



PAK-QATAR GENERAL TAKAFUL
Together we Protect



ANNUAL REPORT 2016

THE HIGHEST IFS* RATED

"GENERAL TAKAFUL COMPANY"

OF PAKISTAN BY LOCAL RATING AGENCIES.

*INSURER FINANCIAL STRENGTH

"A"

with Stable Outlook
by PACRA

"A-"

with Stable Outlook
by JCR-VIS

OUR RESOURCES, EXPERIENCE &
KNOWLEDGE TO CATER TO ALL
YOUR TAKAFUL NEEDS

DEDICATED TAKAFUL
COMPANY

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Introduction

Pak-Qatar General Takaful Limited is one of the leading General Takaful Companies in Pakistan, being established in 2006 and commenced operations in 2007. Since inception, by the grace of Allah, we have gone from strength to strength, with a current credit rating of 'A-' (Single A Minus) with 'Stable' Outlook by the JCR-VIS Credit Rating Company Limited and "A" (Single A) with Stable Outlook by PACRA, and have created a name for not only ourselves but also for the concepts of Takaful as a Shariah compliant risk-mitigation mechanism, an alternative to conventional insurance.

Pak-Qatar General Takaful Limited is chaired by H.E. Sheikh Ali bin Abdullah Al-Thani, a member of Qatar's Royal Family, and sponsored by some of the strongest financial institutions from the State of Qatar, including Qatar Islamic Insurance Company, Qatar International Islamic Bank, Masraf Al-Rayan and from Pakistan, Fawad Yusuf Securities (Private) Limited.

We are registered and supervised by the Securities and Exchange Commission of Pakistan with the paid-up capital of the Company standing today at more than Rs. 471.3 million. In such a short span, financial indicators point towards good performance far into the future.

Pak-Qatar General Takaful Limited, by adhering to only the best practices set down in the Islamic Shariah and Pakistani law, is engaged in providing need-based, practical and profitable financial services to its members and participants throughout the nation. We have branches in 08 major cities in Pakistan, and are looking to broaden our outreach in the near future. With hundreds of employees being constantly trained, guided and inspired towards excellence, we are committed to community-development through providing accessible and prudent financial services as well as employment, in a way that complies with the codes of professional and ethical conduct, being in complete accordance with Islamic principles.

Vision Statement

Providing financial protection through Takaful, to everyone.

Mission Statement

Promote Takaful amongst the masses, encompassing education and awareness, and present an image that is consistent with our ideological values.

Adhere to the 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.

TIMELINE

2007

Started our first year of operations after receiving a Certificate of Registration. With paid-up capital worth Rs. 307.8 million, we begin our journey with the revolutionary Penta Takaful Business system.

2008

In our first full year of business, we posted a gross contribution of Rs. 86.4 million, supported an expansion to 5 cities across Pakistan and a record-breaking live implementation of Penta Takaful within just 8 months.

2009

We escalated our efforts and reaped the results in the form of 100 percent growth in Gross Contribution, reaching to just over Rs. 171 million.

2010

We emerge as the first Takaful operator to implement ERP software such as SAP, and bolster our presence to 8 cities across the country, all the while heralding a BBB+ with stable outlook credit rating from JCR-VIS.

2011

As we entered into the Banca Takaful agreements, the year saw us bring in substantial gains with an after tax profit in SHF of Rs 8.5 million.

2012

We launched Health Takaful products while strengthening our core with an increase of paid-up-capital to Rs. 337.4 million and the resulting after tax profit of Rs. 18.7 million in SHF.

2013

Our gross contribution nearly doubled, reaching Rs. 1 billion whilst our paid-up capital rises to Rs. 40 million. As a result, we achieved an after tax profit in SHF of Rs. 33.2 million and improve our ranking to A- (A minus) with stable outlook at JCR-VIS.

2014

During the year, Company's financial strength rating has been reaffirmed by JCR-VIS Credit Rating Company Limited at 'A-' (Single A Minus) with Positive Outlook.

Consistent performance is witnessed by achieving Rs 01 billion Gross Contribution whilst our paid-up capital rises to 432.7 million. As a result, Pakistan Credit Rating Agency Limited (PACRA) has assigned rating of "A" (Single A) with Stable Outlook subsequent to year end.

2015

The year under review was a year of remarkable achievement in terms of surplus results in PTF. It's a great pleasure to declare that the participant Takaful Fund has shown a surplus of Rs. 15 million whilst the Shareholder Fund has shown 7.7 million profit before tax.

Both the rating agencies of Pakistan, JCR-VIS Credit Rating Company Limited and Pakistan Credit Rating Agency Limited (PACRA) has reaffirmed the Company's financial strength rating at 'A-' with stable outlook and 'A' with stable outlook respectively.

2016

Despite elimination of exposure in health segment coupled with cut throat competition in market due to advent of Window Takaful by Conventional insurers our company maintained business positioning in Non-health segment & posted profit in both the funds.

Further, Company's financial strength rating has been reaffirmed by JCR-VIS Credit Rating Company Limited & Pakistan Credit Rating Company Limited (PACRA) at 'A-' & 'A' with stable outlook respectively

PRODUCT INFORMATION



Fire & Property Takaful

Fire Takaful policy provides compensation to the participant 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 & Lightning
- Domestic Explosion
- Riot and Strike
- Malicious Damage
- Standard Explosion
- Atmospheric Disturbance

Motor Takaful

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 special features of our product include:

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



Engineering Takaful

The world of engineering involves a lot of uncontrollable 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 major covers include Erection All Risk (EAR), Machine Breakdown (MB), and Electronic Equipment Takaful (EET).

Marine Takaful

Our Marine Takaful products cater to the needs of business such as traders, shipping agents, courier services, and transport related companies. 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 (It include:
 1. All Risks as per Institute Cargo Clause 'A'
 2. Institute Cargo Clause 'B'
 3. Institute Cargo Clause 'C'

- Marine Inland Transit

These policies have been designed for damage to the cargo during domestic transit, whether by Road/Rail or by Air.



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. Money, Fidelity Guarantee and Personal Accident Takaful, Health and Liability 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

Money Takaful assures security by providing coverage with respect to:

- i. Cash in Safe ii. Cash in Transit: iii. Cash on Counter:

Fidelity Guarantee Takaful

This policy is designed to avoid misappropriation and embezzlement risk committed by permanent employees during the course of business.

Personal Accident Takaful

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

Liability Takaful

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. Our coverages includes,

- Premises Liability (Third Party/ Public Liability) Takaful
- Products Liability Takaful • Employer's Liability Takaful

CORPORATE INFORMATION

Board of Directors

H. E. Sheikh Ali Bin Abdullah Al-Thani	Chairman
Said Gul	Managing Director
Abdul Basit Ahmed Al-Shaibei	Director
Ali Ibrahim Al Abdul Ghani	Director
Owais Ahmed Yusuf	Director
Zahid Hussain Awan	Director
Abdullah	Director

Executive Committee

Said Gul	Chairman
Ali Ibrahim Al Abdul Ghani	Member
Zahid Hussain Awan	Member
M. Kamran Saleem	Secretary

Audit Committee

Ali Ibrahim Al Abdul Ghani	Chairman
Said Gul	Member
Abdul Basit Ahmed Al-Shaibei	Member
Muneeb Afzal Lone	Secretary

Investment Committee

Zahid Hussain Awan	Chairman
Owais Ahmad Yusuf	Member
Abdul Basit Ahmed Al-Shaibei	Member
M. Kamran Saleem	Member & Secretary

Ethics, Human Resources & Remuneration Committee

Said Gul	Chairman
Ali Ibrahim Al Abdul Ghani	Member
Zahid Hussain Awan	Member
M. Kamran Saleem	Secretary

Nomination Committee

Abdul Basit Ahmed Al-Shaibei	Chairman
Said Gul	Member
Ali Ibrahim Al Abdul Ghani	Member
M. Kamran Saleem	Secretary

Shariah Board

Mufti Muhammad Taqi Usmani	Chairman
Mufti Shakir Siddiqui	Member
Mufti Ismatullah	Member

Chief Executive Officer

Zahid Hussain Awan

Chief Financial Officer, Company Secretary & Head of Legal

Muhammad Kamran Saleem

Head of Internal Audit

Muneeb Afzal Lone

Statutory Auditors & External Shariah Compliance Auditor

E Y Ford Rhodes, Chartered Accountants

Shariah Advisor

Mufti Shakir Siddiqui

Shariah Compliance Officer

Mufti Muhammad Awais Naeem

Legal advisor

KMS Law Associates

Tax advisors

E Y Ford Rhodes
Chartered Accountants

Rating Agency

JCR-VIS Credit Rating Company Limited
The Pakistan Credit Rating Agency Limited

Bankers

Al Baraka Bank (Pakistan) Limited
Bank Al Habib Limited
Bank Alfalah Limited
Bank Islami Pakistan Limited
Burj Bank Limited
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Metropolitan Bank Limited

Habib Bank Limited
MCB Bank Limited
Meezan Bank Limited
Soneri Bank Limited
Silk Bank Limited
Standard Chartered Bank (Pakistan) Limited
United Bank Limited

ReTakaful Operators

Labuan Reinsurance
Emirates Retakaful
Saudi Reinsurance
African Retakaful

ReTakaful Broker

AON BENEFIELD ASIA PTE LTD

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Sharea Faisal, Karachi, Pakistan
Phone: + 92 21 34380357-61
Fax: +92 21 34386453
Email: generaltakaful@pakqatar.com.pk
Web: www.pakqatar.com.pk

Branch Offices in:

Faisalabad
Gujranwala
Islamabad

Karachi
Lahore
Multan

Peshawar
Sialkot

Management Committee

Zahid Hussain Awan
Saqib Zeeshan
M. Kamran Saleem

Altaf Ahmed Siddiqi
Muneeb Afzal Lone
Saifuddin Shaikh
Muhammad Umair
Mufti Muhammad Awais Naeem

Chief Executive Officer
DECO & Head of Sales
Chief Financial Officer, Company Secretary and
Head of Legal
Head of Operations
Head of Internal Audit
Head of Admin & Procurement
Head of IT&S
Shariah Compliance Officer

Underwriting Committee

Said Gul
Altaf Ahmed Siddiqi
Asadullah Khan
Shahzad M Khan Ghilzai
Muhammad Saleem

Chairman
Member & Secretary
Member
Member
Member

Retakaful Committee

Said Gul
Altaf Ahmed Siddiqi
Ms. Rabia Bina Sheikh
Muhammad Saleem

Chairman
Member
Member & Secretary
Member

Claim Committee

Zahid Hussain Awan
Saqib Zeeshan
M. Kamran Saleem
Rashid Shah Khan
Jehanzaib Ahmed

Chairman
Member
Member
Member & Secretary
Member

Risk Management & Compliance Committee

Zahid Hussain Awan
Saqib Zeeshan
M. Kamran Saleem
Altaf Ahmed Siddiqi
Muneeb Afzal Lone
Saifuddin Shaikh
Shahzad M Khan Ghilzai
Muhammad Shakir Siddiqui
Asadullah Khan
Jehanzaib Ahmed

Chairman
Member
Member
Member
Member
Member
Member
Member
Member
Member & Secretary

DIRECTORS' REPORT

DEAR SHAREHOLDERS,

The Board of Directors of Pak-Qatar General Takaful Limited (hereinafter referred to as "the Company" or "PQGTL") is pleased to present its Eleventh Annual Report containing audited financial statements of the Company together with auditors' reports thereon, for the year ended December 31, 2016.

I. OVERVIEW OF THE ECONOMY

The world economy continued on its slow growth pattern, with the fall in oil prices failing to jump-start global economic activity in a meaningful way. In FY16, the U.S. economy witnessed the end of a prolonged and extraordinary era of monetary easing. Economic activity in the US continued to expand at a modest stride. Global growth is projected to rise to 2.7 percent in 2017. Growth in Emerging Market and Developing Economies (EMDEs) is expected to pick up in 2017. Downside risks to global growth include increasing policy uncertainty in major advanced economies and some EMDEs, financial market disruptions, and weakening potential growth.

Pakistan's economy maintained its momentum towards a higher growth trajectory in FY16. The economy of Pakistan grew at 4.7 percent in FY16, well above the 4.0 percent growth realized last year. An enabling policy environment was one of the major key factors. Higher infrastructure spending by the government and decades' low interest rates provided a boost to domestic demand; and easing in the energy supply situation addressed a key bottleneck holding back industrial performance. An improvement in the security situation supplemented these policy measures.

Pakistan has entered into new era of equity trading after merger of all the three stock exchanges i.e. Karachi Stock Exchange, Lahore Stock Exchange and Islamabad Stock Exchange into a single Pakistan Stock Exchange (PSX) during current fiscal year. The capital market reaching historical levels is another sign of investor's interest in Pakistan's economy. Many companies of the world are interested for investment in Pakistan, particularly in power, energy, oil and gas, automobiles and textile sector.

The construction of the China-Pakistan Economic Corridor (CPEC) is a milestone that at its core is a large-scale initiative to build energy, highway, and port infrastructure to deepen economic connections between China and Pakistan. Nevertheless, CPEC is facing some security & political challenges, the CPEC is now moving into the implementation phase. Smooth progress on CPEC related projects will ease infrastructure and energy constraints, and also create demand for industrial output. Economic activity would also benefit from pro-growth policies. The government foresees a GDP growth of 5.7 percent for FY17, a sizeable 100 bps rise from the 4.7 percent growth realized in FY16. With an improved macroeconomic environment, better energy supplies, and subsiding security concerns, business sentiments are optimistic.

2. INDUSTRY REVIEW

The Islamic financial services industry viz. Islamic banking, Takaful (Islamic insurance) and the Islamic capital market has become an increasingly substantial segment within the global financial market. It has also gained considerable interest as a feasible and effective alternative model of financial intermediation. The Islamic Financial Services industry has flourished due to the demand for investing according to Shariah principles at a global level. Islamic banking and Takaful will grow at a faster pace with the support of an Islamic capital market. Islamic financial products appeal to those looking for ethical investments, as these products comply with strict Shariah guidelines that have religious foundations. The Takaful industry has continuously displayed strong growth in recent times with many of the key markets exhibiting up to double-digit growth. Saudi Arabia and Malaysia (two

biggest markets) have considerably higher populations and gross written contributions (GWC) per operator. The GCC market contributes more than 62 percent of the world's gross Takaful premiums. It is estimated that the global Takaful business will reach USD 20 billion by year 2017.

Unawareness, misconceptions amongst the masses and literacy ratio about the benefit of Takaful is the prime reason for the slow growth of Takaful industry in Pakistan. Lack of qualified people, training programs, & alternate distribution channels are other reasons for the industry's slow growth. To make sure that challenges are overcome and opportunities are tapped, takaful operators have to play their distinctive roles in unity. Takaful's ideological cause should not be compromised for short-term gains. With the advent of technology, innovative products and above all, customer focused service are key variables for the takaful operators for step towards progress.

The role of Regulator is of utmost importance for the promotion of Takaful, creating awareness and taking initiatives such as conducting seminars, conferences, roadshows across Pakistan can be helpful steps to encourage the masses to opt for Shariah compliant risk mitigation tools. The regulatory institutions in Pakistan are taking concrete measures to create a supportive regulatory environment for Takaful. The apex regulator - Securities and Exchange Commission of Pakistan (SECP), has already granted Takaful Window license to few conventional insurers. It is expected that there will be more Takaful window operators in the market soon, leading to increase in competition in the market resultantly contributing to penetration of Takaful in the industry

3. BUSINESS CHALLENGES AHEAD

There is no doubt about the massive potential and untapped market for Takaful industry but lack of qualified and competent staff pose a great challenge to the Operators as the young staff is not fully equipped with the dynamics of the Takaful industry. Although, few institutions are offering relevant courses but many are still hesitant and are in the phase of conducting short courses, degree programs for future graduates for the progress of Takaful industry. The major challenge is to create awareness amongst the masses through different mediums namely print & electronic. With the advancement in technology, the

dissemination of information is quite easy if compared with previous years.

Takaful providers must focus on offering innovative products for the competitive market and that too, with a high level of customer service. They must understand growing customer and market-specific needs and re-engineer product design and consumer benefit besides expanding customer reach through various distribution channels. Also, there is a global need for Retakaful operators with strong financial strength to support the growth and expansion of Takaful. Last but not the least, adoption of better marketing strategies and aligning of IT with business strategy will add value to organizational performance & governance.

4. FUTURE OUTLOOK

A rise in the demand for Takaful is being predicted by market observers, as the population of Islamic countries becomes financially more sophisticated and more determined to invest in Shariah compliant products. Moreover, due to the ethical nature of the products, Takaful is becoming attractive to both Muslims and non-Muslims. The Global Takaful Industry is small in comparison to the Conventional Insurance counterpart. Therefore, the market needs to gain worldwide brand recognition and exceed performance standard set by the Conventional Insurance Industry. It is noteworthy that Takaful operators are increasingly starting to realize that the ethical guidelines and transparency of their products are creating appeal to both the Muslims and more importantly the non-Muslims communities. The Takaful Industry is fast evolving and entering a stable development phase.

5. STRATEGIC ACHIEVEMENTS OF YOUR COMPANY IN 2016

Our commitment to high service quality & standards, rigorous efforts and farsighted decisions in manifold areas has enabled us to sustain our performance and business positioning, in spite of decline in contribution rates due to market pressure, and rising competition due to window takaful operations by leading conventional insurers. Pak Qatar general Takaful Limited (PQGTL) reinforced business relations with existing clients

and channel partners which include some of the top Islamic Financial institutions of Pakistan. Through concentrated efforts, company maintained business stability with better business mix and continue to reaffirm Bank limits with some expansion. The Re-takaful partners of PQGTL have reinforced their trust in our business strategy and provided us treaty capacity for the year 2017 with some expansion in limits. Further, JCR-VIS & PACRA have reaffirmed Company's financial strength credit rating at 'A-' with stable outlook and 'A' with stable outlook respectively. In the year 2016, Company followed

balanced strategy for market penetration with innovation and creativity tagged with rational products that provide genuine benefit to the end customer and strengthen the faith of customer on Takaful. Our business development Strategy will remain our prime focus and efforts for the strategic alliances have been initiated that will InshaAllah yield the desired results during 2017 by the grace of Allah Almighty. Our dedication to Shariah compliance remains our crown for successful delivery of Takaful services for our participants and strategic partners.

6. YOUR COMPANY'S PERFORMANCE

The following are the financial highlights of the company:

	2016 Rupees	2015 Rupees
Participants' Takaful Fund (PTF):		
Net Contribution Revenue	217,848,532	373,517,680
Net Claims including IBNR	(249,205,542)	(409,053,939)
	<u>(31,357,010)</u>	<u>(35,536,259)</u>
Contribution deficiency (expense)/reversal	(434,722)	9,666,102
Direct Expenses	(1,045,295)	(2,060,191)
Retakaful Rebate	40,913,434	34,503,421
Underwriting results before Investment Income	8,076,407	6,573,073
Investment Income net-off modarib share	1,211,905	8,576,839
Provision for doubtful contribution net-off wakala	(4,501,101)	(53,347)
Surplus transferred to PTF's equity	<u>4,787,211</u>	<u>15,096,565</u>
Shareholders' Fund (SHF):		
Wakala Income	256,123,900	276,834,327
Commission Expense	(44,383,675)	(43,931,348)
Management Expenses	(161,877,427)	(179,346,218)
Operating profit	<u>49,826,798</u>	<u>53,556,761</u>
Modarib Share of PTF Investment Income	807,939	5,717,899
Investment Income	21,963,437	20,879,622
General & Administrative Expenses	(71,033,965)	(75,566,237)
Other Income	<u>2,199,294</u>	<u>3,198,058</u>
Profit before Taxation	3,799,503	7,786,103
Provision for Taxation – current	(2,569,318)	(3,547,364)
– prior	-	(2,987,453)
– deferred	784,333	1,590,099
Profit after Taxation	<u>2,014,518</u>	<u>2,841,385</u>

6.1 - THE OVERALL PERFORMANCE REVIEW

Your Company, completing its ninth full year of operations, has achieved sizable growth in Gross Contribution Written (GPW); though market share is very low in the overall general insurance pie of the country. Traditionally, general insurance market in the country is captured by strong conventional companies operating for couple of decades. The competition has stiffened for dedicated takaful operators with the advent of Window takaful by large conventional insurers, coupled with large conventional players have already been holding lion's share of insurance industry since many decades. The management has made concerted efforts to establish PQGTL's business positioning which will continue in the wake of intensive competition.

Keeping in view the market factors and decline in contribution rates pushing competition to cut throat level for small dedicated takaful companies, the company restricted its contribution base and adopted a strategy to target positive bottom line rather than focusing on aggressive growth targets. Last year, company devised a strategy to curtail its exposure in health segment owing to its higher loss ratio, which remained intact in year 2016 with the complete elimination of exposure in health segment, and further apprised with gradual penetration into non-motor avenues. Prudent approach was emphasized both in underwriting, and investments that contributed in improvement of results.

This was further supplemented by cost saving measures to ensure execution of the work programme is viable in current price and business scenario. Cost efficiencies were achieved mainly as a result of effective use of in house resources, Information Technology utilization enhancement, reducing Operational expenditure at Head office & branches including optimization of head count. The Company has shown positive result for the year under review that continues to maintain its business positioning and lead position as dedicated takaful company. The participant Takaful Fund has shown a surplus of Rs. 4.7 million whilst the Shareholder Fund has shown 3.7 million profit before tax and 2 million profit after tax. Takaful Rules, 2012 require that, in case of deficit in PTF, such deficit shall be funded by way of actual transfer of funds as

Qard-e-Hasna (interest free loan) from SHF to PTF. Takaful rules further state that, in the event of surplus in PTF, Qard-e-Hasna shall be repaid to SHF prior to distribution of surplus to Participants. Accumulated deficit has been appearing in PTF's equity resulting from prior years' losses. In compliance with the requirement, SHF equity represents Qard-e-Hasna of Rs 127.9 million receivable from PTF as at year ended 2016.

To keep our business on the cutting edge, serve our customers in the way they require and to maximize returns for our esteemed shareholders; we always have in our mind that 'there is always room for improvement' and this enthuse us to brainstorm & work harder that 'how can we further improve?'. In a changing & competitive business environment, future strategy will continue to attain sustainable growth & profits with optimization of overhead cost. Market & customer segments where we have better proposition and competitive edge will remain our prime focus for business growth.

With a firm faith on blessings of Almighty Allah, continued support from sponsors and concerted efforts of our executive management and other team members in a right direction to establish PQGTL's business positioning, we will see our overall business performance & quality to levels higher than ever before.

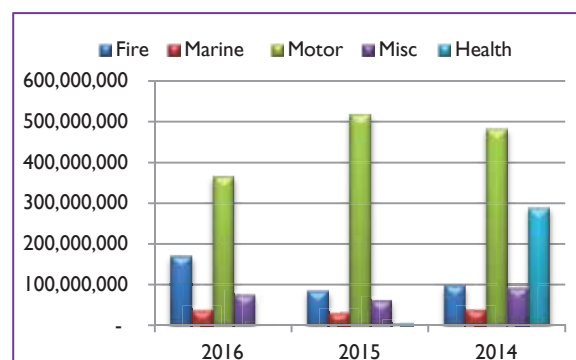
6.2 - GROSS CONTRIBUTION WRITTEN

The Company reviews its business strategy and segment performance on periodic basis. The Company endeavours to keep a balanced and profitable portfolio mix. As a result, portfolio of PQGTL sheds off some loss making clients in each segment. It strives hard to focus at all classes instead of increasing its volume of business in any particular class. Last year, company based on analysis of past years segment reporting, observed that underwriting results of health segment is producing deficit which is ailing to other cash cow segments; consequently strategy of curtailment in health segment was witnessed in year 2015 & 2016.

Below table depicts year to year picture that company's business growth was dominated by health segment in the year 2014 and likewise was

the case in year 2013; and in line with the strategy, decrease in business volume in year 2015 & 2016 is also mainly due to curtailment in health segment. Whereas, non-health segment showed stable performance with better business mix and envisages significant growth in non-motor portfolio in year 2016, regardless of the highly competitive business conditions including downwards pressure on pricing and advent of window takaful by strong conventional market leaders. Current year, motor segment continued to be a major contributor to the overall business volume, while non-motor segments showed an overall increasing proportion by 59% since last year on account of increasing contribution in fire & miscellaneous class. Going forward, company will emphasize on bottom

centric approach to continue and improve profitability with a gradual growth of top line targets having more focus on fire, marine & miscellaneous.



Business Portfolio Analysis

Non-Health segment

Fire

Marine

Motor

Misc

Sub Total

Health segment

Sub Total

Grand Total

2016

2015

2014

----- Rupees -----

170,996,901	86,065,536	97,054,708
38,253,233	31,636,602	38,792,956
366,529,858	518,017,018	484,261,333
76,959,119	61,587,390	92,568,046
652,736,111	697,306,546	712,677,043
-	4,402,827	289,725,102
652,736,111	701,709,373	1,002,402,145

6.3 - CLAIMS & IBNR

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. 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, detailed review of claim handling procedures and investigation of possible false claims.

During the year under review, the method of estimation of IBNR has been changed in accordance with SECP Circular no. 9 of 2016. IBNR claim has been estimated using advice of actuary.

The significance of new estimation is the use of Chain Ladder (CL) methodology, which involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) to represent the extent of future development of claims to reach their expected ultimate level.

As per below table, PQGTL claims expense net off re-takaful for the year 2016 is Rs 253.5 million as compared to 412.7 million in 2015. This is mainly on account of decrease in health claims in consequent to decrease in health portfolio and further supplemented by decrease in motor claims. Gross claims shows significant increase on account of an old claim in fire class previously closed as no loss which has been reinstated during the year due to litigation and occurrence of one of large claim in engineering class in current year; whereas there

net-off retakaful effect in net claims expense is not material due to less retention of risk with the company and consequent high retakaful recovery.

The management is committed to establish strong controls by implementing effective risk management and efficient claim settlement policies.

Class of Business	Gross Claims	Re-takaful recovery	2016	2015
			Net Claims	Net Claims
		----- Rupees -----		
Fire	54,803,019	51,948,903	2,854,116	1,929,479
Marine	5,612,090	3,066,607	2,545,483	9,357,573
Motor	216,489,108	13,532,617	202,956,491	252,033,316
Health	24,309,747	-	24,309,747	135,096,779
Misc	82,622,407	61,782,702	20,839,705	14,316,479
	383,836,371	130,330,829	253,505,542	412,733,626

6.4 - INVESTMENT INCOME

Investments are aimed to achieve maximum income with limited Shariah compliant mode of investments available in Pakistan. Fund wise analysis is given below:

	2016	2015
SHF	21,963,437	20,879,622
PTF	2,019,844	14,294,738
	23,983,281	35,174,360

Investment income mainly generated from sources including return on bank deposits, return on sukus and capital gains on mutual funds. The management follows a conservative stance (high liquid and low risk) for its investment books. Hence, stable, though relatively low, investment income supplements profit. The decrease in profit rates has also affected the income as significant funds have been invested in bank deposits and sukus.

The market value of investments as at year end is higher than its carrying value; particularly investment in mutual funds has positive difference of 13.8 million. Considering the stock market positive growth and aiming the higher capital gains in the longer holding period, units in mutual funds were not sold to realize existing positive difference. Had these gains been realized through sale, the investment income would have been higher by 13.8

million and would have surpass the last year total investment income, and resultantly would also increase the profit before tax for the year by same amount.

6.5 - EARNING PER SHARE

The basic and diluted earnings per share of the SHF were Rs. 0.06 (2015: Rs. 0.06) per ordinary share of Rs. 10/- each.

6.6 - FUND WISE REPORTING

As required by the Takaful Rules, 2012, annexed financial statements reflect the financial position and results of operations of both SHF and PTF in manner that the assets, liabilities, income and expenses remain separately identifiable. Further, compliance with requirement of Qard-e-hasna has also been observed.

6.7 - CREDIT RATING

Both the rating agencies of Pakistan, JCR-VIS Credit Rating Company Limited and Pakistan Credit Rating Agency Limited (PACRA) have reaffirmed the Company's financial strength rating at 'A-' with stable outlook and 'A' with stable outlook respectively.

6.8 - RELATED PARTY TRANSACTIONS

At board meeting, the Board of Directors approves

Company's transactions with Associated Companies/Related parties. All transactions executed with related parties are on arm's length basis. Accordingly, transactions pertaining to sharing of administrative expense are carried at actual cost, sales/purchase of investments are carried out at fair value and transactions related to claims or contribution were carried out at commercial terms.

6.9 - SHARE CAPITAL

Currently, Company has paid-up capital of Rs. 471.3 million against the minimum required paid-up capital of Rs. 400 million for the year ended December 31, 2016. We would apprise our respected members & sponsors that the Securities & Exchange Commission of Pakistan through S.R.O 828(I)/2015 has enhanced minimum paid-up capital to Rs 500 million for the non-life insurance companies/ takaful operators for the year ending December 31, 2017. We are confident that with the support of our members, compliance with said directive will be observed in due time.

7. HUMAN RESOURCES DEPARTMENT

During the year 2016, Human Resources focused on strengthening our organizational development area as this holds the key to maintain a strong, performance-oriented culture in an industry that needs significant investment in developing quality human talent. A substantial change was made to the performance management function where the company moved toward a conversation framework intended to make the process more meaningful and less time consuming. Further, an employee recognition program was launched to award high performers.

Our recruitment strategy at the initial levels continues to induct fresh talent from renowned institutions of learning to foster new ideas and perspectives and molding this talent based on the company's core values. We feel this is the most effective strategy to overcome a dearth of suitably qualified and industry ready professionals. However, the importance of maintaining a good mix of employees with various levels of experience is not overlooked.

We made a significant investment in targeted employee development initiatives with a number of

employees being supported toward acquiring professional certifications and memberships in globally recognized institutions of learning. Thus, a learning and development environment is promoted and supported through appropriate policy. Future plans include work on a flatter, more responsive organizational hierarchy along with a title structure.

8. INFORMATION TECHNOLOGY

The company has a separate Information Technology (IT) wing to control and monitor all related functions especially in relation to back up policy for seamless business continuity. IT Policy and procedures have been revamped and implemented. The policy forms the operating guidelines for securing the Company's IT resources and also reduces Company's exposure to information practices that may compromise data availability, confidentiality and integrity. IT has also established a new state of the art Data Center equipped with precision cooling, biometric access control, advanced fire detection and suppression system, uninterrupted power sources to host critical business systems and IT services, such as ERP. IT/MIS department has further enhanced information security management and also focused on Android based smart phone apps to provide information at the touch of a button on the smart phone.

After successful migration of the business segments to in-house Takaful Information Management System (TIMS), the TIMS development started following the TIMS fit-gap analysis. During the year the company also completed its mail server migration from IBM Lotus Notes to Zimbra. Along with its operational efficiency, the new server carries with it some unique features i.e. the Ztalk chat room with video sessions, Mobile and Briefcase connectivity. The Company's plan of investment in technology is not only to maintain a competitive edge, keep upto date with rapid development of technology and changing nature of process but also to offer state of the art service to our customers and understand their need. Other initiatives would include optimization of data center to Tier-2 standards, improve network and network security by deploying state of the art firewall, enhance email security by deploying firewalls and enhance MIS to improve controls over the operations, use of business intelligence tool for better decision making,

meeting business challenges & changing business environment.

The management aims to see your company as one of the most IT enabled companies in the industry, where with the help of its IT wing each department could bring innovation to their operating methods, informed decision making at each level of company's hierarchy and to facilitate our prime stakeholders i.e. our policyholder with the customer service that could be regarded as an industry benchmark.

9. COMPLIANCE WITH THE REVISED CODE OF CORPORATE GOVERNANCE

The Securities and Exchange Commission of Pakistan through S.R.O 1045(I)/2016 dated November 09, 2016 issued the revised Code of Corporate Governance (the code) and the provisions of said code has applicability as per the Schedule of Applicability given in annexure III thereof. Clause lxxxi of the code states, where the SECP is satisfied in any particular case that it is not practicable to comply with any of the best practices of the code then SECP may relax the same as it may deem fit. Accordingly, the requirements of the Code of Corporate Governance have been complied with. The statement of compliance with the code is annexed with the report.

10. CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- 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 2016, and accounting estimates are based on reasonable and prudent judgment.
- The International Accounting Standards, International Financial Reporting Standards or any other regulation or law (including but not limited to the Shariah guidelines / principles) as applicable in Pakistan, have been followed in preparation of financial statements, and any departure there from has been adequately

disclosed.e) 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, except as otherwise disclosed the said statement.
- The key operating and financial data for the last six years is attached.
- The value of investments of provident fund based on unaudited accounts as at 31 December 2016 was Rs.21,942,754/-
- The pattern of shareholdings of the company is attached.
- No trading in shares has been made by the Directors, Chief Executive Officer, Chief Financial Officer & Company Secretary, their spouses and minor children, except for net disposal of 1,069,749 shares by Mr Said Gul & spouse.

11. KEY OPERATING & FINANCIAL DATA AND PATTERN OF SHAREHOLDINGS

The key operating and financial data for the last six years and the pattern of shareholdings of the company is attached.

12. BOARD OF DIRECTORS MEETINGS

The Directors of your Company were elected at the Annual General Meeting held on 28th April 2016 for term of three years expiring on 28th April 2019. During the year, six meetings of the Board of Directors were held and attended as follows:

Sr. No.	Director	Number of meetings attended
1	Sheikh Ali Bin Abdullah Al-Thani	3
2	Ali Ibrahim Al Abdul Ghani	3
3	Abdul Basit Ahmed Al-Shaibei	2
4	Said Gul	6
5	Owais Ahmed Yousuf	6
6	Zahid Hussain Awan	6
7	Abdullah	1
8	Ali Abdullah Darwesh*	1

* retired on completion of tenure.

Leave of absence was granted to directors, who could not attend the board meetings.

13. 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.

14. AUDITORS

The present auditors, M/s. Deloitte Yousuf Adil, Chartered Accountants, member firm of Deloitte Touche Tohmatsu Limited, retire and since they have completed their tenure of five years, are ineligible for reappointment. On recommendation of the Audit Committee, the Board of Directors of your company has proposed the name M/s. EY Ford Rhodes, Chartered Accountants, for the appointment as auditors of the Company for the year ending 31st December, 2017.

15. APPOINTMENT OF CHIEF EXECUTIVE OFFICER

Subsequent to year end 2016, Mr Javed Muslim resigned from the position of CEO. Consequent to

this, BOD approved the appointment of Mr Zahid Hussain Awan alongwith terms of appointment as Chief Executive Officer.

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 advisor, our shareholders and the sponsors for their continued guidance, co-operation and understanding extended to us.

In Conclusion, we bow, beg and pray to Almighty Allah, Rahman-o-Ar-Rahim, for the continued showering of His blessings, 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 of
Pak-Qatar General Takaful Limited



Shaikh Ali Bin Abdullah Al-Thani
Chairman Board of Directors

Doha – 07 April 2017

شیر ہولڈرز اور اسپانسرز کا اُن کی مسلسل رہنمائی، تعاون اور افہام و تفہیم پر شکریہ ادا کرتا ہوں۔

اختتام پر ہم اللہ سبحانہ و تعالیٰ جو کہ رحمن و رحیم ہے کے سامنے سر جھکاتے ہوئے سوال کرتے ہیں کہ وہ ہمیں ہماری کمپنی کو، ہمارے ملک کو اور تمام اسٹیک ہولڈرز کو اپنی مسلسل رحمت، ہدایت، طاقت، صحت اور کامیابیوں سے ہمکنار رکھے آمین ثم آمین۔

پاک قطر جنرل تکافل کے بورڈ آف ڈائریکٹرز کی نیابت میں



شیخ علی بن عبداللہ الثانی

چیئر مین بورڈ آف ڈائریکٹرز

16. قدردانی و اعتراف

گزشتہ سالوں کے لئے جو سنگ میل مقرر کیا گیا تھا اُس کے حصول پر ہم کمپنی کے ملازمین کی سخت محنت اور کوششوں کی تعریف کرتے ہیں۔

17. شکرگزاری

میں بورڈ کی طرف سے معزز شرکاء، سیکورٹی اینڈ ایکسچینج کمیشن آف پاکستان، ہمارے شریعہ ایڈوائزر، ہمارے

منسلک ہے۔

ط۔ 31 دسمبر 2016 کو غیر آڈٹ شدہ اکاؤنٹس میں پراویڈنٹ فنڈ کی سرمایہ کاری کی مقدار 21,942,754 روپے تھی۔

ی۔ مسٹر سید گل کے 1,069,749 شیئریں بچنے کے علاوہ سی ای او، ڈائریکٹرز، سی ایف او، کمپنی سیکریٹری، ان کے شریک حیات اور چھوٹے بچوں نے شیئر کی ٹریڈنگ نہیں کی ہے۔

11. بنیادی آپریٹنگ اور مالیاتی اعداد و شمار اور کمپنی کے شیئر ہولڈنگ کا طریقہ کار

گزشتہ چھ سالوں کے بنیادی آپریٹنگ اور مالیاتی اعداد و شمار، اور کمپنی کے شیئر ہولڈنگز کا طریقہ کار منسلک ہے۔

12. بورڈ آف ڈائریکٹرز

آپ کی کمپنی کے ڈائریکٹرز 28 اپریل 2016 میں منعقد ہونے والی سالانہ جنرل میٹنگ میں 28 اپریل 2019 تک کے لیے منتخب ہوئے۔

سال 2016 کے دوران بورڈ آف ڈائریکٹرز کی چھ میٹنگ ہوئی جن میں حاضری کی تفصیل حسب ذیل ہے:

#	ڈائریکٹر	میٹنگوں کی تعداد جن میں وہ شریک ہوئے
1	شیخ علی بن عبداللہ الثانی	3
2	علی ابراہیم العبدالعفی	3
3	عبدالباقی احمد الشعلبی	2
4	سید گل	6
5	اولیس احمد یوسف	6
6	زاہد حسین اعوان	6
7	عبداللہ	1
8	علی عبداللہ درویش *	1

* انہوں نے اپنی مدت ختم ہونے پر استعفیٰ دے دیا ہے۔

وہ ڈائریکٹرز جو میٹنگز میں شریک نہ ہو سکے انہیں غیر حاضری کی رخصت دی گئی۔

13. اسٹیٹمنٹ آف اتھکس اور بزنس پریکٹسز

بورڈ نے اسٹیٹمنٹ آف اتھکس اور بزنس پریکٹسز کو اپنایا ہے۔ تمام ملازمین کو اس اسٹیٹمنٹ کی اطلاع دی جا چکی ہے اور ان سے ان قواعد و ضوابط کی پابندی کرائی جائے گی۔

14. آڈیٹرز

موجودہ آڈیٹرز ڈیلیوٹ یوسف عادل چارٹرڈ اکاؤنٹنٹس، ڈیلیوٹ ٹو پے ٹو ہاٹسولمیٹڈ اپنے عہدے سے الگ ہو گئے ہیں، اور چونکہ انہوں نے اپنی پانچ سالہ مدت پوری کر لی ہے اس لیے انہیں دوبارہ مقرر نہیں کیا گیا۔ بورڈ آف ڈائریکٹرز کی آڈٹ کمیٹی کی سفارش پر انسٹ اینڈینگ فورڈرھوڈز سیدات ہیدر چارٹرڈ اکاؤنٹنٹس کو 31 دسمبر 2017 میں ختم ہونے والے سال کیلئے کمپنی کا آڈیٹر مقرر کیا گیا ہے۔

15. چیف ایگزیکٹو آفیسر کی تقرری

سال 2016 کے اختتام پر جناب جاوید مسلم صاحب نے چیف ایگزیکٹو آفیسر کے عہدے سے استعفیٰ دے دیا، اس کے نتیجے میں، بورڈ آف ڈائریکٹرز نے جناب زاہد حسین اعوان صاحب کے دیگر معاملات سمیت بطور چیف ایگزیکٹو آفیسر کی تقرری کی منظوری دی۔

ایس ای سی پی کسی کیس میں اس بات پر مطمئن ہوگا کہ اس کوڈ کی بہترین تطبیقات عمل میں نہیں لائی جارہیں تو وہاں ایس ای سی پی اپنے خیال کے مطابق سہولت دے گا۔ اسی کے مطابق کوڈ آف گورننس کے مندرجات پر عمل کیا گیا ہے۔ کمپلائنس کی تفصیلات رپورٹ کے ساتھ منسلک ہیں۔

10. کارپوریٹ اور فنانشل رپورٹنگ فریم ورک

الف۔ کمپنی کی مینجمنٹ کی طرف سے تیار کیا گیا فنانشل اسٹیٹمنٹ اسکے معاملات، اسکے آپریشنز کے نتائج، کیش فلو اور ایکویٹی میں تبدیلی کو درست طریقے سے پیش کرتا ہے۔
ب۔ بک آف اکاؤنٹس مناسب طریقے سے مرتب کیے گئے ہیں۔
ج۔ مناسب اکاؤنٹنگ پالیسیز کو فنانشل اسٹیٹمنٹ بنانے میں استعمال کیا گیا اور اکاؤنٹنگ کے اندازے سے ایک مناسب اور معقول توجیہ پر مبنی ہیں۔

د۔ فنانشل اسٹیٹمنٹ کی تیاری میں پاکستان میں رائج انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز کی پیروی کی گئی ہے اور کسی بھی قسم کے ڈیپارچر کو مناسب طریقے سے ظاہر کیا گیا ہے۔
ه۔ انٹرنل کنٹرول کا سسٹم مناسب ڈیزائن پر مبنی ہے اور موثر طریقے سے اس کو لاگو کیا گیا اور اس کی نگرانی کی جارہی ہے۔
و۔ کمپنی کے گورنگ کنسرن ہونے میں کوئی خاطر خواہ شک نہیں ہے۔
ز۔ ریگولیشنز میں بتائے گئے کارپوریٹ گورنس کی پریکٹسز سے کوئی بڑا فرق نہیں ہے۔

ح۔ گذشتہ چھ سالوں کا اہم آپرینٹنگ اور فنانشل ڈیٹا

ایک اینڈ رائٹڈ اسمارٹ فون ایپ بنانے پر توجہ دی ہے جس سے تمام معلومات اسمارٹ فون پر با آسانی میسر ہوں۔
گروپ ہیلتھ بزنس کے شعبے سے تکافل انفارمیشن مینجمنٹ سسٹم کی طرف کامیابی سے منتقل ہونے کے بعد گروپ لائف تکافل مینجمنٹ سسٹم نے گروپ لائف تکافل مینجمنٹ سسٹم کی ضروریات کا تجزیہ شروع کر دیا ہے۔ اس سال کمپنی نے اپنا میل سرور آئی بی ایم لوٹس نوٹس سے زمبرا پر منتقل کر دیا ہے۔ بہتر کام کرنے کی صلاحیت کے ساتھ اس نئے سرور میں بہت سی منفرد خصوصیات ہیں جیسے ویڈیو سیشن کے زیڈ ٹالک چیٹ روم، موبائل اور بریف کیس کنیکٹوٹی وغیرہ۔

مینجمنٹ کا ٹیکنالوجی میں سرمایہ کاری کا مقصد آپ کی کمپنی کو انڈسٹری میں سب سے زیادہ آئی ٹی سے لیس کمپنی بنانا ہے جہاں کمپنی کا ہر شعبہ اپنے آپرینٹنگ کے طریقے میں نت نئی تبدیلی لاسکے، ہیرارکی کے ہریول پر موجود لوگ بہتر فیصلے کر سکیں اور سب سے اہم اسٹیک ہولڈر یعنی ہمارے پالیسی ہولڈرز کو ایسی سروس فراہم کی جاسکے جو انڈسٹری کی بیچ مارک کہلائی جائے۔

9. کوڈ آف کارپوریٹ گورنس کی مطابقت

سیکیورٹی اینڈ ایکسچینج کمیشن آف پاکستان نے 2016 / S.R.O 1045 (I) کے ذریعے نظر ثانی شدہ کوڈ آف کارپوریٹ گورنس جاری کیا، مذکورہ کوڈ کا اطلاق ضمیمہ نمبر ۳ میں دیے گئے اطلاق کی طرح لاگو ہوگا۔ جہاں کہیں بھی

تجربہ کے حامل افراد کو بھی موقع دیا جاتا ہے۔
ہم نے ملازمین کے ساتھ مالی تعاون کرتے ہوئے
مشہور اداروں کے بہت سے پروفیشنل سرٹیفکیٹس اور ممبر شپ
حاصل کرنے میں مدد کی ہے۔ اور یوں ایک مناسب پالیسی
کے ذریعہ لرننگ اینڈ ڈیولپمنٹ کو پروموٹ کیا جا رہا ہے۔
پاک قطر پہلا تکافل آپریٹر ہے جس نے LOMA میں ممبر
شپ حاصل کی ہے اور اپنے ملازمین کو ایک کوالیفائیڈ
FLMI بننے کا موقع دیا ہے۔

ہیومن ریسورسز کی آئندہ کے پلاننگ میں ہیرارکی کو
بہتر بنانا اور پاکستان میں اپنے ملازمین پر سب سے زیادہ
توجہ دینے والی تکافل انڈسٹری کی پہلی کمپنی بننا ہے۔

8. انفارمیشن ٹیکنالوجی

ہماری کمپنی کا ایک علیحدہ آئی ٹی ونگ ہے جو متعلقہ
تمام امور کی دیکھ بھال کرتا ہے۔ اور اسی سلسلہ میں آئی ٹی
پالیسی اور طریقہ کار کا ازسرنو جائزہ لیا گیا ہے اور اس
میں مزید بہتری کی گئی ہے۔ یہ پالیسی ایک گائیڈ لائن مہیا
کرتی ہے جس کے ذریعہ کمپنی کے آئی ٹی کے ریسورسز کو
درست استعمال کیا جاسکے اور شفافیت اور رازداری کو یقینی بنایا
جاسکے۔ آئی ٹی نے اپنی نوعیت کا منفرد ڈیٹا سینٹر تیار کر لیا ہے،
جس میں بائیومیٹرک کنٹرول، فائر ڈیٹیکشن اور مسلسل پاور
سپلائی کے ساتھ پیچیدہ بزنس سسٹم اور آئی سرومز جیسے ای آر
پی وغیرہ کو بہتر طور پر چلانے کی صلاحیت ہے۔ آئی ٹی
ڈیپارٹمنٹ نے انفارمیشن سیکورٹی مینجمنٹ کو بہتر کیا ہے اور

معزز اراکین اور اسپانسرز کو اس بات سے مطلع کریں گے کہ
سیکیورٹی اینڈ آپیکس کمیشن آف پاکستان (SECP) نے
SRO.828(1)/2015 کے ذریعے،
31 دسمبر 2017ء کے اختتام تک غیر لائف انشورنس
کمپنیوں/تکافل آپریٹرز کے لئے کم از کم ادا شدہ سرمایہ
500 ملین روپے تک بڑھا دیا ہے۔ ہمیں اس بات پر اعتماد
ہے کہ اپنے اراکین کے تعاون کے ساتھ ہم مطلوبہ وقت میں
سرمایہ کی مطلوبہ مقدار حاصل کر لیں گے۔

7. ہیومن ریسورس

سال 2016 کے دوران ہیومن ریسورس نے
ہماری تنظیمی ترقی کو مضبوط بنانے پر توجہ دی کیونکہ کسی صنعت
میں ایک مضبوط اور تسلی بخش کارکردگی والا کلچر بنانے کے لیے
معیاری انسانی وسائل بنانے میں سرمایہ کاری کرنا ضروری
ہے۔ کارکردگی سے متعلق ایک بڑی پیش قدمی یہ کی گئی کہ کمپنی
کو بات چیت کے فریم ورک کی طرف منتقل کیا گیا تاکہ کم
وقت اور مزید با معنی طریقے سے کام ہو سکے۔

ابتدائی مرحلے پر ہماری بھرتی کی حکمت عملی یہ رہی
ہے کہ مشہور اداروں کے فریش ٹیلنٹ کو موقع دیا جائے تاکہ
نئے آئیڈیاز اور ٹیلنٹ کو کمپنی کی کوریلیوز کے مطابق ڈھالا
جائے۔ ہم سمجھتے ہیں کہ تعلیم یافتہ مناسب اور انڈسٹری کے
تیار ماہرین کی عدم دستیابی کی صورت میں یہ سب سے اچھی
حکمت عملی ہے۔ البتہ ملازمین کے تجربہ کے لحاظ سے مختلف

کے طریق کار کو بطریق احسن مد نظر رکھا گیا ہے۔

(6.7). کریڈٹ ریٹنگ

پاکستان کے دونوں ریٹنگ ایجنسیاں ، JCR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ اور پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے اس سال دوبارہ کمپنی کی مالی مضبوطی کی ریٹنگ بالترتیب ”A-“ مستحکم حیثیت کی ساتھ، اور ”A“، مستحکم حیثیت دی ہے۔

(6.8). متعلقہ پارٹیوں کے ساتھ لین دین

بورڈ آف ڈائریکٹرز نے بورڈ میٹنگ میں ایسوی ایڈ کمپنیوں/متعلقہ پارٹیوں کے ساتھ معاملات کی اجازت دی ہے، متعلقہ پارٹیوں کے ساتھ تمام لین دین on arm's length basis (یعنی اُن کی قوت کی بنیاد) پر کئے جاتے ہیں۔ اسی کے مطابق، انتظامی اخراجات کے اشتراک سے متعلق لین دین اصل قیمت پر کئے جاتے ہیں، سرمایہ کاری کی خریداری/فروخت مناسب قیمت پر کئے جاتے ہیں، اور کلیم یا زرتعاون سے متعلق لین دین تجارتی شرائط پر کئے جاتے ہیں۔

(6.9). شیئر کیپیٹل

31 دسمبر 2016ء کیلئے مطلوبہ ادا شدہ سرمایہ کی کم از کم مقدار 400 ملین روپے ہے، جس کے مقابلے میں کمپنی کا موجودہ ادا شدہ سرمایہ 471.3 ملین روپے ہے۔ ہم اپنے

کی سرمایہ کاری بینک ڈیپازٹ اور صکوک میں کی گئی ہے اس لیے سال کے اختتام پر سرمایہ کاری کی مارکیٹ ویلیو اس کے موجودہ قیمت سے زیادہ ہے، خاص طور پر میوچل فنڈز میں سرمایہ کاری 13.8 ملین کا مثبت فرق ہے۔ اسٹاک مارکیٹ میں مثبت بڑھوتری کو مد نظر رکھتے ہوئے اور لمبے عرصے میں زیادہ سے زیادہ حاصل ہونے والے نفع کی امید پر میوچل فنڈز میں یونٹس کو فروخت نہیں کیا جائے گا، تاکہ موجودہ مثبت فرق کے نتائج حاصل کیے جاسکیں۔ سرمایہ کاری کی آمدن 13.8 ملین تک بڑھے گی، اور گزشتہ سال کے مجموعی سرمایہ کاری کی آمدن کو پیچھے چھوڑے گی۔ اور نتیجتاً یہ اتنی ہی رقم سے سال کے نفع قبل از ٹیکس کو بھی بڑھائے گی۔

(6.5). فی شیئر نفع

SHF کے فی شیئر کا بنیادی اور معتدل نفع 0.04 روپے تھا (Rs. 0.06: 2015)۔ ہر عام شیئر دس روپے کا ہے۔

(6.6). فنڈز کے اعتبار سے رپورٹنگ

تکافل روز 2012ء کے مطابق منسلکہ بیانیہ کو معاشی صورتحال، SHF اور PTF دونوں کے آپریشنز کے نتائج کی اس انداز سے عکاسی کرنی چاہیے کہ اثاثہ جات، واجبات، آمدن اور اخراجات میں سے ہر ایک الگ الگ قابل شناخت رہے، مزید یہ کہ قرض حسنہ کو لینے اور دینے

تھے۔ جو کہ بنیادی طور پر ہیلتھ کلیم اور ہیلتھ پورٹ فولیو میں کمی کا نتیجہ ہے اور اس کی دوسری وجہ موٹر کلیم میں کمی ہے۔ مجموعی کلیم میں نمایاں اضافے کی وجہ فائر اور انجینئرنگ کی کیٹگری میں ایک کلیم کا وقوع ہے، البتہ اس میں ری تکافل نکالنے کے بعد صافی کلیم کے اخراجات کا زیادہ اثر نہیں ہے، جو کہ اعلیٰ ری تکافل ریکوری کا نتیجہ ہے اور اس کی بنیادی وجہ کمپنی کا اپنے پاس رسک ٹینشن کو کم رکھنا ہے۔ نیز موٹر رسک مینجمنٹ اور موٹر کلیم سٹلمنٹ پالیسیوں کو لاگو کرنے کے ذریعے، مینجمنٹ مضبوط کنٹرول قائم کرنے کا پابند ہے۔

2015	2016
صافی کلیم	صافی کلیم
1,929,479	2,854,116
9,357,573	2,545,483
252,033,316	202,956,491
135,096,779	24,309,747
14,316,479	20,839,705
<u>412,733,626</u>	<u>253,505,542</u>

ایکپوری کے مشورے سے IBNR کلیمز کا تخمینہ لگایا گیا ہے، تخمینہ کے نئے طریقہ کار کی خصوصیت اس میں استعمال ہونے والا ”چین لیڈر میتھڈ“ ہے، جس میں ہر مدت کے لئے ترقی کے عوامل یا لنک کی شرح کا تعین شامل ہے، جو کہ مجموعی ترقی کے عوامل کو شامل ہے اور مستقبل میں کلیم کی ڈیولپمنٹ میں اہم کردار ادا کرتا ہے۔

مندرجہ ذیل جدول کے مطابق، سال 2016 کے لئے پاک قطر جنرل تکافل لمیٹڈ کے کلیم کے اخراجات 253.5 ملین ہیں، جبکہ سال 2015 میں 412.7 ملین

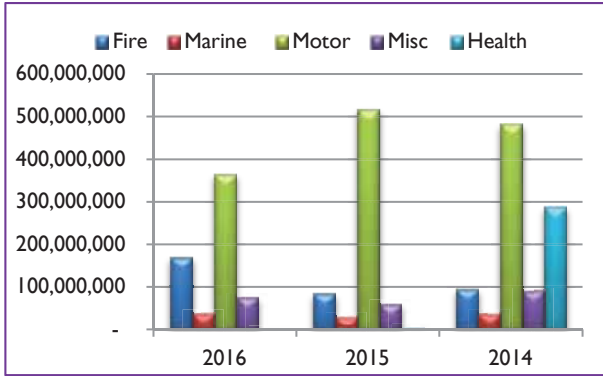
ری تکافل ریکوری	مجموعی کلیم	برنس کی کیٹگری
51,948,903	54,803,019	آگ
3,066,607	5,612,090	میرین
13,532,617	216,489,108	موٹر
-	24,309,747	صحت
61,782,702	82,622,407	متفرق
<u>130,330,829</u>	<u>383,836,371</u>	

(6.4). سرمایہ کاری کی آمدنی

سرمایہ کاری پر نفع بنیادی طور پر جن ذرائع سے حاصل کیا جاتا ہے اس میں بینک ڈیپازٹ پر نفع، صکوک پر نفع، اور میوچل فنڈز پر حاصل شدہ نفع شامل ہے۔ مینجمنٹ نے اپنی سرمایہ کاری کی کتابوں کے لئے ایک محتاط (زیادہ نفع اور کم خطرہ) موقف کو اپنایا ہے۔ اسی وجہ سے سرمایہ کاری سے حاصل ہونے والا نفع مستحکم ہے، اگرچہ نسبتاً کم ہی کیوں نہ ہو۔ نفع کی شرح میں کمی نے آمدنی کو متاثر کیا ہے، تاہم چونکہ اہم فنڈز

پاکستان میں دستیاب محدود شریعہ کمپلائنٹ سرمایہ کاری کے ساتھ زیادہ سے زیادہ آمدنی حاصل کرنے کے لئے سرمایہ کاری کی گئی ہے۔ فنڈز کے اعتبار سے تجزیہ نیچے دیا گیا ہے۔

2016	2015	شیرز ہولڈرز فنڈ
21,963,437	20,879,622	پارٹنر شپ فنڈ
<u>2,019,844</u>	<u>14,294,738</u>	
<u>23,983,281</u>	<u>35,174,360</u>	



متفرق شعبوں میں بڑھتی ہوئی حصہ داری کے نتیجے میں گزشتہ سال کے مقابلے میں 59% تک مجموعی اضافہ کو دکھایا ہے۔ آگے بڑھتے ہوئے، فائر، میرین اور متفرق شعبوں میں اپنی توجہ کو مرکز کے اپنے اہم اہداف کو حاصل کرنے اور منافع میں مزید بہتری اور اس کو مسلسل جاری رکھنے کے لیے کمپنی اپنی بنیادوں پر زور دے گی۔

بزنس پورٹ فولیو کا جائزہ

ہیلتھ کے علاوہ دیگر شعبہ جات

2016	2015	2014
----- Rupees -----		
170,996,901	86,065,536	97,054,708
38,253,233	31,636,602	38,792,956
366,529,858	518,017,018	484,261,333
76,959,119	61,587,390	92,568,046
652,736,111	697,306,546	712,677,043
-	4,402,827	289,725,102
652,736,111	701,709,373	1,002,402,145

آگ

میرین

موٹر

متفرق

مجموعی ٹوٹل

صحت کا شعبہ

مجموعی ٹوٹل

کل ٹوٹل

(6.3). کلیم اور آئی بی این آر (IBNR)

کسی بھی تکافل معاہدے کے تحت پائے جانے والے خطرے کے واقع ہونے کا امکان رہتا ہے، اور خطرات کے واقع ہونے کے نتیجے میں ایک غیر یقینی صورتحال کلیم کی رقم کے ساتھ منسلک رہتی ہے، کیونکہ حقیقی کلیم کی ادائیگی یا کلیم آنے کا وقت توقعات کے برخلاف ہوتا ہے اس لیے تکافل معاہدے کے تحت وقف فنڈ کو بھی ایک خطرے کا سامنا رہتا ہے، اور وقف فنڈ کلیم کی فریکوئنسی، کلیم کی شدت، حقیقی کلیم کی ادائیگی اور اس کے نتیجے میں طویل المیعاد

کلیم ادا کرنے کی تیاری سے متاثر ہوتا ہے۔

چنانچہ وقف فنڈ کے خطرے کو کم کرنے کے لئے کمپنی نے کلیم ہینڈلنگ کا فعال طریقہ کار اپنایا ہے، اور کلیم کے جائزے کی پالیسیاں سخت کی ہیں، جو کہ فعال مینجمنٹ، فوری کلیم کا تعاقب، کلیم ہینڈلنگ پرسنز کا مفصل جائزہ، اور ممکنہ جھوٹے کلیمز کی تحقیقات پر مشتمل ہے۔

مذکورہ سال کے SECP کے سرکولر 9 آف 2016ء کے مطابق IBNR کے تخمینہ کے طریقہ کار کو تبدیل کر کے

طور پر، سال 2016ء کے اختتام پر SHF ایکویٹی، PTF سے 127.9 ملین کا واجب الحصول قرضِ حسنہ ظاہر کرتی ہے۔

بزنس کو اعلیٰ بنانے کے لئے ہم اپنے صارفین کی ضرورت کے مطابق خدمت کرتے ہیں تاکہ ہمارے قابل احترام شیئر ہولڈرز کا نفع زیادہ سے زیادہ ہو اور یہ بات ہمیشہ مد نظر رہتی ہے کہ ہمارے کام میں بہتری کی گنجائش ہے اور یہی بات ہمیں سخت محنت کرنے کے سلسلے میں حوصلہ دلاتی ہے کہ ہم کس طرح مزید بہتری لاسکتے ہیں۔ ایک متنوع اور کاروباری ماحول میں اضافی اخراجات کی اصلاح کے ساتھ مضبوط ترقی اور منافع کو حاصل کرنے کے لئے مزید حکمت عملی جاری رہے گی۔ مارکیٹ اور صارف کے طبقات میں جہاں کہیں ہمارے پاس بہتر تجاویز اور برتری کا موقع ہو تو کاروبار کی ترقی ہماری اولین ترجیح رہے گی۔ اللہ تعالیٰ کی نعمتوں پر مضبوط ایمان کے ساتھ اسپانسرز کی طرف سے مسلسل اعانت اور درست سمت میں ہماری ایگزیکٹیو مینجمنٹ اور ہماری ٹیم کے اراکین کی مسلسل محنت نے پاک قطر جنرل ٹیکافل لمیٹڈ کی بزنس پوزیشن کو قائم کیا۔ ان شاء اللہ ہم کاروبار کی مجموعی کارکردگی اور معیار پہلے سے کہیں زیادہ دیکھیں گے۔

(6.2). تحریری مجموعی زرتعاون

کمپنی مختلف اوقات میں اپنے بزنس کی حکمت عملی

اور کارکردگی کا جائزہ لے کر اپنے پورٹ فولیو کو متوازن اور نفع بخش بنانے کی کوشش کرتی رہتی ہے، اسی وجہ سے پاک قطر جنرل ٹیکافل لمیٹڈ کا پورٹ فولیو، ہر طبقہ میں نقصان دہ صارفین سے احتیاط کرتا ہے۔ کسی خاص شعبہ کے بزنس کے حجم کو بڑھانے کے بجائے ہر طبقہ پر پوری توجہ مرکوز کرنا بہت مشکل کام ہے۔ گزشتہ سال کمپنی نے سابقہ سالوں کی رپورٹنگ کے تجزیے پر بنیاد رکھی، جس سے یہ بات سامنے آئی کہ صحت کے شعبہ میں انڈر رائٹنگ کے نتائج خسارہ کا باعث ہیں، جس سے دوسرے نفع بخش شعبہ جات بھی کمزور ہو رہے ہیں، چنانچہ اسی وجہ سے 2015ء اور 2016ء میں ہیلتھ کے شعبے میں تخفیف کی حکمت عملی کا مشاہدہ کیا گیا۔

ہر سال کے اعتبار سے ذیل کا نقشہ ظاہر کرتا ہے کہ کمپنی کے کاروبار کی بڑھوتری 2014ء میں ہیلتھ کے شعبے کی وجہ سے غالب رہی اور اسی طرح کی صورتحال 2013ء میں تھی اور برابری کی حکمت عملی 2015ء اور 2016ء میں ہیلتھ کے شعبے میں تخفیف کا باعث بنی، انتہائی مسابقتی کاروباری حالات اور مضبوط روایتی مارکیٹ لیڈرز کی طرف سے قیمتوں کی تعیین اور ونڈو ٹیکافل کی آمد کے دباؤ کے باوجود 2016ء میں ہیلتھ کے علاوہ دیگر شعبہ جات میں بہتر کاروباری اشتراک کے ساتھ نان موٹرز پورٹ فولیو میں مستحکم کارکردگی کا مظاہرہ کیا۔

رواں سال موٹرز کا شعبہ مجموعی کاروباری حجم کا سب سے بڑا حصہ دار رہا، جبکہ نان موٹرز کے شعبہ نے فائر اور

(6.1). مجموعی کارکردگی کا جائزہ

آپ کی کمپنی اپنے آپریٹنگز کا نواں سال مکمل کر رہی ہے، اور اس عرصہ کے دوران کمپنی نے مجموعی زیرِ تعاون میں قابلِ قدر اضافہ حاصل کر لیا ہے، اگرچہ ملک کی مجموعی جنرل انشورنس پالی میں تکافل کا مارکیٹ شیئر بہت کم ہے، کیونکہ گذشتہ دو دہائیوں سے ملک میں جنرل انشورنس کی مارکیٹ مضبوط انشورنس کمپنیوں کے قبضہ میں ہے اور انہیں انشورنس کمپنیز کی جانب سے تکافل کی وندوز آجانے سے خالص تکافل کمپنیوں کے لئے سخت مقابلہ کی فضا قائم ہو گئی ہے۔ اسی لیے پاک قطر جنرل تکافل لمیٹڈ کی کاروباری پوزیشن قائم کرنے کے لئے مینجمنٹ نے ٹھوس اقدامات کئے ہیں، جو کہ سخت مالی مقابلہ کے باوجود کمپنی کے لیے مفید ثابت ہوں گے۔

مارکیٹ کے عوامل اور زیرِ تعاون کی شرح میں کمی چھوٹے سائز کی خالص تکافل کمپنیوں کے لیے مقابلہ کی فضا کو ناسازگار بنا رہے ہیں، کمپنی نے اپنے زیرِ تعاون کی بنیاد کو محدود کر دیا ہے، اور جارحانہ اضافہ کی ہدف پر توجہ مرکوز کرنے کی بجائے مثبت نچلی سطح کو ہدف بنانے کی حکمت عملی اختیار کی ہے۔ زیادہ نقصان کے تناسب کی وجہ سے ہیلتھ کے شعبہ میں اپنی بڑھوتری کم کرنے کے لئے کمپنی نے گزشتہ سال حکمت عملی بنائی تھی جو سال 2016ء میں بھی برقرار رہی، ہیلتھ کے شعبہ میں بڑھوتری کے مکمل خاتمہ کے ساتھ اور موٹر کے علاوہ وینوز میں بتدریج دخول کے ساتھ انڈر رائٹنگ

اور سرمایہ کاری دونوں میں محتاط انداز پر زور دیا گیا تھا، جس نے بہتر نتائج میں اہم کردار ادا کیا۔

مزید یہ کہ اخراجات کنٹرول کر کے اس بات کی کوشش کی گئی ہے کہ موجودہ قیمت اور کاروباری صورتحال میں پروگرامز کو قابلِ عمل بنا کر اس پر عمل درآمد یقینی بنایا جائے۔ کارکردگی کا تخمینہ بنیادی طور پر گھریلو وسائل کو مؤثر طریقے پر استعمال کرنے سے حاصل کیا گیا تھا۔

IT کے استعمال کو بڑھا کر، ہیڈ آفس اور برانچ سطح پر Opex کو کم کر کے (جس میں ہیڈ کونٹس کی اصلاح بھی شامل ہے) زیرِ تجزیہ سال کے لئے کمپنی نے مثبت نتیجہ دکھایا ہے، اور کمپنی کو یہ رپورٹ پیش کرنے کی خوشی ہے کہ کمپنی نے بزنس پوزیشن کو برقرار رکھا ہے اور خالص تکافل کمپنی کے طور پر لیڈنگ پوزیشن کو برقرار رکھا ہے۔ PTF نے 4.7 ملین کا سرپلس ظاہر کیا ہے، جبکہ SHF نے قبل از ٹیکس نفع 3.7 ملین اور بعد از ٹیکس نفع 2 ملین ظاہر کیا ہے، تکافل رولز 2012ء کے مطابق PTF میں خسارہ کی صورت میں، یہ خسارہ SHF سے پورا کیا جائے گا، اس طرح سے کہ SHF قرضِ حسنہ (بغیر سود کے قرض) PTF کو دے گا۔ مزید برآں کہ PTF میں سرپلس کی صورت میں، شرکاء میں سرپلس تقسیم کرنے سے پہلے SHF کو قرضِ حسنہ واپس کیا جائے گا۔ مجموعی خسارہ پہلے سالوں کے نقصان کے نتیجے میں PTF کی ایکویٹی میں ظاہر کیا جائے گا۔ ضرورت کی بجا آوری کے

6. آپ کی کمپنی کی کارکردگی ذیل میں کمپنی کی مالیاتی (فائنانشل) جھلکیاں ہیں:

2016 روپے	2015 روپے	شرکاء کا مفاد (پی ٹی ایف):
217,848,532 (249,205,542) (31,357,010)	373,517,680 (409,053,939) (35,536,259)	زیر تعاون کی مجموعی آمدن مجموعی کلیمز بشمول (آئی بی این آر)
(434,722) (1,045,295) 40,913,434 8,076,407 1,211,905 (4,501,101) 4,787,211	9,666,102 (2,060,191) 34,503,421 6,573,073 8,576,839 (53,347) 15,096,565	زیر تعاون کی کمی / اخراجات / واپسی براہ راست اخراجات ری ٹافل کی کٹوتی سرمایہ کاری کی آمدن سے پہلے انڈر رائٹنگ کا نتیجہ مضارب کا شیئر نکالنے کے بعد سرمایہ کاری کی آمدن وکالہ نکالنے کے بعد مشکوک زیر تعاون کی فراہمی وقف فنڈ کی ایکویٹی کو منتقل شدہ سرپلس / خسارہ
256,123,900 (44,383,675) (161,877,427) 49,826,798	276,834,327 (43,931,348) (179,346,218) 53,556,761	شیئر ہولڈرز فنڈ (SHF): وکالہ کی آمدن کمیشن کے اخراجات انتظام و انصرام کے اخراجات آپریٹنگ منافع
807,939 21,963,437 (71,033,965) 2,199,294 3,799,503	5,717,899 20,879,622 (75,566,237) 3,198,058 7,786,103	وقف فنڈ کے سرمایہ کاری آمدن میں مضارب کا حصہ سرمایہ کاری کی آمدن جزل اور انتظامی اخراجات دیگر آمدن ٹیکس سے پہلے نفع
(2,569,318) - 784,333 2,014,518	(3,547,364) (2,987,453) 1,590,099 2,841,385	ٹیکس کی فراہمی - موجودہ پہلے مؤخر ٹیکس کے بعد نفع

5. سال 2016ء میں آپ کی کمپنی کی اسٹریٹجک کامیابیاں

عمدہ خدمات، معیار پر سمجھوتہ نہ کرنے، مسلسل انتھک محنت اور دورانِ اندیش فیصلوں کے ذریعے ہم اپنی کارکردگی اور کاروبار کی پوزیشن کو برقرار رکھ سکے ہیں۔ مارکیٹ کے دباؤ کی وجہ سے زرع تعاون کی شرح میں کمی اور معروف روایتی انشورنس کمپنیوں کی جانب سے وینڈو تکافل آپریشنز کی بڑھتی ہوئی مسابقت کے باوجود، پاک قطر جنرل تکافل نے موجودہ کلائنٹس اور چینل شراکت داروں کے ساتھ کاروباری تعلقات کو فروغ دیا ہے، جن میں سے کچھ کا شمار پاکستان کے ٹاپ اسلامی مالیاتی اداروں میں ہوتا ہے۔ مسلسل کوششوں کے ذریعے کمپنی نے بہتر کاروباری اشتراک کے ساتھ اپنے کاروبار کے استحکام کو برقرار رکھا، اور کچھ اضافہ کے ساتھ بینک لمٹ کے استحکام کو برقرار رکھا۔ پاک قطر جنرل تکافل لمیٹڈ کے ری تکافل کے شراکت داروں نے ہماری کاروباری حکمت عملی میں اپنے اعتماد کو مزید برقرار رکھتے ہوئے سال 2017ء کے لئے حدود میں کچھ توسیع کے ساتھ ہمیں معاہدے کی صلاحیت فراہم کی ہے۔ اس کے علاوہ PACRA اور JCR-VIS نے کمپنی کے مالی استحکام کو تسلیم کرتے ہوئے بالترتیب مستحکم حیثیت کے ساتھ (A-) اور مستحکم حیثیت کے ساتھ (A) کی

کریڈٹ رینٹنگ دی ہے۔ سال 2016ء میں کمپنی نے مارکیٹ تک رسائی حاصل کرنے کے لئے جدید اور تخلیقی صلاحیتوں کے ساتھ متوازن حکمت عملی کو اپنا شعار بنایا ہے، تاکہ ہم اپنے کسٹمر کو حقیقی فائدہ فراہم کر سکیں جس سے تکافل پر کسٹمر کے بھروسہ میں مزید اضافہ ہوگا۔ ہمارے کاروبار کی ترقی ہمارا اہم مقصد ہے، اور اسی کے ذریعے ہم اللہ تعالیٰ کے فضل و کرم سے، سال 2017ء کے دوران ان شاء اللہ مطلوبہ نتائج حاصل کر لیں گے۔ شریعہ سے ہم آہنگی اور اپنے شرکاء اور اسٹریٹجک شراکت داروں کے لیے تکافل سروسز کی کامیاب فراہمی ہمارا امتیازی نشان ہے۔



کر کے عوام تک پہنچانا چاہیے۔ مزید یہ کہ ری تکافل آپریٹر کی بھی عالمی ضرورت ہے۔ اس کے علاوہ آئی ٹی کو بزنس اسٹریٹجی کے ساتھ ملا کر ایک بہتر مارکیٹنگ اسٹریٹجی کے ساتھ ادارے کی کارکردگی میں اضافہ ہو سکتا ہے۔

4. مستقبل کا لائحہ عمل

مارکیٹ مبصرین کے مطابق تکافل کی طلب میں اضافہ کی امید ہے، کیونکہ اسلامی ممالک کی آبادی مالی طور پر مستحکم ہو رہی ہے اور شریعہ کمپلائنسٹ پروڈکٹس میں سرمایہ کاری کرنا چاہتی ہے۔ مزید یہ کہ اخلاقی نقطہ نظر رکھنے کی وجہ سے تکافل مسلم اور غیر مسلم دونوں میں یکساں مقبول ہو رہا ہے۔ عالمی تکافل انڈسٹری عالمی انشورنس انڈسٹری کے مقابلے میں کافی چھوٹی ہے۔ اس لیے تکافل مارکیٹ کو چاہیے کہ پوری دنیا میں برانڈ کی اہمیت کو اجاگر کریں اور روایتی انشورنس انڈسٹری نے کارکردگی کے جو معیارات مقرر کیے ہیں ان سے بہتر نتائج پیش کریں۔ یہ اچھی بات ہے کہ تکافل آپریٹر تکافل کے اخلاقی نقطہ نظر کو سمجھ رہے ہیں اور پروڈکٹ میں شفافیت اختیار کر رہے ہیں جس سے مسلم اور غیر مسلم دونوں طبقات میں مقبول ہو رہی ہے اور تکافل انڈسٹری تیزی سے بڑھ رہی ہے اور مستحکم ترقی کے مرحلے میں داخل ہو رہی ہے۔

پاکستان کے ریگولیٹری ادارے تکافل کے لیے ایک حمایتی فضا قائم کرنے کی تگ و دو میں مصروف ہیں۔ ایس ای سی پی نے کئی کنوینشنل انشورنس کمپنیوں کو تکافل ونڈوز قائم کرنے کے لائسنس فراہم کیے ہیں۔ اس بات کی امید کی جاسکتی ہے کہ مارکیٹ میں اب مزید تکافل ونڈوز آپریٹرز ہوں گے جس سے مارکیٹ میں مقابلہ کی فضا بڑھے گی اور تکافل انڈسٹری مزید ترقی کرے گی۔

3. درپیش بزنس چیلنجز

اس بات میں کوئی شک نہیں تکافل انڈسٹری میں بہت قابلیت ہے، لیکن تعلیم یافتہ اور قابل ملازمین کی کمی تکافل آپریٹر کے لیے بہت بڑا چیلنج ہے کیونکہ نئے ملازمین کو تکافل انڈسٹری کی مکمل آگاہی نہیں۔ اگرچہ کچھ تعلیمی ادارے مختلف تکافل کورسز کروا رہے ہیں، لیکن اکثر ادارے مکمل اور تفصیلی کورسز کروانے میں ہچکچاہٹ کا شکار ہیں اور مختصر کورسز پیش کرنے پر ہی اکتفاء کیے ہوئے ہیں۔

ایک بڑا چیلنج الیکٹرونک اور پرنٹ میڈیا کے ذریعے عوام الناس میں بیداری فراہم کرنا ہے۔ ٹیکنالوجی کی ترقی کی وجہ سے معلومات کو پھیلانا پچھلے سالوں کے مقابلے میں اب بہت آسان ہو گیا ہے۔ تکافل آپریٹرز کو اعلیٰ کسٹمر سروس کے ساتھ نت نئے پروڈکٹ کی فراہمی کی طرف توجہ دینی چاہیے۔ کسٹمر تک رسائی کو بڑھانے کے ساتھ ساتھ انہیں کسٹمر کی ضروریات کو جاننا چاہیے اور اپنی پروڈکٹ کو ازسرنو تیار

پیرا ہونے کو ترجیح دی جاتی ہے۔

تکافل انڈسٹری نے حالیہ وقتوں میں بہت سی اہم مارکیٹوں میں مسلسل مضبوط ترقی دکھاتے ہوئے ڈبل ہندسہ ترقی حاصل کی ہے۔ آبادی زیادہ ہونے کی وجہ سے سعودی عرب اور ملائیشیا کی مارکیٹوں کا تکافل انڈسٹری میں بڑا حصہ ہے۔ چنانچہ دنیا بھر کے تکافل پریمیم کا 62 فیصد سے بھی زیادہ حصہ جی سی سی مارکیٹ مہیا کرتی ہے۔ تکافل کی اس بڑھتی ہوئی مارکیٹ سے اندازہ لگایا جا رہا ہے کہ 2017 میں عالمی تکافل بزنس بیس بلین ڈالر تک پہنچ جائے گا۔

تکافل کے فوائد کے بارے میں لاعلمی، غلط فہمیاں اور تعلیم کی کمی پاکستان میں تکافل انڈسٹری کی سست روی کی بنیادی وجہ ہے۔ اسی طرح تعلیم یافتہ افراد، تربیتی پروگرام اور ڈسٹریبیوشن چینلز کی کمی بھی چند وجوہات ہیں۔ چینلجز پر قابو پانے اور مواقع کو استعمال میں لانے کے لیے تکافل آپریٹرز کو مل کر کام کرنا ہوگا۔ لہذا تکافل کی نظریاتی وجہ کو قلیل المیعاد فوائد کے لیے ضائع نہیں کرنا چاہیے، بلکہ ٹیکنالوجی کا استعمال، نئی نئی پروڈکٹس اور سب سے بڑھ کر صارفین کے لیے بہترین خدمات ہی تکافل آپریٹرز کے لیے آگے بڑھنے کا راستہ ہے۔

رسک کو ختم کرنے کے لیے شریعہ کمپلائنٹ طریقوں کو اختیار کرنے پر عوام الناس کو تیار کرنے کے لیے ریگولیٹر کا کردار بہت اہم ہے اور وہ اس مقصد کو پاکستان بھر میں سیمینار، کانفرنسز اور روڈ شو کے ذریعے حاصل کر سکتا ہے۔

کے تعلقات گہرے ہوں گے۔ اگرچہ سی پیک کو سیکورٹی اور سیاسی چینلجز درپیش ہیں پھر بھی سی پیک نفاذ کے مرحلے میں داخل ہو رہا ہے۔ سی پیک میں درست پیش قدمی سے انفراسٹرکچر اور انرجی کے مسائل حل ہوں گے اور صنعتی مصنوعات کی طلب میں اضافہ ہوگا۔ حکومت سال 2017 میں جی ڈی پی کی گروتھ میں 5.7 فیصد ترقی کی امید کر رہی ہے جو کہ سال 2016ء میں 4.7 فیصد گروتھ سے 100 بی پی ایس زیادہ ہے۔ ایک بہتر معاشی فضا، بہتر انرجی کی فراہمی اور سیکورٹی کے بہتر حالات بزنس کے حوالے سے ایسی علامات ہیں جو کہ پاکستانی معیشت کے بہتر مستقبل کی نوید سناتی ہیں۔

2. انڈسٹری کی صورتحال

اسلامی فائنانشل خدمات کی انڈسٹری یعنی اسلامک بینکنگ، تکافل (اسلامک انشورنس) اور اسلامی کیپیٹل مارکیٹ نے عالمی مالیاتی مارکیٹ میں ایک قابل عمل اور موثر متبادل کے طور پر دلچسپی حاصل کر کے ایک منفرد مقام حاصل کر لیا ہے۔ عالمی سطح پر شرعی اصولوں کے مطابق سرمایہ کاری کی طلب کی وجہ سے اسلامی مالیاتی خدمات کی انڈسٹری ترقی کی طرف گامزن ہے۔ اسلامک بینکنگ اور تکافل انڈسٹری میں اسلامک کیپیٹل مارکیٹ کی معاونت سے ترقی کی رفتار مزید تیز ہوگی۔ اسلامی مالیاتی مصنوعات اخلاقی سرمایہ کاری چاہنے والے سرمایہ کاروں کی دلچسپی کا باعث ہے، کیونکہ ان مصنوعات میں شریعت کی ہدایات پر سختی سے عمل

ڈائریکٹرز کی رپورٹ

الحمد للہ! ہمیں پاک قطر جنرل تکافل لمیٹڈ (جسے یہاں کمپنی یا PQGTL کہا جائے گا) کی 31 دسمبر 2016 میں ختم ہونے والے سال کی آڈٹ رپورٹ اور اس کے ساتھ اپنی گیارہویں سالانہ رپورٹ اور آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے بہت خوشی محسوس ہو رہی ہے اور ہم اس پر اللہ کا شکر ادا کرتے ہیں۔

1. معیشت کی صورتحال

والی ایک اچھی پالیسی کی فضا بھی اس کی ایک اہم وجہ ہے، جس میں حکومت کی طرف سے انفراسٹرکچر میں سرمایہ کاری، پچھلے سالوں کے کم ترین شرح سود نے مقامی طلب اور انرجی کی صورتحال میں بہتری نے صنعتی کارکردگی میں اضافہ کیا۔ سیکورٹی کی بہتر صورتحال نے بھی اس میں کافی مدد کی۔

کراچی اسٹاک ایکسچینج، لاہور اسٹاک ایکسچینج اور اسلام آباد اسٹاک ایکسچینج کے مل کر پاکستان اسٹاک ایکسچینج بن جانے سے پاکستان ایکویٹی کی تجارت کے نئے مرحلے میں داخل ہو گیا ہے۔ کمپیٹل مارکیٹ کا تاریخی بلندیوں میں پہنچنا سرمایہ کاروں کی طرف سے پاکستان کی معیشت پر اعتماد کی علامت ہے۔ دنیا بھر کی کمپنیاں پاور، انرجی، آئل اور گیس، آٹو موبائلز اور ٹیکسٹائل سیکٹر میں سرمایہ کاری کرنے میں دلچسپی رکھتی ہیں۔

اسی طرح چائنا پاکستان اکنامک کارڈز اور انرجی، ہائی وے اور پورٹ انفراسٹرکچر کی تعمیر میں ایک سنگ میل کی حیثیت رکھتا ہے اور اس سے چین اور پاکستان کی معیشتوں

2016ء میں بھی دنیا کی معیشت حوصلہ افزا نہیں رہیں اور تیل کی قیمت میں کمی کی وجہ سے عالمی معاشی ایکٹیوٹی میں قابل قدر اضافہ ممکن نہ ہو سکا۔ اس سال امریکہ کی معیشت میں ایک طویل اور غیر معمولی مونیٹرنگ ایزی پالیسی کا اختتام ہوا جس کی وجہ سے امریکی معیشت کی سرگرمیاں سست روی کا شکار رہیں، تاہم 2017ء میں عالمی گروتھ کا اندازہ 2.7 فیصد سالانہ کے ساتھ لگایا گیا ہے جو کہ 2016ء کے مقابلے میں حوصلہ افزا ہے اور اس سے ترقی پذیر معیشتوں اور ابھرتی ہوئی نئی مارکیٹوں میں ترقی کی امید ہے۔ لیکن ابھی بھی عالمی معیشت بنیادی طور پر ابھرتی ہوئی مارکیٹ، ترقی پذیر معیشت میں غیر یقینی پالیسی کا بڑھنا، مالیاتی مارکیٹ میں بگاڑ اور ممکنہ ترقی میں کمی کے خطرات سے دوچار ہے۔

پاکستان نے 2016 میں اپنی ترقی کی رفتار کو برقرار رکھا ہے۔ پاکستان کی معیشت نے 2016ء میں 4.7 فیصد کے حساب سے ترقی کی ہے جو کہ گذشتہ سال کے مقابلہ میں چار فیصد زیادہ ہے۔ حکومت کی طرف سے دی جانے

KEY FINANCIAL DATA*Rupees in Thousand*

	FY16	FY15	FY14	FY13	FY12	FY11
						Restated

Gross Contribution written	652,736	701,709	1,002,402	1,028,986	549,209	330,472
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Consolidated Revenue Account (PTF & SHF)

Net Contribution Earned	217,849	373,518	506,242	426,432	165,903	91,317
Wakala Income	256,124	276,834	344,919	321,394	193,851	121,756
Net Claims including IBNR	(249,206)	(409,054)	(543,036)	(465,704)	(197,170)	(135,742)
Commission expense net off rebate	(3,470)	(9,428)	(20,289)	(19,482)	(8,241)	(491)
Investment Income	23,983	35,174	44,277	35,590	28,402	32,645
Management, General Admin. & Other Expense	(238,458)	(257,026)	(318,458)	(258,027)	(158,627)	(123,195)
Other Income/(loss)	2,199	3,198	2,783	954	32	(3)
Other provisions	(435)	9,666	2,589	(11,294)	(943)	2,066
Consolidate Profit/(Loss) before Tax	8,587	22,883	19,027	29,862	23,206	(11,648)
Taxation - Net	(1,785)	(4,945)	(13,642)	(7,279)	(11,817)	(2,689)
Consolidate Profit/(Loss) after Tax	6,802	17,938	5,385	22,583	11,389	(14,337)

Consolidated Balance Sheet (PTF & SHF)

Investments	220,083	224,555	264,175	319,366	224,528	131,274
Cash & Bank Deposits	168,952	259,723	179,177	219,194	139,378	81,817
Deferred Tax Asset	-	-	-	6,775	10,760	21,579
Other Assets	564,714	378,176	629,807	463,279	224,985	164,796
Fixed Assets	80,654	42,675	42,262	46,879	44,808	48,619
Paid-up Capital	471,343	471,343	432,748	407,676	337,429	307,800
Advance against future issue of share capital	25,106	25,106	34	34	-	-
Accumulated surplus/(loss)	(85,057)	(91,859)	(109,797)	(115,182)	(137,765)	(149,154)
Other Reserves	443,025	333,854	546,761	565,326	322,479	218,374
Other Liabilities	179,986	166,685	245,674	197,641	122,316	71,065

KEY FINANCIAL RATIOS

	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
						Restated
Variance from prior year in:						
-Gross Contribution Written	-7%	-30%	-3%	87%	66%	52%
-Net Contribution Earned	-42%	-26%	19%	157%	82%	4%
-Wakala Income	-7%	-20%	7%	66%	59%	61%
-Net Claims	-39%	-25%	17%	136%	45%	-2%
-Commission, Management & other Expenses	-9%	-21%	22%	66%	35%	-7%
-Investment Income	-32%	-21%	24%	25%	-13%	12%
Current Ratio (times)	1.56	1.80	1.43	1.36	1.34	1.32
Fixed assets turnover (times)	10.59	16.52	22.49	22.45	11.76	6.45
Gross Contribution per share (Rs.)	13.85	14.89	23.16	25.24	16.28	10.74
Earning per shares (Rs.) - SHF	0.04	0.06	0.43	0.82	0.56	0.28
Net Claim to Gross Contribution less Retakaful	58%	74%	64%	54%	46%	56%
Net Claim to Net Contribution Earned including Wakala	53%	63%	64%	62%	55%	64%
Management, Admin & other Expenses to Gross Contribution	37%	37%	32%	25%	29%	37%
Management, Admin & other Expenses to Wakala Fee	93%	93%	92%	80%	82%	101%
Commission Expense to Gross Contribution	1%	1%	2%	2%	2%	0.1%
Wakala income to Gross Contribution	39%	39%	34%	31%	35%	37%
Retakaful to Gross Contribution	34%	21%	15%	17%	21%	27%
REVENUE DISTRIBUTION (PTF)						
Claims (Including IBNR)	114%	110%	107%	119%	119%	149%
Other Reserve	0%	-3%	-1%	1%	1%	-2%
Direct expenses	3%	1%	5%	3%	3%	2%
Rebate commission	-19%	-9%	-8%	-16%	-16%	-21%
Net Investment income	-1%	-2%	-1%	-2%	-2%	-2%
Surplus / (Deficit)	2%	4%	-3%	-4%	-4%	-25%
	100%	100%	100%	100%	100%	100%
REVENUE DISTRIBUTION (SHF)						
Commission expense	17%	16%	18%	18%	18%	16%
Management expenses	91%	65%	57%	55%	55%	71%
Modarib fee	0%	-2%	-1%	-1%	-1%	-1%
Net investment income	-9%	-8%	-9%	-11%	-11%	-24%
General and admin expenses	0%	27%	27%	24%	24%	29%
Other (Loss) / Gain	-1%	-1%	-1%	0%	0%	0%
Taxation	1%	2%	4%	6%	6%	2%
Profit / (Loss) after Taxation	1%	1%	5%	10%	10%	7%
	100%	100%	100%	100%	100%	100%

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

For the year ended December 31, 2016

This statement is being presented in compliance with the Code of Corporate Governance for Insurers for the purpose of establishing a framework of good governance, whereby an insurer is managed in compliance with the best practices of corporate governance.

The Pak-Qatar General Takaful Limited (PQGTL) has applied the principles contained in the Code in the following manner:

1. PQGTL encourages representation of independent non-executive directors and directors representing minority interests on its Board of directors. However, at present, the Board includes:

Category	Names
Independent Director	Mr. Owais Ahmed Yusuf
Executive Directors	Mr. Said Gul Mr. Zahid Hussain Awan
Non-Executive Directors	H.E. Sheikh Ali Bin Abdullah Al Thani Mr. Abdul Basit Ahmed Al-Shaibei Mr. Ali Ibrahim Al Abdul Ghani Mr. Abdullah

The independent director meets the criteria of independence as laid down under the Code of Corporate Governance for Insurers, 2016.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including PQGTL.
3. All the resident directors of PQGTL are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred on the Board of Directors during the year.
5. PQGTL has prepared a Code of Conduct, which has been disseminated among all the directors and employees of the Company.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive directors and key officers, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meeting, along with agenda and working papers, were circulated at least seven (7) days before the meeting. The minutes of the meeting were appropriately recorded and circulated.
9. The Board has established a system of sound internal control, which is effectively implemented at all levels within the Company. PQGTL has adopted and complied with all the necessary aspects of internal controls given in the code.
10. Subsequent to the reporting year, the Board has arranged an orientation course for its directors in the form of booklet which was submitted to the Board of Directors to apprise them of their duties and responsibilities and also about changes in Code of Corporate Governance applicable of Insurer.
11. No new appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit has been made during the year.
12. The directors' report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance for Insurers, 2016 and fully describes the salient matters required to be disclosed.
13. The financial statements of PQGTL were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.
14. The directors, Chief Executive Officer and other executives do not hold any interest in the shares of PQGTL other than disclosed in the pattern of shareholding.
15. PQGTL has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance for Insurers, 2016.
16. The Board has formed the following Management Committees:

Underwriting Committee:

Name of the Member	Category
Mr. Said Gul	Chairman
Mr. Altaf Ahmed Siddiqi	Member & Secretary
Mr. Asadullah Khan	Member
Mr. Shahzad M Khan Ghilzai	Member
Mr. Muhammad Saleem	Member

Claims Settlement Committee:

Name of the Member	Category
Mr. Zahid Hussain Awan	Chairman
Mr. Muhammad Kamran Saleem	Member
Mr. Saqib Zeeshan	Member
Mr. Rashid Shah Khan	Member & Secretary
Mr. Jehanzaib Ahmad	Member

Re-Takaful Committee:

Name of the Member	Category
Mr. Said Gul	Chairman
Mr. Altaf Ahmed Siddiqi	Member
Ms. Rabia Bina Sheikh	Member & Secretary
Mr. Muhammad Saleem	Member

Risk Management & Compliance Committee

Name of the Member	Category
Mr. Zahid Hussain Awan	Chairman
Mr. Muhammad Kamran Saleem	Member
Mr. Altaf Ahmed Siddiqi	Member
Mr. Muneeb Afzal Lone	Member
Mr. Saifuddin Shaikh	Member
Mufti Shakir Siddiqui	Member
Mr. Shahzad M Khan Ghilzai	Member
Mr. Asadullah Khan	Member
Mr. Jehanzaib Ahmad	Member & Secretary

17. The Board has formed the following Board Committee

Ethics, Human Resource & Remuneration Committee:

Name of the Member	Category
Mr. Said Gul	Chairman
Mr. Ali Ibrahim Al Abdul Ghani	Member
Mr. Zahid Hussain Awan	Member
Mr. Muhammad Kamran Saleem	Secretary

Nominations Committee:

Name of the Member	Category
Mr. Abdul Basit Ahmed Al-Shaibei	Chairman
Mr. Said Gul	Member
Mr. Ali Ibrahim Al Abdul Ghani	Member
Mr. Muhammad Kamran Saleem	Secretary

Investment Committee:

Name of the Member	Category
Mr. Zahid Hussain Awan	Chairman
Mr. Owais Ahmed Yusuf	Member
Mr. Abdul Basit Ahmed Al-Shaibei	Member
Mr. Muhammad Kamran Saleem	Member & Secretary

18. The Board has formed an audit committee. It comprises of four members, of whom two are non-executive directors including the chairman of the committee. The composition of the audit committee is as follows:

Audit Committee:

Name of the Member	Category
Mr. Ali Ibrahim Al Abdul Ghani	Chairman
Mr. Said Gul	Member
Mr. Abdul Basit Ahmed Al-Shaibei	Member
Mr. Muneeb Afzal Lone	Secretary

19. The meeting of the committees, except Ethics, Human Resource & Remuneration Committee, were held at least once every quarter prior to approval of interim and final results of PQGTL and as required by the Code of Corporate Governance for Insurers, 2016. The term of reference of the committees have been formed and advised to the committees for compliance.
20. The Board has set up an effective internal audit function.
21. The CEO, CFO, Compliance Officer and the Head of Internal Audit possess such qualification and experience as required under the Code of Corporate Governance for Insurers, 2016. Moreover, the persons heading the underwriting, claim, reinsurance, risk management and grievance functions/ departments possess qualification and experience of direct relevance to their respective functions, as required under section 12 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000);

Name of the Person	Designation
Mr. Zahid Hussain Awan*	Chief Executive Officer
Mr. Altaf Ahmed Siddiqi	Head of Claims
	Head of Underwriting
Ms. Rabia Bina Sheikh	Head of Re-Takaful
Mr. Muhammad Kamran Saleem	CFO/ Company Secretary
	Head of Risk Management
	Head of Grievance Department
Mr. Jehanzaib Ahmad	Compliance Officer
Mr. Muneeb Afzal Lone	Head of Internal Audit

**Subsequent to reporting year Mr. Zahid Hussain Awan is appointed as CEO of the Company to fill the casual vacancy occurred in the office of CEO due to the resignation of Mr. Javed Muslim.*

22. The statutory auditors of the Company have been appointed from the panel of auditors approved by the Commission in terms of section 48 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000). The statutory auditors have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

23. The statutory auditors or the persons associated with them have not been appointed to provide other services and the auditors have confirmed that they have observed IFAC guidelines in this regard.
24. The Board ensures that the investment policy of the Company has been drawn up in accordance with the provisions of the Code of Corporate Governance for Insurers, 2016.
25. The Board ensures that the risk management system of the Company is in place as per the requirements of the Code of Corporate Governance for Insurers, 2016.
26. The Company has set up a risk management function / department, which carries out its tasks as covered under the Code of Corporate Governance for Insurers, 2016.
27. The Board ensures that as part of the risk management system, the PQGTL gets itself rated from The Pakistan Credit Rating Agency Limited (PACRA) and JCR-VIS Credit Rating Company Limited (JCR-VIS) which are being used by its risk management function/ department and the respective Committee as a risk monitoring tool. The rating assigned by the said rating agency on 28th February 2017 and 20th March 2017 are A (maintain) and A- (reaffirmed) with 'Stable' outlook respectively.
28. The Board has set up a grievance department, which fully complies with the requirements of the Code of Corporate Governance for Insurers, 2016.
29. We confirm that all other material principles contained in the Code of Corporate Governance for Insurers, 2016 have been complied with.

By Order of the Board



H.E. Sheikh Ali Bin Abdullah Al-Thani
Chairman of the Board

SHARIAH ADVISORY BOARDS AUDIT REPORT TO THE BOARD OF DIRECTORS

for the year ended December 31, 2016

الحمد لله رب العلمين والصلاة والسلام على سيد الأنبياء والمرسلين
محمد النبي الأمي وعلى آله 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 2016.

We acknowledge that as Shariah Advisory Board of the Company, it is our responsibility to ensure that the financial arrangements, contracts and transactions entered into by the Company with its participants 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.

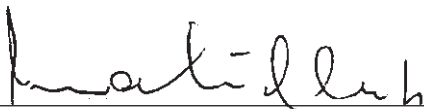
The core scope of Shariah Compliance Review is to evaluate the Company's compliance as per Shariah Guidelines, and includes the analysis of the appropriate evidence of transactions undertaken by the Company during the year 2016. It is the responsibility of the Shariah Advisory Board to express its opinion on the submitted financial statements.

We have reviewed the business concerns of the Company with the assistance of five qualified Muftis of Shariah Compliance Department in accordance with the principles of Shariah. In our opinion, and to the best of our understanding based on the provided information and explanations, below are our findings:

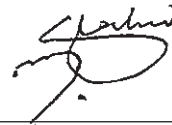
- (i) Financial transactions undertaken by the Company for the year ended 31 December 2016 were in accordance with guidelines issued by Shariah Advisory Board as well as the requirements of Takaful Rules 2012.
- (ii) The company performed its duties to its level best by following Shariah guidelines. Few cases which were required to be consulted in accordance with the Shariah rules and market practice have been discussed and duly resolved.
- (iii) Consequently, we have found that the Company is in accordance with the Shariah principles in all transactional aspects.

"And Allah Knows Best"

On Behalf Of the Chairman of Shariah Advisory Board



Dr. Mufti Ismatullah
Member of Shariah Advisory Board



Mufti Muhammad Shakir Siddiqui
Shariah Advisor and Member of
Shariah Advisory Board



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INDEPENDENT ASSURANCE REPORT TO THE BOARD OF DIRECTORS AND SHARIAH ADVISOR OF THE COMPANY IN RESPECT OF COMPANYS COMPLIANCE WITH THE TAKAFUL RULES, 2012 AND SHARIAH RULES AND PRINCIPLES PRESCRIBED BY THE SHARIAH ADVISOR

We have performed an independent assurance engagement (Shariah Compliance Audit) of **Pak Qatar General Takaful Limited** (the Company) to ensure that the Company has complied with the Takaful Rules 2012 and Shariah rules and principles prescribed by the Shariah Advisor/Board of the Company during the year ended **December 31, 2016**.

2. Management's Responsibility for Shariah Compliance

It is the responsibility of the Company to ensure that the financial arrangements, contracts, products and transactions entered into by the Company and Pak Qatar General Takaful Limited Waqf Fund (the Waqf) with participants, other financial institutions and stakeholders are, in substance and in their legal form, in compliance with the requirements of Shariah rules and principles as determined by the Shariah Advisor/Board and the Takaful Rules, 2012.

3. Our Responsibility

- 3.1 Our responsibility in connection with this engagement is to express an opinion, based on the procedures performed on a sample basis, whether these financial arrangements, contracts, products and transactions are in compliance with the requirements of the Shariah rules and principles as prescribed by the Company's Shariah Advisor/Board and the Takaful Rules, 2012.
- 3.2 The procedures selected by us for the engagement depend on our judgment, including the assessment of the risks of material non-compliance with the said Shariah rules and principles. In making those risk assessments, we consider such internal control procedures as are relevant to the Company's compliance with the Shariah rules and principles. Our engagement is, however, not intended for expressing opinion on the effectiveness of the Company's internal controls for purposes of compliance with the Shariah rules and principles.
- 3.3 We believe that the evidence we have obtained through performing our procedures on a sample basis are sufficient and appropriate to provide a basis for our opinion.

- 3.4 In addition, interpretation and conclusions of Shariah advisor of the company is considered final for the purpose of interpretation of the Shariah matters mentioned in the Takaful Rules, 2012.

4. Framework for the Engagement

We have conducted our engagement in accordance with International Standard for Assurance Engagements 3000 (ISAE 3000) issued by the International Auditing and Assurance Standards Advisor of the International Federation of Accountants. This Standard requires that we comply with ethical requirements and plan and perform the engagement to obtain reasonable assurance regarding the subject-matter i.e. the Company's compliance with the Shariah rules and principles as determined by the Shariah Advisor/Board and the Takaful Rules, 2012.

5. Our Opinion

In our opinion, based on the samples selected, the financial arrangements, contracts, products and transactions entered into by the Company and the Waqf, as the case may be, for the year ended December 31, 2016, are in compliance with the requirements of the Shariah rules and principles as prescribed by the Shariah Advisor/Board and the Takaful Rules, 2012 in all material respects.



Chartered Accountants

Date: 30 March 2017

Karachi:



Deloitte Yousuf Adil
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU., Sharea Faisal,
Karachi-75350
Pakistan

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REVIEW REPORT ON THE STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE FOR INSURER, 2016

We have reviewed the Statement of Compliance (the Statement) with the best practices contained in the Code of Corporate Governance for insurer, 2016 (the Code) prepared by the Board of Directors of **Pak Qatar General Takaful Limited** (the Company) for the year ended December 31, 2016 to comply with the requirements of Code of Corporate Governance for Insurers, 2016 issued by SECP through S.R.O 1045(1) /2016 dated November 9, 2016.

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

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

The Code requires the Company to place before the Audit Committee, and upon recommendation of the audit committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the status of 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 December 31, 2016.

Dated: 30 March 2017
KARACHI

Chartered Accountants



Deloitte Yousuf Adil
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU., Sharea Faisal,
Karachi-75350
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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed financial statements comprising of:

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

of **Pak-Qatar General Takaful Limited** ("the Company") as at December 31, 2016 together with the notes forming part thereof, for the year then ended.

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

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

In our opinion:

- a. proper books of 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;
- c. the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at December 31, 2016 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended in accordance with International 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).

Chartered Accountants
Engagement Partner: Mushtaq Ali Hirani

Date: 30 March 2017
Karachi

BALANCE SHEET

As at December 31, 2016

As at December 31, 2016		2016			2015
	Note	Shareholders' Fund	Participants' Takaful Fund	Aggregate	Aggregate
----- (Rupees) -----					
SHARE CAPITAL AND RESERVES					
[SHAREHOLDERS' FUND (SHF)]					
Authorized share capital	8	600,000,000	-	600,000,000	600,000,000
Issued, subscribed and paid-up share capital	8	471,342,580	-	471,342,580	471,342,580
Qard-e-Hasna contributed to Participant's Takaful Fund		(127,976,333)	-	(127,976,333)	(132,763,544)
Unappropriated profit		42,919,388	-	42,919,388	40,904,871
		386,285,635	-	386,285,635	379,483,907
Advance against issue of share capital		25,105,899	-	25,105,899	25,105,899
WAQF / PARTICIPANTS' EQUITY					
[PARTICIPANTS' TAKAFUL FUND (PTF)]					
Cede money		-	500,000	500,000	500,000
Qard-e-hasna contributed by Shareholders' Fund		-	127,976,333	127,976,333	132,763,544
Accumulated deficit		-	(127,976,333)	(127,976,333)	(132,763,544)
		-	500,000	500,000	500,000
PTF UNDERWRITING PROVISIONS					
Reserve for claims - IBNR		-	6,400,000	6,400,000	10,700,000
Provision for outstanding claims	9	-	184,083,326	184,083,326	102,277,728
Reserve for unearned retakaful rebate		-	30,490,276	30,490,276	15,171,617
Reserve for unearned contributions		-	219,151,486	219,151,486	203,239,216
Contributions deficiency reserve		-	2,400,000	2,400,000	1,965,278
		-	442,525,088	442,525,088	333,353,839
DEFERRED TAX LIABILITY - NET	10	933,347	-	933,347	1,717,680
CREDITORS AND ACCRUALS					
Amount due to co-takaful / retakaful operators		-	81,796,614	81,796,614	62,352,772
Accrued expenses	11	4,765,823	-	4,765,823	5,059,200
Wakala and other account balances		-	16,518,924	16,518,924	22,816,363
Other creditors and accruals	12	51,976,381	23,995,090	75,971,471	74,739,011
		56,742,204	122,310,628	179,052,832	164,967,346
TOTAL EQUITY AND LIABILITIES		469,067,085	565,335,716	1,034,402,801	905,128,671
CONTINGENCIES AND COMMITMENTS	13				

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


 Chairman


 Chief Executive


 Director


 Director

BALANCE SHEET

As at December 31, 2016

As at December 31, 2016		2016			2015
Note	Shareholders' Fund	Participants' Takaful Fund	Aggregate	Aggregate	
----- (Rupees) -----					
CASH AND BANK DEPOSITS	14				
Cash and other equivalents	467,759	216,971	684,730	1,184,152	
Current and other accounts	10,240,247	48,026,817	58,267,064	134,038,360	
Deposits maturing within 12 months	100,914,748	9,085,252	110,000,000	124,500,000	
	111,622,754	57,329,040	168,951,794	259,722,512	
INVESTMENTS	15	220,054,473	28,179	220,082,652	224,555,477
LONG-TERM SECURITY DEPOSITS		3,444,636	-	3,444,636	4,270,336
CURRENT ASSETS - OTHERS					
Contribution due but unpaid	16	-	283,920,499	283,920,499	231,014,181
Accrued investment income	17	2,229,841	170,043	2,399,884	3,858,217
Taxation - payment less provision		4,850,039	3,849,090	8,699,129	9,003,729
Retakaful and other recoveries in respect of outstanding claims		-	113,018,550	113,018,550	32,514,551
Deferred commission expense		22,678,041	-	22,678,041	17,320,155
Prepayments	18	2,653,409	104,824,058	107,477,467	50,282,750
Wakala and other account balances	19	16,518,924	-	16,518,924	22,816,363
Sundry receivables	20	4,360,612	2,196,257	6,556,869	7,095,707
		53,290,866	507,978,497	561,269,363	373,905,653
FIXED ASSETS	21				
Tangible					
Office improvements		6,080,287	-	6,080,287	6,987,323
Furniture and fixtures		5,224,740	-	5,224,740	4,658,387
Office equipment		6,554,276	-	6,554,276	7,071,591
Motor vehicles		4,388,379	-	4,388,379	6,016,209
Computer equipment		9,648,075	-	9,648,075	9,271,303
		31,895,757	-	31,895,757	34,004,813
Intangible					
Computer softwares		7,125,205	-	7,125,205	8,669,880
Capital work-in-progress		41,633,394	-	41,633,394	-
Total fixed assets		80,654,356	-	80,654,356	42,674,693
TOTAL ASSETS		469,067,085	565,335,716	1,034,402,801	905,128,671

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



Chairman



Chief Executive



Director



Director

PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2016

Note	Fire and property	Marine, aviation and transport	Motor	Health	Miscellaneous	2016 Aggregate	2015 Aggregate
(Rupees)							
PTF REVENUE ACCOUNT							
Net contributions revenue	(12,556,025)	1,389,564	213,717,079	3,398,178	11,899,736	217,848,532	373,517,680
Net claims - reported/settled	(2,854,116)	(2,545,483)	(202,956,491)	(24,309,747)	(20,839,705)	(253,505,542)	(412,733,626)
- IBNR	-	-	-	4,300,000	-	4,300,000	3,679,687
	(2,854,116)	(2,545,483)	(202,956,491)	(20,009,747)	(20,839,705)	(249,205,542)	(409,053,939)
	(15,410,141)	(1,155,919)	10,760,588	(16,611,569)	(8,939,969)	(31,357,010)	(35,536,259)
Contributions deficiency (expense) / reversal	(1,293,211)	-	-	858,489	-	(434,722)	9,666,102
Direct expenses	(195,076)	(6,137)	(720,606)	-	(123,476)	(1,045,295)	(2,060,191)
Net retakaful rebate	27,831,733	6,821,380	-	-	6,260,321	40,913,434	34,503,421
Net underwriting results before investment income	10,933,305	5,659,324	10,039,982	(15,753,080)	(2,803,124)	8,076,407	6,573,073
Investment income						2,019,844	14,294,738
Less : Modarib's Share						(807,939)	(5,717,899)
Net investment income						1,211,905	8,576,839
Provision for doubtful contribution net of wakala	22					(4,501,101)	(53,347)
Surplus transferred to participants' equity						4,787,211	15,096,565
SHF REVENUE ACCOUNT							
Wakala income	59,808,344	13,381,973	150,261,937	-	32,671,646	256,123,900	276,834,327
Commission expense	(19,914,901)	(5,927,473)	(10,851,468)	(154,521)	(7,535,313)	(44,383,676)	(43,931,348)
Management expenses	23	(42,406,936)	(9,486,736)	(90,898,771)	-	(161,877,427)	(179,346,218)
	(2,513,493)	(2,032,236)	48,511,698	(154,521)	6,051,349	49,862,797	53,556,761
Modarib share of PTF investment income						807,939	5,717,899
Net investment income						21,963,437	20,879,622
General and administrative expenses	24					(71,033,965)	(75,566,237)
Other income	25					2,199,294	3,198,058
Profit before taxation						3,799,502	7,786,103
Provision for taxation	26					(2,569,318)	(3,547,364)
- current						-	(2,987,453)
- prior						784,333	1,590,099
- deferred						(1,784,985)	(4,944,718)
Profit after taxation						2,014,517	2,841,385

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



Chairman



Chief Executive



Director



Director

STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2016

	2016	2015
	----- (Rupees) -----	
SHAREHOLDERS' FUND (SHF)		
Profit after taxation	2,014,517	2,841,385
Other comprehensive income	-	-
Total comprehensive income for the year	2,014,517	2,841,385

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


 Chairman


 Chief Executive


 Director


 Director

STATEMENT OF CASH FLOWS

For the year ended December 31, 2016

2016 2015
----- (Rupees) -----

OPERATING CASH FLOWS

(a) Takaful activities

Contributions received	592,179,822	847,403,966
Claims paid	(302,030,773)	(529,609,097)
Payment to retakaful operators	(152,017,288)	(84,454,652)
Commission net of retakaful rebate - received / (paid)	12,512,326	(6,975,497)
Other takaful payments	(1,045,295)	(2,060,192)
Net cash inflow from takaful activities	149,598,792	224,304,528

(b) Other operating activities

Income tax paid	(2,264,718)	(5,384,823)
General and other expenses paid	(224,527,661)	(268,222,473)
Advances and deposits	538,838	(3,283,084)
Long term security deposits	825,700	261,350
Net cash used in other operating activities	(225,427,841)	(276,629,030)

Total cash used in all operating activities

(75,829,049) (52,324,502)

INVESTMENT ACTIVITIES

Profit / return received	25,441,614	36,098,039
Payment for investments	(394,505,303)	(238,955,552)
Proceeds from disposal / redemption of investments	508,478,128	211,575,000
Receipts on disposal of fixed assets	3,619,699	6,579,502
Fixed capital expenditure	(48,475,807)	(13,127,225)

Total cash generated from investing activities

94,558,331 2,169,764

FINANCING ACTIVITIES

Proceeds from issuance of share capital	-	38,594,310
Advance received against issuance of share capital	-	25,105,899

Total cash generated from financing activities

- 63,700,209

Net cash inflows from all activities

18,729,282 13,545,471

Cash at beginning of the year

150,222,512 136,677,041

Cash at end of the year

168,951,794 150,222,512

..... Continued

STATEMENT OF CASH FLOWS

For the year ended December 31, 2016

2016
----- (Rupees) -----

2015

Reconciliation to profit and loss account

Operating cash flows	(75,829,049)	(52,324,502)
Depreciation and amortisation expenses	(8,980,416)	(9,066,822)
Exchange loss	(6,703)	(19,804)
Gain on disposal of fixed assets	2,103,970	2,932,001
Provision for doubtful contribution due but unpaid	(7,649,967)	54,000
Investment income	23,983,281	35,174,360
(Increase) / decrease in liabilities	(107,344,465)	200,744,813
Increase / (decrease) in assets	195,957,613	(249,591,332)
(Increase) / decrease in unearned contribution	(15,912,270)	89,595,131
Income tax paid	2,264,718	5,384,823
Profit before taxation	8,586,712	22,882,668
Surplus in participants' equity	4,787,211	15,096,565
Profit before tax attributable to shareholders	3,799,502	7,786,103
	8,586,713	22,882,668

Definition of cash

Cash comprises of cash in hand, policy stamps, cheques in hand, bank balances and deposits maturing within 3 months and other deposits which are readily convertible to cash in hand and which are used in the cash management function on day-to-day basis.

2016
----- (Rupees) -----

2015

Reconciliation of cash for the purpose of the statement of cash flows

Cash and other equivalents	684,730	1,184,152
Current and other accounts	58,267,064	134,038,360
Deposits maturing within 3 months (encashable on demand)	110,000,000	15,000,000
Cash for the purposes of the statement of cash flows	168,951,794	150,222,512
Deposits maturing after 3 months classified in investments	-	109,500,000
Cash and cash equivalents as per balance sheet	168,951,794	259,722,512

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


Chairman


Chief Executive


Director


Director

STATEMENT OF CHANGES IN EQUITY

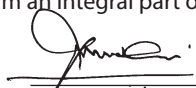
For the year ended December 31, 2016

	(SHF)		
	Issued, subscribed and paid-up capital	Qard-e- Hasna	Unappropriated profit
	(Rupees)		
Balance at January 01, 2015	432,748,270	-	38,063,486
Total comprehensive income for the year ended December 31, 2015			
Profit for the year	-	-	2,841,385
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	-	2,841,385
Transactions with the owners			
Issue of right shares at Rs. 10 per share	38,594,310	-	-
Qard-e-hasna contributed to Participants' Takaful Fund	-	(132,763,544)	-
Balance at December 31, 2015	471,342,580	(132,763,544)	40,904,871
Total comprehensive income for the year ended December 31, 2016			
Profit for the year	-	-	2,014,517
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	-	2,014,517
Transactions with the owners			
Issue of right shares at Rs. 10 per share	-	-	-
Qard-e-hasna refunded from Participants' Takaful Fund	-	4,787,211	-
Balance at December 31, 2016	471,342,580	(127,976,333)	42,919,388

	(PTF)		
	Cede money	Qard-e- Hasna	Accumulated deficit
	(Rupees)		
Balance at January 01, 2015	500,000	-	(147,860,109)
Surplus for the year ended December 31, 2015	-	-	15,096,565
Qard-e-hasna contributed by Shareholders' Fund	-	132,763,544	-
Balance at December 31, 2015	500,000	132,763,544	(132,763,544)
Surplus for the year ended December 31, 2016	-	-	4,787,211
Qard-e-hasna refunded to Shareholders' Fund	-	(4,787,211)	-
Balance at December 31, 2016	500,000	127,976,333	(127,976,333)

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


Chairman


Chief Executive


Director


Director

STATEMENT OF CONTRIBUTIONS

For the year ended December 31, 2016

Takaful business underwritten inside Pakistan

	contri- butions written	Wakala Fee	Net contri- butions	Unearned contribution reserve		Contri- butions earned	Retakaful ceded	Prepaid retakaful ceded		Retakaful expense	Net Contribution revenue	
				Opening	Closing			Opening	Closing		2016	2015
				(Rupees)								
Direct and facultative												
Fire and property	170,996,901	59,808,344	111,188,557	29,935,459	66,942,729	74,181,287	132,852,216	33,439,127	79,554,031	86,737,312	(12,556,025)	(7,382,247)
Marine, aviation and transport	38,253,233	13,381,973	24,871,260	1,550,155	2,192,659	24,228,756	23,822,635	1,384,295	2,367,738	22,839,192	1,389,564	2,908,772
Motor	366,529,858	150,261,937	216,267,921	145,352,742	114,834,994	246,785,669	33,068,590	-	-	33,068,590	213,717,079	250,898,482
Health	-	-	-	3,398,178	-	3,398,178	-	-	-	-	3,398,178	104,593,028
Miscellaneous	76,956,119	32,671,646	44,284,471	23,002,682	35,181,104	32,106,049	31,544,519	11,564,083	22,902,289	20,206,313	11,899,736	22,499,645
Total	652,736,111	256,123,900	396,612,209	203,239,216	219,151,486	380,699,939	221,287,960	46,387,505	104,824,058	162,851,407	217,848,532	373,517,680
Treaty												
Proportional / Non-proportional	-	-	-	-	-	-	-	-	-	-	-	-
Grand Total	652,736,111	256,123,900	396,612,209	203,239,216	219,151,486	380,699,939	221,287,960	46,387,505	104,824,058	162,851,407	217,848,532	373,517,680

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


Chairman


Chief Executive


Director


Director

STATEMENT OF CLAIMS

For the year ended December 31, 2016

Takaful business underwritten inside Pakistan

	Claims Paid	Provision for outstanding claims		Claims expense	Retakaful and other recoveries received	Retakaful and other recoveries in respect of outstanding claims		Retakaful and other recoveries revenue	Net claims expense	
		Opening	Closing			Opening	Closing		2016	2015
(Rupees)										
Direct and facultative										
Fire and property	10,253,101	17,971,444	62,521,362	54,803,019	7,274,720	11,648,622	56,322,805	51,948,903	2,854,116	1,929,479
Marine, aviation and transport	8,000,274	4,696,313	2,308,129	5,612,090	4,492,530	2,640,288	1,214,365	3,066,607	2,545,483	9,357,573
Motor	215,013,897	46,185,715	47,660,926	216,489,108	19,438,895	6,968,571	1,062,293	13,532,617	202,956,491	252,033,316
Health	29,654,133	5,344,386	-	24,309,747	-	-	-	-	24,309,747	135,096,779
Miscellaneous	39,109,368	28,079,870	71,592,909	82,622,407	18,620,685	11,257,070	54,419,087	61,782,702	20,839,705	14,316,479
Total	302,030,773	102,277,728	184,083,326	383,836,371	49,826,830	32,514,551	113,018,550	130,330,829	253,505,542	412,733,626
Treaty										
Proportional / Non-proportional	-	-	-	-	-	-	-	-	-	-
Grand Total	302,030,773	102,277,728	184,083,326	383,836,371	49,826,830	32,514,551	113,018,550	130,330,829	253,505,542	412,733,626

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



Chairman



Chief Executive



Director



Director

STATEMENT OF EXPENSES

For the year ended December 31, 2016

Takaful business underwritten inside Pakistan

	Commission paid or payable	Deferred Commission		Net commission expense	Direct expenses	Takaful expense	Rebate from retakaful operators	Net takaful expense	
		Opening	Closing					2016	2015
----- (Rupees) -----									
Direct and facultative									
Fire and property	25,325,415	8,062,301	13,472,815	19,914,901	195,076	20,109,977	27,831,733	(7,721,756)	(7,345,991)
Marine, aviation and transport	6,107,223	334,807	514,557	5,927,473	6,137	5,933,610	6,821,380	(887,770)	(2,171,799)
Motor	10,754,345	5,412,911	5,315,788	10,851,468	720,606	11,572,074	-	11,572,074	11,971,458
Health	-	154,521	-	154,521	-	154,521	-	154,521	6,852,560
Miscellaneous	7,554,579	3,355,615	3,374,881	7,535,313	123,476	7,658,789	6,260,321	1,398,468	2,181,890
	<u>49,741,562</u>	<u>17,320,155</u>	<u>22,678,041</u>	<u>44,383,676</u>	<u>1,045,295</u>	<u>45,428,971</u>	<u>40,913,434</u>	<u>4,515,537</u>	<u>11,488,118</u>
Treaty									
Proportional / Non-proportional	-	-	-	-	-	-	-	-	-
Grand Total	<u>49,741,562</u>	<u>17,320,155</u>	<u>22,678,041</u>	<u>44,383,676</u>	<u>1,045,295</u>	<u>45,428,971</u>	<u>40,913,434</u>	<u>4,515,537</u>	<u>11,488,118</u>

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


 Chairman


 Chief Executive


 Director


 Director

STATEMENT OF INVESTMENT INCOME

For the year ended December 31, 2016

	2016	2015
	(Rupees)	
Income from non-trading investments		
Available-for-sale		
SHF		
Return on bank balances and deposits	5,860,449	3,961,113
Gain on sale of investments	8,796,822	4,056,928
Dividend income	-	173,792
Return on Government securities	5,358,648	10,415,486
Return on other securities	1,947,518	2,272,303
	7,306,166	12,687,789
Net investment income	21,963,437	20,879,622
PTF		
Return on bank balances and deposits	837,184	8,219,224
Return on Government securities	572,397	6,067,088
Gain on sale of investments	610,263	8,426
	2,019,844	14,294,738
Less: Modarib's fee	(807,939)	(5,717,899)
Net investment income	1,211,905	8,576,839

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



Chairman



Chief Executive



Director



Director

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2016

1. CORPORATE INFORMATION

Pak-Qatar General Takaful Limited (the Company) was incorporated in Pakistan as an unquoted public company limited by shares on March 15, 2006 under the Companies Ordinance, 1984. 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 activity of the Company is to undertake general takaful business. The Company operates with 8 (2015: 13) 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, approved by the Shariah Adviser of the Company.

In last year, the Company strategically curtailed its exposure in health segment, which apprised in year 2016 with the complete elimination of exposure in this segment. Hence, contribution written, unearned contribution, deferred commission, outstanding claims, CDR and IBNR in health segment has been eliminated as at year end.

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 advice of Shariah Adviser of the Company.

As required by the Takaful Rules, 2012 these financial statements reflect the financial position and results of operations of both SHF and PTF in a manner that the assets, liabilities, income and expenses of the Company and the PTF remains separately identifiable.

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 International Accounting Standards Board (IASB), as are notified under the Companies Ordinance, 1984, and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP), the requirements of Companies Ordinance, 1984, the Insurance Ordinance 2000, the SEC (Insurance) Rules, 2002, Takaful Rules, 2012 and directives issued by the SECP. Wherever the requirements of Companies Ordinance, 1984, the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002, Takaful Rules, 2012 and directives issued by the SECP differ with the requirement of IFRS/IFAS, the requirements of Companies Ordinance, 1984, the Insurance Ordinance 2000, the SEC (Insurance) Rules, 2002, Takaful Rules, 2012 or said directives shall prevail.

The SECP has allowed the insurance / takaful 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. ACCOUNTING STANDARDS / AMENDMENTS AND IFRS INTERPRETATIONS

5.1 Amendments to published approved accounting standards that are effective in the current year

The following amendments to published approved accounting standards are effective from January 1, 2016. These amendments are, either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

- Amendments to IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations: Clarification regarding changes in the method of disposal of an asset.
- Amendments to IFRS 7 - Financial Instruments – Disclosures: Disclosure requirements for servicing arrangements on continuing involvement in transferred financial assets.
- Amendments to IFRS 10 - Consolidated Financial Statements, IFRS 12 - Disclosure of Interests in Other Entities and IAS 28 (Revised 2011) - Investments in Associates and Joint Ventures: Application of consolidation exception
- Amendments to IFRS 11 - Joint Arrangements: Accounting for acquisitions of an interest in a joint operation
- Amendments to IAS 1 - Presentation of Financial Statements: Amendments resulting from the disclosure initiative
- Amendments to IAS 16 - Property, Plant and Equipment and IAS 41 - Agriculture: Bringing bearer plants in scope of IAS 16.
- Amendments to IAS 16 - Property, Plant and Equipment and IAS 38 - Intangible Assets: Clarification on acceptable methods of depreciation and amortisation.
- Amendments to IAS 19 - Employee Benefits: Clarification that the same currency bonds be used to determine the discount rate in which benefits are to be paid.
- Amendments to IAS 27 (Revised 2011) - Separate Financial Statements: Use of equity method to account for investments in subsidiaries, joint ventures and associates in separate financial statements.
- Amendments to IAS 34 - Interim Financial Reporting: Clarification related to certain disclosures, i.e., if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

5.2 New accounting standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following amendments to approved accounting standards are effective for accounting periods, beginning on or after the date mentioned against each of them. These amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

- | | Effective from annual periods
beginning on or after |
|---|--|
| - Amendments to IFRS 2 - Share-based Payment: Clarification of the classification and measurement of share-based payment transactions | January 01, 2018 |

**Effective from annual periods
beginning on or after**

- Amendments to IAS 7 - Statement of Cash Flows:
Amendments as result of the disclosure initiative January 01, 2017
- Amendments to IAS 12 - Income Taxes: Recognition of
deferred tax assets for unrealised losses January 01, 2017
- Amendments to IAS 40 - Investment Property:
Clarification on transfers of property to or from
investment property. January 01, 2018
- IFRIC 22 - Foreign Currency Transactions and Advance
Consideration: Provides guidance on transactions where
consideration against non-monetary prepaid asset / deferred
income is denominated in foreign currency. January 01, 2018

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

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers
- IFRS 16 – Leases

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended 31 December 2015. Significant accounting policies are enumerated as follows:

6.1 Takaful contracts

The takaful contracts are based on the principles of Wakala. The takaful contracts so agreed usually inspire concept of tabarru (to donate for benefit of others) and mutual sharing of losses with the overall objective of eliminating the element of uncertainty.

Contracts under which the Participant Takaful Fund (PTF) accepts significant takaful risk from another party (the policyholder) by agreeing to compensate the policy holder 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 expired.

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 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

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

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)

"Upto the last year, reserve for claims - IBNR was 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.

In accordance with the SECP Circular no. 9 of 2016, the Company has changed its method of estimation of IBNR. The Company now takes actuarial advice for the determination of IBNR claims. IBNR claim have been estimated using Chain Ladder (CL) methodology. The Chain Ladder (CL) Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the expected extent of future development of claims to reach their ultimate level."

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.

Contribution due but unpaid (or trade debt) represents the amount due from participants on account of takaful contracts. These are recognised at cost, which is the fair value of the consideration to be received less provision for impairment, if any. A provision for doubtful balances on contribution due but unpaid is established when there is an objective evidence that company will not be able to collect all amounts due according to original terms of the trade debts. Significant financial difficulties of the debtor, probability that debtor will enter financial reorganization, and default of delinquency in payments is considered indicators that trade debt is doubtful. The provision for doubtful debts is charged to profit & loss for the year. When the trade debt is uncollectable, it is written off against the provision. Wakala associated with provision for doubtful balances on contribution due but unpaid, is also created as provision for doubtful wakala balances.

6.6 Reserve for unearned contribution

The unearned portion of contribution written net of wakala is set aside as a reserve and is recognized as a liability. 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 expected liability after re-takaful from claims, and other supplementary expenses 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 net of retakaful claim ratios against net contribution earned gross up of wakala for the unexpired periods of policies in force at balance sheet date for each class of business is disclosed in note 29.1

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 outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

6.10 Investments

Classification

Investments with fixed or determinable payments and fixed maturity, where the Company has positive intent and ability to hold to maturity, are classified as Held-to-Maturity. Investments which are intended to be held for an indefinite period but may be sold in response to the need for liquidity or change in mark-up / interest rates are classified as available for sale.

Initial recognition

All investments are initially recognised at cost being the fair value of the consideration given and include transaction costs, except for held for trading investments in which case transaction costs are charged to profit and loss account.

Subsequent measurement**Held to maturity**

Subsequently, these are measured at amortized cost less provision for impairment, if any. Any premium paid or discount availed on acquisition of held to maturity investment is deferred and amortised over the term of investment using the effective interest method.

Available-for-sale

Investments classified as available-for-sale are subsequently measured at lower of cost or market value (market value being taken as lower if the reduction is other than temporary) in accordance with the requirements of the SEC (Insurance) Rules, 2002.

Fair / market value measurement

For investment in Sukuks, fair / market value is determined by reference to quotations obtained from brokers. The fair / market value of mutual fund units is determined as per the rates announced by the Mutual Funds Association of Pakistan (MUFAP).

International Accounting Standard - 39 (IAS-39) "Financial Instruments - Recognition and Measurement" had been revised effective January 1, 2005. In the revised IAS-39 the option of taking the revaluation gain / loss on the available for sale securities to income / revenue account had been deleted and all such gain / loss was to be taken to equity. Further, after revision of IAS-1, this unrealized gain / loss is to be routed through Other Comprehensive Income (OCI). Since SECP through Insurance Rules, 2002 had prescribed the format of presentation and disclosure of financial statements, according to which the Statutory Funds have no equity or OCI accounts. Resultantly, the changes in IAS-39 and IAS-1 were not implemented.

Date of recognition

Regular way purchases and sales of investments that require delivery within the time frame established by regulations or market convention are recognized at the trade date. Trade date is the date on which the Company commits to purchase or sell the investment.

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, 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 policy holders. 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 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.

6.14 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.

6.15 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.

6.16 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 21.1 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.

Subsequent cost are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the items will flow to the Company and the cost of the item can be measured reliably.

Intangible

These are stated at cost less accumulated amortization and any provision for impairment loss. Amortisation on intangible assets is charged to income applying the reducing balance method at the rates specified in note 21.2 to the financial statements after taking into account residual value, if any. However, ERP software is amortized on straight line method.

Full month's amortisation is calculated from the month the assets are available for use, 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.

Capital work-in-progress

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. It also includes advances to suppliers in respect of tangible and intangible assets. These are transferred to specific assets as and when assets are available for use. Capital work-in-progress is stated at cost less any impairment in value, if any.

Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Impairment losses are charged to profit and loss account.

6.17 Financial instruments

Financial assets and financial liabilities other than those arising out of takaful contracts are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. At the time of initial recognition, financial assets and liabilities are measured at fair values which is the cost of consideration given or received for it. Financial assets are derecognized when the contractual right to future cash flows from the asset expires or is transferred along with the risk and reward of the asset. Financial liabilities are derecognized when obligation specified in the contract is discharged, cancelled or expired. Any gains or losses on derecognition of the financial assets and liabilities are recognized in the profit and loss account of the current period.

6.18 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.

6.19 Revenue recognition

PTF

- Contribution income under a policy is recognised over the period of takaful net off wakala fee. Administrative surcharge recovered from the participant is recognised as part of contribution on upfront basis.
- 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.

SHF

- The shareholders of the Company manage the general takaful operations for the participants and charge 35% (2015: 30%) for fire and property, 35% (2015: 30%) for marine, aviation and transport, 60% (2015: 60%) for cash withdrawal, 45% (2015: 45%) for miscellaneous, 41% (2015: 41%) for motor & 35% (2015: 30%) for engineering, of the gross contribution written net of administrative surcharge as wakala fee against the services. It is recognized upfront on the issue of takaful policy.
- The Takaful Operator also manages the participants' investment as Modarib and charges 40% (2015: 40%) of the investment income earned by the participants' fund as Modarib's fee. It is recognized on the same basis on which related revenue is recognised.

PTF / SHF

- Profit on islamic investment products is recognised on 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.

6.20 Taxation

Current

Provision for current taxation is based on taxability of certain income streams of the company under final tax regime at the applicable tax rates and the remaining income streams chargeable at current rate of taxation under the normal tax regime and / or minimum tax liability at one percent of turnover, whichever is applicable, after taking into account tax credits and rebates available.

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.

6.21 Ijarah

Ijarah rentals are recognised as an expense on accrual basis as and when the rentals become due.

6.22 Commission

Commission incurred in obtaining and recording takaful business 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.

6.23 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 as an expense.

6.24 Other management expenses

Expenses allocated to the takaful business represent directly attributable expenses and these are allocated to various classes of business as deemed equitable by management. Expenses not directly allocable to takaful business are charged to SHF. Allocation between General and Administration Expenses and Management Expenses is performed by management as deemed equitable and Management Expenses are allocated on the basis of gross contribution written during the year.

6.25 Foreign currency transaction and translation

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.

6.26 Business segment

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expense that relate to transaction with any of the Company's other component. The Company accounts for segment reporting using the classes or sub classes of business (Takaful Business Statutory Funds) as specified under the Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 as the primary reporting format.

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 market needs. All the company's business segment operate in Pakistan only. The nature and business activities of these segments are disclosed in note 6.1.

6.27 Takaful surplus

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

6.28 Qard-e-Hasna

Qard-e-Hasna is provided by SHF to PTF in case of deficit in PTF.

6.29 Cash and cash equivalents

Cash and cash equivalents consist of cash, cheque and stamps in hand, balances with banks, short term deposits maturing within twelve months of the year end and liquid short-term investments that are convertible to known amount of cash and are subject to insignificant risk of change in value.

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
Provision for doubtful debts	6.5
Contribution deficiency reserve	6.7
Classification of investments	6.10
Useful lives of assets and method of depreciation and amortization	6.16
Provision for taxation - current and deferred	6.20
Allocation of management expenses	6.24

2016 2015
 -----(Rupees)-----

8. SHARE CAPITAL

8.1 Authorised

Number of shares				
2016	2015			
<u>60,000,000</u>	<u>60,000,000</u>	Ordinary share of Rs. 10 /- each	<u>600,000,000</u>	<u>600,000,000</u>

8.2 Issued, subscribed and paid-up

Number of shares				
2016	2015			
<u>47,134,258</u>	<u>47,134,258</u>	Ordinary share of Rs. 10 /- each fully paid in cash	<u>471,342,580</u>	<u>471,342,580</u>

8.3 Reconciliation of number of ordinary shares of Rs. 10/- each

	2016	2015
	Number of Shares	
At beginning of the year	<u>47,134,258</u>	43,274,827
Add : Issued during the year as right shares	<u>-</u>	<u>3,859,431</u>
At end of the year	<u>47,134,258</u>	<u>47,134,258</u>

8.4 Major share holders of the Company are:

	2016		2015	
	Ordinary shares of Rs. 10 each	Percentage of holding	Ordinary shares of Rs. 10 each	Percentage of holding
Masraf Al Rayan	6,000,000	12.73	6,000,000	12.73
Qatar International Islamic Bank	6,663,600	14.14	6,663,600	14.14
Sheikh Ali Bin Abdullah	6,937,102	14.72	6,937,102	14.72
Qatar Islamic Insurance Company	5,355,803	11.36	5,355,803	11.36
Said Gul and spouse	1	-	4,278,798	9.08
Fawad Yousuf Securities (Private) Limited	3,077,999	6.53	3,077,999	6.53
Pak Qatar Investment (Private) Limited	17,249,977	36.60	-	-

2016 2015
—————(Rupees)—————

9. PROVISION FOR OUTSTANDING CLAIMS

Related parties	650,164	1,172,082
Others	183,433,162	101,105,646
	<u>184,083,326</u>	<u>102,277,728</u>

10. DEFERRED TAX LIABILITY - NET**Deductible temporary difference arising in respect of**

Minimum tax on turnover	(2,776,993)	(1,951,876)
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Taxable temporary difference arising in respect of

Accelerated depreciation	3,710,340	3,669,556
	<u>933,347</u>	<u>1,717,680</u>

10.1 Reconciliation of deferred tax

	Balance at January 01, 2015	Recognized in profit and loss	Balance at December 31, 2015	Recognized in profit and loss	Balance at December 31, 2016
Deductible temporary difference arising in respect of					
Minimum turnover taxes	-	(1,951,876)	(1,951,876)	(825,117)	(2,776,993)
Taxable temporary difference arising in respect of					
Accelerated depreciation allowance	3,307,779	361,777	3,669,556	40,784	3,710,340
	<u>3,307,779</u>	<u>(1,590,099)</u>	<u>1,717,680</u>	<u>(784,333)</u>	<u>933,347</u>

	Note	2016	2015
		—————(Rupees)—————	
11. ACCRUED EXPENSES			
Workers' welfare fund	11.1	2,292,062	2,559,502
Rent, rates and electricity		311,000	518,000
Communication		400,000	397,498
Vehicles running and maintenance		238,761	400,000
Auditors' remuneration		820,000	700,000
Consultancy		450,000	419,200
Printing and stationery		67,000	65,000
Takaful contribution		187,000	-
		<u>4,765,823</u>	<u>5,059,200</u>

11.1 WORKERS' WELFARE FUND

On June 04, 2015, the Provincial Assembly of Sindh promulgated Sindh Worker's Welfare Fund Act, 2014 (the Act). By virtue of Section 20 of the said Act, the provisions of Workers' Welfare Ordinance, 1971 are repealed in their application to the province of Sindh, and therefore, no more applicable to the Company. The definition of Industrial Undertaking in the new Act includes any concerned in Banking or Financial Institution except State Bank of Pakistan. The management, based on opinion of their tax advisors, believes that the Company does not fall under the definition of Industrial Undertaking and as such the Act is not applicable to it. Accordingly, no further provision for Workers' Welfare Fund has been made in these financial statements.

12. OTHER CREDITORS AND ACCRUALS

	2016			2015		
	SHF	PTF	Total	SHF	PTF	Total
	—————(Rupees)—————					
Commission	41,980,096	-	41,980,096	35,958,301	-	35,958,301
Trakker charges	-	21,176,818	21,176,818	-	25,841,757	25,841,757
Accrued salaries	4,439,435	-	4,439,435	7,999,221	-	7,999,221
Stale cheques	1,481,824	1,583,824	3,065,648	1,044,561	1,196,517	2,241,078
Car ijarah	-	-	-	199,119	-	199,119
Charity	490	-	490	473	-	473
EOBI	64,560	-	64,560	95,520	-	95,520
Tax deducted at source	527,741	1,107,154	1,634,895	515,155	752,079	1,267,234
Other	3,482,235	127,294	3,609,529	1,127,295	9,013	1,136,308
	<u>51,976,381</u>	<u>23,995,090</u>	<u>75,971,471</u>	<u>46,939,645</u>	<u>27,799,366</u>	<u>74,739,011</u>

13. CONTINGENCIES AND COMMITMENTS

13.1 In 2014, the Assistant Commissioner (AC) - Sindh Revenue Board (SRB) issued an order for taxability of facultative reinsurance and thereby raised demand of Rs. 1,099,648. However the Company filed appeal against the said order before Commissioner (Appeals) - SRB which was decided against the Company. The Company paid the said demand under protest and filed an appeal before the Appellate Tribunal Sindh Revenue Board, which was also decided against the company. However, the Company intends to file a case to the Honorable High Court.

13.2 In 2015, the Additional Commissioner Inland Revenue (ACIR) issued an order under Section 122(5A) of the Income Tax Ordinance, 2001 (the Ordinance) and raised demand of Rs. 31,009,647 by making certain disallowances. The Company has obtained stay order against recovery of tax demand from the Sindh High Court and filed appeal against the said Order before the Commissioner Inland Revenue (Appeals) which is pending adjudication. Based on the opinion of the tax advisors of the Company, the management is confident that the matter will ultimately be decided in its favour and accordingly no provision is required to be made in these financial statements.

13.3 Commitments under ijarah arrangements and the period in which these payments will become due are:

	2016 —————(Rupees)—————	2015 —————(Rupees)—————
Not later than one year	1,355,088	2,183,640
Later than one year but not later than five years	48,209	1,995,387
	<u>1,403,297</u>	<u>4,179,027</u>

14. CASH AND BANK DEPOSITS

		2016			2015		
Note	SHF	PTF	Total	SHF	PTF	Total	
<div>—————(Rupees)—————</div>							
Cash and other equivalents							
Cash in hand	467,759	-	467,759	475,799	-	475,799	
Stamps in hand	-	216,971	216,971	-	708,353	708,353	
	467,759	216,971	684,730	475,799	708,353	1,184,152	
Current and other accounts							
- Current accounts	365,277	23,685,073	24,050,350	1,762,501	16,705,811	18,468,312	
- Saving accounts	9,874,970	24,341,744	34,216,714	79,126,658	36,443,390	115,570,048	
14.1	10,240,247	48,026,817	58,267,064	80,889,159	53,149,201	134,038,360	
Deposit maturing within twelve months							
14.2	100,914,748	9,085,252	110,000,000	50,397,398	74,102,602	124,500,000	
	111,622,754	57,329,040	168,951,794	131,762,356	127,960,156	259,722,512	

14.1 These carry profit ranging from 2.4% to 4.7% (2015: 2.0% to 6.7%) per annum.

14.2 It carries profit at the rate of 5.4% (2015: 6.2% to 10%) per annum.

15. INVESTMENTS

		2016			2015		
Note	SHF	PTF	Total	SHF	PTF	Total	
	(Rupees)						
Available for sale							
Sukuk certificates	15.1	143,350,000	-	143,350,000	131,450,000	-	131,450,000
Mutual fund units	15.2	76,704,473	28,179	76,732,652	93,097,244	8,233	93,105,477
		220,054,473	28,179	220,082,652	224,547,244	8,233	224,555,477

15.1 Details of investments in sukuk certificates

(Face value of Rs. 100,000 each unless otherwise stated)

				2016			2015		
				SHF	PTF	Total	SHF	PTF	Total
				(Rupees)					
2016	2015								
Number of certificates		Investment in Sukuk Certificates	Profit rate						
3,000	3,000	WAPDA 2nd Sukuk certificates (Face value of Rs. 1,667 each)	6 month Kibor minus 0.25%	2,500,000	-	2,500,000	5,000,000	-	5,000,000
		Government of Pakistan Ijarah Sukuk - XII *	6 month Treasury bills	-	-	-	45,000,000	-	45,000,000
		Government of Pakistan Ijarah Sukuk - XIII *	6 month Treasury bills minus 0.25%	-	-	-	5,000,000	-	5,000,000
		Government of Pakistan Ijarah Sukuk - XV	6 month Treasury bills minus 2%	54,450,000	-	54,450,000	54,450,000	-	54,450,000
		Government of Pakistan Ijarah Sukuk - XVII	6.10%	64,400,000	-	64,400,000			
1,320	1,320	K-Electric AZM - 2 (Face value of Rs. 5,000 each)	3 month Kibor plus 2.25%	6,600,000	-	6,600,000	6,600,000	-	6,600,000
3,080	3,080	K-Electric AZM - 3 (Face value of Rs. 5,000 each)	3 month Kibor plus 2.75%	15,400,000	-	15,400,000	15,400,000	-	15,400,000
				143,350,000	-	143,350,000	131,450,000	-	131,450,000

15.1.1 GOP Ijara – XV amounting to Rs. 55,000,000/- face value (2015: GoP XII: Rs. 45,000,000 and GoP XIII: Rs. 5,000,000) are held under lien with the State Bank of Pakistan in compliance with the requirements of Section 29 of the Insurance Ordinance, 2000.

15.1.2 WAPDA 2nd sukuk certificates are backed by the Government of Pakistan's (GOP) Sovereign Guarantee. GOP Ijarah sukuks are backed by pari passu charge without any preference over specified assets including airport land and motorway land. Other sukuks are secured by way of mortgage of immovable properties, ranking of hypothecation charge over the assets.

* GOP Ijara - XII and GOP Ijara - XIII sukuks, held under lien with the SBP, were matured in November 2015. However, redemption proceeds had been realised directly by SBP and the same was released to the Company in March 2016.

15.2 Details of investments in mutual funds units

			2016			2015		
			SHF	PTF	Total	SHF	PTF	Total
			(Rupees)					
2016	2015							
Number of units			Investment in Mutual Funds Units					
27,757	23,255	Al Ameen Islamic Sovereign Fund (face value of Rs. 100 each)	2,802,467	-	2,802,467	2,390,381	-	2,390,381
104,559	101,737	Al Ameen Shariah Stock Fund (face value of Rs. 100 each)	13,133,705	-	13,133,705	11,601,773	-	11,601,773
-	148,699	Meezan Cash Fund (face value of Rs. 50 each)	-	-	-	7,543,730	-	7,543,730
436,215	415,605	Meezan Islamic Income Fund (face value of Rs. 50 each)	22,342,914	-	22,342,914	21,200,000	-	21,200,000
208,234	104,961	Meezan Islamic Fund (face value of Rs. 50 each)	13,416,893	8,399	13,425,292	6,437,417	-	6,437,417
375	116,342	Meezan Sovereign Fund (face value of Rs. 50 each)	-	19,780	19,780	6,036,918	8,233	6,045,151
721,907	2,369,450	NAFA Islamic Aggressive Income Fund (face value of Rs. 10 each)	7,024,376	-	7,024,376	23,286,241	-	23,286,241
1,572,024	1,466,163	NAFA Islamic Stock Fund (face value of Rs. 10 each)	17,984,118	-	17,984,118	14,600,784	-	14,600,784
			<u>76,704,473</u>	<u>28,179</u>	<u>76,732,652</u>	<u>93,097,244</u>	<u>8,233</u>	<u>93,105,477</u>

15.3 Market value of investment

			2016			2015		
			SHF	PTF	Total	SHF	PTF	Total
			(Rupees)					
Available-for-sale								
-		Sukuks	146,006,300	-	146,006,300	132,463,270	-	132,463,270
-		Mutual fund units	90,527,454	30,575	90,558,029	95,623,288	8,234	95,631,522
			<u>236,533,754</u>	<u>30,575</u>	<u>236,564,329</u>	<u>228,086,558</u>	<u>8,234</u>	<u>228,094,792</u>

	Note	2016 —————(Rupees)—————	2015
16. CONTRIBUTION DUE BUT UNPAID			
Considered good			
Related party		2,356,632	611,210
Others		281,563,867	230,402,971
Considered doubtful		60,278,609	52,628,642
		<u>344,199,108</u>	<u>283,642,823</u>
Less: provision for doubtful balances	16.1	(60,278,609)	(52,628,642)
		<u>283,920,499</u>	<u>231,014,181</u>
16.1 Provision for doubtful balances			
At beginning of the year		52,628,642	52,682,642
Provision made during the year		7,649,967	3,355,849
Reversal made during the year		-	(3,409,849)
	22	<u>7,649,967</u>	<u>(54,000)</u>
At end of the year		<u>60,278,609</u>	<u>52,628,642</u>
17. ACCRUED INVESTMENT INCOME			
Shareholders' Fund		2,229,841	985,049
Participants' Takaful Fund		170,043	2,873,168
		<u>2,399,884</u>	<u>3,858,217</u>

	2016			2015		
Note	SHF	PTF	Total	SHF	PTF	Total
	—————(Rupees)—————					

18. PREPAYMENTS

Prepaid retakaful ceded	-	104,824,058	104,824,058	-	46,387,505	46,387,505
Prepaid rent	19,617	-	19,617	816,966	-	816,966
Prepayment – services contract	1,352,736	-	1,352,736	1,405,092	-	1,405,092
Prepaid takaful contribution 18.1	1,281,056	-	1,281,056	1,673,187	-	1,673,187
	<u>2,653,409</u>	<u>104,824,058</u>	<u>107,477,467</u>	<u>3,895,245</u>	<u>46,387,505</u>	<u>50,282,750</u>

18.1 This includes prepaid contribution to a related party of Rs. 774,223 (2015 : Rs. 1,489,571).

19. WAKALA AND OTHER ACCOUNT BALANCES

	Note	2016 —————(Rupees)—————	2015 —————(Rupees)—————
Wakala fee receivable		34,478,717	38,435,229
Modarib fee receivable		807,939	-
		35,286,656	38,435,229
Less: provision for doubtful wakala	19.1	(18,767,732)	(15,618,866)
		16,518,924	22,816,363

19.1 Provision for doubtful balances

At beginning of the year	15,618,866	15,726,213
Provision made during the year	3,148,866	981,873
Reversal made during the year	-	(1,089,220)
	3,148,866	(107,347)
At end of the year	18,767,732	15,618,866

20. SUNDRY RECEIVABLES - Considered good

	2016			2015		
	SHF	PTF	Total	SHF	PTF	Total
	—————(Rupees)—————			—————(Rupees)—————		
Security deposits	897,300	254,523	1,151,823	865,950	254,523	1,120,473
Advance to employees	2,180,684	-	2,180,684	1,767,370	-	1,767,370
Tender deposit	1,142,931	-	1,142,931	1,569,486	-	1,569,486
Sales tax	-	1,104,807	1,104,807	-	1,542,336	1,542,336
Others	139,697	836,927	976,624	259,114	836,928	1,096,042
	4,360,612	2,196,257	6,556,869	4,461,920	2,633,787	7,095,707

21. FIXED ASSETS

	Note	2016 —————(Rupees)—————	2015 —————(Rupees)—————
Tangible	21.1	31,895,757	34,004,813
Intangible	21.2	7,125,205	8,669,880
Capital work in progress	21.3	41,633,394	-
		80,654,356	42,674,693

21.1. Tangible

		2016						
Particulars	Cost			Accumulated depreciation			Carrying value at December 31, 2016	Depreciation Rates (%)
	As at January 01, 2016	Addition / (disposals)	As at December 31, 2016	As at January 01, 2016	For the year / (adjustment for disposals)	As at December 31, 2016		
	(Rupees)							
Office improvements	14,348,117	165,956	14,514,073	7,360,794	1,072,992	8,433,786	6,080,287	15
Furniture and fixtures	8,589,814	1,291,969	9,881,783	3,931,427	725,616	4,657,043	5,224,740	15
Office equipment	12,726,977	580,265	13,307,242	5,655,386	1,097,580	6,752,966	6,554,276	15
Motor vehicles	14,004,718	1,046,909 (3,767,376)	11,284,251	7,988,509	1,159,010 (2,251,647)	6,895,872	4,388,379	20
Computer equipment	27,156,319	3,757,315	30,913,634	17,885,016	3,380,543	21,265,559	9,648,075	30
	76,825,945	6,842,414 (3,767,376)	79,900,983	42,821,132	7,435,741 (2,251,647)	48,005,226	31,895,757	
		2015						
Particulars	Cost			Accumulated depreciation			Carrying value at December 31, 2015	Depreciation Rates (%)
	As at January 01, 2015	Addition / (disposals)	As at December 31, 2015	As at January 01, 2015	For the year / (adjustment for disposals)	As at December 31, 2015		
	(Rupees)							
Office improvements	13,243,467	1,104,650	14,348,117	6,202,575	1,158,219	7,360,794	6,987,323	15
Furniture and fixtures	8,589,814	-	8,589,814	3,109,359	822,068	3,931,427	4,658,387	15
Office equipment	10,229,742	2,497,235	12,726,977	4,756,605	898,781	5,655,386	7,071,591	15
Motor vehicles	15,285,029	6,798,260 (8,078,571)	14,004,718	11,212,968	1,206,611 (4,431,070)	7,988,509	6,016,209	20
Computer equipment	24,497,152	2,659,167	27,156,319	14,661,637	3,223,379	17,885,016	9,271,303	30
	71,845,204	13,059,312 (8,078,571)	76,825,945	39,943,144	7,309,058 (4,431,070)	42,821,132	34,004,813	

21.2 Intangible

Intangible

2016								
Particulars	Cost			Accumulated amortisation			Carrying value at December 31, 2016	Amortization Rates (%)
	As at January 01, 2016	Addition	As at December 31, 2016	As at January 01, 2016	For the year	As at December 31, 2016		
	(Rupees)							
Computer softwares	24,476,889		24,476,889	15,807,009	1,544,675	17,351,684	7,125,205	10-20
2015								
Particulars	Cost			Accumulated amortisation			Carrying value at December 31, 2015	Amortization Rates (%)
	As at January 01, 2015	Addition	As at December 31, 2015	As at January 01, 2015	For the year	As at December 31, 2015		
	(Rupees)							
Computer softwares	24,408,975	67,914	24,476,889	14,049,245	1,757,764	15,807,009	8,669,880	10-20

21.3 This represents various advances paid against acquisition / development of different software applications for the operational use of the Company.

	Note	2016 —————(Rupees)—————	2015
21.4 The depreciation charge for the year has been allocated as follows:			
Management expenses	23	5,205,019	5,116,341
General and administrative expenses	24	2,230,722	2,192,717
		<u>7,435,741</u>	<u>7,309,058</u>

21.5 The amortisation charge for the year has been allocated as follows:

Management expenses	23	1,081,273	1,230,435
General and administrative expenses	24	463,402	527,329
		<u>1,544,675</u>	<u>1,757,764</u>

22. PROVISION FOR DOUBTFUL CONTRIBUTION NET OF WAKALA FEE

Provision for doubtful contribution	16.1	7,649,967	(54,000)
Less: provision for refund of wakala fee	19.1	(3,148,866)	107,347
		<u>4,501,101</u>	<u>53,347</u>

23. MANAGEMENT EXPENSES

Salaries, allowances and other benefits	23.1	100,983,543	114,888,351
Shariah advisors' fee		1,715,336	2,121,080
Consultancy fee		2,909,622	2,665,700
Rent, rates and taxes		13,471,756	12,315,106
Utilities		3,905,375	4,147,571
Communication		4,302,752	4,623,151
Printing and stationery		2,656,346	3,805,272
Traveling and entertainment		2,633,239	4,124,671
Depreciation	21.4	5,205,019	5,116,341
Amortisation	21.5	1,081,273	1,230,435
Repairs and maintenance		1,098,253	1,104,632
Vehicles running		4,543,580	5,910,409
Car ijarah		1,909,881	2,417,032
Advertisement and sales promotion		3,005,394	1,754,687
Legal and professional		2,993,211	3,069,548
Takaful contribution		3,227,876	3,808,867
Training		24,500	44,100
Fees and subscription		2,609,006	2,008,396
Bank charges and brokerage		17,870	10,527
Office expenses		325,963	318,159
Conference and seminar		123,480	120,750
Janitorial services		218,983	337,022
Staff welfare		349,479	456,189
Computer expenses		1,838,569	2,035,571
Actuarial services		550,000	750,000
Others		177,121	162,651
		<u>161,877,427</u>	<u>179,346,218</u>

23.1 It includes staff retirement benefits amounting to Rs. 3,587,070/- (2015: Rs. 4,704,510/-)

	Note	2016 ————(Rupees)————	2015
24. GENERAL AND ADMINISTRATIVE EXPENSES			
Salaries, allowances and other benefits	24.1	43,278,660	49,237,865
Shariah advisors' fee		735,144	909,034
Rent, rates and taxes		5,773,610	5,277,902
Communication		1,844,037	1,981,351
Printing and stationery		1,138,434	1,630,831
Traveling and entertainment		1,128,531	1,767,716
Depreciation	21.4	2,230,722	2,192,717
Amortisation	21.5	463,402	527,329
Repairs and maintenance		470,680	473,414
Vehicles running		1,947,248	2,533,032
Car ijarah		818,520	1,035,871
Legal and professional		1,282,805	1,315,521
Takaful contribution		1,383,375	1,632,371
Training		10,500	18,900
Fees and subscription		1,118,146	860,741
Bank charges and brokerage		7,659	4,512
Auditors' remuneration	24.2	1,279,780	1,026,800
Provision / (reversal) for wakala refund	22	3,148,866	(107,347)
Office expenses		139,699	136,354
Conference and seminar		52,920	51,750
Janitorial services		93,850	144,438
Staff welfare		149,777	195,510
Utilities		1,673,732	1,777,530
Computer expenses		787,958	872,388
Others		75,910	69,707
		<u>71,033,965</u>	<u>75,566,237</u>

24.1 It includes staff retirement benefits amounting to Rs. 1,537,316/- (2015:Rs. 2,016,219/-).

24.2 Auditors' remuneration

	————(Rupees)————	
Audit fee	400,000	400,000
Review and other certifications	805,200	541,800
Out of pocket expenses	74,580	85,000
	<u>1,279,780</u>	<u>1,026,800</u>

25. OTHER INCOME

Gain on disposal of fixed assets	2,103,970	2,932,001
Exchange loss	(6,703)	(19,804)
Administrative surcharge	-	285,861
Cotakaful service income	95,797	-
Miscellaneous	6,230	-
	<u>2,199,294</u>	<u>3,198,058</u>

26. TAXATION

	Note	2016 ----- (Rupees) -----	2015
Current		2,569,318	3,547,364
Prior		-	2,987,453
Deferred	10.1	(784,333)	(1,590,099)
		<u>1,784,985</u>	<u>4,944,718</u>

26.1 The Company has filed returns upto and including tax year 2016 which are deemed to have been assessed under Section 120 of the Income Tax Ordinance, 2001, unless selected for audit.

26.2 The relationship between tax expense and accounting profit has not been presented in these financial statements as the income of the Company is subject to tax under section 113 and section 37A of Income Tax Ordinance, 2001.

27. REMUNERATION OF EXECUTIVES

Aggregate amounts charged in the financial statements for remuneration, including all benefits to the executives of the Company are as follows:

	2016		2015	
	Chief Executive Officer	Executives	Chief Executive Officer	Executives
	----- (Rupees) -----			
Managerial remuneration	3,042,000	26,080,922	1,521,000	22,151,669
House rent	1,368,900	11,735,992	684,420	9,968,256
Utilities	269,100	2,307,159	134,580	1,959,597
Medical expenses	271,017	2,020,143	114,825	1,149,760
Vehicle allowance	-	4,103,804	-	4,264,958
Staff retirement benefit	468,000	2,746,728	234,000	2,248,424
Others	2,808,000	1,258,158	1,402,000	2,488,445
	<u>8,227,017</u>	<u>50,252,906</u>	<u>4,090,825</u>	<u>44,231,109</u>
Number of persons	1	28	1	25

27.1 Chief Executive Officer and some executives are provided free use of Company maintained cars.

27.2 Certain directors including CEO have been provided boarding and lodging amounting to Rs. 21,778/- (2015: Rs. 237,959/-) to attend Board meetings of the Company as per the Company's policy.

28. PROVIDENT FUND

The Company operates approved contributory provident fund (the Fund) for its permanent employees. Details of net assets and investments of these funds as per latest available financial statements (un-audited) are as follows:

	2016 (Unaudited) —————(Rupees)—————	2015 (Audited) —————
Size of the fund - net assets	22,976,262	37,180,582
Cost of the investments made	21,942,754	33,397,046
Percentage of the investments made	96%	90%
Fair value of the investments made	21,942,754	33,611,038

The break up of fair value of the investments is :

	2016 Rupees	%	2015 Rupees	%
Bank balances	1,689,503	8	22,643,798	68
Government securities	9,500,000	43	-	0
Mutual funds units	10,753,251	49	10,753,248	32
	<u>21,942,754</u>		<u>33,397,046</u>	

The investments have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

29. TAKAFUL AND FINANCIAL RISK MANAGEMENT

The Company issues contracts that transfer takaful risk or financial risk or both to the Company. This section summarises these risks and the way the company manages them.

29.1 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 one month respectively.

Management recognises the critical importance of having efficient and effective risk management systems in place. The Board of Directors of the Company reviews 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 which has delegated authorities and responsibilities from the Board to executive management.

The Audit Committee oversees compliance by management with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by an Internal Audit function. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

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 catastrophes.

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.

Factors that aggravate takaful risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

Concentration of takaful risk

A concentration of risk may also arise from a single takaful contract issued to a particular type of participant, within a geographical location or to a particular types of commercial business. In order to minimise the financial exposure arising from large claims, the Company, in the normal course of business, enters into agreement with other re-takaful operators, who are dispersed over several geographical regions.

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

	2016		
	Maximum Gross Risk Exposure	Maximum Retakaful Cover	Highest Net Risk Retention
	————— Rupees —————		
Class			
Fire and property	804,000,000	789,000,000	15,000,000
Marine, aviation and transport	461,794,959	453,794,959	8,000,000
Motor	18,000,000	17,250,000	750,000
Miscellaneous	298,067,848	290,867,848	7,200,000
	2015		
	Maximum Gross Risk Exposure	Maximum Retakaful Cover	Highest Net Risk Retention
	————— Rupees —————		
Class			
Fire and property	767,700,000	752,700,000	15,000,000
Marine, aviation and transport	476,121,850	468,121,850	8,000,000
Motor	24,820,000	24,070,000	750,000
Health	318,286,000	-	318,286,000
Miscellaneous	100,000,000	95,000,000	5,000,000

(a) Frequency and severity of claims

Political, environmental, economical and climatic changes give rise to more frequent and severe extreme events (for example, fire, theft, steal, riot and strike, explosion, earthquake, atmospheric damage, hurricanes, typhoons, river flooding, electric fluctuation, terrorism, war risk, damages occurring in inland transit, burglary, loss of cash in safe and cash in transit, travel and personal accident, money losses, engineering losses and other events) and their consequences (for example, subsidence claims).

Takaful contracts which is divided into direct and facultative arrangements are further subdivided into segments; fire and property, marine, aviation and transport, motor and miscellaneous. The takaful risk arising from these contracts is concentrated in the territories in which the Company operates, and there is a balance between commercial and personal properties / assets in the overall portfolio of covered properties / assets. The Company underwrites takaful contracts in Pakistan.

The Company manages these risks through its underwriting strategy, adequate re-takaful arrangements and proactive claims handling.

The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography. The Company has the right to re-price the risk on renewal. It also has the ability to impose deductibles and reject fraudulent claims. Takaful contracts also entitle the Company to pursue third parties for payment of some or all costs (for example, subrogation). The claims payments are limited to the extent of sum covered on occurrence of the covered event.

The Company has entered into re-takaful cover / arrangements, with foreign re-takaful operators having good credit rating by reputable rating agencies, to reduce its exposure to risks and resulting claims. Keeping in view the maximum exposure in respect of key zone aggregates, a number of proportional and non-proportional treaty and facultative re-takaful arrangements are in place to protect the net account in case of a major catastrophe. The effect of such re-takaful arrangements is that the Company recovers the share of claims from re-takaful companies thereby reducing its exposure to risk. Apart from the adequate event limit which is a multiple of the treaty capacity or the primary recovery from the proportional re-takaful arrangements, any loss over and above the said limit would be recovered under non-proportional treaty and facultative re-takaful which is very much in line with the risk management philosophy of the Company.

The Company has a claims department dealing with the mitigation of risks surrounding claims incurred whether reported or not. This department examines and settles all claims based on survey report / assessment. The unsettled claims are reviewed individually and adjusted to reflect the latest information on the underlying facts, contractual terms and conditions, and other factors. The Company manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

(b) Sources of uncertainty in the estimation of future claims payment

Reported claims and development of large losses / catastrophes are analysed separately. The shorter settlement period for claims allows the Company to achieve a higher degree of certainty about the estimated cost of claims including IBNR. However, the longer time needed to assess the emergence of a subsidence claim makes the estimation process more uncertain for these claims.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value, re-takaful and other recoveries. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome may be different from the original liability established. The liability comprises amount in relations to unpaid reported claims, claims incurred but not reported (IBNR), expected claims settlement costs and a provision for unexpired risks at the end of the reporting period.

Liability in respect of outstanding claims is based on the best estimate of the claims intimated or assessed. In calculating the estimated cost of unpaid claims (both reported and not), the Company's estimation techniques are based on management professional judgements, preliminary survey assessments, loss-ratio-based estimates and information of claims with similar characteristics related to previous periods.

(c) Process used to decide on assumptions

The risks associated with takaful contracts are complex and subject to a number of variables that complicate quantitative sensitivity analysis. This risk exposure is geographically concentrated in Pakistan only.

The Company uses assumptions based on a mixture of internal and market data to measure its related claims liabilities. Internal data is derived mostly from the Company's claims reports, surveyor's report for particular claim and screening of the actual takaful contracts carried out to derive data for the contracts held.

The principle assumptions underlying the liability estimation of IBNR and deficiency reserve which is determined by the actuary, is that the PTF's future claim developments will follow current pattern for occurrence and reporting. This includes assumptions in respect of loss ratio, expense of claim settlement and provision for IBNR. The management uses judgements to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgements includes external factor for example treatment of one off claim, changes in market factor and economic condition. The internal factor such as portfolio mix, policy conditions and claim handling procedure are also considered in this regard. However, uncertainty prevails with estimated deficient reserve, claim liability including IBNR and it is likely that final settlement of these liabilities may be different from initial recognized amount.

The estimated net of retakaful loss ratios to net contribution gross up of wakala, for each class of business is as follows:

	2016 %	2015 %
Class		
Fire and property	6	10
Marine, aviation and transport	17	76
Motor	56	54
Miscellaneous	47	28

(d) Changes in assumptions

The Company has not changed its assumptions for the takaful contracts as disclosed in above (b) and (c) above.

(e) Sensitivity analysis

The analysis of exposure described in paragraph (c) above is also used to test the sensitivity of the selected assumptions to changes in the key underlying factors. Assumptions of different levels have been used to assess the relative severity of subsidence claims given past experience. The key material factor in the Company's exposure to subsidence claims is the risk of more permanent changes in geographical location in which Company is exposed.

The risks associated with the takaful contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Company considers that the liability for takaful claims recognised in the balance sheet is adequate. However, actual experience may differ from the expected outcome.

As the PTF enters into short term takaful contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, estimated results of sensitivity testing assuming 10% change in the claim liability showing effect on gross underwriting results is set out below, while keeping the other assumptions constant.

	Underwriting Results	
	2016	2015
	————(Rupees)————	
10% increase in gross claims liability	<u>(18,408,333)</u>	<u>(10,227,773)</u>
10% decrease in gross claims liability	<u>18,408,333</u>	<u>10,227,773</u>

29.1.1 Claim development table - 2016

The following table shows the development of claims over a period of time on gross basis. The disclosure goes back to the period when the outstanding claim arose for which there is uncertainty about the amount and timing of the claims payments. For each class of business, the uncertainty about the amount and timings of claims payment is usually resolved within a year.

Accident year	2010	2011	2012	2013	2014	2015	2016
	————(Rupees)————						
Estimate of ultimate claim cost :							
At the end of accident year	162,400,594	187,397,677	251,812,157	556,369,336	645,191,655	365,107,578	389,120,624
One year later	160,113,370	172,935,642	242,572,781	550,138,621	691,246,296	362,565,240	-
Two years later	153,590,939	168,024,293	235,869,401	552,680,947	691,180,103	-	-
Three years later	152,130,882	169,148,723	236,259,962	551,908,604	-	-	-
Four years later	151,995,482	168,764,919	234,356,583	-	-	-	-
Five years later	156,067,877	168,764,919	-	-	-	-	-
Six years later	156,067,877	-	-	-	-	-	-
Current estimate of cumulative claims	156,067,877	168,764,919	234,356,583	551,908,604	691,180,103	362,565,240	389,120,624
Cumulative payments to date	(154,887,985)	(165,509,723)	(232,115,563)	(545,974,200)	(681,052,530)	(355,400,457)	(234,940,166)
Liability recognised in balance sheet	<u>1,179,892</u>	<u>3,255,196</u>	<u>2,241,020</u>	<u>5,934,404</u>	<u>10,127,573</u>	<u>7,164,783</u>	<u>154,180,458</u>

Claim development table - 2015

The following table shows the development of claims over a period of time on gross basis. Certain figures have been regrouped for more accurate presentation.

Accident year	2010	2011	2012	2013	2014	2015
	————(Rupees)————					
Estimate of ultimate claim cost :						
At the end of accident year	162,400,594	187,397,677	251,812,157	556,369,336	645,191,655	365,107,578
One year later	160,113,370	172,935,642	242,572,781	550,138,621	691,246,296	-
Two years later	153,590,939	168,024,293	235,869,401	552,680,947	-	-
Three years later	152,130,882	169,148,723	236,259,962	-	-	-
Four years later	151,995,482	168,764,919	-	-	-	-
Five years later	156,067,877	-	-	-	-	-
Current estimate of cumulative claims	156,067,877	168,764,919	236,259,962	552,680,947	691,246,296	365,107,578
Cumulative payments to date	(154,887,985)	(165,509,723)	(231,149,077)	(542,905,797)	(666,955,660)	(306,441,609)
Liability recognised in balance sheet	<u>1,179,892</u>	<u>3,255,196</u>	<u>5,110,885</u>	<u>9,775,150</u>	<u>24,290,636</u>	<u>58,665,969</u>

29.2 Retakaful risk

In order to minimise the financial exposure arising from 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.

29.3 Financial risk management

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Liquidity risk
- Credit risk
- Market risk

Risk management framework

The Board meets frequently throughout the year for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee monitors management's compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risk faced by the Company. The Company Audit Committee is assisted in its oversight role by Internal Audit function. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

29.4 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The diversified funding sources and assets of the Company are managed, maintaining a healthy balance of cash and cash equivalents and readily marketable securities.

	2016		2015	
	Carrying Amount	Contractual cash flows upto one year	Carrying Amount	Contractual cash flows upto one year
----- (Rupees) -----				
Non-derivative financial liabilities				
Provision for outstanding claims	184,083,326	184,083,326	102,277,728	102,277,728
Amount due to co-takaful / retakaful operators	81,796,614	81,796,614	62,352,772	62,352,772
Accrued expenses	2,473,761	2,473,761	2,499,698	2,499,698
Other creditors and accruals	75,906,911	75,906,911	74,643,491	74,643,491
	<u>344,260,612</u>	<u>344,260,612</u>	<u>241,773,689</u>	<u>241,773,689</u>

Maturity profile of financial assets and liabilities:

2016						
Profit Bearing			Non-Profit Bearing			Total
Maturity up to one year	Maturity after one year	Sub total	Maturity up to one year	Maturity after one year	Sub total	
----- (Rupees) -----						

FINANCIAL ASSETS

Cash and bank deposits	144,216,714	-	144,216,714	24,735,080	-	24,735,080	168,951,794
Investments	63,550,000	79,800,000	143,350,000	76,732,652	-	76,732,652	220,082,652
Long term security deposits	-	-	-	-	3,444,636	3,444,636	3,444,636
Contribution due but unpaid	-	-	-	283,920,499	-	283,920,499	283,920,499
Retakaful and other recoveries in respect of outstanding claims	-	-	-	113,018,550	-	113,018,550	113,018,550
Accrued investment income	-	-	-	2,399,884	-	2,399,884	2,399,884
Sundry receivables	-	-	-	5,452,062	-	5,452,062	5,452,062
	<u>207,766,714</u>	<u>79,800,000</u>	<u>287,566,714</u>	<u>506,258,727</u>	<u>3,444,636</u>	<u>509,703,363</u>	<u>797,270,077</u>

FINANCIAL LIABILITIES

Provision for outstanding claims	-	-	-	184,083,326	-	184,083,326	184,083,326
Amount due to co-takaful / retakaful operators	-	-	-	81,796,614	-	81,796,614	81,796,614
Accrued expenses	-	-	-	2,473,761	-	2,473,761	2,473,761
Other creditors and accruals	-	-	-	75,906,911	-	75,906,911	75,906,911
	<u>-</u>	<u>-</u>	<u>-</u>	<u>344,260,612</u>	<u>-</u>	<u>344,260,612</u>	<u>344,260,612</u>

2015						
Profit Bearing			Non-Profit Bearing			Total
Maturity up to one year	Maturity after one year	Sub total	Maturity up to one year	Maturity after one year	Sub total	
(Rupees)						
240,070,048	-	240,070,048	19,652,464	-	19,652,464	259,722,512
-	81,450,000	81,450,000	143,105,477	-	143,105,477	224,555,477
-	-	-	-	4,270,336	4,270,336	4,270,336
-	-	-	231,014,181	-	231,014,181	231,014,181
-	-	-	32,514,551	-	32,514,551	32,514,551
-	-	-	3,858,217	-	3,858,217	3,858,217
-	-	-	5,553,371	-	5,553,371	5,553,371
240,070,048	81,450,000	321,520,048	435,698,261	4,270,336	439,968,597	761,488,645

FINANCIAL ASSETS**FINANCIAL LIABILITIES**

Provision for outstanding claims	-	-	-	102,277,728	-	102,277,728	102,277,728
Amount due to re-takaful / co-takaful retakaful operators	-	-	-	62,352,772	-	62,352,772	62,352,772
Accrued expenses	-	-	-	2,499,698	-	2,499,698	2,499,698
Other creditors and accruals	-	-	-	74,643,491	-	74,643,491	74,643,491
	-	-	-	241,773,689	-	241,773,689	241,773,689

29.5 Profit / mark-up / yield rate risk

Profit / mark-up / yield rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market profit rates. Majority of the profit rate exposure arises from balances held in profit and loss sharing accounts and term deposits with reputable banks.

At the balance sheet date, the profit rate profile of the Company's significant profit-bearing financial instrument is:

Financial assets	Carrying amount		Effective profit rate	
	2016	2015	2016	2015
	(Rupees)		(in Percent)	
Variable rate instruments				
- Term deposits	110,000,000	124,500,000	5.4	6.20 - 10.00
- PLS savings accounts	34,216,714	115,570,048	2.4 - 4.7	2.00 - 6.73
- Sukuk certificates	143,350,000	131,450,000	4 - 8.85	4.36 - 9.11

29.5.1 Cash flow sensitivity analysis for variable rate instrument

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 at year end:

	Increase In basis points	Effect on profit before tax	Effect on equity
December 31, 2016	100	145,762	100,576
December 31, 2015	100	309,352	210,359

29.5.2 Mismatch of rate of profit sensitivity assets and liabilities / yield / rate of profit risk

2016										
	Profit bearing							Non profit bearing	Total	
	Tentative profit % per annum	Upto one month	Over one month to three months	Over three months to six months	Over six months to one year	Over one year to five years	Over five years			Sub Total
	(Rupees)									
FINANCIAL ASSETS										
Cash and bank deposits	2.4 - 4.7 , 5.4	34,216,714	110,000,000	-	-	-	-	144,216,714	24,735,080	168,951,794
Investments	4 - 8.85	-	6,600,000	-	56,950,000	79,800,000	-	143,350,000	76,732,652	220,082,652
Long term security deposits		-	-	-	-	-	-	-	3,444,636	3,444,636
Contribution due but unpaid		-	-	-	-	-	-	-	283,920,499	283,920,499
Retakaful and other recoveries in respect of outstanding claims		-	-	-	-	-	-	-	113,018,550	113,018,550
Accrued investment income		-	-	-	-	-	-	-	2,399,884	2,399,884
Sundry receivables		-	-	-	-	-	-	-	5,452,062	5,452,062
		34,216,714	116,600,000	-	56,950,000	79,800,000	-	287,566,714	509,703,363	797,270,077
FINANCIAL LIABILITIES										
Provision for outstanding claims		-	-	-	-	-	-	-	184,083,326	184,083,326
Amount due to co-takaful / retakaful operators		-	-	-	-	-	-	-	81,796,614	81,796,614
Accrued expenses		-	-	-	-	-	-	-	2,473,761	2,473,761
Other creditors and accruals		-	-	-	-	-	-	-	75,906,911	75,906,911
		-	-	-	-	-	-	-	344,260,612	344,260,612
Profit rate sensitivity gap		34,216,714	116,600,000	-	56,950,000	79,800,000	-	287,566,714	165,442,751	453,009,465

2015										
	Profit bearing								Non profit bearing	Total
	Tentative profit % per annum	Upto one month	Over one month to three months	Over three months to six months	Over six months to one year	Over one year to five years	Over five years	Sub Total		
	(Rupees)									
FINANCIAL ASSETS										
Cash and bank deposits	2.00 - 10.00	115,570,048	15,000,000	109,500,000	-	-	-	240,070,048	19,652,464	259,722,512
Investments	4.36 - 9.11	-	-	-	-	81,450,000	-	81,450,000	143,105,477	224,555,477
Long term security deposits		-	-	-	-	-	-	-	4,270,336	4,270,336
Contribution due but unpaid		-	-	-	-	-	-	-	231,014,181	231,014,181
Retakaful and other recoveries in respect of outstanding claims		-	-	-	-	-	-	-	32,514,551	32,514,551
Accrued investment income		-	-	-	-	-	-	-	3,858,217	3,858,217
Sundry receivables		-	-	-	-	-	-	-	5,553,371	5,553,371
		115,570,048	15,000,000	109,500,000	-	81,450,000	-	321,520,048	439,968,597	761,488,645
FINANCIAL LIABILITIES										
Provision for outstanding claims		-	-	-	-	-	-	-	102,277,728	102,277,728
Amount due to retakaful operators / co-takaful	-	-	-	-	-	-	-	62,352,772	62,352,772	
Accrued expenses		-	-	-	-	-	-	-	2,499,698	2,499,698
Other creditors and accruals		-	-	-	-	-	-	-	74,643,491	74,643,491
		-	-	-	-	-	-	-	241,773,689	241,773,689
Profit rate sensitivity gap		115,570,048	15,000,000	109,500,000	-	81,450,000	-	321,520,048	198,194,908	519,714,956

29.6 Price risk

Price 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 sukuk and islamic mutual funds.

29.7 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 and investments. The Company is mainly exposed to credit risk on contribution due but unpaid, amount due from co-takaful, 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.

Exposure to credit risk

The Company structures the levels of credit risk it accepts by placing limits on its exposure to a single counter party, or groups of counterparties, and to geographical and industry segments. Such risks are subject to an annual or more frequent review. Limits on the level of credit risk in investments and bank deposits are approved by the Investment Committee.

Re-takaful is used to manage takaful risk. This does not, however, discharge the Company's liability as primary takaful operator. If a Re-takaful operator fails to pay a claim for any reason, the Company remains liable for the payment to the participant. The creditworthiness of Re-takaful operators is considered on an annual basis by reviewing their financial strength.

Exposures to individual participants and groups of participants are collected within the ongoing monitoring of the controls associated with regulatory solvency. Where there exists significant exposure to individual participants, or homogenous groups of participants, a financial analysis is similar to that conducted for Re-takaful operators is carried out by the Company's risk department.

29.7.1 The carrying amount of financial assets represents the maximum credit exposure, as specified below:

	2016	2015
	—————(Rupees)—————	
Financial assets		
Bank deposits	168,267,064	258,538,360
Investments	143,350,000	131,450,000
Contribution due but unpaid	283,920,499	231,014,181
Retakaful recoveries against outstanding claims	113,018,550	32,514,551
Accrued investment income	2,399,884	3,858,217
Sundry receivables	5,452,062	5,553,371
	<u>716,408,059</u>	<u>662,928,680</u>
Financial assets		
- Secured	121,350,000	109,450,000
- Unsecured	595,058,059	553,478,680
	<u>716,408,059</u>	<u>662,928,680</u>
- Not past due	319,469,010	399,399,948
- Past due but not impaired	396,939,049	263,528,732
	<u>716,408,059</u>	<u>662,928,680</u>

29.7.2 The age analysis of financial assets having credit risk is as follows:

	2016			2015		
	Gross value	Impairment	Carrying value	Gross value	Impairment	Carrying value
Not past due	319,469,010	-	319,469,010	399,399,948	-	399,399,948
Past due						
Upto 1 year	246,442,540	-	246,442,540	171,704,807	-	171,704,807
1-2 year	47,464,448	-	47,464,448	51,225,641	-	51,225,641
over 2 years	163,310,679	60,278,609	103,032,070	93,226,926	52,628,642	40,598,284
Total	<u>776,686,677</u>	<u>60,278,609</u>	<u>716,408,068</u>	<u>715,557,322</u>	<u>52,628,642</u>	<u>662,928,680</u>

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

Rating	2016	2015
	————(Rupees) ————	————(Rupees) ————
AAA	7,274,215	2,560,629
AA+	19,025	490,899
A+	1,875,027	61,282,515
AA	158,892,388	104,911,760
AA-	506	298
A	204,806	133,686
A-	1,097	64,158,573
BBB+	-	25,000,000
	<u>168,267,064</u>	<u>258,538,360</u>

29.7.4 Amount due from other takaful companies, re-takaful recoveries against outstanding claims

As common with other takaful companies, in order to minimise the financial exposure arising from large claims, the Company, in the normal course of business, enters into agreement with other re-takaful companies.

The Company enters into re-takaful / co-takaful arrangements with re-takaful and takaful companies having sound credit ratings accorded by reputed credit rating agencies. The Company is required to comply with the requirements of Circular no. 24 / 2010 dated 27 October 2010 issued by SECP which requires a takaful operator to place at least 80% of their outward treaty cessions with re-takaful companies rated 'A' or above by Standard & Poor's or equivalent rating by any other reputed international rating agency, with the balance (20%) being placed with entities rated at least 'BBB' by Standard & Poor's or equivalent rating by any other reputed international rating agency. During the year the Company placed 55% of their outward treaty cession with retakaful operator having rating of 'A-'.

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

Retakaful assets

Rating	2016	
	Retakaful recoveries against outstanding claims	Other Retakaful Assets
	———— Rupees ————	———— Rupees ————
A-	62,160,202	57,653,232
BBB+	50,858,348	47,170,826
	<u>113,018,550</u>	<u>104,824,058</u>

Retakaful assets

	2015	
	Retakaful recoveries against outstanding claims	Other Retakaful Assets
	———— Rupees ————	
Rating		
A-	13,818,684	19,714,690
BBB+	5,690,046	8,117,813
B++	4,877,183	6,958,126
BBB	8,128,638	11,596,876
	32,514,551	46,387,505

29.7.5 Concentration of credit risk

Concentration of credit risk occurs when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would effect their ability to meet contractual obligations in similar manner. Sector-wise analysis of concentration of credit risk at the reporting date is as follows:

	2016 %	2015 %
Agriculture	1.1	1.1
Bank	32.1	26.0
Chemical	1.5	0.6
Construction	4.6	4.5
Education	0.9	0.3
Engineering	2.9	2.1
Food & beverages	5.7	5.6
Hospital	1.5	0.9
Individuals	2.0	2.7
Iron and Steel	1.0	0.3
Mass Communication	0.2	1.4
Modarba	0.6	1.6
Non-Governmental Organization	3.4	4.2
Oil and Gas	2.4	2.5
Other	2.8	3.4
Pharmaceutical	5.6	4.1
Printing and Packages	1.1	0.5
Public Corporations	0.7	0.1
Services	10.4	24.0
Sugar	2.5	2.6
Textile	17.0	11.5
	100.0	100.0

29.8 Foreign exchange risk / currency 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.

29.9 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's operations, either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its objective of generating returns for stake holders.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risk faced and the adequacy of controls and procedures to address the risk identified;
- ethical and business standards;
- risk mitigation, including takaful where this is effective.

Management ensures that the company's staff have adequate training and experience and fosters effective communication related to operational risk management.

29.10 Fair value of financial instruments

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date

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

Fair Value Hierarchy

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 : Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred. There are no such transfers during the year.

	Carrying amount					Fair value			
	Available for Sale	Loans and receivables	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
----- Rupees -----									
December 31, 2016									
Financial assets - not measured at fair value									
Cash and other equivalents*	-	-	684,730	-	684,730	-	-	-	-
Current and other accounts*	-	-	58,267,064	-	58,267,064	-	-	-	-
Deposits maturing within 12 months*	-	-	110,000,000	-	110,000,000	-	-	-	-
Investments									
Sukuks	143,350,000	-	-	-	143,350,000	-	146,006,300	-	146,006,300
Open-end mutual fund units	76,732,652	-	-	-	76,732,652	90,558,029	-	-	90,558,029
Long-term security deposits*	-	3,444,636	-	-	3,444,636	-	-	-	-
Contribution due but unpaid*	-	283,920,499	-	-	283,920,499	-	-	-	-
Investment income accrued*	-	2,399,884	-	-	2,399,884	-	-	-	-
Retakaful and other recoveries									
in respect of outstanding claims*	-	113,018,550	-	-	113,018,550	-	-	-	-
Other receivables*	-	5,452,062	-	-	5,452,062	-	-	-	-
	220,082,652	408,235,631	168,951,794	-	797,270,077	90,558,029	146,006,300	-	236,564,329

Financial liabilities - not measured at fair value

Provision for outstanding claims*	-	-	-	184,083,326	184,083,326	-	-	-	-
Contributions received in advance*	-	-	-	-	-	-	-	-	-
Amount due to co-takaful / retakaful operators*	-	-	-	81,796,614	81,796,614	-	-	-	-
Accrued expenses	-	-	-	2,473,761	2,473,761	-	-	-	-
Other creditors and accruals*	-	-	-	75,906,911	75,906,911	-	-	-	-
	-	-	-	344,260,612	344,260,612	-	-	-	-

* The Company has not disclosed the fair value of these items because their carrying amounts are a reasonable approximation of fair value.

	Carrying amount					Fair value			
	Available for Sale	Loans and receivables	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
----- Rupees -----									
December 31, 2015									
Financial assets - not measured at fair value									
Cash and other equivalents*	-	-	1,184,152	-	1,184,152	-	-	-	-
Current and other accounts*	-	-	134,038,360	-	134,038,360	-	-	-	-
Deposits maturing within 12 months*	-	-	124,500,000	-	124,500,000	-	-	-	-
Investments									
Sukuks	131,450,000	-	-	-	131,450,000	-	132,463,270	-	132,463,270
Open-end mutual fund units	93,105,477	-	-	-	93,105,477	95,631,522	-	-	95,631,522
Long-term security deposits*	-	4,270,336	-	-	4,270,336	-	-	-	-
Contribution due but unpaid*	-	231,014,181	-	-	231,014,181	-	-	-	-
Investment income accrued*	-	3,858,217	-	-	3,858,217	-	-	-	-
Retakaful and other recoveries in respect of outstanding claims*	-	32,514,551	-	-	32,514,551	-	-	-	-
Other receivables*	-	5,553,371	-	-	5,553,371	-	-	-	-
	224,555,477	277,210,656	259,722,512	-	761,488,645	95,631,522	132,463,270	-	228,094,792

Financial liabilities - not measured at fair value

Provision for outstanding claims*	-	-	-	102,277,728	102,277,728	-	-	-	-
Contributions received in advance*	-	-	-	-	-	-	-	-	-
Amount due to co-takaful / retakaful operators*	-	-	-	62,352,772	62,352,772	-	-	-	-
Accrued expenses	-	-	-	2,499,698	2,499,698	-	-	-	-
Other creditors and accruals*	-	-	-	74,739,011	74,739,011	-	-	-	-
	-	-	-	241,869,209	239,369,511	-	-	-	-

* The Company has not disclosed the fair value of these items because their carrying amounts are a reasonable approximation of fair value.

(a) Financial instruments in level 1

Financial instruments included in level 1 comprise of investments in listed ordinary shares and units of mutual funds.

(b) Financial instruments in level 2

Financial instruments included in level 2 comprise of government sukuks and other sukuks.

(c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3.

Valuation techniques and inputs used in determination of fair values

Item	Valuation techniques and input used
Units of mutual funds	Fair values of investments in units of mutual funds are determined as per the rates announced by the Mutual Funds Association of Pakistan (MUFAP).
Government sukuk and other sukuk	Fair values of sukuk are derived by reference to quotations obtained from brokers.

29.11 Capital Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares.

Currently, Company has a paid-up capital of Rs. 496,448,479/- (including advance against issue of share capital of Rs. 25,105,899/-) against the minimum required paid-up capital of Rs. 400,000,000/- set by the SECP for the insurance companies / takaful operators for the year ended December 31, 2016.

30. NUMBER OF EMPLOYEES

The average number of employees during the year ended December 31, 2016 were 133 (2015: 174) and number of employees as at December 31, 2016 were 99 (2015: 166).

31. RELATED PARTIES DISCLOSURES

Related parties comprise of related group companies, associates, directors and key management personnel. The Company carries out transactions with various related parties in the normal course of business. Details of material transactions with related parties, other than remuneration to key management personnel under the terms of employment, are given below:

Relationship	Nature of transactions	2016 ———— (Rupees) ————	2015 ———— (Rupees) ————
Group company	Net shared expenses paid	26,585,474	7,451,468
	Claims paid against general takaful	6,673,321	4,162,527
	Claims received against group takaful	2,632,145	2,154,185
	Contribution paid against group takaful	2,813,110	3,431,520
	Contribution received against general takaful	3,842,814	2,956,568
	Purchase of sukuk certificates	-	54,450,000
Employees provident fund	Contribution paid	5,607,682	6,804,214

32. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 30 March 2017 by the Board of Directors of the Company.

33. GENERAL

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



Chairman



Chief Executive



Director



Director

PATTERN OF SHAREHOLDING

As at December 31, 2016

Number of shareholders	Shareholdings	Total shares held
6	shareholding from 1 to 100 shares	6
0	shareholding from 101 to 500 shares	-
1	shareholding from 501 to 1000 shares	1,000
8	shareholding from 1001 to 5000 shares	29,885
12	shareholding from 5001 to 10000 shares	74,766
14	shareholding from 10001 to 200000 shares	781,621
4	shareholding from 200001 to 3000000 shares	962,500
1	shareholding from 3000001 to 4000000 shares	3,077,999
2	shareholding from 4000001 to 6000000 shares	11,355,803
2	shareholding from 6000001 to 8000000 shares	13,600,702
1	shareholding from 8000001 to 18000000 shares	17,249,976
51	Total	47,134,258

Categories of shareholders	Shares held	Percentage
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1.1 Directors, Chief Executive Officer, and their spouse and minor children.

1.1.1. Sheikh Ali Bin Abdullah	6,937,102	14.72%
1.1.2. Said Gul	1	0.00%
1.1.3. Zahid Hussain Awan	210,200	0.45%
1.1.4. Abdul Basit Ahmed Al-Shaibei	1	0.00%
1.1.5. Owais Ahmed Yusuf	1	0.00%
1.1.6. Abdullah	1	0.00%
1.1.7. Ali Ibrahim Al Abdul Ghani	1	0.00%

1.2 Associated Companies, undertakings and related parties.

1.2.1. Pak-Qatar Investment (Private) Limited	17,249,976	36.60%
1.2.2. Qatar International Islamic Bank	6,663,600	14.14%
1.2.3. Masraf Al-Rayan	6,000,000	12.73%
1.2.4. Qatar Islamic Insurance Company	5,355,803	11.36%
1.2.5. Fawad Yusuf Securities (Pvt.) Limited	3,077,999	6.53%

1.3 NIT and ICP	-	0.00%
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Categories of shareholders	Shares held	Percentage
1.4 Banks, Development Financial Institutions, Non-Banking Financial Institutions.		
1.4.1. Qatar International Islamic Bank	6,663,600	14.14%
1.4.2. Masraf Al-Rayan	6,000,000	12.73%
1.4.3. Qatar Islamic Insurance Company	5,355,803	11.36%
1.4.4. Fawad Yusuf Securities (Pvt.) Limited	3,077,999	6.53%
1.5 Insurance Companies		
1.5.1. Qatar Islamic Insurance Company	5,355,803	11.36%
1.6 Modarabas and Mutual Funds	-	0.00%
1.7 Share holders holding 10%		
1.7.1. Pak-Qatar Investment (Private) Limited	17,249,976	36.60%
1.7.2. Sheikh Ali Bin Abdullah	6,937,102	14.72%
1.7.3. Qatar International Islamic Bank	6,663,600	14.14%
1.7.4. Masraf Al-Rayan	6,000,000	12.73%
1.7.5. Qatar Islamic Insurance Company	5,355,803	11.36%
1.8 General Public		
a. Local	48,532	0.10%
b. Foreign	1,591,041	3.38%
1.9 Total Local & Foreign		
a. Local	21,098,751	44.76%
b. Foreign	26,035,507	55.24%

NOTICE OF THE 11th ANNUAL GENERAL MEETING

Notice is hereby given that the 11th Annual General Meeting of **Pak-Qatar General Takaful Limited** (the Company) will be held on Sunday, 30th April 2017 at 11 hours at the Head Office of Qatar International Islamic Bank, Grand Hammad Street, Doha, Qatar, to transact the following business:

Ordinary Business:

1. To confirm the minutes of last general meeting of the Company.
2. To receive, consider and adopt the annual Audited Accounts of the Company for the year ended December 31, 2016 together with the Directors' & Auditors' Reports thereon.
3. To appoint auditors of the Company for the year ending December 31, 2017 and fix their remuneration. The present auditors, M/s. Deloitte Yousuf Adil, Chartered Accountants, retire and since they have completed their tenure of five years, are ineligible for reappointment. On recommendation of the Audit Committee, the Board of Directors of your company has proposed the name M/s. EY Ford Rhodes, Chartered Accountants, for the appointment as auditors of the Company for the year ending 31st December, 2017.
4. To transact any other ordinary business as may be placed before the meeting with the permission of the Chair.

By Order of the Board



Muhammad Kamran Saleem
Company Secretary

Date: 30 March 2017

Place: Karachi

NOTES:

- a. 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 on their behalf. A corporate entity being a member may, by means of a resolution of its directors, appoint a person who is not a member, as proxy or as its representative under section 162 of the Companies Ordinance 1984.
- b. Proxies, in order to be effective, duly completed and signed proxy forms must be received at the Company's head office at least 48 hours before the time of 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. The proxy shall produce his/her original CNIC or original passport at the time of the Meeting.

A member shall not be entitled to appoint more than one proxy. If more than one instrument of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid. No person shall act as proxy unless he/she is a member of the Company except corporation being a member may appoint as its proxy any officer of such corporation whether a member of the Company or not.

- c. Members are requested to immediately notify/submit the following, if not earlier provided;
 - i. Change in their Addresses, if any.
 - ii. Valid & legible photocopy of Computerized National Identity Cards (CNIC) for individuals and National Tax Number (NTN) for both Individuals & Corporate entities.
- d. Further to above, attention of members is requested to the following:
 - i. SECP through its Notification SRO 787 (I)/2014 dated September 8, 2014 has allowed the circulation of Audited Financial Statements along with Notice to members of the Company through e-mail. Therefore, all members of the Company who wish to opt this facility are requested to send their e-mail addresses. The consent form for electronic transmission could be downloaded from the Company's website.

The Company shall, however, provide hard copy of the Audited Financial Statements to its shareholders, on request, free of cost, within seven days of receipt of such request.

- ii. Disclosure of SRO No. 1027(1)2014 dated November 13, 2014 clause 1(b) for video facility for general meeting: As per subject SRO "The company may provide video conference facility to its members for attending the general meeting at place other than the town in which general meeting is taking place after considering the geographical dispersal of its members; Provided that it members, collectively holding 10% or more shareholding residing at a geographical location, provide their consent to participate in the meeting through video conference at least 10 days prior to date of meeting. The Company shall arrange video conference facility in that city subject to availability of such facility in that city".

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 **11th Annual General Meeting** of **Pak-Qatar General Takaful Limited** to be held on 30 April 2017 and at any adjournment thereof.

Signed this _____ day of April 2017

(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.

نیا بت نامہ

کمپنی ریکریٹری

پاک قطر جنرل تکافل لمیٹڈ

402-404، بزنس آرکیڈ

شاہراہ فیصل، کراچی 75400

پاکستان

میں رہم..... ساکن..... پاک قطر جنرل تکافل لمیٹڈ کے رکن اور بھارتی شیئر رجسٹر
فولیو نمبر..... حامل..... عام حصص ہونے کی حیثیت سے
محترم محترمہ..... ساکن..... اور ان کی غیر موجودگی کی صورت میں
محترم محترمہ..... ساکن..... کو 30 اپریل 2017 کو منعقد ہونے والے پاک قطر جنرل تکافل لمیٹڈ کے
گیارہویں سالانہ عام اجلاس میں حق رائے دہی استعمال کرنے یا اس کے التوا کی صورت میں اپنا ہمارا نائب مقرر کرتا ہوں کرتی ہوں کرتے ہیں۔

تاریخ..... اپریل 2017 کو اس پر دستخط کیے گئے۔

(گواہان)

1.

..... (دستخط)

..... (نام)

..... (پتہ)

..... (شناختی کارڈ / پاسپورٹ نمبر)

2.

..... (دستخط)

..... (نام)

..... (پتہ)

..... (شناختی کارڈ / پاسپورٹ نمبر)

نوٹ: نیا بت نامہ کے مؤثر ہونے کے لیے کمپنی کے پاس اجلاس شروع ہونے سے ۴۸ گھنٹے قبل موصول ہونا ضروری ہے۔

NOTES

[illegible]



PAK-QATAR GENERAL TAKAFUL
Together we Protect

PAK-QATAR GENERAL TAKAFUL LIMITED

402-404, 4th Floor, Business Arcade, Plot # 27A,
Block 6, P.E.C.H.S. Sharea Faisal, Karachi 75400.

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UAN: (021) 111-TAKAFUL (825-238)