SEC (Insurance) Rules, 2002.

6.11 Retakaful Contracts

The Company cedes retakaful in the normal course of business for the purpose of limiting its net loss potential through the diversification of its risks. Assets, liabilities and income and expense arising from ceded retakaful contracts are presented separately from the assets, liabilities, income and expense from the related takaful contracts because the retakaful arrangements do not relieve the PTF from its direct obligations to its policyholders. These retakaful contracts include both facultative and treaty arrangements contracts and are classified in same categories of takaful contracts for the purpose of these financial statements.

6.12 Retakaful recoveries against outstanding claims

Receivable against claims from the retakaful operators are recognised as an asset at the same time as the claims which gives rise to the right of recovery are recognised as a liability and are measured at the amount expected to be recovered after considering impairment in relation thereto.

6.13 Deferred commission expense

Commission incurred in obtaining and recording takaful are deferred and recognised as an asset. These costs are charged to the profit and loss account based on the pattern of recognition of contribution revenue.

6.14 Rebate from retakaful

Rebate Commission from retakaful is spread over the tenure of the policies ceded on the basis of expired period of the policy and the total period, both measured to the nearest day. The unearned portion of rebate commission from retakaful is set aside as a reserve. Such reserve is calculated as a portion of the gross contribution of each policy, determined according to the ratio of the unexpired period of the policy and the total period, both measured to the nearest day.

6.15 Prepaid retakaful

Retakaful expense is recognised evenly in the period of indemnity. The portion of retakaful contribution not recognised as an expense is shown as a prepayment.

6.16 Amount due to / from retakaful operators

Amounts due to / from retakaful operators are carried at cost less provision for impairment, if any. Cost represents the fair value of the consideration to be received / paid in the future for services rendered.

6.17 Fixed assets and depreciation

Tangible

These are stated at cost less accumulated depreciation and impairment, if any. Depreciation is charged using reducing balance method at the rates specified in note 22.1 to the financial statements. Depreciation on additions is charged from the month of addition while no depreciation is charged in the month of disposal.

Residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each financial year end.

An item of fixed assets is derecognised upon disposal or when no future economic benefit is expected from its use or disposal.

Maintenance and normal repairs are charged to income as and when incurred, whereas major renewals or replacement are capitalised.

Gain or loss on disposal of the assets is recognised in the profit and loss account in the period of disposal.

Intangible

These are stated at cost less accumulated amortization and any provision for impairment loss. Amortisation on intangible fixed assets is charged to income applying the reducing balance method at the rates specified in note 22.2 to the financial statements after taking into account residual value, if any.

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

Impairment

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

Capital work-in-progress

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

6.18 Financial instruments

Financial assets and financial liabilities other than those arising out of takaful contracts are recognised 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 risk and reward 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 asset and liabilities are recognised in the profit and loss account of the current period.

6.19 Off setting

A financial asset and financial liability other than those relating to takaful contract is offset and the net amount is reported in the balance sheet when the Company has a legally enforceable right to set-off the recognised amounts and it intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

6.20 Revenue recognition

Contribution income under a policy is recognised over the period of takaful net of wakala fee.

Wakala fee charged from PTF is recognised upfront.

Rebate from retakaful operators is recognised at the time of issuance of the underlying takaful policy by the Company. This income is deferred and brought to account as revenue in accordance with the pattern of recognition of the retakaful contribution to which it relates.

Profit on Islamic investment products is recognised on an accrual basis.

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

Gain / loss on sale of available for sale investments are included in profit and loss account in the period of sale.

6.21 Taxation

Current

Provision for current taxation is based on taxable income at the current rate of taxation after taking into account tax credits and rebates available, if any.

Deferred

Deferred tax is recognised using the balance sheet liability method, on all temporary differences arising at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which the assets may be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recognised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the asset is utilised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

6.22 Staff retirement benefits

Defined contribution plan

The Company operates an approved Contributory provident fund for all its permanent employees. Contributions are made by both the Company and the employees to the fund at the rate of 10% of basic salary. Contribution made by the Company is recognised an expense.

6.23 Other management expenses

Expenses allocated to the takaful business represent directly attributable expenses. Expenses not directly allocable to takaful business are charged to SHF and allocated on the basis of gross contribution written during the year.

6.24 Foreign currencies

Foreign currency transactions are translated into Pak Rupees (functional currency) using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees using the exchange rate at the balance sheet date). Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account

6.25 Segment reporting

The company's operating businesses are recognised and managed separately according to the nature of services provided with each segment representing a strategic business unit that serves different markets.

The fire takaful provides coverage against damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and other related perils.

The marine takaful provides coverage against cargo risk, war risk, damages occurred in inland transit and other related perils.

The motor takaful provides comprehensive car coverage, indemnity against third party loss and other related covers.

Miscellaneous takaful provides cover against burglary, loss of cash in safe and cash in transit, money, engineering losses, travel and other coverage.

6.26 Takaful surplus

Takaful surplus attributable to the participants is calculated after charging all direct cost and setting aside various reserves. Allocation to participants, if applicable, is made after deducting the claims paid to them during the year.

6.27 Qard-e-Hasna

Qard-e-Hasna is provided by SHF to PTF in case of deficit in PTF. However, such amount is eliminated while consolidating the financial statements.

7. ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in period of revision and future periods if the revision affects both current and future periods. The estimates and judgments that have a significant effect on the financial statements are in respect of the following:

	Note
Provision for outstanding claims	6.3
Reserve for claims - IBNR	6.4
Contribution deficiency reserve	6.7
Classification of investments	6.10 & 16
Useful lives of assets and method of depreciation	6.17 & 22
Provision for taxation - current and deferred	6.21 & 17
Allocation of management expenses	6.23
Wakala fee from PTF	24

8. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS

8.1 Accounting standards that are not yet effective

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

Standard or interpretation			Effective date (accounting periods beginning on or after)
IFRS 7	-	Financial Instruments : Disclosures - (Amendments)	
	-	Amendments enhancing disclosures about transfers of financial Assets	01 July 2012
	-	Amendments enhancing disclosures about offsetting of financial assets and financial liabilities	01 January 2013
IAS 1		Presentation of Financial Statements - Amendment to revise the way other comprehensive income is presented	01 July 2012
IAS 12		Income Taxes (Amendment) - Deferred Taxes : Recovery of Underlying Assets	01 January 2012
IAS 19		Employee Benefits- Amended Standard resulting from the post- Employment Benefits and Termination Benefit projects	01 January 2013

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not affect the Company's financial statements in the period of initial application.

In addition to the above, amendments to various accounting standards have also been issued by the IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

IFRS 9	Financial Instruments: Classification and Measurement	01 January 2015
IFRS 10	Consolidated Financial Statements	01 January 2013
IFRS 11	Joint Arrangements	01 January 2013
IFRS 12	Disclosure Of Interest in Other Entities	01 January 2013
IFRS 13	Fair Value Measurements	01 January 2013

	2011	2010
	———(Rupees)———	

9. SHARE CAPITAL

9.1. Authorised share capital

Number of shares 2011	Number of shares 2010		2011	2010
40,000,000	40,000,000	Ordinary shares of Rs. 10/- each.	**400,000,000**	400,000,000

9.2. Paid-up share capital

Issued, subscribed and paid up capital

Number of shares 2011	Number of shares 2010		2011	2010
30,780,008	30,780,008	Ordinary shares of Rs. 10/- each fully paid in cash	**307,800,080**	307,800,080

9.3. Major shareholders of the Company are:

	2011		2010	
	Number of shares	Holding %	Number of shares	Holding %
Qatar National Bank	**5,000,000**	**16.25**	5,000,000	16.25
Qatar Islamic Insurance	**3,251,250**	**10.56**	3,251,250	10.56
Masraf Al Rayan	**6,000,000**	**19.50**	6,000,000	19.50
Fawad Yousuf Securities (Private) Limited	**3,078,000**	**10.00**	3,078,000	10.00
	17,329,250		17,329,250	

10. ADVANCE AGAINST FUTURE ISSUE OF SHARE CAPITAL

The Exchange Policy Department of the State Bank of Pakistan (SBP) via its letter no. INT/A-6049/12 (21) - 2011dated 08 August 2011 granted permission to Pak Qatar General Takaful Limited to utilize the advance against future issue of share capital for the issuance of shares of Pak Qatar Family Takaful Limited (a related Company).

	2011	2010
	———(Rupees)———	

11. PROVISION FOR OUTSTANDING REPORTED CLAIMS

	2011	2010
Related parties	**379,175**	1,200,500
Others	**110,555,474**	78,691,970
	110,934,649	79,892,470

12. ACCRUED EXPENSES

	2011	2010
Legal and professional charges	**38,200**	37,740
Rent, rates and electricity	**84,116**	141,114
Communications	**196,667**	110,333
Printing and stationery	**19,914**	12,388
Traveling and entertainment	**54,577**	-
Salaries and other benefits	**90,000**	-
Auditors remuneration payable	**300,000**	300,000
Consultancy charges	**-**	219,750
Vehicles running and maintenance	**-**	102,218
Workers' Welfare Fund	**229,523**	-
	1,012,997	923,543

13. OTHER CREDITORS AND ACCRUALS

	2011			2010		
	PTF	SHF	Total	PTF	SHF	Total
	(Rupees)					
Federal excise duty	-	-	-	6,973	-	6,973
Federal insurance fee	-	-	-	654	-	654
Commission payable	-	10,678,797	10,678,797	-	7,553,181	7,553,181
Stale cheques	71,566	338,527	410,093	68,646	237,243	305,889
EOBI Payable	-	43,260	43,260	-	-	-
Trakker charges payable	9,407,641	-	9,407,641	2,357,091	-	2,357,091
Trakker refundable	48,056	-	48,056	-	-	-
Charity payable	-	118,376	118,376	-	118,376	118,376
Other liability	998	-	998	-	34,451	34,451
	9,528,261	11,178,960	20,707,221	2,433,364	7,943,251	10,376,615

14. COMMITMENTS

Commitment for the ERP software implementation amount to Rs. 1,335,775/- (2010: Rs. 2,920,600/-).

15. CASH AND BANK DEPOSITS

	Note	2011			2010		
		PTF	SHF	Total	PTF	SHF	Total
		(Rupees)					
Cash and other equivalents							
Cash in hand		-	361,044	361,044	-	267,296	267,296
Stamps in hand		329,905	-	329,905	140,304	-	140,304
		329,905	361,044	690,949	140,304	267,296	407,600
Current and other accounts							
Current accounts							
- Local currency		716,006	753,206	1,469,212	225,551	539,462	765,013
Saving accounts	15.1	9,378,660	5,555,000	14,933,660	6,755,383	6,388,283	13,143,666
		10,094,666	6,308,206	16,402,872	6,980,934	6,927,745	13,908,679
Term deposits maturing within twelve months	15.2	5,318,916	59,404,584	64,723,500	-	-	-
		15,743,487	66,073,834	81,817,321	7,121,238	7,195,041	14,316,279

15.1 These carry expected profit rates ranging from 5.00% to 8.00% (2010: 5.00% to 8.00%) per annum.

15.2 These carry expected profit rates ranging from 12.70% to 12.90% (2010: Nil) per annum.

16. INVESTMENTS

	Note	2011			2010		
		PTF	SHF	Total	PTF	SHF	Total
		(Rupees)					
Held to maturity							
Sukuk certificates	16.1	-	-	-	5,000,000	141,235,776	146,235,776
Available for sale							
Mutual funds	16.2	4,646,059	13,050,931	17,696,990	786,895	13,791,661	14,578,556
Listed securities	16.3	-	12,010,713	12,010,713	-	11,280,441	11,280,441
Sukuk certificates	16.4	5,940,784	95,625,885	101,566,669	11,669,527	-	11,669,527
		10,586,843	120,687,529	131,274,372	17,456,422	166,307,878	183,764,300

16.1 Held to maturity

2011	2010	Name of the investee company / organisations	PTF 2011	PTF 2010	SHF 2011	SHF 2010
Number of certificates			(Rupees)			
		Sukuk Certificates				
-	5,000	WAPDA 1st Sukuk Certificates	-	-	-	27,306,005
-	3,000	WAPDA 2nd Sukuk Certificates	-	-	-	15,035,509
-	4,200	Karachi Shipyard and Engineering Works Sukuk Certificates - I	-	-	-	20,770,134
-	600	Karachi Shipyard and Engineering Works Sukuk Certificates - II	-	-	-	3,000,000
-	100	Government of Pakistan Ijara - Sukuk (Face Value of Rs. 100,000 each)	-	5,000,000	-	5,000,000
-	4,000	Sui Southern Gas Company Sukkuk Certificates (Face Value of Rs. 4,000 each)	-	-	-	15,045,856
-	2,000	Century Paper & Board Mills Limited - Sukuk (Face Value of Rs. 4,000 each)	-	-	-	7,182,605
-	10,000	Engro Chemical Pakistan Limited - Sukuk	-	-	-	47,895,667
			-	5,000,000	-	141,235,776

16.1.1 During the year, the Company divested Engro Chemical Pakistan Limited Sukuk earlier classified as held to maturity.

Consequently, in compliance with paragraph 9 of IAS 39 - Financial Instruments: Recognition and Measurement, the entire held to maturity portfolio of the Company is reclassified to available for sale.

The above reclassification has not resulted in any effect on the profit and loss for the year.

16.2 Details of investments in mutual funds – available for sale

2011	2010	Name of the investee funds	PTF 2011	PTF 2010	SHF 2011	SHF 2010
Number of units			Cost (Rupees)			
6,043	-	ABL Islamic Income Fund (Face Value Rs. 10 each)	-	-	**60,193**	-
62,150	-	UBL Islamic Savings Fund	-	-	**6,040,974**	-
-	328,246	Meezan Capital Protected Fund - 1	-	-	-	13,383,498
225,314	6,062	Meezan Sovereign Fund	**4,140,991**	281,827	**6,748,854**	-
15,678	18,897	Meezan Cash Fund	**505,068**	505,068	**200,910**	408,163
			4,646,059	786,895	**13,050,931**	13,791,661

16.2.1 Units having face value of Rs. 50 each, unless stated otherwise.

16.3 Details of investments in listed securities – available for sale

2011	2010	Name of the companies	PTF 2011	PTF 2010	SHF 2011	SHF 2010
Number of shares			(Rupees)			
90,000	100,000	DG Khan Cement Company Limited	**-**	-	**2,605,050**	3,108,600
-	50,000	Fauji Fertilizer Bin Qasim Limited	**-**	-	**-**	1,875,800
105,000	-	Nishat Mills Limited	**-**	-	**7,073,164**	-
200,000	200,000	Lotte Pakistan PTA Limited	**-**	-	**3,233,377**	2,686,530
-	10,000	Attock Refinery Limited	**-**	-	**-**	1,302,158
50,000	-	Sitara Peroxide Limited	**-**	-	**906,085**	-
-	100,000	Sui Southern Gas Company Limited	**-**	-	**-**	2,307,353
			-	-	**13,817,676**	11,280,441
Less: Impairment in the value of available for sale listed securities			**-**	-	**(1,806,963)**	-
			-	-	**12,010,713**	11,280,441

16.3.1 Shares having face value of Rs. 10/- each, unless stated otherwise

16.4 Details of Investment in Sukuk certificates - available for Sale

2011	2010	Name of the companies	Note	PTF 2011	PTF 2010	SHF 2011	SHF 2010
Number of certificates				(Rupees)			
15,000	3,000	Sui Southern Gas Company Limited Sukuk Certificates (Face Value of Rs. 2,000 each)	16.4.3	**5,940,784**	11,669,527	**23,869,471**	-
5,000	-	WAPDA 1st Sukuk Certificates	16.4.4	**-**	-	**26,116,816**	-
3,000	-	WAPDA 2nd Sukuk Certificates	16.4.5	**-**	-	**15,031,821**	-
250	-	Government of Pakistan Ijara - Sukuk 8 (Face Value of Rs. 100,000 each)	16.4.6	**-**	-	**25,000,000**	-
2,000	-	Century Paper & Board Mills Limited - Sukuk (Face Value of Rs. 3,000 each)	16.4.7	**-**	-	**5,607,777**	-
				5,940,784	11,669,527	**95,625,885**	-

16.4.1 Sukuk Certificates having face value of Rs. 5,000/- each, unless stated otherwise.

16.4.2 WAPDA Sukuk certificates amounting to Rs. 31,000,000/- (2010: Rs. 31,000,000/-) are held under lien with the State Bank of Pakistan in compliance with requirements of Section 29 of the Insurance Ordinance, 2000.

16.4.3 The expected profit rate is equivalent to three months KIBOR plus 20 basis points receivable quarterly with maturity in 2013. These are backed by mortgage charge over the properties of the company.

16.4.4 The expected profit rate is equivalent to six months KIBOR plus 35 basis points receivable semi-annually on provisional basis with maturity in October 2012. These are backed by the Government of Pakistan's Sovereign guarantee.

16.4.5 The expected profit rate is equivalent to six months KIBOR minus 25 basis points receivable semi-annually on provisional basis with maturity in July 2017. These are backed by the Government of Pakistan's Sovereign guarantee.

16.4.6 The expected profit rate is equivalent to six months weighted average yield of 6 months Market T-Bills plus 0 basis points with maturity in May 2014. These are backed by the Government of Pakistan's Sovereign guarantee.

16.4.7 The expected profit at the rate calculated through average of six months KIBOR plus 135 basis points receivable semi annually with maturity in September 2014. These are secured by way of mortgage of immovable property of the Company and ranking of the hypothecation charge of the assets.

16.5 Market value of investment

	PTF 2011	PTF 2010	SHF 2011	SHF 2010
	——————————— (Rupees)	———————————		
Held to maturity	-	5,036,667	-	146,815,166
Available for sale	**10,978,681**	12,949,361	**117,988,660**	29,365,676
	10,996,075	17,986,028	**117,988,660**	176,180,842

17. DEFERRED TAX ASSET

	Note	2011	2010
		———(Rupees)	———
Deferred Tax debits arising in respect of:			
Available tax losses	17.1	**24,086,744**	25,481,651
Deferred Tax credit arising due to :			
Accelerated depreciation allowance		**(2,508,137)**	(2,592,830)
		21,578,607	22,888,821

17.1 The available tax losses on which deferred tax asset has been accounted for amounted to Rs. 68,819,268/- (2010: Rs. 72,804,718/-)

17.2 The management based on financial projections prepared during the year, estimates that sufficient taxable profits would be available in future against which this deferred tax assets could be utilised.

18. CONTRIBUTION DUE BUT UNPAID - unsecured, considered good

	Note	2011	2010
		———(Rupees)	———
Related party		**1,005,402**	13,299
Others		**82,441,207**	45,087,195
		83,446,609	45,100,494
Less: Provision for doubtful balances	18.1	**2,849,074**	1,629,286
		80,597,535	43,471,208

18.1 Provision for doubtful balances

	2011	2010
Opening balance	**1,629,286**	-
Provision made during the year	**1,219,788**	1,629,286
	2,849,074	1,629,286

19. ACCRUED INVESTMENT INCOME

	2011	2010
PTF	**256,944**	219,607
SHF	**4,667,196**	4,926,665
	4,924,140	5,146,272

	Note	2011			2010		
		PTF	SHF	Total	PTF	SHF	Total
		(Rupees)					

20. PREPAYMENTS

	Note	2011 PTF	2011 SHF	2011 Total	2010 PTF	2010 SHF	2010 Total
Prepaid retakaful ceded		**22,959,591**	**-**	**22,959,591**	17,498,177	-	17,498,177
Prepaid rent		**-**	**925,917**	**925,917**	-	233,630	233,630
Prepaid takaful contribution	20.1	**-**	**283,968**	**283,968**	-	1,118,705	1,118,705
Prepayment - takaful ombudsman		**-**	**125,001**	**125,001**	-	125,001	125,001
Prepayment - services contract		**-**	**1,237,080**	**1,237,080**	-	1,250,687	1,250,687
		22,959,591	**2,571,966**	**25,531,557**	17,498,177	2,728,023	20,226,200

20.1 This includes prepaid contribution to a related party of Rs. 270,828 (2010 : Rs. 500,446)

21. SUNDRY RECEIVABLES - Considered good

	2011			2010		
	PTF	SHF	Total	PTF	SHF	Total
	(Rupees)					
Security deposits	**254,523**	**253,358**	**507,881**	254,523	250,957	505,480
Advance to employees	**-**	**682,016**	**682,016**	-	1,020,143	1,020,143
Advance for goods	**-**	**137,500**	**137,500**	-	2,500	2,500
Claims receivable	**-**	**29,024**	**29,024**	-	7,415	7,415
Federal excise duty	**11,176**	**-**	**11,176**	-	-	-
Others	**3,206**	**472,994**	**476,200**	-	527,659	527,659
	268,905	**1,574,892**	**1,843,797**	254,523	1,808,674	2,063,197

22. FIXED ASSETS

	Note	2011	2010
		(Rupees)	
Tangible	22.1	**30,563,627**	35,793,112
Intangible	22.2	**6,929,987**	8,335,943
Capital work in progress	22.3	**11,125,673**	9,706,742
		48,619,287	53,835,797

22.1. Tangible

Particulars	Cost: As at January 01, 2011	Cost: Addition / (deletion)	Cost: As at December 31, 2011	Accumulated depreciation: As at January 01, 2011	Accumulated depreciation: For the year	Accumulated depreciation: As at December 31, 2011	Book value As at December 31, 2011	Rates (%)
	2011							
	(Rupees)							
Furniture and fixtures	13,171,788	516,680	13,688,468	2,837,783	1,595,307	4,433,090	**9,255,378**	15
Office equipment	6,697,607	523,445	7,205,622	1,403,039	835,395	2,235,993	**4,969,629**	15
		(15,430)			(2,441)			
Motor vehicles	23,535,542	-	23,535,542	7,587,689	3,189,576	10,777,265	**12,758,277**	20
Computer equipment	7,873,700	760,375	8,580,575	3,657,014	1,367,694	5,000,232	**3,580,343**	30
		(53,500)			(24,476)			
	51,278,637	**1,800,500**	**53,010,207**	**15,485,525**	**6,987,972**	**22,446,580**	**30,563,627**	
		(68,930)			**(26,917)**			

Particulars	Cost: As at January 01, 2010	Cost: Addition / (deletion)	Cost: As at December 31, 2010	Accumulated depreciation: As at January 01, 2010	Accumulated depreciation: For the year	Accumulated depreciation: As at December 31, 2010	Book value As at December 31, 2010	Rates (%)
	2010							
	(Rupees)							
Furniture and fixtures	8,091,717	5,080,071	13,171,788	1,535,491	1,302,292	2,837,783	10,334,005	15
Office equipment	3,871,057	2,826,550	6,697,607	698,830	704,209	1,403,039	5,294,568	15
Motor vehicles	23,209,369	3,098,211	23,535,542	4,735,953	3,832,158	7,587,689	15,947,853	20
		(2,772,038)			(980,422)			
Computer equipment	6,511,709	1,425,241	7,873,700	2,159,949	1,509,715	3,657,014	4,216,686	30
		(63,250)			(12,650)			
	41,683,852	12,430,073	51,278,637	9,130,223	7,348,374	15,485,525	35,793,112	
		(2,835,288)			(993,072)			

22.2 Intangible

Particulars	Cost: As at January 01, 2011	Cost: Addition / (deletion)	Cost: As at December 31, 2011	Accumulated amortisation: As at January 01, 2011	Accumulated amortisation: For the year	Accumulated amortisation: As at December 31, 2011	Book value As at December 31, 2011	Rates (%)
	2011							
	(Rupees)							
Computer Software	**14,729,817**	**287,590**	**15,017,407**	**6,393,874**	**1,693,546**	**8,087,420**	**6,929,987**	20

Particulars	Cost: As at January 01, 2010	Cost: Addition	Cost: As at December 31, 2010	Accumulated amortisation: As at January 01, 2010	Accumulated amortisation: For the year	Accumulated amortisation: As at December 31, 2010	Book value As at December 31, 2010	Rates (%)
	2010							
	(Rupees)							
Computer Software	14,164,333	565,484	14,729,817	4,379,683	2,014,191	6,393,874	8,335,943	20

		2011	2010
		(Rupees)	
22.3	**Capital work in progress**		
	Advance to suppliers and contractors in respect of:		
	Equipment	-	799,832
	ERP software	**11,125,673**	8,906,910
		11,125,673	9,706,742
22.4	The depreciation charge for the year has been allocated as follow:		
	Management expenses	**4,891,580**	5,143,862
	General and administrative expenses	**2,096,392**	2,204,512
		6,987,972	7,348,374
22.5	The amortisation charge for the year has been allocated as follow:		
	Management expenses	**1,185,482**	1,409,934
	General and administrative expenses	**508,064**	604,257
		1,693,546	2,014,191

23. PROVISION FOR DOUBTFUL CONTRIBUTION NET OF WAKALA

	2011	2010
Provision for doubtful contribution	**1,219,788**	1,629,286
Less: Reversal of Wakala fee	**191,874**	663,176
	1,027,914	966,110

24. WAKALA FEE

The shareholders of the Company manage the general takaful operations for the participants and charges 35% for motor, 60% for cash withdrawal and 40% for others (2010: charged 30% for motor, Nil for cash withdrawal and 45% for others) of gross contribution written net off administrative surcharge on co-takaful inward as wakala fee against the services.

25. MANAGEMENT EXPENSES

	Note	2011	2010
		(Rupees)	
Salaries, allowances and other benefits	25.1	**47,798,444**	49,701,162
Shariah advisors' fee		**1,397,578**	1,258,740
Consultancy fee		**943,000**	1,074,168
Rent, rates and electricity		**6,775,236**	7,491,966
Communication		**2,159,969**	1,878,149
Printing and stationery		**1,162,316**	887,339
Traveling and entertainment		**1,906,056**	3,821,507
Depreciation	22.4	**4,891,580**	5,143,862
Amortisation	22.5	**1,185,482**	1,409,934
Repairs and maintenance		**3,487,559**	4,921,655
Vehicle running		**3,349,246**	3,339,182
Advertisement and sales promotion		**7,154,940**	6,505,753
Legal and professional charges		**746,875**	714,777
Takaful contribution		**1,746,758**	2,048,722
Training expenses		**189,692**	274,463
Fees and subscription		**123,786**	56,340
Bank charges		**87,202**	112,431
Call center expenses		**76,851**	265,738
Expense on combined policies		-	70,692
Office expenses		**131,389**	145,747
Conference and seminar		**8,400**	223,754
EOBI		**290,080**	282,345
Janitorial services		**199,036**	147,331
Others		**366,094**	897,273
		86,177,569	92,673,030

25.1 Include staff retirements benefits amounting to Rs. 1,554,660/- (2010: Rs. 1,411,346/-).

26. MODARIB'S FEE

The shareholders of the Company manage the participants' investments as a Modarib and charge 40% (2010 : 40%) Modarib's share of the investment income earned by PTF.

27. GENERAL AND ADMINISTRATIVE EXPENSES

	Note	2011	2010
		(Rupees)	
Salaries, allowances and other benefits	27.1	**20,485,048**	21,300,498
Shariah advisors' fee		**598,962**	539,460
Consultancy fee		**-**	460,358
Rent, rates and electricity		**2,903,672**	3,210,843
Communication		**958,637**	918,809
Printing and stationery		**498,135**	380,288
Traveling and entertainment		**816,881**	1,637,789
Depreciation	22.4	**2,096,392**	2,204,512
Amortisation	22.5	**508,064**	604,257
Repairs and maintenance		**1,494,668**	2,109,281
Vehicle running		**1,435,391**	1,431,078
Legal and professional charges		**420,089**	415,483
Takaful contribution		**748,611**	878,024
Training expenses		**81,296**	117,627
Fees and subscription		**53,051**	24,146
Bank charges		**37,372**	48,185
Auditors' remuneration	27.2	**793,301**	762,128
Expense on combined policies		**-**	30,297
Contribution discount		**504,682**	-
Provision for wakala refund		**191,874**	663,176
Office expenses		**56,309**	62,463
Conference and seminar		**3,600**	95,895
EOBI		**124,320**	121,005
Janitorial services		**85,301**	63,142
Others		**156,897**	502,922
		35,052,553	38,581,666

27.1 Include staff retirements benefits amounting to Rs. 666,283/- (2010: Rs. 604,862/-).

27.2 Auditors' remuneration

	2011	2010
	(Rupees)	
Audit fee	**300,000**	300,000
Half yearly review	**160,000**	160,000
Review and other certifications	**235,000**	210,000
Out of pocket expenses	**98,301**	92,128
	793,301	762,128

28. OTHER INCOME / (CHARGES)

	2011	2010
Exchange gain	**9,682**	20,821
(Loss) / gain on disposal of fixed assets	**(12,990)**	162,082
	(3,308)	182,903

29. TAXATION

29.1 The tax assessments of the Company have been finalised up to and including tax year 2011 as the Company has filed tax returns which are deemed assessed in terms of section 120(1) of the Income Tax Ordinance, 2001.

29.2 Tax charge reconciliation

	2011	2010
	%	%
Applicable tax rate	**35.00**	35.00
Effect of amounts that may not be allowable, net of exemptions / rebates	**23.35**	(67.16)
Effect of amounts taxed at a different rate	**(12.26)**	(2.33)
	11.09	(69.49)
Effective tax rate	**23.91**	(34.49)

30. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	2011		**2010**	
	Chief Executive Officer	**Executives**	**Chief Executive Officer**	**Executives**
	(Rupees)			
Managerial remuneration	**-**	**10,016,920**	3,769,275	6,283,830
House rent	**-**	**4,507,614**	1,712,734	2,811,164
Utilities	**-**	**886,112**	373,491	515,822
Medical expenses	**-**	**596,564**	141,446	342,048
Others	**-**	**508,724**	656,648	1,674,594
	-	**16,515,934**	6,653,594	11,627,458
Number of persons	**1**	**11**	1	7

30.1 The Company also provides some of the Executives with free use of Company maintained cars.

30.2 Certain directors have been reimbursed boarding and lodging costs in relation to attending Board meetings of the Company as per Company's policy.

31. RISK MANAGEMENT

31.1 Takaful risk

The PTF issues general takaful contracts which are classified in following segments:

- Fire and property
- Marine, aviation and transport
- Motor
- Miscellaneous

Generally most takaful contracts carry the risk for the period of one year except marine and some contracts of miscellaneous which expire in three months and within one month respectively.

Key management recognises the critical importance of having efficient and effective risk management systems in place. The Board of Directors of the Company supervises the overall risk management approach within the Company. For this, underwriting, claim and retakaful committees are formed to monitor the core business activities. This is further supplemented with a clear organisational structure with documented delegated authorities and responsibilities from the Board to executive management.

The risk under any takaful contract is the possibility of its occurrence and there is an uncertainty of the amount of claim resulting from occurrence of the event. PTF also faces a risk under takaful contracts that the actual claims payments or timing thereof differs from expectations. This is influenced by frequency of claims, severity of claims, actual claim paid and subsequent development of long-term claims. For these general takaful contracts the most significant risks arise from climate changes, natural disasters and other catastrophies.

The PTF's risk exposure is mitigated by employing a comprehensive framework to identify, assess, manage and monitoring of risk. This framework includes implementation of underwriting strategies which aim to ensure the careful selection of takaful contracts and the diversification in terms of portfolio, type and amount of the risk. Adequate retakaful is arranged to mitigate the effect of the potential loss from individual and large or catastrophic events covered under takaful contracts. PTF has also limited its exposure by imposing limits to the maximum risk exposure in a single takaful contract in each class of business.

Further, in order to reduce the risk exposure of the PTF, the Company adopts proactive claim handling procedures and strict claim review policies including active management and prompt pursuing of the claims, regular detailed review of claim handling procedures and frequent investigation of possible false claims.

The PTF's class wise risk exposure (in a single policy) is as follows:

	2011		
	Maximum Gross Risk Exposure	**Maximum Retakaful Cover**	**Highest Net Risk Retention**
		Rupees	
Class			
Fire and property	830,000,000	820,000,000	10,000,000
Marine, aviation and transport	92,326,355	86,326,355	6,000,000
Motor	19,515,086	18,765,086	750,000
Miscellaneous	100,000,000	95,000,000	5,000,000

	2010		
	Maximum Gross Risk Exposure	**Maximum Retakaful Cover**	**Highest Net Risk Retention**
		Rupees	
Class			
Fire and property	600,000,000	590,000,000	10,000,000
Marine, aviation and transport	84,815,043	78,815,043	6,000,000
Motor	12,250,000	11,500,000	750,000
Miscellaneous	100,000,000	98,095,238	1,904,762

Uncertainty in the estimation of future claims payment

Claims on general takaful contracts are payable on a claim occurrence basis. The PTF is liable for all covered events that occur during the term of the takaful contract.

An estimated amount of the claim is recognised at the intimation of incurred claims to the Company. The estimation of the amount is based on management judgment or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims.

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

Key assumptions

The principal assumption underlying the liability estimation of IBNR and contribution deficiency reserve is that the PTF's future claim development will follow current pattern for occurrence and reporting as the Company does not have sufficient historical pattern available. These include assumptions in respect of average loss ratio, expenses of claim settlement and provision for claims incurred but not reported. The management uses judgment to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgment includes external factors e.g. treatment of one-off occurrence claims, changes in market factors and economic conditions. The internal factors such as portfolio mix, policy conditions and claim handling procedures are also considered in this regard.

The net of retakaful loss ratios for each class of business is as follows:

	Net loss ratio 2011 %	Net loss ratio 2010 %
Class		
Fire and property	29.41%	52.70%
Marine, aviation and transport	66.85%	81.89%
Motor	88.25%	109.35%
Miscellaneous	31.35%	29.83%

Sensitivities

The claim liabilities are sensitive to changes in the key assumptions. As the PTF usually does not enter into long term takaful contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, results of sensitivity testing due to the variation in assumptions of average claim cost on gross claim liabilities, net claim liabilities, PTF revenue and equity will be as follows:

	2011				
	Change in assumption	Impact on gross liabilities	Impact on net liabilities	Impact on PTF revenue	Impact on PTF equity
		(Rupees)			
Average claim cost	10% increase	11,093,465	8,167,150	8,167,150	8,167,150

	2010				
	Change in assumption	Impact on gross liabilities	Impact on net liabilities	Impact on PTF revenue	Impact on PTF equity
		(Rupees)			
Average claim cost	10% increase	7,989,247	6,370,665	6,370,665	6,370,665

31.1.1 The following table shows the estimated cumulative incurred claims for each successive accident year at each balance sheet date, together with cumulative payments to date.

Claims development table

Accident year	**2008**	**2009**	**2010**	**2011**
	(Rupees)			
Estimate of ultimate claim cost :				
At the end of accident year	27,197,754	113,227,437	162,400,594	187,397,677
One year later	27,853,073	106,701,790	160,113,370	-
Two years later	26,352,907	101,744,512	-	-
Three years later	26,252,907	-	-	-
Current estimate of cumulative claims	26,252,907	101,744,512	160,113,370	187,397,677
Cumulative payments to date	(26,152,907)	(100,129,119)	(145,616,116)	(92,675,675)
Liability recognised in the balance sheet	100,000	1,615,393	14,497,254	94,722,002

31.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. To guard against the risk, the Company maintains balance of cash and cash equivalent and readily marketable securities. The maturity profile of assets and liabilities are also monitored to ensure adequate liquidity is maintained.

Maturity profile of financial assets and liabilities:

	December 31, 2011						
	Profit Bearing			Non-Profit Bearing			
	Maturity up to one year	Maturity after one year	Sub total	Maturity up to one year	Maturity after one year	Sub total	Total
	(Rupees)						
FINANCIAL ASSETS							
Cash and bank deposits	79,657,160	-	79,657,160	2,160,161	-	2,160,161	81,817,321
Investments	55,927,071	45,639,598	101,566,669	-	29,707,703	29,707,703	131,274,372
Long term security deposits	-	-	-	-	1,045,675	1,045,675	1,045,675
Contribution due but unpaid	-	-	-	80,597,535	-	80,597,535	80,597,535
Retakaful & other recoveries in respect of outstanding claims	-	-	-	29,263,151	-	29,263,151	29,263,151
Accrued investment income	-	-	-	4,924,140	-	4,924,140	4,924,140
Sundry receivables	-	-	-	1,843,797	-	1,843,797	1,843,797
	135,584,231	45,639,598	181,223,829	118,788,784	30,753,378	149,542,162	330,765,991
FINACIAL LIABILTIES							
Provision for outstanding claims	-	-	-	110,934,649	-	110,934,649	110,934,649
Amount due to retakaful operators	-	-	-	33,146,839	-	33,146,839	33,146,839
Accrued expenses	-	-	-	1,012,997	-	1,012,997	1,012,997
Other creditors and accruals	-	-	-	20,707,221	-	20,707,221	20,707,221
	-	-	-	165,801,706	-	165,801,706	165,801,706

Maturity profile of financial assets and liabilities:

	December 31, 2010						
	Profit Bearing			Non-Profit Bearing			
	Maturity up to one year	Maturity after one year	Sub total	Maturity up to one year	Maturity after one year	Sub total	Total
	(Rupees)						
FINANCIAL ASSETS							
Cash and bank deposits	13,143,666	-	13,143,666	1,172,613	-	1,172,613	14,316,279
Investments	-	157,905,303	157,905,303	-	25,858,997	25,858,997	183,764,300
Long term security deposits	-	-	-	-	1,045,675	1,045,675	1,045,675
Contribution due but unpaid	-	-	-	43,471,208	-	43,471,208	43,471,208
Retakaful & other recoveries in respect of outstanding claims	-	-	-	16,185,819	-	16,185,819	16,185,819
Accrued investment income	-	-	-	5,146,272	-	5,146,272	5,146,272
Sundry receivables	-	-	-	2,060,697	-	2,060,697	2,060,697
	13,143,666	157,905,303	171,048,969	68,036,609	26,904,672	94,941,281	265,990,250
FINACIAL LIABILTIES							
Provision for outstanding claims	-	-	-	79,892,470	-	79,892,470	79,892,470
Amount due to retakaful operators	-	-	-	38,043,696	-	38,043,696	38,043,696
Accrued expenses	-	-	-	923,543	-	923,543	923,543
Other creditors and accruals	-	-	-	10,376,615	-	10,376,615	10,376,615
	-	-	-	129,236,324	-	129,236,324	129,236,324

The following table demonstrates the sensitivity to a reasonable change in interest rates, with all other variables held constant, of the Company's profit before tax and equity based upon average balances and rates:

	Increase / Decrease In basis points	Effect on profit before tax	Effect on equity
Decmeber 31, 2011	**100**	**253,461**	**253,461**
	(100)	**(253,461)**	**(253,461)**
Decmeber 31, 2010	100	233,607	233,607
	(100)	(233,607)	(233,607)

31.3 Profit / mark-up / yield rate risk

Profit / mark-up / yield rate risk is the risk of changes in profit / mark-up / yield rates reducing the overall return on mark-up bearing assets. The Company is exposed to profit / mark-up / yield rate risk in respect of bank balances and deposits and held to maturity investments. Effective profit / mark-up / yield rates on such accounts are disclosed in the relevant note.

31.4 Market risk

Market risk is the risk that the value of a financial instrument 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. The Company manages its exposure to such risks by maintaining a diversified portfolio comprising of islamic mutual funds and listed securities.

31.5 Credit risk and concentration of credit risk

Credit risk is the risk, which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company is mainly exposed to credit risk on contribution due but unpaid, amount due from cotakaful, bank balances and retakaful assets. The Company attempts to control credit risk by monitoring credit exposures with counterparties and by continually assessing the credit worthiness of counterparties.

The table below analyses the Company's maximum exposure to credit risk:

	2011	2010
	———(Rupees)	———
Retakaful recoveries against outstanding claims	**29,263,151**	16,185,819
Contribution due but unpaid	**80,597,535**	43,471,208
Bank deposits	**81,126,372**	13,908,679
Investments	**131,274,372**	183,764,300
Accrued investment income	**4,924,140**	5,146,272
Sundry receivables	**1,843,797**	2,060,697
	329,029,367	264,536,975

Genral provision is made for receivables according to the Company's policies. The remaining past due balances were not impaired as they relate to a number of policy holders for whom there is no history of default

	2011	2010
	———(Rupees)	———
upto 1 year	**70,423,689**	39,792,780
1-2 years	**8,451,679**	3,392,162
over 2 years	**4,571,241**	1,915,552
	83,446,609	45,100,494
Past due and impaired	**2,849,074**	1,629,286
Past due and not impaired	**80,597,535**	43,471,208

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

	2011	2010
	(Rupees)	
Rating		
AAA	**-**	699,273
AA+	**244,664**	-
AA	**1,768,046**	306,472
AA-	**4,484,662**	6,973,786
A	**17,551,522**	5,928,596
A-	**57,077,478**	-
BBB+	**-**	551
	81,126,372	13,908,678

An analysis of retakaful assets recognised by the rating of the entity from which it is due is as follows:

Retakaful assets

	2011		
	Amount due from retakaful operators	Retakaful recoveries against outstanding claims	Other Retakaful Assets
		Rupees	
Rating			
A or above	-	23,410,521	18,367,673
BBB	-	5,852,630	4,591,918
	-	29,263,151	22,959,591

Retakaful assets

	2010		
	Amount due from retakaful operators	Retakaful recoveries against outstanding claims	Other Retakaful Assets
		Rupees	
Rating			
A or above	-	12,952,957	13,998,539
BBB	-	3,232,862	3,499,638
	-	16,185,819	17,498,177

Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial assets subject to credit risk other than concentration in banks is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk. The table below analysis the concentration of credit risk by industrial distribution:

	2011 %
Banks	47.09
Beverages	0.40
Chemical	2.49
Construction	2.79
Engineering	0.71
Food	3.35
Hospital	0.70
Individuals	5.61
Oil & Gas	1.19
Others	10.82
Paper	0.19
Pharmaceutical	6.51
Printing & Packages	0.35
Services	6.33
Steel	0.31
Sugar	0.02
Textile	11.14
	100.00

31.6 Foreign Exchange risk

Currency risk is the risk that the value of a financial asset or liability will fluctuate due to changes in foreign currency rates. Foreign exchange risk arises mainly where receivables and payables exist due to transactions in foreign currencies. As the Company had no material assets or liabilities in foreign currencies at the year end, the Company is not materially exposed to foreign exchange risk.

31.7 Capital Management

Capital requirements applicable to the Company are set and regulated by the SECP. These requirements have been put in place to ensure sufficient solvency margins. The Company manages its capital requirement by assessing its capital structure against the required capital level on a regular basis. Currently the Company has a paid-up capital of Rs. 307,800,080/- against the minimum required paid-up capital of Rs. 300,000,000/- set by the SECP for the insurance companies / takaful operators for the year ended 31 December 2011.

31.8 Fair value of financial instruments

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

The fair values of all the financial instruments are estimated to be not significantly different from their carrying values except held to maturity and available for sale investments whose fair values have been disclosed in note 15 to the financial statements.

31.9 Retakaful risk

In order to minimise the financial exposure arising from large claims, the Company, in the normal course of business, enters into agreement with other parties for retakaful purposes. Retakaful ceded does not relieve the PTF from its obligation to takaful contract holders and as a result the PTF remains liable for the portion of outstanding claims covered under retakaful to the extent that retakaful company fails to meet the obligation under the retakaful agreements.

To minimise its exposure to significant losses from retakaful insolvencies, the Company evaluates the financial condition of its retakaful companies and monitors concentration of credit risk arising from similar geographic regions, activities or economic characteristics of retakaful.

32. RELATED PARTIES DISCLOSURES

Related parties comprise of related group companies, associates, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Balances with related parties are disclosed in their relevant notes to the financial statements. Material transactions with related parties, other than remuneration and benefits to directors and key management personnel under the terms of their employment, are given below:

Relationship	Nature of transactions	2011	2010
		——— (Rupees)	———
Major shareholders	Commission paid	**266,049**	547,105
Group companies	Payment made by related parties on behalf of the company	**13,406,002**	15,398,509
	Claims expenses	**2,281,917**	1,196,572
	Contribution paid	**1,229,784**	1,832,660
	Contribution written	**1,784,889**	808,355
	Transfer of advance against future issue of share capital	**2,660,568**	-
Employees provident fund	Contribution paid	**2,350,628**	2,016,208

33. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on April 09, 2012 by the Board of Directors of the Company.

34. GENERAL

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

34.2 Certain figures have been reclassified for a more accurate presentation in these financial statements. However, the figures were not material to be disclosed separately.

Chairman	Chief Executive	Director	Director

PATTERN OF SHAREHOLDING

As at December 31, 2011

Number of shareholders	Shareholdings	Total shares held
3	shareholding from 1 to 100 shares	3
2	shareholding from 501 to 1000 shares	2,000
8	shareholding from 4001 to 4500	32,640
11	shareholding from 5001 to 10000	69,360
4	shareholding from 10001 to 15000	40,800
1	shareholding from 15001 to 20000	16,320
3	shareholding from 20001 to 25000	61,200
4	shareholding from 40001 to 45000	163,202
1	shareholding from 70001 to 75000	73,500
1	shareholding from 115001 to 120000	120,000
3	shareholding from 125001 to 130000	378,000
2	shareholding from 235001 to 240000	480,000
2	shareholding from 240001 to 245000	489,800
1	shareholding from 260001 to 265000	262,500
1	shareholding from 300001 to 305000	302,400
3	shareholding from 475001 to 480000	1,440,000
1	shareholding from 510001 to 515000	513,750
1	shareholding from 565001 to 570000	566,250
1	shareholding from 1085001 to 1090000	1,089,033
1	shareholding from 2345001 to 2350000	2,350,000
2	shareholding from 2495001 to 2500000	5,000,000
1	shareholding from 3073001 to 3078000	3,078,000
1	shareholding from 3250001 to 3255000	3,251,250
1	shareholding from 4995001 to 5000000	5,000,000
1	shareholding from 5995001 to 6000000	6,000,000
60	**Total**	**30,780,008**

1. Categories of shareholders	Shares held	Percentage
1.1 Directors, Chief Executive Officer, and their spouse and minor children.		
1.1.1. Sheikh Ali Bin Abdullah	1,089,033	3.54%
1.1.2. Said Gul & Spouse	1,080,000	3.51%
1.1.3. Zahid H. Awan	40,801	0.13%
1.1.4. Abdul Basit Al-Shaibei	1	0.00%
1.2 Associated Companies, undertakings and related parties.		
a) Qatar National Bank	5,000,000	16.24%
b) Masraf Al-Rayan	6,000,000	19.49%
1.3 NIT and ICP	-	0.00%
1.4 Banks, Development Financial Institutions, Non Banking Financial Institutions.		
1.4.1. Qatar National Bank	5,000,000	16.24%
1.4.2. Masraf Al-Rayan	6,000,000	19.49%
1.4.3. Qatar Islamic Bank	2,500,000	8.12%
1.4.4. Qatar International Islamic Bank	2,500,000	8.12%
1.4.5. Amwal QSC	2,350,000	7.63%
1.4.6. Doha Bank	302,400	0.98%
1.5 Insurance Companies		
1.5.1. Qatar Islamic Insurance Co.	3,251,250	10.56%
1.6 Modarabas and Mutual Funds	-	0.00%
1.7 Share holders holding 10%		
1.7.1. Qatar Islamic Insurance Co.	3,251,250	10.56%
1.7.2. Fawad Yusuf Securities (Pvt.) Ltd.	3,078,000	10.00%
1.7.3. Qatar National Bank	5,000,000	16.24%
1.7.4. Masraf Al-Rayan	6,000,000	19.49%
1.8 General Public		
a. Local	2,002	0.00%
b. Foreign	3,586,521	11.65%
1.9 Others (to be specified)	-	-

PROXY FORM

The Company Secretary
Pak-Qatar General Takaful Limited
Suite # 402-404, Business Arcade
Sharea Faisal, Karachi-75400
Pakistan

I / We ____of ____________________________ being the member(s) of **Pak-Qatar General Takaful Limited** and holder of _______________________ ordinary shares as per share register **Folio No.** _________________ appoint ____ of _________________________ or failing him/her ____ of _________________________ as my/our proxy to vote and act for me/us on my/our behalf at the **6th Annual General Meeting** of **Pak-Qatar General Takaful Limited** to be held on 30 April 2012 and at any adjournment thereof.

Signed this _____________ day of April 2012

(Witnesses)

1. _________________________________*(Signature)*

_________________________________*(Name)*

_________________________________*(Address)*

_________________________________*(CNIC / Passport No.)*

Please affix Rupees five revenue stamp

Signature of member(s)

2. _________________________________ *(Signature)*

_________________________________*(Name)*

_________________________________*(Address)*

_________________________________*(CNIC / Passport No.)*

Notes: Proxies in order to be effective must be received by the company not less than 48 hours before the meeting.

PAK-QATAR GENERAL TAKAFUL LIMITED

402-403, Business Arcade, Plot # 27A, Block 6
P.E.C.H.S, Sharea Faisal, Karachi 75400

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PAK-QATAR GENERAL TAKAFUL
Together we Protect