



**PAK-QATAR**  
GENERAL TAKAFUL

## ANNUAL REPORT 2017



# A DECADE OF BEING AHEAD



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 (PQGTL) is one of the leading General Takaful companies in Pakistan. The company commenced its operations in 2007. Pak-Qatar General Takaful Limited offers comprehensive General Takaful (Non-Life insurance) products' portfolio for corporate customers as well as individual clients. Incorporated in 2006, and beginning operations in 2007, the company is registered with, and supervised by, the Securities and Exchange Commission of Pakistan (SECP). An independent Shari'ah Advisory Board chaired by Mufti Muhammad Taqi Usmani certifies all products and operations for Shari'ah compliance. The company is rated "A" (Single A) with Stable Outlook by PACRA and 'A-' (Single A Minus) with 'Stable' Outlook by the JCR-VIS Credit Rating Company Limited

PQGTL has a vision of providing financial protection through Takaful to everyone. The company's shareholders include some of the strongest financial institutions in the state of Qatar such as Qatar Islamic

Insurance Company (QIIC), and Qatar International Islamic Bank (QIIB). The company is further strengthened by its Re-Takaful arrangements with Labuan Re, Kuwait Re, Saudi Re, African Re and Arab Re.

Pak-Qatar General Takaful Limited has presence in major cities of the country. Pak-Qatar General Takaful Limited by adhering to the only 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 Pakistan.

The company believes in technological advancement and has presence on all digital mediums thus enabling the customers to keep in touch 24/7 via modern web portals and mobile applications. The company continues to be the recipient of several domestic and international awards.



## Our Vision

Providing financial protection through Takaful, to everyone

## Our Mission

We will

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

Adhere to best ethical practices in all aspects of our operations, while abiding by the Shariah and the law of the land.

Empower our employees by inspiring, guiding, enabling, and supporting them.

Ensure our support to the community and the environment with excellence.

Ensure customer satisfaction by offering quality products and services driven by their needs.

Ensure optimum returns to shareholders.

## Core Value

Doing things in a manner that in available resources cannot be done better



## 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. 407 million. As a result, we achieved an after tax profit in SHF of Rs. 33.2 million and improve our ranking to 'A-' (Single A Minus) with stable outlook at JCR-VIS.

### 2014

Consistent performance is witnessed by achieving Rs 01 billion Gross Contribution whilst our paid-up Capital rises to 432.7 million.

Company opted to get itself rated from two credit rating

agencies namely JCR –VIS and PACRA. Company's Financial strength rating has been reaffirmed by JCR-VIS Credit Rating Company Limited at 'A-' (Single A Minus) with Positive Outlook, while Pakistan Credit Rating Agency Limited (PACRA) has assigned rating of "A" (Single A) with Stable Outlook subsequent to year end.

### 2015

The year 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. Company's financial strength rating has been reaffirmed by JCR-VIS & PACRA at 'A-' & 'A' with stable outlook respectively. Further, beside Internal Sharia Advisor's Report, Company started to get itself audited by Independent Auditors in respect of its Compliance with Takaful Rules.

### 2016

Despite strategic decision of elimination of exposure in health segment coupled with cut throat competition in market due to advent of Window Takaful by Conventional insurers, our company continued to maintain business positioning in Non-health segment & posted profit in both the funds. Company's financial strength rating has been reaffirmed by JCR-VIS & PACRA at 'A-' & 'A' with stable outlook respectively.

### 2017

With the strong support and commitment from our shareholders, Company's paid up capital has reached to Rs 509 million as at year end 2017 and both the funds (PTF & SHF) has posted a profit of 7.7m & 3m respectively. Both the rating agencies of Pakistan, JCR-VIS and PACRA has reaffirmed the Company's financial strength rating at 'A-' with stable outlook and 'A' with stable outlook respectively.

Company's adequate retakaful arrangements and risk management has enabled the Company to satisfy the one-off large claims in fire class, whereby the effect of adequate retakaful arrangements has established the fact that Company has not suffered ultimate net takaful losses beyond the Company's risk appetite in any one year.







### WHAT IS TAKAFUL?

A Shari'ah compliant alternative to insurance.

#### Definition:

Takaful is a community-pooling system based on the principles of brotherhood and mutual help wherein, participants contribute in a fund to help those who need it most in times of financial difficulties.

Example of Takaful maybe found in the early Islamic History when the Muslim merchants took Takaful protection for safeguarding caravans from travel risks like storms or pirates.

## PAKISTAN'S PIONEER AND THE LARGEST TAKAFUL GROUP

111-TAKAFUL(825-238)

[www.pakqatar.com.pk](http://www.pakqatar.com.pk)







## OUR SHARI'AH CREDIBILITY

Pak-Qatar Takaful Group of companies have an independent Shari'ah Advisory Board Chaired by Mufti Muhammad Taqi Usmani, that certifies all products and operations for Shari'ah compliance.

Mufti Taqi Usmani, is the world's most renowned Shari'ah scholar also considered the founding father of Islamic Finance globally.

## PAKISTAN'S PIONEER AND THE LARGEST TAKAFUL GROUP

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### BRANCH PRESENCE NATIONWIDE

The Pak-Qatar Takaful Group has one of the largest Takaful branch network across Pakistan; (over 70 branches in 60 cities).

These branches serve more than 700,000 individual members nationwide. In addition, the Takaful Group also serves more than 1,100 corporate covered members across Pakistan.

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## TECHNOLOGY & INNOVATION

In line with strategic objectives, the company has one of the most technologically advanced capabilities for product delivery.

The company has established an industry benchmark by providing integrated information at various marketing touchpoints that include 24/7 Telephone Helpline, smart phone based apps and cyberspace connectivity through various digital media platforms.

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### **GENERAL TAKAFUL- INDIVIDUAL COVERAGES**

Pak-Qatar General Takaful has had a pioneering role in providing individual based Takaful product propositions across Pakistan.

Our pioneering offerings include Motor Takaful, Fire Takaful, Home Takaful, Personal Accident Takaful, Money Takaful, Mobile Phone All Risk Takaful, etc.

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# Our Products & Services

The hallmark of the Company's activities is its heavy investment in technology and the adoption of the latest business systems, all of which are geared towards extending unmatched services. As a recipient of several national and international awards for excellence, we continue to develop measures in order to streamline and make transparent all practices so as to continue serving our patrons to the best of our ability.





## 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

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
ABDUL BASIT AHMED AL-SHAIBEI	DIRECTOR
ZAHID HUSSAIN AWAN	DIRECTOR & CEO
SAID GUL	DIRECTOR
ALI IBRAHIM AL ABDUL GHANI	DIRECTOR
OWAIS AHMED YUSUF	DIRECTOR
ABDULLAH	DIRECTOR

### AUDIT COMMITTEE

SAID GUL	CHAIRMAN
ALI IBRAHIM AL ABDUL GHANI	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
MUHAMMAD KAMRAN SALEEM	MEMBER & SECRETARY

### ETHICS, HUMAN RESOURCES & REMUNERATION COMMITTEE

ALI IBRAHIM AL ABDUL GHANI	CHAIRMAN
SAID GUL	MEMBER
ZAHID HUSSAIN AWAN	MEMBER
MUHAMMAD KAMRAN SALEEM	SECRETARY

### NOMINATION COMMITTEE

ABDUL BASIT AHMED AL-SHAIBEI	CHAIRMAN
SAID GUL	MEMBER
ALI IBRAHIM AL ABDUL GHANI	MEMBER
MUHAMMAD KAMRAN SALEEM	SECRETARY

### SHARIAH BOARD

MUFTI MUHAMMAD TAQI USMANI	CHAIRMAN
MUFTI ISMATULLAH	MEMBER
MUFTI SHAKIR SIDDIQUI	MEMBER

### CHIEF EXECUTIVE OFFICER

ZAHID HUSSAIN AWAN

### CHIEF FINANCIAL OFFICER, COMPANY SECRETARY, HEAD OF HR & LEGAL

MUHAMMAD KAMRAN SALEEM



**HEAD OF INTERNAL AUDIT**

MUNEEB AFZAL LONE

**STATUTORY AUDITORS & EXTERNAL SHARIAH COMPLIANCE AUDITOR**

EY FORD RHODES, CHARTERED ACCOUNTANTS

**SHARIAH ADVISOR**

MUFTI MUHAMMAD SHAKIR SIDDIQUI

**SHARIAH COMPLIANCE OFFICER**

MUFTI MUHAMMAD AWAIS NAEEM

**LEGAL ADVISOR**

KHATANAS' LAW CHAMBER

**TAX ADVISORS**

EY FORD RHODES, CHARTERED ACCOUNTANTS

**RATING AGENCY**

JCR-VIS CREDIT RATING COMPANY LIMITED  
THE PAKISTAN CREDIT RATING AGENCY LIMITED

**BANKERS**

AL BARAKA BANK (PAKISTAN) LTD  
BANK AL HABIB LIMITED  
BANK ALFALAH LIMITED  
BANK ISLAMIC PAKISTAN LIMITED  
DUBAI ISLAMIC BANK PAKISTAN LIMITED  
FAYSAL BANK LIMITED  
STANDARD CHARTERED BANK (PAKISTAN) LIMITED

HABIB BANK LIMITED  
MCB BANK LIMITED  
MEEZAN BANK LIMITED  
SONERI BANK LIMITED  
SILK BANK LIMITED  
UNITED BANK LIMITED  
HABIB METROPOLITAN BANK LIMITED

**RE-TAKAFUL OPERATORS**

LABUAN REINSURANCE (L) LTD "LABUAN RE"  
SAUDI REINSURANCE COMPANY "SAUDI RE"  
KUWAIT REINSURANCE COMPANY "KUWAIT RE"  
ARAB REINSURANCE COMPANY "ARAB RE"  
AFRICA RETAKAFUL LTD. "AFRICA RETAKAFUL"

**RE-TAKAFUL BROKER**

AON BENEFIELD ASIA PTE LTD

**HEAD OFFICE**

402-404, 4TH FLOOR, BUSINESS ARCADE, PLOT # 27A, BLOCK 6,  
P.E.C.H.S. SHAREA FAISAL, KARACHI 75400.  
Ph: (92 21) 34380357-61 Fax: (92 21) 34386453  
E-mail: general.takaful@pakqatar.com.pk, www.pakqatar.com.pk  
UAN: (021) 111-TAKAFUL (825-238)





**BRANCH OFFICES**

FAISALABAD  
GUJRANWALA  
ISLAMABAD

KARACHI  
LAHORE  
MULTAN

PESHAWAR  
SIALKOT

**MANAGEMENT COMMITTEE**

ZAHID HUSSAIN AWAN  
SAQIB ZEESHAN  
MUHAMMAD KAMRAN SALEEM

ALTAF AHMED SIDDIQI  
MUNEEB AFZAL LONE  
SAIFUDDIN SHAIKH  
MUHAMMAD UMAIR  
MUHAMMAD SHAKIR SIDDIQUI

CHIEF EXECUTIVE OFFICER  
DCEO & HEAD OF SALES  
CHIEF FINANCIAL OFFICER, COMPANY SECRETARY,  
HEAD OF HR & LEGAL  
HEAD OF OPERATIONS  
HEAD OF INTERNAL AUDIT  
HEAD OF ADMIN & PROCUREMENT  
HEAD OF IT&S  
SHARIAH ADVISOR

**UNDERWRITING COMMITTEE**

ZAHID HUSSAIN AWAN  
ALTAF AHMED SIDDIQI  
ASADULLAH KHAN  
FARRUKH ADNAN  
SHAHZAD M KHAN GHILZAI

CHAIRMAN  
MEMBER & SECRETARY  
MEMBER  
MEMBER  
MEMBER

**RE-TAKAFUL COMMITTEE**

ZAHID HUSSAIN AWAN  
ALTAF AHMED SIDDIQI  
ASADULLAH KHAN  
QAISER ZARIF

CHAIRMAN  
MEMBER  
MEMBER & SECRETARY  
MEMBER

**CLAIM COMMITTEE**

ZAHID HUSSAIN AWAN  
SAQIB ZEESHAN  
MUHAMMAD KAMRAN SALEEM  
MUHAMMAD SALEEM  
RASHID SHAH KHAN  
JEHANZAIB AHMED

CHAIRMAN  
MEMBER  
MEMBER  
MEMBER  
MEMBER & SECRETARY  
MEMBER

**RISK MANAGEMENT & COMPLIANCE COMMITTEE**

ZAHID HUSSAIN AWAN  
SAQIB ZEESHAN  
MUHAMMAD KAMRAN SALEEM  
ALTAF AHMED SIDDIQI  
MUNEEB AFZAL LONE  
SAIFUDDIN SHAIKH  
SHAHZAD M KHAN GHILZAI  
ASADULLAH KHAN  
FARRUKH ADNAN  
MUFTI SHAKIR SIDDIQUI  
JEHANZAIB AHMED

CHAIRMAN  
MEMBER  
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 "PQGT") is pleased to present its Twelfth Annual Report and Audited Financial Statements of the Company together with Auditors' Reports thereon, for the year ended 31st December, 2017.

### 1. Overview of the Economy

The world economy continued to firm up in the calendar year (CY) 2017, with a global economic growth of 3.0 percent for the year, compared to 2.4 percent in 2016. All major world regions experienced a rise in the growth rate for the first time since the global financial crisis of 2008. Emerging Markets and Developing Economies (EMDEs), in particular, performed significantly well during CY17, growing at an accelerated rate of 4.3 percent during the year. This on-going global recovery is aided by improvements in investment, trade, and manufacturing activity, with the rebound in investment accounting for three quarters of the global economic growth. However, substantial downside risks continue to characterize the global outlook, including financial vulnerabilities, political uncertainties, and inward-looking policies stimulating a rise in protectionism.

In Pakistan, economic growth continued to accelerate, reaching a ten-year high of 5.3 percent in fiscal year (FY) 2017, as the nominal size of the economy surpassed the USD 300 billion mark. This growth, although below the targeted 5.7 percent, was well above the FY16 growth rate of 4.7 percent. Strong credit growth and robust domestic demand significantly contributed to the enhanced economic performance, with the total investment increasing by 11 percent in FY17. The services sector recorded an impressive growth of nearly 6 percent, complemented by robust activity in the construction industry, although overall industrial growth was slower than anticipated. The agricultural sector, driven by improved input use, increased credit disbursements, and favourable weather, also

underwent a recovery in FY17 and met its growth target of 3.5 percent for the year.

Pakistan's current account deficit widened significantly during FY17 to surpass USD 12 billion, as exports weakened due to a lack of focus on value addition, while the imports exceeded significantly as a percentage of GDP in FY17, necessitating a drawdown of the foreign exchange reserve to fill the financing gap. Fiscal deficit, on the other hand, continued on its downward trend, registering at 4.2 percent of the GDP in FY17. The policy interest rate, at 5.75 percent, was the lowest in a decade, which particularly helped private sector credit expansion, and contributed towards the productivity growth in manufacturing. Inflation remained low at 4.1 percent during the year, although it slightly exceeded the forecast for the year.

Sustained economic growth in Pakistan's economy is required in the years ahead to cater to the country's large youth population. The World Bank expects the economy to grow at 5.5 percent during FY18, although, downside risks continue to characterize the outlook of the economy, with the government needing to address the fiscal and external sector vulnerabilities that have accompanied the rising debt obligations of the country. The main impetus for industries and services growth will be provided by the China-Pakistan Economic Corridor (CPEC) infrastructure investments, other energy investments, and government development expenditure. There is a need for instituting macroeconomic and structural policies to support economic stability, and ensure continuous growth and competitiveness for the economy in FY18.

### 2. Industry Review

The global Islamic Financial Services Industry (IFSI) continued to gain momentum over the past year, with the total industry asset value estimated at about USD 2 trillion. The industry encompasses banking, capital markets, Takaful, leasing, investment funds, and microfinance, based on Shari'ah-compliant principles. The recent expansion of the industry



beyond the Gulf Cooperation Council (GCC) countries has opened up new possibilities for Islamic finance, with a penetration rate above 15 percent in some countries. The growth trend is expected to continue in coming years, driven largely by strong economic growth in countries with a large, relatively unbanked, Muslim population.

Global Takaful, although still a small segment of IFSI, has been able to sustain impressive growth in recent years despite the many challenges it has faced. CY17 saw some segments of Takaful present a more promising outlook than others; Family Takaful has experienced sharp growth in Malaysia, while the introduction of mandatory medical coverage in some GCC countries is further likely to accelerate the growth of Health Takaful. Despite the challenges the global Takaful industry is facing, there is plenty of potential for growth due to the low insurance penetration in core Islamic financial markets, although it is vital for the Takaful sector to be aided by regulatory incentives and further development in other Islamic finance segments.

In Pakistan, the Takaful sector has consistently increased its market share in the combined insurance industry over the years. The rapid growth of the industry in Pakistan over the past few years can be attributed to greater consumer acceptability and the entrance of conventional insurers in the industry as Window Takaful Operators (WTOs). With an insurance penetration ratio of about 1 percent, there is ample room for the expansion of Takaful in Pakistan in the coming years. Both Family and General Takaful are poised to grow as Takaful establishes itself as an alternative to conventional insurance. General Takaful, in particular, is likely to grow substantially owing to the economies of scale available to WTOs from their existing insurance setups.

### 3. Business Challenges Ahead

Takaful operators are expected to face healthy competition in the coming years from conventional insurance companies. Hence, increasing their market share significantly could be a big challenge for Takaful operators due to the large size and established presence of the conventional insurance companies.

The Takaful industry has to find innovative ways to generate greater business volume, including the development of products targeted at specific market segments. The growth of Takaful in some countries may be hampered by an unfavourable macroeconomic situation, in addition to the absence of a regulatory framework for Takaful.

The most significant challenge, perhaps, continues to be the lack of awareness about Takaful among the masses. Takaful operators will have to effectively convey the clear distinction between Takaful and conventional insurance, as well as create better awareness about the need for protective coverage. Moreover, Takaful companies would require personnel who are well-equipped with the dynamics of Takaful, especially the Shariah-related aspects, to drive growth in the industry. They must further focus on establishing a more invigorated digital presence, and the sale of products through alternative distribution channels. Lastly, it is vital to adopt customer-friendly practices and policies to foster a greater degree of trust among existing and potential clientele.

### 4. Future Outlook

In continuation of last year's trend, the demand for Takaful products is poised to grow in CY18 and beyond, owing largely to the increasing rates of financial inclusion in Muslim countries. Takaful is also expected to gain further popularity in some developed non-Muslim countries due to its ethical dimension. An important determinant of the growth and success of the industry will be the quality of products offered in relation to the compensation paid by the customers.

Takaful operators will need to adopt a customer-centric approach to maintain or increase their growth momentum. More Takaful operators could be expected to offer Microtakaful and agriculture-based products, such as crop coverage and livestock coverage, due to the large proportion of rural population in most Muslim countries. In addition, the huge strides made by FINTECH in recent years means that technology will play a more critical role in offering financial services than ever before. The

Takaful industry, in particular, shall witness the adoption of technology in payment transfers, product

marketing, and interactions with customers.

## 5. Performance Review of the Company

### a. Gross Contribution Written

Class	2017 Rs	%	2016 Rs	%
Fire	138,960,147	22.6	170,996,901	26
Marine	39,896,390	6.5	38,253,233	6
Motor	341,421,007	55.5	366,529,858	56
Miscellaneous	94,713,361	15.4	76,959,119	12
Total	<u>614,990,905</u>	<u>100</u>	<u>652,736,111</u>	<u>100</u>

The Company reviews its business strategy and segment performance on periodic basis. 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. Business figures and its portfolio mix percentage depicts that Company continued to manage a balanced and profitable portfolio mix, regardless of the highly competitive business

conditions including downwards pressure on pricing and competition by window takaful of strong conventional market leaders. Motor segment continued to be a major contributor to the overall business volume; whereas, 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 non-motor class.

### b. Claims

Class of Business	Gross Claims	Re-takaful recovery	2017 Net Claims	2016 Net Claims
----- Rupees -----				
Fire	363,609,840	341,566,261	22,043,347	2,854,116
Marine	21,666,036	13,123,488	8,542,548	2,545,483
Motor	182,824,264	19,780,135	163,044,129	202,956,491
Health	-	-	-	24,309,747
Misc	25,275,284	7,670,863	17,604,421	20,839,705
Total	<u>593,375,424</u>	<u>382,140,979</u>	<u>211,234,445</u>	<u>253,505,542</u>

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. The risk exposure of the PTF is managed through adequate retakaful arrangements. PQGTL claims expense net off re-takaful for the current year is lower than last year mainly on account of decrease in motor claims, which is supported by health claims

due to elimination of business risk exposure in this class. During the year under review, gross claims shows significant increase on account of one-off large claims in Fire class, 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.



Adequate retakaful helps in mitigating the effect of the potential loss from large or catastrophic events covered under takaful contracts. The effect of adequate retakaful arrangements has established the fact that Company has not suffered ultimate net

takaful losses beyond the Company's risk appetite in any one year. The management is committed to establish strong controls by implementing effective risk management and efficient claim settlement policies.

### c. Investment Income

	2017 Rupees	2016 Rupees
Shareholders Fund (SHF)	20,259,066	21,963,437
Participants Takaful Fund (PTF)	2,253,102	2,019,844
Total	22,512,168	23,983,281

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 sukuks. Investment income mainly generated from sources including return on bank deposits, return on sukuks and capital gains on mutual funds.

The volatility in stock market has effected the capital gains. At year end, the market value of investments was lower than its carrying value, which has resulted in impairment in mutual funds. Impairment loss is recognized in the profit & loss account which resultantly has decreased SHF investment income by Rs 3.5 million. Units in mutual funds were not sold considering the stock market prospective recovery in the longer holding period.

### d. Overall Review

Your Company, completing its tenth 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 more than half a century now. 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.

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 2018. Further, JCR-VIS & PACRA have reaffirmed Company's financial strength credit rating at 'A-' with stable outlook and 'A' with stable outlook respectively.

The following are the financial highlights of the company:



	2017 Rupees	2016 Rupees
<b>Participants' Takaful Fund (PTF):</b>		
Gross Contribution Written	<b>614,990,905</b>	652,736,111
Net Contribution Revenue	<b>168,462,931</b>	217,848,532
Net Claims	<b>(211,234,445)</b>	(249,205,542)
Contribution deficiency expense	-	(434,722)
Direct Expenses	<b>(10,342,738)</b>	(5,546,396)
Retakaful Rebate	<b>59,473,555</b>	40,913,434
<b>Underwriting results</b>	<b>6,359,303</b>	3,575,306
Investment Income net-off modarib share	<b>1,351,861</b>	1,211,905
<b>Surplus for the year</b>	<b>7,711,164</b>	4,787,211
<b>Shareholders' Fund (SHF):</b>		
Wakala Income	<b>233,379,173</b>	256,123,900
Commission Expense	<b>(49,533,749)</b>	(44,383,676)
Management Expenses	<b>(195,648,704)</b>	(222,484,408)
	<b>(11,803,280)</b>	10,744,184
General & Administrative Expenses	<b>(4,643,180)</b>	(10,426,984)
Investment Income	<b>20,259,066</b>	21,963,437
Modarib Share of PTF Investment Income	<b>901,241</b>	807,939
Other Income	<b>1,529,783</b>	2,199,294
<b>Profit before Taxation</b>	<b>6,243,630</b>	3,799,503
Provision for Taxation	<b>(3,200,368)</b>	(1,784,985)
<b>Profit after Taxation</b>	<b>3,043,262</b>	2,014,517
<b>Earnings Per Share of SHF</b>		
Basic & diluted earnings per share - (in Rupees)	<b>0.064</b>	0.042

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. 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. 7.7 million whilst the Shareholder Fund has shown 6.2 million profit before tax and 3 million profit after tax.



Takaful Rules, 2012 require that Qard-e-Hasna (interest free loan) is to be provided by SHF to PTF, if there is deficit in admissible assets of PTF over its liabilities. SHF is allowed to recover this qard without charging profit in the event of surplus of admissible assets over liabilities in PTF. In compliance with the requirement, SHF equity represents Qard-e-Hasna of Rs.240 million receivable from PTF as at year ended 2017.

In the year 2017, 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 2018 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.

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. Prospects for 2018

The general insurance sector's performance is strongly correlated to economic growth. Pakistan's

general insurance industry is poised to under go rapid growth over the next decade given favorable demographics, increasing urbanization and more importantly, the emerging industrial sector. A new era of industrialization and growth is anticipated to commence in Pakistan as energy and infrastructure projects under the China-Pakistan Economic Corridor (CPEC) are set to complete in the near term. Anticipating the demand outlook, investments in sectors such as textile, food processing, fertilizer, steel, automobile, chemicals, plastic and electronics could find their way into Pakistan.

Aggregate results of dedicated takaful companies and window takaful has witnessed that demand for Takaful products has increased. The Company believes its strength lies in customer trust, satisfaction, quality of service, and employees' motivation. Being dedicated takaful company, objective for 2018 is to maintain sustainable, profitable growth in a changing and competitive business environment and therefore, the focus will remain on the maximization of customer satisfaction, portfolio of clients, non-motor business mix, improvement in underwriting results, and controlling overhead costs. Persistent execution of our strategic plan will play pivotal role in our stability and continuous success.

## 7. 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.

## 8. 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.

## 9. 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.

## 10. Share Capital

S.R.O 828(I)/2015 requires minimum paid-up capital of Rs 500 million for the non-life insurance companies/takaful operators as at year end December 31, 2017. Last year, Company has paid-up capital of Rs. 471.3 million. We are pleased to inform that with the strong support and commitment from our members, compliance with said directive has been observed, and Company's paid up capital has reached to Rs 509 million as at year end 2017.

## 11. Human Resources

During the year 2017, Human Resources focused on strengthening our performance management area and our overall organizational structure - as this we feel holds the key to maintaining a strong, performance-oriented culture in an industry that lacks significant investment in developing quality human talent. Additional changes were made to the performance management function where the company moved toward quarterly performance reviews to promote meaningful conversations.

Our recruitment strategy at the initial levels continues to be 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. Recruitment focus is to ensure cultural fit. We made further significant investments in targeted employee development initiatives with a number of employees being supported toward acquiring professional certifications and memberships in globally recognized institutions of learning. Internal training programs and workshops

focused on customer services and organizational development. We are now introducing a flatter, more responsive organizational hierarchy along with a title structure that will be a first for the industry in Pakistan.

## 12. Compliance with Code of Corporate Governance

In November 2016, the Securities & Exchange Commission of Pakistan implemented 'the Code of Corporate Governance for Insurers, 2016', applicable to all insurance/takaful companies. The requirements of the Code of Corporate Governance set out by the regulatory authorities have been duly complied with. A Statement to this effect is annexed with the report.

## 13. Corporate and Financial Reporting Frame Work

- a. 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.
- b. Proper books of accounts have been maintained by the Company.
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements, and accounting estimates are based on reasonable and prudent judgment.
- d. 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.
- f. There are no significant doubts upon the Company's ability to continue as a going concern.
- g. There has been no material departure from the best practices of Corporate Governance.
- h. The key operating and financial data for the last six years is attached.



- i. The value of investments of provident fund based on unaudited accounts as at the year-end was Rupees 25 million/-
- j. The pattern of shareholding of the company is attached.
- k. No trading in shares has been made by the Chief Executive, Directors, Chief Financial Officer, Company Secretary, their spouses and minor children.

#### 14. Board of Directors

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 2017, nine meetings of the Board of Directors were held and attended as follows:

#	Directors	Number of meetings attended
1	Sheikh Ali Bin Abdullah Al-Thani	5
2	Abdul Basit Ahmed Al-Shaibei	5
3	Ali Ibrahim Al Abdul Ghani	2
4	Said Gul	9
5	Zahid Hussain Awan	9
6	Owais Ahmed Yusuf	6
7	Abdullah	7

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

#### 15. Auditors

The present auditors, M/s. Ernst & Young Ford Rhodes, Chartered Accountants, retire and are eligible for re-appointment for the ensuing year. On recommendation of the Audit Committee, the Board of Directors of the company has proposed their name for re-appointment as auditors of the company for the year ending 31st December, 2018.

#### 16. Appointment of Chief Executive Officer

In the month of March 2017, 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.

#### 17. Appreciation & Acknowledgement

Your company's performance during the year would not have been possible without passion, commitment and hard work of both the employees and the management. On behalf of the Board of Directors, we wish to place our thanks and sincere appreciation for the continued support from all the stakeholders.

We also acknowledge the support of the Securities and Exchange Commission of Pakistan. On behalf of the Board of Directors, we thank our policyholders, intermediaries and reinsurers for reposing their unstinted faith in the company, and we are sure of continuing to share our success with all of them.

#### 18. Conclusion

In conclusion, we bow, beg and pray to Almighty Allah, Ar-Rahman-Ar-Rahim, for the continued showering of His blessings, guidance, strength, health, and prosperity upon us, our company, country and all other stakeholders. Ameen, Summa Ameen.

By Order of the Board



Chief Executive Officer



Director

## 15- آڈیٹرز

موجودہ آڈیٹر، ارنسٹ اینڈ یوگ فورڈ رھوڈز، چارٹرڈ اکاؤنٹنٹس، اپنے عہدے سے الگ ہو گئے ہیں اور آنے والے سال کے لئے دوبارہ تقرری کے اہل ہیں۔ آڈٹ کمیٹی کی تجویز پر، کمپنی کے بورڈ آف ڈائریکٹرز نے 31 دسمبر، 2018 کو ختم ہونے والے سال کے لئے کمپنی کے آڈیٹروں کے طور پر دوبارہ تقرری کے لئے نام منتخب کیے ہیں۔

## 16- چیف ایگزیکٹو آفیسر کی تقرری

مارچ 2017 کے مہینے میں، جناب جاوید مسلم نے چیف ایگزیکٹو آفیسر کے عہدے سے استعفیٰ دے دیا۔ اس کے نتیجے میں، بورڈ آف ڈائریکٹرز نے چیف ایگزیکٹو آفیسر کے طور پر تقرری کے شرائط کے مطابق جناب زاہد حسین اعوان کی تقرری کی منظوری دے دی۔

## 17- قدر دانی اور اعتراف


سال کے دوران آپ کی کمپنی کی کارکردگی ملازمین اور انتظامیہ دونوں کے جذبہ، عزم اور سخت محنت کے بغیر ممکن نہیں تھی۔ ہم بورڈ آف ڈائریکٹرز کی جانب سے، تمام حصہ داروں کے مسلسل تعاون اور رہنمائی کے لئے شکریہ ادا کرتے ہیں۔


ہم پاکستان کے سکیورٹیز اینڈ ایکسچینج کمیشن کے تعاون کو بھی تسلیم کرتے ہیں۔ بورڈ آف ڈائریکٹرز کی جانب سے، ہم نے اپنے پالیسی ممبران، واسطوں اور ریٹائل کمپنیوں کا پاک قطر ٹرانزیکشنز پر بے دریغ بھروسے اور وفاداری کا شکریہ ادا کرتے ہیں اور ہم اس بات کا یقین کر رہے ہیں کہ ان سب کے ساتھ اپنی کامیابی کے حصول کا سفر جاری رکھیں گے۔

## 18- نتیجہ

اختتام پر ہم اللہ سبحانہ و تعالیٰ جو کہ رحمن و رحیم ہے دعا کرتے ہیں کہ وہ ہمیں، ہماری کمپنی کو، ہمارے ملک اور دیگر تمام حصہ داروں پر اپنی مسلسل برکتیں، رحمتیں، طاقت، صحت، اور خوشحالی اور کامیابیوں سے ہمکنار رکھے آمین ثم آمین۔

بورڈ کی جانب سے

  
ڈائریکٹر

  
چیف ایگزیکٹو آفیسر

طریقے سے ظاہر کیا گیا ہے۔

- ہ۔ اندرونی کنٹرول کا نظام مناسب ڈیزائن پر مبنی ہے، مؤثر طریقے سے اس کو لاگو کیا گیا ہے اور اس کی نگرانی کی جارہی ہے۔
- و۔ کمپنی کے جاری طریقہ کار میں کوئی خاطر خواہ توثیق نہیں ہے۔
- ز۔ کارپوریٹ گورننس کے بہترین مجوزہ طریقوں سے کوئی انحراف پایا جاتا۔
- ح۔ گزشتہ چھ سالوں کے لئے اہم آپریٹنگ اور مالی معلومات منسلک ہے۔
- ط۔ سال کے اخیر میں پروویڈنٹ فنڈ میں سرمایہ کاری کی ویلیو بغیر جانچ پڑتال پر مشتمل کھاتے پر منحصر تھی جو کہ 25 ملین روپے تھی۔
- ی۔ کمپنی میں حصوں کے حصول کا خاکہ ساتھ منسلک ہے۔
- ک۔ چیف ایگزیکٹو، ڈائریکٹرز، چیف فنانس آفیسر، کمپنی کے سیکرٹری، ان کے بھائیوں اور چھوٹے بچوں کی طرف سے حصص میں کوئی تجارت نہیں ہے۔

## 14- بورڈ آف ڈائریکٹرز:

28 اپریل 2016 کو منعقد سالانہ جنرل اجلاس میں آپ کی کمپنی کے ڈائریکٹر تین سال کیلئے منتخب کیے گئے تھے، جو 28 اپریل 2019 کو اختتام پذیر ہوگا۔ اس سال 2017 کے دوران، بورڈ آف ڈائریکٹرز کی نو اجلاس منعقد ہوئے اور مندرجہ ذیل اعداد و شمار کی مطابقت شرکت کی گئی:

# ڈائریکٹرز	اجلاس میں شرکت کی تعداد
1- شیخ علی بن عبداللہ الثانی	5
2- عبدالباسط احمد الشیخی	5
3- علی ابراہیم ال عبد الغنی	2
4- سید گل	9
5- زاہد حسین اعوان	9
6- اولیس احمد یوسف	6
7- عبداللہ	7

جو حضرات بورڈ کے اجلاسوں میں شرکت نہیں کر سکے انہیں غیر حاضری کی اجازت دی گئی۔



زیر غور لایا گیا۔

زیادہ سے زیادہ معیاری کام ہو سکے۔

## 8- کریڈٹ ریٹنگ:

پاکستان کی دونوں ریٹنگ ایجنسیاں، JSR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ اور PACRA پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ نے اس سال پھر کمپنی کی مالی مضبوطی کی ریٹنگ، مستحکم حیثیت کیساتھ بالترتیب (A-) اور (A) دی ہے۔

بالکل 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 کوریلیووز کے مطابق ڈھالا جائے۔ بھرتی میں اس جانب زیادہ توجہ دی گئی ہے کہ وہ کمپنی کے لیے موزوں ترین ہوں۔ ہم نے منتخب ملازمین سمیت دیگر کئی ملازمین کی کارکردگی کو بہتر بنانے کیلئے مشہور عالمی اداروں کے بہت سے پروفیشنل سرٹیفکیٹس اور ممبر شپ حاصل کرنے میں اہم سرمایہ کاری کر کے ان کی مدد کی ہے۔

## 9- متعلقہ پارٹیوں کے ساتھ لین دین:

بورڈ کے اجلاس میں، بورڈ آف ڈائریکٹرز نے ایسوی ایٹ کمپنیوں / متعلقہ پارٹیوں کے ساتھ لین دین کی منظوری دے دی۔ متعلقہ پارٹیوں کے ساتھ تمام لین دین ان 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، جبکہ کلیم یا زرعان سے متعلق لین دین تجارتی شرائط پر کئے جاتے ہیں۔

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

## 12- کارپوریٹ گورننس کے کوڈ کی تعمیل

نومبر 2016 میں، سکیورٹی اینڈ ایچینج کمیشن آف پاکستان نے 'انشوررز کے لئے کارپوریٹ گورننس کوڈ' 2016 'لاگو کیا۔ جو کہ تمام انشورنس کمپنیوں پر لاگو ہے۔ ریگولیٹری حکام کی طرف سے مقرر کردہ کارپوریٹ گورننس کوڈ کی ضروریات کو صحیح طریقے سے عمل میں لانے سے متعلق ایک رپورٹ ساتھ میں ضم ہے۔

## 10- شیئر کیپٹل:

2015 SRO.828(1) کے مطابق SECP نے 31 دسمبر 2017 کے اختتام تک انشورنس کمپنیز / تکافل آپریٹرز میں نان لائف انشورنس کمپنیز کیلئے کم از کم ادا شدہ سرمایہ 500 ملین روپے تک بڑھا دیا تھا۔ گزشتہ سال کمپنی کا ادا شدہ سرمایہ 471.3 ملین روپے تھا، جو کہ بڑھ کر اس سال 509 ملین ہو چکا ہے۔ ہمیں اس بات پر خوشی ہے کہ ہم نے مطلوبہ ہدف اپنے اراکین کے تعاون کیساتھ بروقت حاصل کر لیا ہے۔

## 13- کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک:

الف- کمپنی کی انتظامیہ کی طرف سے تیار کیا گیا مالیاتی بیانیہ اس کے معاملات، آپریشنز کے نتائج، کیش فلو اور ایکویٹی میں تبدیلی کو درست طریقے سے پیش کرتا ہے۔

ب- بک آف اکاؤنٹس مناسب طریقے سے مرتب کئے گئے ہیں۔

ج- مناسب اکاؤنٹنگ کی پالیسیوں کو مالیاتی بیانیہ کی تیاری میں استعمال کیا گیا

ہے، اور اکاؤنٹنگ کے تخمینے ایک مناسب اور معقول توجیہ پر مبنی ہے۔

د- مالیاتی بیانیہ کی تیاری میں پاکستان میں رائج بین الاقوامی اکاؤنٹنگ معیارات یا کسی دوسرے ضابطے یا قانون (بشمول شرعی ہدایات کے۔ البتہ ان شرعی ہدایات تک یہ محدود نہیں ہوئے) جو پاکستان میں لاگو اور قابل اطلاق ہے، ان تمام قوانین کی پیروی کی گئی ہے مزید یہ کہ کسی بھی قسم کا انحراف مناسب

## 11- ہیومن ریسورس:

سال 2017 کے دوران، ہیومن ریسورس نے ہماری تنظیمی کارکردگی کی ترقی کو مضبوط بنانے پر توجہ دی، کیونکہ کسی صنعت میں ایک مضبوط اور تسلی بخش کارکردگی پر مبنی ثقافت کو برقرار رکھنے کے لئے معیاری انسانی وسائل کی ترقی میں سرمایہ کاری نہایت اہم ہے۔ کارکردگی سے متعلق ایک بڑی پیش قدمی یہ کی گئی کہ کمپنی کو سال کے چوتھائی مدت میں بات چیت کے فریم ورک کی طرف منتقل کیا گیا تاکہ کم وقت میں

انشاء اللہ آنے والے سالوں میں ہم اپنے کاروبار کی مجموعی کارکردگی اور معیار کو پہلے سے کہیں زیادہ اونچی سطح پر دیکھیں گے۔

روپے جبکہ شیئرز ہولڈرز فنڈ نے 6.2 ملین قبل از ٹیکس اور 3 ملین منافع بعد از ٹیکس دکھایا ہے۔

#### 6۔ سال 2018 کیلئے ایک مختصر خاکہ

جنرل انشورنس کے شعبے کی کارکردگی کا اقتصادی ترقی کیساتھ مضبوط باہمی تعلق ہے۔ پاکستان کی جنرل انشورنس انڈسٹری میں اگلے دہائیوں میں آبادی میں اضافہ، دن بدن بڑھتی ہوئی شہریت کی وجہ سے تیزی اور ترقی واضح نظر آ رہی ہے مزید اہم بات یہ ہے کہ چین - پاکستان اقتصادی راہداری (سی پیک) کے تحت توانائی، ہائی وے اور پورٹ انفراسٹرکچر کے منصوبوں کی بروقت تکمیل اور ابھرتی ہوئی صنعتی شعبے کی تیز رفتار ترقی کا ایک نیا دور متوقع ہے۔ جس سے مستقبل میں صنعتی مصنوعات کی طلب میں اضافہ، ٹیکسٹائل، خوراک سے متعلق پروسیسنگ، کھاد، سٹیل، آٹو موٹائل، کیمیکل، پلاسٹک اور الیکٹرانکس جیسے شعبوں میں سرمایہ کاری کی توقع ایسی علامات ہیں جو پاکستانی معیشت کے بہتر مستقبل کی نوید سناتی ہے۔

خالص تکافل خدمات فراہم کر نیوالی کمپنیاں اور ونڈو تکافل آپریٹر کے مجموعی نتائج سے یہ بات واضح ہوئی ہے کہ تکافل کی مصنوعات کے مطالبہ میں اضافہ ہوا ہے۔ کمپنی کا ماننا ہے کہ اس کی طاقت پالیسی میران کا اعتماد، اطمینان، خدمات کی بہتر کیفیت، اور ملازمین کی حوصلہ افزائی میں ہے۔ سال 2018 کیلئے تکافل کمپنی کا مقصد، ایک بدلتے اور مسابقتی کاروباری ماحول میں پائیداری، منافع بخش ترقی کو برقرار رکھنا ہے جس کیلئے کمپنی کی توجہ گاہکوں کے اطمینان، گاہکوں کے پورٹ فولیو، موٹر کیٹر کے علاوہ دیگر کاروباری مرکب کے تحفظ، انڈر رائٹنگ کے نتائج میں بہتری اور اضافی خرچوں پر قابو پانے میں مرکوز کرے گی۔ ہماری اسٹریٹجک منصوبہ کی مسلسل عملدرآمد ہمارے استحکام اور مسلسل کامیابی میں اہم رول ادا کرے گی۔

#### 7۔ فنڈز کے اعتبار سے رپورٹنگ:

تکافل روز 2012 کی مطابق منسلک معاشی صورتحال کے بیانیہ سے PTF اور SHF دونوں کی معاشی صورتحال اور آپریشنز کے نتائج اس بات کی عکاسی کریں گے کہ اثاثہ جات، واجبات، آمدن اور اخراجات میں سے ہر ایک الگ الگ قابل شناخت رہے، مزید یہ کہ قرض حسنہ کی ضرورت پر عمل پیرا ہونا بھی

تکافل قواعد 2012 کے مطابق شیئرز ہولڈرز فنڈ، وقف فنڈ کو خسارے یا ضرورت پڑھنے پر بغیر سود کے قرض حسنہ فراہم کرے گا، اور منافع کی صورت میں شیئرز ہولڈرز فنڈ بغیر کسی اضافی رقم کے وصول کر نیکی اجازت ہوگی۔ اسی قاعدہ کی رو سے SHF کے اثاثوں میں سال 2017 کے اختتام پر قابل وصول 240 ملین روپے مالیت کے قرض حسنہ کی نمائندگی ہو رہی ہے۔

سال 2017 میں، کمپنی نے مارکیٹ تک رسائی حاصل کرنے کیلئے جدید اور تخلیقی صلاحیتوں کیساتھ متوازن حکمت عملی کو اپنایا ہوا ہے، تاکہ اپنے کسٹمر کو حقیقی فائدہ فراہم کر سکیں، جس سے تکافل پر کسٹمر کے بھروسہ میں مزید اضافہ ہوگا۔ ہمارا اہم مقصد اپنے کاروبار کی ترقی ہے، اور اسی کے ذریعے ہم اللہ تعالیٰ کے فضل و کرم سے سال 2018 کے دوران ان شاء اللہ مطلوبہ نتائج حاصل کر لیں گے۔ شریعہ سے ہم آہنگی اور اپنے شرکاء اور اسٹریٹجک شراکت داروں کے لئے تکافل کی کامیاب خدمات کی فراہمی دوسری روایتی بیمہ کمپنیوں سے ہمیں ممتاز کرتی ہے۔

کاروبار کو اعلیٰ نوعیت بنانے کیلئے ہمیشہ سے اپنے صارفین کی ضروریات کے مطابق خدمات فراہم کرنا اور اپنے گراں قدر شیئرز ہولڈرز کے نفع میں اضافہ اولین ترجیح رہی ہے۔ اسی طرح ہمیشہ یہ بات مد نظر رہتی ہے کہ ہمارے کارکردگی اور کام میں ہر وقت بہتری کی گنجائش ہے اور یہی بات ہماری حوصلہ افزائی کرتی ہے کہ ہم کس طرح مزید بہتری لاسکتے ہیں۔ ایک متنوع اور کاروباری ماحول میں اضافی اخراجات کی اصلاح کیساتھ مضبوط ترقی اور منافع کو حاصل کرنے کیلئے مزید حکمت عملی جاری رہیگی۔ مارکیٹ اور صارف کے طبقات میں جہاں کہیں ہمارے پاس بہتر تجاویز اور برتری کا موقع ملا تو کاروبار کی ترقی ہمارا بنیادی مقصد ہوگا۔

اللہ تعالیٰ کی نعمتوں پر مضبوط ایمان کے ساتھ، اسپانسرز کی طرف سے مسلسل اعانت، اعلیٰ انتظامیہ اور دیگر ٹیم کے اراکین کی متفقہ حمایت اور درست سمت میں مسلسل محنت نے پاک قطر جنرل تکافل لمیٹڈ کی بزنس پوزیشن کو قائم رکھا ہے،



(5,546,396)	(10,342,738)	براہ راست اخراجات
40,913,434	59,473,555	ری تکافل کی کٹوتی
3,575,306	6,359,303	انڈر رائٹنگ کا نتیجہ
1,211,905	1,351,861	مضارب کا شیئر نکالنے کے بعد سرمایہ کاری کی آمدن
4,787,211	7,711,164	سالانہ سرپلس
		شیئر ہولڈرز فنڈ (SHF)
256,123,900	233,379,173	وکالہ کی آمدنی
(44,383,676)	(49,533,749)	کمیشن کے اخراجات
(222,484,408)	(195,648,704)	انتظام و انصرام کے اخراجات
10,744,184	(11,803,280)	
(10,426,984)	(4,643,180)	جنرل اور انتظامی اخراجات
21,963,437	20,259,066	سرمایہ کاری کی آمدنی
807,939	901,241	وقف فنڈ کی سرمایہ کاری کی آمدن میں مضارب کا حصہ
2,199,294	1,529,783	دیگر آمدن
3,799,503	6,243,630	ٹیکس کی ادائیگی سے قبل منافع
(1,784,985)	(3,200,368)	ٹیکس کی ادائیگی
2,014,517	3,043,262	ٹیکس کی ادائیگی کے بعد منافع

## SHF کا فی حصہ آمدنی

0.042

0.064

بنیادی اور آمدن میں فی حصہ کی ( روپے میں )

قیمت اور کاروباری صورتحال ہی میں پروگرام کو قابل عمل بنایا جائے۔ بنیادی طور پر مؤثر خرچ گھریلو وسائل کو مؤثر طریقے پر استعمال کرنے اور انفارمیشن ٹیکنالوجی کے استعمال میں اضافے، ہیڈ آفس اور برانچ سطح پر سرگرمیوں (افراد کار کی اصلاح) کی وجہ سے حاصل کیا گیا ہے۔ زیر تجزیہ سال کیلئے کمپنی نے مثبت نتیجہ دکھایا ہے، اور کمپنی کو یہ رپورٹ پیش کر سکی خوشی ہے کہ کمپنی نے بزنس اور خالص تکافل کمپنی کے طور پر لیڈنگ پوزیشن کو برقرار رکھا ہے۔ شرکاء تکافل فنڈ نے 7.7 ملین

مارکیٹ کے عوامل اور زرتعاون کی شرح میں کمی چھوٹے سائز کی خالص تکافل کمپنیوں کیلئے مقابلے کی فضا کو ناسازگار بنا رہی ہیں، کمپنی نے اپنے زرتعاون کی بنیاد کو محدود کر دیا ہے، اور جارحانہ ترقی کے اہداف پر توجہ مرکوز کرنے کے بجائے مثبت منجلی سطح کو ہدف بنانے کے لئے ایک حکمت عملی اپنائی ہے۔ انڈر رائٹنگ، اور سرمایہ کاری دونوں میں محتاط انداز کو اپنانے پر زور دیا گیا ہے جس سے نتائج میں بہتری آئی ہے۔ اس کے علاوہ اخراجات کٹرول کر کے اس بات کو یقینی بنایا جائے کہ موجودہ

قبضہ میں ہے اور انہیں انشورنس کمپنیوں کی جانب سے تکافل کی وٹڈوز آجانے سے خالص تکافل کمپنیوں کیلئے سخت مقابلے کی فضا قائم ہوئی ہے، اس کے علاوہ بھی کئی انشورنس کمپنیاں گذشتہ کئی دہائیوں سے بیمہ مارکیٹ پر قابض ہیں۔ اس لئے پاک قطر جنرل تکافل لمیٹڈ کے انتظامیہ نے کاروباری پوزیشن قائم کرنے کیلئے ٹھوس اقدامات کئے ہیں، جو کہ کمپنی کے لئے اس مالی مقابلہ میں مفید ثابت ہوئیں۔

عمدہ خدمات، معیار پر سمجھوتہ نہ کرنے، مسلسل انتھک محنت اور مختلف مقامات پر کئے گئے دورانڈیش فیصلوں نے ہمیں اپنی کارکردگی اور کاروباری پوزیشن کو برقرار رکھنے میں مدد دی ہے، مارکیٹ کے دباؤ کی وجہ سے زرتعاون کی شرح میں کمی اور معروف روایتی انشورنس کمپنیوں کی جانب سے وٹڈو تکافل آپریشنز کی بڑھتی ہوئی مسابقت کے باوجود، پاک قطر جنرل تکافل لمیٹڈ (PQGTL) نے موجودہ صارفین اور چینل شراکت داروں کے ساتھ کاروباری تعلقات کو فروغ دیا ہے جن میں سے کچھ کا شمار پاکستان کے سب سے اوپر 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 توسیع کے ساتھ بینک کی حدود کو دوبارہ برقرار رکھنے کی کوشش کی۔ 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 2018 کیلئے حدود میں کچھ توسیع کیساتھ ہمیں معاہدے کی صلاحیت فراہم کی۔ اس کے علاوہ JCR-VIS اور PACRA نے کمپنی کے مالی استحکام کو تسلیم کرتے ہوئے مستحکم حیثیت کیساتھ بالترتیب (A-) اور (A) کی کریڈٹ رینٹنگ دی ہے۔

انتظامیہ نے اپنی سرمایہ کاری کے لئے ایک محتاط (زیادہ نفع اور کم خطرہ) حکمت عملی اپنائی ہے۔ یہی وجہ ہے کہ سرمایہ کاری سے حاصل ہونیوالا نفع مستحکم ہے، اگرچہ نسبتاً کم ہی کیوں نہ ہو، سرمایہ کاری کی آمدنی منافع میں ضم ہوتی ہے۔ منافع کی شرح میں کمی نے آمدنی کو متاثر کیا ہے اس لئے اہم فنڈز بینک کے ذخائر اور صکوک میں سرمایہ کاری کیے گئے ہیں۔ بنیادی طور پر سرمایہ کاری پر آمدنی بینک کے ذخائر اور صکوک پر معاوضہ اور میوچل فنڈز جیسے ذرائع سے پیدا ہوتی ہے۔

اسٹاک مارکیٹ میں عدم استحکام نے سرمایہ کاری کے حصول کو متاثر کیا ہے۔ اس لئے سال کے اختتام میں، سرمایہ کاری کی مارکیٹ ویلیو اس کی موجودہ حقیقی قیمت سے کم تھی، جس کے نتیجے میں میوچل فنڈز میں نمایاں کمی ہوئی ہے۔ سال 2017 کے منافع اور نقصان کے اکاؤنٹ میں ظاہری نقصان ہوا ہے جس کے نتیجے میں شیئر ہولڈر فنڈ کی سرمایہ کاری کی آمدنی میں 3.5 بلین روپے کی کمی آئی ہے، اسی طرح اسٹاک مارکیٹ میں مندی کی وجہ سے میوچل فنڈز میں موجود یونٹس کو مستقبل میں اسٹاک مارکیٹ کی بحالی تک نہ بیچے پر غور کیا گیا ہے جس میں ایک لمبا عرصہ لگے گا۔

#### د. مجموعی جائزہ

آپ کی کمپنی، اپنے آپریشنز کا دسواں سال مکمل کر رہی ہے، اس دوران کمپنی نے مجموعی زرتعاون میں قابل قدر اضافہ حاصل کر لیا ہے، اگرچہ ملک کی مجموعی جنرل انشورنس انڈسٹری میں تکافل کا مارکیٹ شیئر بہت کم ہے، کیونکہ گذشتہ نصف صدی سے زیادہ عرصے سے ملک میں جنرل انشورنس کی مارکیٹ مضبوط انشورنس کمپنیوں کے

#### کمپنی کی مالیاتی جھلکیاں

2016	2017
روپے	روپے
652,736,111	614,990,905
217,848,532	168,462,931
(249,205,542)	(211,234,445)
(434,722)	-

#### شرکاء تکافل فنڈ (پی ٹی ایف)

تحریری مجموعی زرتعاون

زرتعاون کی خالص آمدنی

خالص کلیمز

زرتعاون کی کمی کے اخراجات





## ب۔ کلیمز

2016	2017	ری تکافل سے ریکوری	مجموعی کلیم	شعبہ
خالص کلیم	خالص کلیم			
----- Rupees -----				
2,854,116	22,043,347	341,566,261	363,609,840	فائر
2,545,483	8,542,548	13,123,488	21,666,036	میرین
202,956,491	163,044,129	19,780,135	182,824,264	موٹر
24,309,747	-	-	-	صحت
20,839,705	17,604,421	7,670,863	25,275,284	متفرق
<u>253,505,542</u>	<u>211,234,445</u>	<u>382,140,979</u>	<u>593,375,424</u>	مجموعہ

سے اس بڑے پیمانہ کے کلیم کا وقف فنڈ پر خاطر خواہ اثر نہیں ہوا۔

تکافل کے ذریعے جن ممکنہ خطرات کو تحفظ دیا جاتا ہے، ری تکافل کی مدد سے اس ممکنہ نقصان کے اثر کو کم کرنے اور بڑے پیمانہ پر تباہ کن حادثات کے نقصان کو کم کرنے میں مدد ملتی ہے۔ ری تکافل کے انتظامات ہی کی بدولت یہ حقیقت قائم ہو گئی ہے کہ کمپنی نے کسی بھی سال میں حتیٰ طور پر حقیقی نقصان کا سامنا نہیں کیا ہے، نیز موٹر رسک مینجمنٹ اور کلیم کیلئے موثر بندوبست کرنے کے ذریعے، انتظامیہ مضبوط کنٹرول قائم کرنے کے لئے مصروف عمل ہے۔

کسی بھی تکافل معاہدے کے تحت پائے جانے والے خطرے کے واقع ہونے کا قوی امکان ہوتا ہے جس کے واقع ہونے کے نتیجے میں کلیم کی رقم کیساتھ ایک غیر یقینی صورتحال منسلک رہتی ہے، اس لئے وقف فنڈ کو اس ممکنہ خطرے سے بچانے کیلئے کسی موزوں ری تکافل انتظامات کا سہارا لیا جاتا ہے۔ سال 2017 میں PQGTL کیلئے ری تکافل کی جانب سے کل اخراجات گزشتہ سال کے مقابلہ میں نسبتاً کم ہیں اور اس کی بڑی وجہ موٹر کلیم میں کمی ہے۔ جس کی حمایت ہیلتھ کلیمز نے کاروباری خطرے کو ختم کرنے کیلئے کی۔ سال کے دوران لئے گئے جائزہ کے تحت، مجموعی کلیم میں نمایاں اضافے کی وجہ فائر کی کیٹیگری میں ایک بہت بڑے حادثے کا کلیم ہے چونکہ ری تکافل کے ذریعے اس کلیم کے زیادہ حصے کی بحالی ممکن ہوئی جس کی وجہ

## ج۔ سرمایہ کاری کی آمدنی

2016	2017	شیئر ہولڈر فنڈ (ایس ایچ ایف)
21,963,437	20,259,066	شرکاء تکافل فنڈ (پی ٹی ایف)
2,019,844	2,253,102	مجموعہ
<u>23,983,281</u>	<u>22,512,168</u>	

چاہیں۔ اس کے علاوہ حالیہ برسوں میں فینٹیک ٹیکنالوجی کے مالیاتی لین دین میں کامیاب کردار نے یہ ثابت کیا کہ مالیاتی خدمات میں ٹیکنالوجی پہلے سے کہیں بہتر اور زیادہ اہم کردار ادا کریگی، لہذا تکافل انڈسٹری کو پالیسی ممبران کے ساتھ ادائیگی کی منتقلی، پروڈکٹس کی مارکیٹنگ اور مواصلات میں خصوصی طور پر اس ٹیکنالوجی سے فائدہ حاصل کرنا چاہئے۔

والی سہولیات کا معیار، انڈسٹری کی ترقی اور کامیابی میں فیصلہ کن امر ہونے کی وجہ سے کلیدی کردار ادا کرتا ہے۔ تکافل آپریٹر کو اپنی ترقی کی رفتار کو برقرار رکھنے یا بڑھانے کے لئے پالیسی ممبران کے مرکزی نقطہ نظر کو اپنانے کی ضرورت ہے، زیادہ تر مسلم ممالک میں دیہی آبادی کے بڑے تناسب کی وجہ سے زیادہ تکافل آپریٹر کو مائیکرو تکافل اور زراعت پر مبنی پروڈکٹس، جیسے فصل اور مویشیوں کی کوریج، مارکیٹ میں پیش کرنی

## 5۔ کمپنی کی کارکردگی کا جائزہ:

### الف۔ تحریری مجموعی زرتعاون:

2016		2017		شعبہ
%	روپے	%	روپے	
26	170,996,901	22.6	138,960,147	فائر
6	38,253,233	6.5	39,896,390	مرین
56	366,529,858	55.5	341,421,007	موٹر
12	76,959,119	15.4	94,713,361	متفرق
100	652,736,111	100	614,990,905	مجموعہ

کے باوجود متوازن اور نفع بخش، مرکب پورٹ فولیو کے حسن انتظام میں کامیاب رہی۔ مجموعی طور پر کاروباری حجم میں موٹر کا شعبہ اہم شراکت دار رہا۔ جہاں تک آگے بڑھنے اور ترقی کی بات ہے تو کمپنی جارحانہ اضافہ کی ہدف پر توجہ مرکوز کرنے کے بجائے ٹیلی سطح سے اپنے صارف کی ضروریات تک رسائی پر زور دے گی تاکہ مطلوب کاروباری حجم میں تدریجی اضافے اور منافع میں بہتری کو جاری رکھنے کے ساتھ ساتھ دوسرے شعبوں پر بھی زیادہ سے زیادہ توجہ برقرار رہے۔

کمپنی اپنی کاروباری حکمت عملی اور طبقات کی کارکردگی کا باقاعدگی سے جائزہ لیتی ہے، جس کے نتیجے میں PQGTL نے اپنے پورٹ فولیو میں نقصان دہ صارفین کو ختم کر دیا ہے۔ کسی خاص شعبے کے کاروباری حجم میں اضافہ کرنے کے بجائے اس کے ہر طبقہ پر توجہ مرکوز کرنے کی کوشش کی ہے کمپنی کے کاروباری اعداد و شمار اور اس کے مرکب پورٹ فولیو کی فی صدی شرح سے واضح ہوتا ہے کہ کمپنی انتہائی مسابقتی کاروباری حالات، قیمتوں کی گرتی ہوئی صورتحال اور بیمہ مارکیٹ کے مضبوط روایتی انشورنس لیڈرز کمپنیوں کی جانب سے ونڈو تکافل آپریشنز کی بڑھتی ہوئی مسابقت



### ۳۔ درپیش کاروباری چیلنجز

تکافل آپریٹرز کو آنے والے سالوں میں روایتی انشورنس کمپنیوں سے کاروباری مقابلے کی امید ہے۔ اسی طرح دن بدن روایتی انشورنس کمپنیوں کے حجم میں بڑھتا ہوا اضافہ اور مارکیٹ میں ان کی پہلے سے مستقل موجودگی تکافل آپریٹرز کے لئے مستقبل میں مسائل کھڑے کر سکتی ہیں، جن سے نمٹنا تکافل آپریٹرز کیلئے ناگزیر ہوگا۔ لہذا ان مسائل سے نمٹنے کیلئے تکافل انڈسٹری کو پروڈکٹ کی ڈولپمنٹ اور ٹارگٹ مارکیٹ کو دیکھتے ہوئے اپنا کاروباری حجم بڑھانے کیلئے جدید طور طریقے اپنانے کی ضرورت ہے۔ بعض ممالک میں ریگولیٹری طرف سے تکافل فریم ورک نہ ہونے کی وجہ سے تکافل انڈسٹری کو کسی بھی بڑے معاشی منصوبے کی وجہ سے دھچکا لگ سکتا ہے۔

تکافل انڈسٹری کی مارکیٹ میں خاطر خواہ مقبولیت اور ترقی میں اضافہ نہ ہونے کی ایک بنیادی وجہ لوگوں میں تکافل سے متعلق شعور و آگاہی کا فقدان ہے، اس لئے تکافل آپریٹرز کو مضامین سے تکافل اور روایتی انشورنس کے درمیان امتیازات کو واضح کرنے کے ساتھ ساتھ کوریج کی صورت میں ملنے والے مالی تحفظ کے بارے میں ممکنہ آگاہی پیدا کرنی ہوگی۔ اس کے علاوہ تکافل انڈسٹری کی ترقی کو بڑھانے کیلئے تکافل کمپنیوں کو ایسے رجاں کار کی ضرورت ہے جن کو تکافل کے تمام پہلوں پر عبور حاصل ہو اور وہ خاص طور پر شریعت سے متعلق امور پر مکمل آگاہی رکھتے ہوں۔ اسی طرح تکافل کمپنیوں کو پائیدار اور ڈیجیٹل سسٹم کو قائم کرنے، پروڈکٹ کی تقسیم کیلئے متبادل چینلز اختیار کرنے، موجودہ اور ممکنہ گاہکوں کے درمیان زیادہ سے زیادہ اعتماد اور ان سے دوستانہ ماحول رکھنے کی پالیسیوں کو اپنانے پر توجہ دینی چاہیے۔

### ۴۔ مستقبل کا لائحہ عمل:

گزشتہ سال میں تکافل کی طرف بڑھتے ہوئے رجحان میں تسلسل کو دیکھتے ہوئے یہ کہا جاسکتا ہے کہ سال 2018 اور آئندہ سالوں میں تکافل کی پروڈکٹس کی ڈیمانڈ میں اضافہ ہوگا؛ جس کی ایک وجہ اسلامی ممالک میں مالیاتی حجم کی بڑھتی ہوئی شرح میں اضافہ ہے۔ نیز تکافل کے اخلاقی پہلوں کی وجہ سے تکافل انڈسٹری کی بعض ترقی یافتہ غیر مسلم ممالک میں بھی مقبولیت حاصل کرنے کی توقع ہے۔ شرکاء تکافل کی طرف سے ادا کردہ زرتعاون اور اس کے نتیجے میں مہیا کی جانے

صنعت میں خاطر خواہ کامیابی حاصل کی، جس کی مجموعی صنعتی اثاثوں کی قیمت تقریباً 2 ٹریلین امریکی ڈالر ہے۔ مذکورہ صنعت میں شامل، اسلامی بینکاری، سرمایہ کاری بازار، تکافل، لیزنگ، سرمایہ کاری کے فنڈز، اور مائیکرو فنانس، تمام تقریباً شریعت کے اصولوں پر مبنی ہے۔ خلیج تعاون کونسل (جی سی سی) کے ممالک کی صنعت میں حالیہ توسیع (کاتنا سب بعض ممالک میں 15 فیصد تک ہے) نے اسلامی مالیات کے لئے نئے امکانات روشن کر دیے ہیں۔ آنے والے سالوں میں بڑھتی ہوئی صنعتی ترقی جاری رہنے کی توقع ہے، جس پر مسلم آبادی والے بڑے ممالک میں مضبوط معاشی ترقی کے حوالے سے بڑے پیمانے پر عمل درآمد ہو رہا ہے۔

عالمی تکافل اگرچہ انی ایف ایس آئی کا ایک چھوٹا حصہ ہے اور حالیہ برسوں میں بہت سے درپیش مسائل کے باوجود متاثر کن ترقی کو برقرار رکھنے کے قابل ہے۔ سال 2017 میں دیکھا گیا ہے کہ تکافل کے کچھ حصوں / حلقوں نے دوسروں کے مقابلے میں زیادہ بہتر کارکردگی دکھائی ہے۔ ملائیشیا میں فیملی تکافل میں بہت تیزی سے اضافہ ہوا ہے، جبکہ بعض کلف ممالک کی طرف سے لازمی طبی کوریج کے تعارف سے ہیلتھ تکافل کی ترقی کا امکان مزید بڑھ گیا ہے۔ عالمی تکافل انڈسٹری کو پیش آنے والے مسائل کے باوجود، اسلامی مالیاتی مارکیٹ میں انشورنس کی رسائی کم ہونے کی وجہ سے ترقی کے بہت زیادہ امکانات موجود ہیں۔ اسی طرح تکافل سیلٹر کے لئے ضروری ہے کہ وہ ریگولیٹری طرف سے حوصلہ افزائی کے ساتھ دیگر اسلامی مالیات کی ترقی میں مزید اپنا کردار ادا کرے۔

پاکستان میں تکافل کے شعبے نے اس سال انشورنس انڈسٹری میں اپنا مارکیٹ شیئر کافی بڑھایا ہے۔ گزشتہ چند سالوں میں پاکستان میں صنعت کی تیز رفتار ترقی، صارفین میں تکافل کی مقبولیت اور روایتی انشورنس کمپنیوں کا انڈسٹری میں ونڈوز تکافل آپریٹرز کے طور پر تکافل شروع کرنا تکافل کی ترقی کا منہ بولتا ثبوت ہے۔ پاکستان کی کل آبادی میں انشورنس کی صرف 1 فیصد موجودگی کو دیکھتے ہوئے یہ کہا جاسکتا ہے کہ آنے والے سالوں میں پاکستان میں تکافل کی توسیع کیلئے کافی جگہ موجود ہے۔ نیز مارکیٹ میں تکافل کی روایتی انشورنس کے متبادل کی طور پر مقبولیت سے فیملی اور جنرل تکافل دونوں میں اضافہ ہوگا۔

## ڈائریکٹرز کی رپورٹ

محترم شیئر ہولڈرز!

پاکستان کے موجودہ اکاؤنٹ کے خسارے میں مالیاتی سال 2017 کے دوران نمایاں طور پر 12 بلین ڈالر سے زائد اضافہ ہوا، کیونکہ مصنوعات کے معیار پر توجہ نہ دینے کی وجہ سے برآمدات میں کمی ہوئی ہے، جبکہ اسی سال درآمدات میں نمایاں طور پر جی ڈی پی کی نسبت اضافہ ہوا ہے مالیاتی فرق پر قابو پانے کیلئے غیر ملکی ایکسیج ریزرو میں کمی کی ضرورت ہے، جبکہ دوسری جانب مالیاتی خسارے میں بدستور تنزیل کی طرف رجحان جاری رہا جو کہ مجموعی جی ڈی پی کا 4.2 فیصد ہے۔ 5.75 فیصد شرح سود کی پالیسی گزشتہ ایک دہائی میں سب سے کم شرح سود کی پالیسی تھی، جس کی وجہ سے خاص طور پر نجی شعبے کی کریڈٹ کی توسیع میں مدد ملی، اور مذکورہ پالیسی نے مینوفیکچرنگ انڈسٹری کی پیداواری ترقی میں اپنا کردار ادا کیا۔ مالی سال 2017 کے دوران افراط زر کی شرح 4.1 فیصد کے ساتھ نسبتاً کم رہی، اگرچہ اس سال کیلئے جتنی شرح کی پیش گوئی کی تھی اس سے یہ شرح کہیں زیادہ ہے۔

ملک کی بڑی مقدار میں موجود نو جوان آبادی کی روزمرہ ضروریات کو پورا کرنے کے لئے آئندہ برسوں میں پاکستان کی معیشت میں مسلسل اقتصادی ترقی کو برقرار رکھنا ضروری ہے۔ ورلڈ بینک پر امید ہے کہ مالیاتی سال 2018 کے دوران معیشت میں 5.5 فیصد اضافہ ہوگا، اگرچہ معیشت کے نقطہ نظر سے بڑھتا ہوا مالیاتی خسارہ حکومت کی ذمہ داری کو واضح کر رہا ہے کہ وہ مالی اور بیرونی شعبے کے خطرات کو ملحوظ رکھ کر اس سے نمٹنے کی کوشش کرے، کیونکہ اس کی وجہ سے ملک پر قرضوں کی ذمہ داریاں بڑھ گئی ہیں۔ صنعتوں اور خدمات کی ترقی کے لئے اہم محرک پاک چین اقتصادی راہداری کیلئے بنیادی انفراسٹرکچر سرمایہ کاری، توانائی کی سرمایہ کاری، اور حکومت کی طرف سے ترقی کے لئے مختص اخراجات کی طرف سے فراہم کیا جائے گا۔ مالی سال 2018 میں معیشت کے لئے مسلسل ترقی اور مقابلہ کو یقینی بنانے اور اقتصادی استحکام میں معاونت کے لئے بڑے پیمانے پر منظم اقتصادی پالیسیاں قائم کرنے کی ضرورت ہے۔

### ۲۔ صنعت کا جائزہ

عالمی اسلامی مالیاتی سروسز انڈسٹری (آئی ایف ایس آئی) نے پچھلے سال

پاک قطر جنرل ٹکافل لمیٹڈ (جسے بعد میں کمپنی یا PQGTL کہا جائے گا) کے بورڈ آف ڈائریکٹرز کی حیثیت سے ہمیں کمپنی کی 31 دسمبر 2017 میں ختم ہونے والے سال کی بارہویں سالانہ رپورٹ، آڈٹ شدہ مالیاتی گوشواروں کے ساتھ پیش کرتے ہوئے بہت خوشی محسوس ہو رہی ہے۔

### ۱۔ معیشت کی صورتحال

سال 2017 میں دنیا بھر کی معیشت 3.00 فیصد سالانہ عالمی گروتھ کے ساتھ حوصلہ افزا اور ترقی کی جانب گامزن رہی۔ جب کہ سال 2016 میں مذکورہ شرح 2.4 فیصد تھی۔ 2008 کے معاشی زوال کے بعد یہ پہلا موقع ہے کہ دنیا بھر کے تمام اہم تجارتی مراکز میں معاشی کارکردگی کا گراف بلند رہا۔ امریکن مارکیٹس اینڈ ڈویلپمنٹ اکانومیز (ای۔ایم۔ڈی۔ای) کی کارکردگی 4.3 فیصد گروتھ کے ساتھ بطور خاص نمایاں رہی۔ عالمی معیشت کی اس بڑھتی ہوئی ریکوری نے عالمی اقتصاد کی تین چوتھائیوں میں انوسٹمنٹ کیلئے سرمایہ کاری، تجارت اور صنعت کاری کو ترقی کی ایک نئی راہ پر گامزن کر دیا ہے۔ تاہم عالمی خطرات، غیر یقینی سیاسی صورتحال اور تحفظ کے نظام کی موجودہ صورتحال سے اندرونی خطرات کے خدوخال واضح ہوتے ہیں۔

پاکستان کی اقتصادی ترقی میں تیزی سے اضافہ ہوا۔ مالی سال 2017 میں اکانومی سائز 300 ارب امریکی ڈالر ہونے کی وجہ سے مالیاتی شرح 5.3 فیصد بڑھوتری کے ساتھ پچھلے دس سال کی بلند ترین سطح پر پہنچ گئی۔ مذکورہ مالیاتی گروتھ اگرچہ ٹارگٹ گروتھ 5.7 فیصد سے کم تھی لیکن پچھلے سال 2016 کی گروتھ 4.7 کی بنسبت کافی بہتر رہی۔ کریڈٹ کی مضبوط گروتھ اور مضبوط ڈومیسٹک ڈیمانڈ نے انوسٹمنٹ کی 11 فیصد بڑھوتری کے ساتھ مذکورہ ملکی معاشی ترقی میں اہم کردار ادا کیا۔ سروس سیکٹر میں بھی تقریباً 6 فیصد بڑھوتری ریکارڈ کی گئی جس میں کنسٹرکشن انڈسٹری کا حصہ نمایاں رہا۔ البتہ سروس سیکٹر کی مذکورہ گروتھ صنعت انڈسٹری کی بنسبت کم رفتار رہی۔ اسی طرح ایگریکلچر سیکٹر کو بھی بہترین طریقے سے چلایا گیا اور بہتر موسم کی وجہ سے مذکورہ سیکٹر نے اپنے سالانہ ٹارگٹ 3.5 فیصد بڑھوتری تک رسائی حاصل کر لی۔

**KEY FINANCIAL DATA***Rupees in Thousand*

	FY17	FY16	FY15	FY14	FY13	FY12
Gross Contribution written	614,990	652,736	701,709	1,002,402	1,028,986	549,209

**Consolidated Revenue Account (PTF & SHF)**

Net Contribution Earned	168,463	217,849	373,518	506,242	426,432	165,903
Wakala Income	233,379	256,124	276,834	344,919	321,394	193,851
Net Claims including IBNR	(211,234)	(249,206)	(409,054)	(543,036)	(465,704)	(197,170)
Commission expense net off rebate	9,939	(3,470)	(9,428)	(20,289)	(19,482)	(8,241)
Investment Income	22,512	23,983	35,174	44,277	35,590	28,402
Management, General Admin. & other expense	(210,634)	(238,458)	(257,026)	(318,458)	(258,027)	(158,627)
Other Income/(loss)	1,530	2,199	3,198	2,783	954	32
Other provisions	-	(435)	9,666	2,589	(11,294)	(943)
Consolidate Result before Tax - PTF & SHF	13,955	8,587	22,883	19,027	29,862	23,206
Taxation - Net	(3,200)	(1,785)	(4,945)	(13,642)	(7,279)	(11,817)
Consolidate Result after Tax - PTF & SHF	10,754	6,802	17,938	5,385	22,583	11,389

**Consolidated Balance Sheet (PTF & SHF)**

Investments	297,681	220,083	224,555	264,175	319,366	224,528
Cash & Bank Deposits	159,522	168,952	259,723	179,177	219,194	139,378
Deferred Tax Asset	-	-	-	6,775	10,760	
Other Assets	744,940	564,714	378,176	629,807	463,279	224,985
Fixed Assets	71,212	80,654	42,675	42,262	46,879	44,808
Paid-up Capital	509,226	471,343	471,343	432,748	407,676	337,429
Advance against future issue of share capital	-	25,106	25,106	34	34	-
Accumulated surplus/(loss)	(74,303)	(85,057)	(91,859)	(109,797)	(115,182)	(137,765)
Other Reserves/liabilities	698,260	443,025	333,854	546,761	565,326	322,479
Other Liabilities	140,170	179,986	166,685	245,674	197,641	122,316



## KEY FINANCIAL RATIOS

	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
<b>Variance from prior year:</b>						
Gross Contribution written	-6%	-7%	-30%	-3%	87%	66%
Net Contribution Earned	-23%	-42%	-26%	19%	157%	82%
Wakala Income	-9%	-7%	-20%	7%	66%	59%
Net Claims	-15%	-39%	-25%	17%	136%	45%
Commission, Management & other Expenses	-17%	-9%	-21%	22%	66%	35%
Investment Income	-6%	-32%	-21%	24%	25%	-13%
<b>Other ratios:</b>						
Current Ratio (times)	1.45	1.56	1.80	1.43	1.36	1.34
Fixed assets turnover (times)	8.10	10.59	16.52	22.49	22.45	11.76
Gross Contribution per share (Rs.)	12.08	13.85	14.89	23.16	25.24	16.28
Earning per shares (Rs.) - SHF	0.06	0.04	0.06	0.43	0.82	0.56
Net Claim to Gross Contribution less Retakaful	52%	58%	74%	64%	54%	46%
Net Claim to Net Contribution Earned including Wakala	53%	53%	63%	64%	62%	55%
Management, Admin & other Expenses to Gross Contribution	34%	37%	37%	32%	25%	29%
Management, Admin & other Expenses to Wakala income	90%	93%	93%	92%	80%	82%
Commission Expense to Gross Contribution	-2%	1%	1%	2%	2%	2%
Wakala income to Gross Contribution	38%	39%	39%	34%	31%	35%
Retakaful to Gross Contribution	34%	34%	21%	15%	17%	21%
<b>REVENUE DISTRIBUTION (PTF)</b>						
Claims	125%	114%	110%	107%	119%	119%
Other Reserve	0%	0%	-3%	-1%	1%	1%
Direct expenses	6%	3%	1%	5%	3%	3%
Rebate commission	-35%	-19%	-9%	-8%	-16%	-16%
Net Investment income	-1%	-1%	-2%	-1%	-2%	-2%
Surplus / (Deficit)	5%	2%	4%	-3%	-4%	-4%
	100%	100%	100%	100%	100%	100%
<b>REVENUE DISTRIBUTION (SHF)</b>						
Commission expense	21%	17%	16%	18%	18%	18%
Management, General Admin expenses	86%	91%	92%	84%	79%	79%
Modarib fee	-0.4%	-0.3%	-2%	-1%	-1%	-1%
Net investment income	-9%	-9%	-8%	-9%	-11%	-11%
Other (Loss) / Gain	-1%	-1%	-1%	-1%	0%	0%
Taxation	1%	1%	2%	4%	6%	6%
Profit / (Loss) after Taxation	1%	1%	1%	5%	10%	10%
	100%	100%	100%	100%	100%	100%

## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

For the year ended December 31, 2017

This statement is being presented in compliance with the Code of Corporate Governance for Insurers, 2016 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. At present, the Board includes:

Category	Names
Independent Director	Mr. Owais Ahmed Yusuf
Executive Directors	Mr. Zahid Hussain Awan
Non-Executive Directors	H.E. Sheikh Ali Bin Abdullah Al Thani Mr. Said Gul 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 Chief Executive Officer, 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. The Board arranged orientation course(s)/training programs for its directors to apprise them of their duties and responsibilities.
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:*

<b>Name of the Member</b>	<b>Category</b>
Mr. Zahid Hussain Awan	Chairman
Mr. Altaf Ahmed Siddiqi	Member & Secretary
Mr. Asadullah Khan	Member
Mr. Farrukh Adnan	Member
Mr. Shahzad M Khan Ghilzai	Member

*Claims Settlement Committee:*

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



*Re-Takaful Committee:*

<b>Name of the Member</b>	<b>Category</b>
Mr. Zahid Hussain Awan	Chairman
Mr. Altaf Ahmed Siddiqi	Member
Mr. QaiserZarif	Member
Mr. Asadullah Khan	Member & Secretary

*Risk Management & Compliance Committee*

<b>Name of the Member</b>	<b>Category</b>
Mr. Zahid Hussain Awan	Chairman
Mr. SaqibZeeshan	Member
Mr. Muhammad Kamran Saleem	Member
Mr. Altaf Ahmed Siddiqi	Member
Mr. MuneebAfzal Lone	Member
Mr. SaifuddinShaikh	Member
Mr. Shahzad M Khan Ghilzai	Member
Mr. Asadullah Khan	Member
Mr. FarrukhAdnan	Member
Mufti ShakirSiddiqui	Member
Mr. Jehanzaib Ahmad	Member & Secretary

## 17. The Board has formed the following Board Committee

*Ethics, Human Resource & Remuneration Committee:*

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

*Nominations Committee:*

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

*Investment Committee:*

<b>Name of the Member</b>	<b>Category</b>
Mr. Zahid Hussain Awan	Chairman
Mr. Owais Ahmed Yusuf	Member
Mr. Abdul BasitAhmed Al-Shaibei	Member
Mr. Muhammad Kamran Saleem	Member& Secretary

18. The Board has formed an audit committee. It comprises of three 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:*

<b>Name of the Member</b>	<b>Category</b>
Mr. Ali Ibrahim Al Abdul Ghani	Chairman
Mr. Said Gul	Member
Mr. Abdul BasitAhmed Al-Shaibei	Member
Mr. MuneebAfzal Lone	Secretary

19. The meeting of the committees, except Ethics, Human Resource & Remuneration Committee and Nominations 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 Chief Executive Officer, Chief Financial Officer, 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);

<b>Name of the Person</b>	<b>Designation</b>
Mr. Zahid Hussain Awan*	Chief Executive Officer
Mr. Altaf Ahmed Siddiqi	Head of Claims
	Head of Underwriting
Mr. Asadullah Khan	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. MuneebAfzal Lone	Head of Internal Audit

*\*Mr. Zahid Hussain Awan was appointed as CEO of the Company in the month of March 2017 due to the casual vacancy occurred in the office of CEO on account of 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 29th September 2017 and 28th September 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. The insurer has not obtained exemption from the Securities & Exchange Commission of Pakistan in respect of the requirements Code of Corporate Governance for Insurers, 2016.

*By Order of the Board*



Chief Executive Officer



Director



## SHARIAH ADVISORY BOARDS AUDIT REPORT TO THE BOARD OF DIRECTORS

for the year ended 31 December 2017

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

We have reviewed the accompanying financial statements of **Pak-Qatar General Takaful Limited** (hereafter referred to as "the Company") for the year ended 31 December 2017.

We acknowledge that as Shariah Advisory Board members of the Company, it is our responsibility to ensure that the financial arrangements, contracts and transactions undertaken 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.

We have reviewed all types of business concerns of the Company and 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 2017 were in accordance with guidelines issued by Shariah Advisory Board as well as the requirements of Takaful Rules 2012.
- (ii) In the year 2017, more than 20 sessions were held successfully across Pakistan on awareness of Takaful. These courses proved fruitful and helped a lot in spreading the concept of Takaful including Corporate sector, Ulema & Muftiane kaaram, educational institutions and public sector.
- (iii) 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 practices have been discussed and duly resolved.

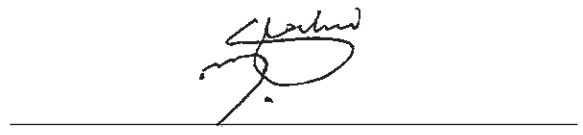
- (iv) Consequently, we have found that the Company is in accordance with the Shariah principles with respect to all transactions.

***"And Allah Knows Best"***

On Behalf of the Chairman of Shariah Advisory Board



**Dr. Mufti Ismatullah**  
Shariah Advisory Board Member



**Mufti Muhammad Shakir Siddiqui**  
Shariah Advisor &  
Shariah Advisory Board Member



EY Ford Rhodes  
Chartered Accountants  
Progressive Plaza, Beaumont Road  
P.O. Box 15541, Karachi 75530  
Pakistan

UAN: +9221 111 11 39 37 (EYFR)  
Tel: +9221 3565 0007-11  
Fax: +9221 3568 1965  
ey.khi@pk.ey.com  
ey.com/pk

## **INDEPENDENT ASSURANCE REPORT TO THE BOARD OF DIRECTORS AND SHARIAH ADVISOR OF PAK QATAR GENERAL TAKAFUL LIMITED IN RESPECT OF COMPANY'S COMPLIANCE WITH THE SHARIAH RULES AND PRINCIPLES**

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 Shariah rules and principles as prescribed by the Shariah Advisor / Shariah Board (prior to promulgation of Takaful Rules 2012) of the Company and the Takaful Rules 2012, during the year ended **31 December 2017**.

### **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 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 / Shariah 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 / Shariah Board and the Takaful Rules, 2012.
- 3.2. The procedures selected by us for the engagement depended 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 considered such internal control procedures as were relevant to the Company's compliance with Shariah rules and principles. Our engagement was, 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 were sufficient and appropriate to provide a basis for our opinion.





- 3.4. In addition, interpretation and conclusion of the Shariah Advisor / Shariah Board 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 Board 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 / Shariah Board and the Takaful Rules, 2012.

#### 5. **Our Opinion**

In our opinion, based on the sample 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 31 December 2017, are in compliance with the requirements of the Shariah rules and principles as prescribed by the Shariah Advisor / Shariah Board and the Takaful Rules, 2012 in all material respects.

*EY Ford Rhodin*

**Chartered Accountants**

**Engagement Partner:** Shaikh Ahmed Salman

Date: 19 April 2018

Place: Karachi





EY Ford Rhodes  
Chartered Accountants  
Progressive Plaza, Beaumont Road  
P.O. Box 15541, Karachi 75530  
Pakistan

UAN: +9221 111 11 39 37 (EYFR)  
Tel: +9221 3565 0007-11  
Fax: +9221 3568 1965  
ey.khi@pk.ey.com  
ey.com/pk

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

We have reviewed the enclosed Statement of Compliance with the best practices (the Statement) contained in the Code of Corporate Governance for Insurers 2016 (the Code) for the year ended **31 December 2017** prepared by the Board of Directors of **Pak Qatar General Takaful Limited** (the Company) to comply with the requirements of the Code.

The responsibility for compliance with the Code is that of the Board of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement reflects the status of the Company's compliance with the provisions of the Code and report if it does not 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 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's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Based on our review, nothing has come to our attention which causes us to believe that the Statement does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code in respect of the Company for the year ended 31 December 2017.

*EY Ford Rhodes*

**Chartered Accountants**

**Engagement Partner:** Omer Chughtai

Date: 09 April, 2018

Place: Karachi





Building a better  
working world

EY Ford Rhodes  
Chartered Accountants  
Progressive Plaza, Beaumont Road  
P.O. Box 15541, Karachi 75530  
Pakistan

UAN: +9221 111 11 39 37 (EYFR)  
Tel: +9221 3565 0007-11  
Fax: +9221 3568 1965  
ey.khi@pk.ey.com  
ey.com/pk

## 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 claim;
- (viii) statement of expenses; and
- (ix) statement of investment income

of **Pak Qatar General Takaful Limited** ("the Company") as at 31 December 2017 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 the requirements of the Insurance Ordinance, 2000 (XXXIX of 2000) and the repealed 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 repealed 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 repealed Companies Ordinance, 1984, and accurately reflect the books and records of the Company ;



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- (c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at 31 December 2017 in accordance with International Accounting Standards as applicable in Pakistan, and the information required to be disclosed by the Insurance Ordinance, 2000 and the repealed Companies Ordinance, 1984; and
- (d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

#### Other Matter

The financial statements of the Company for the year ended 31 December 2016 were audited by another firm of chartered accountants who expressed an unmodified opinion thereon dated 30 March 2017.

Date: 09 April, 2018  
Place: Karachi

*EY Fard Rhodin*  
Chartered Accountants  
**Engagement Partner: Omer Chughtai**



# BALANCE SHEET

As at December 31, 2017

As at December 31, 2017		2017			2016
	Note	Shareholders' Fund	Participants' Takaful Fund	Aggregate	Aggregate
----- (Rupees) -----					
<b>SHAREHOLDERS' FUND (SHF) EQUITY</b>					
<b>Share Capital and Reserves</b>					
Authorized Share Capital		600,000,000	-	600,000,000	600,000,000
60,000,000 (2016:60,000,000) ordinary shares of Rs.10 each					
Issued, subscribed and paid up share capital	9	509,226,010	-	509,226,010	471,342,580
Qard-e-Hasna contributed to PTF		(240,000,000)	-	(240,000,000)	(127,976,333)
Unappropriated Profit		45,962,650	-	45,962,650	42,919,388
		315,188,660	-	315,188,660	386,285,635
Advance against issue of share capital		-	-	-	25,105,899
<b>Waqf/PARTICIPANTS' TAKAFUL FUND (PTF)</b>					
Participants' Equity					
Cede money		-	500,000	500,000	500,000
Qard-e-hasna contributed by SHF		-	240,000,000	240,000,000	127,976,333
Accumulated deficit		-	(120,265,169)	(120,265,169)	(127,976,333)
		-	120,234,831	120,234,831	500,000
<b>Underwriting Provisions - PTF</b>					
Provision for outstanding claims(including IBNR)	10	-	479,864,111	479,864,111	190,483,326
Provision for unearned contribution		-	193,032,467	193,032,467	219,151,486
Unearned retakaful rebate		-	22,464,019	22,464,019	30,490,276
Provision for contribution deficiency		-	2,400,000	2,400,000	2,400,000
		-	697,760,597	697,760,597	442,525,088
<b>Deferred Liabilities</b>					
Deferred Taxation	11	1,205,210	-	1,205,210	933,347
<b>Creditors and Accruals</b>					
Amount due to other takaful/retakaful operators		-	57,561,285	57,561,285	97,750,836
Accrued expenses	12	2,102,537	-	2,102,537	4,765,823
Other creditors & accruals	13	35,748,625	38,153,367	73,901,992	75,971,471
Wakala & other account balance		-	5,399,020	5,399,020	16,518,924
		37,851,162	101,113,672	138,964,834	195,007,054
<b>Total Equity and Liabilities</b>					
		354,245,032	919,109,100	1,273,354,132	1,050,357,023
<b>Contingencies and Commitments</b>					
	14				

The annexed notes from 1 to 37 form an integral part of these financial statements

  
Chairman

  
Chief Executive

  
Director

  
Director

# BALANCE SHEET

As at December 31, 2017

As at December 31, 2017		2017			2016
	Note	Shareholders' Fund	Participants' Takaful Fund	Aggregate	Aggregate
----- (Rupees) -----					
<b>Cash and Bank Deposits</b>	15				
Cash and other equivalents		679,200	861,207	1,540,407	684,730
Current and other accounts		35,359,934	47,621,215	82,981,149	58,267,064
Deposits maturing within 12 months		-	75,000,000	75,000,000	110,000,000
		36,039,134	123,482,422	159,521,556	168,951,794
<b>Investments</b>	16	202,443,831	95,236,824	297,680,655	220,082,652
<b>Long-term Security Deposits</b>		2,989,581	-	2,989,581	3,444,636
<b>Current Assets and Others</b>					
Contribution due but unpaid - net	17	-	250,621,583	250,621,583	283,920,499
Amount due from other takaful/retakaful operator		-	7,801,330	7,801,330	15,954,222
Accrued investment income	18	4,658,580	181,392	4,839,972	2,399,884
Retakaful recoveries against outstanding claims		-	361,318,450	361,318,450	113,018,550
Taxation - payment less provisions		4,328,401	4,005,217	8,333,618	8,699,129
Deferred commission expense		21,491,245	-	21,491,245	22,678,041
Prepayments & advances	19	3,196,832	76,207,359	79,404,191	107,477,467
Sundry receivable	20	2,486,265	254,523	2,740,788	6,556,869
Wakala & other account balance	21	5,399,019	-	5,399,019	16,518,924
		41,560,342	700,389,854	741,950,196	577,223,585
<b>Fixed Assets - tangible &amp; intangible</b>	22				
<b>Tangible</b>					
Office improvement		5,394,672	-	5,394,672	6,080,287
Furniture & Fixtures		4,476,091	-	4,476,091	5,224,740
Office Equipments		6,077,872	-	6,077,872	6,554,276
Motor vehicles		1,528,562	-	1,528,562	4,388,379
Computer Equipments		7,594,564	-	7,594,564	9,648,075
		25,071,761	-	25,071,761	31,895,757
Capital work-in-progress		2,842,740		2,842,740	41,633,394
<b>Intangibles</b>					
Computer Softwares		43,297,643	-	43,297,643	7,125,205
		71,212,144	-	71,212,144	80,654,356
<b>Total Assets</b>		<b>354,245,032</b>	<b>919,109,100</b>	<b>1,273,354,132</b>	<b>1,050,357,023</b>

The annexed notes from 1 to 37 form an integral part of these financial statements

  
Chairman

  
Chief Executive

  
Director

  
Director



# PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2017

	Note	Fire and property	Marine, aviation and transport	Motor	Other	2017 Aggregate	2016 Aggregate
----- (Rupees) -----							
<b>PTF REVENUE ACCOUNT</b>							
Net Contribution Revenue		(19,457,776)	3,078,106	169,851,620	14,990,981	<b>168,462,931</b>	217,848,532
Net Claims		(22,043,347)	(8,542,548)	(163,044,129)	(17,604,421)	<b>(211,234,445)</b>	(249,205,542)
Contribution deficiency expense		-	-	-	-	-	(434,722)
Direct expenses	23	(2,336,991)	(670,966)	(5,741,919)	(1,592,862)	<b>(10,342,738)</b>	(5,546,396)
Retakaful rebate	24	42,039,739	7,454,183	26,320	9,953,313	<b>59,473,555</b>	40,913,434
<b>Underwriting result</b>		<u>(1,798,375)</u>	<u>1,318,775</u>	<u>1,091,892</u>	<u>5,747,011</u>	<b>6,359,303</b>	3,575,306
Investment income						<b>2,253,102</b>	2,019,844
Less: Modarib's share						<b>(901,241)</b>	(807,939)
Net investment income						<b>1,351,861</b>	1,211,905
<b>Surplus for the year</b>						<b>7,711,164</b>	4,787,211
<b>SHF REVENUE ACCOUNT</b>							
Wakala income	25	41,605,947	11,959,562	139,968,836	39,844,828	<b>233,379,173</b>	256,123,900
Commission expense		(25,176,235)	(6,158,245)	(10,471,254)	(7,728,015)	<b>(49,533,749)</b>	(44,383,676)
Management expenses	26	(44,207,764)	(12,692,345)	(108,617,180)	(30,131,415)	<b>(195,648,704)</b>	(222,484,408)
		<u>(27,778,052)</u>	<u>(6,891,028)</u>	<u>20,880,402</u>	<u>1,985,398</u>	<b>(11,803,280)</b>	(10,744,184)
General & admin expenses	27					<b>(4,643,180)</b>	(10,426,984)
Investment income						<b>20,259,066</b>	21,963,437
Modarib share of PTF investment income	25					<b>901,241</b>	807,939
Other income	28					<b>1,529,783</b>	2,199,294
<b>Profit before tax</b>						<b>6,243,630</b>	3,799,502
Provision for taxation	29					<b>(3,200,368)</b>	(1,784,985)
<b>Profit after tax</b>						<b>3,043,262</b>	2,014,517

The annexed notes from 1 to 37 form an integral part of these financial statements

  
 Chairman

  
 Chief Executive

  
 Director

  
 Director


# STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2017

	2017	2016
	----- (Rupees) -----	
<b>SHAREHOLDERS' FUND (SHF)</b>		
Profit after taxation	3,043,262	2,014,517
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<u>3,043,262</u>	<u>2,014,517</u>

The annexed notes from 1 to 37 form an integral part of these financial statements

  
 Chairman

  
 Chief Executive

  
 Director

  
 Director




# STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2017

	(SHF)		
	Issued, subscribed and paid-up capital	Qard-e-Hasna Unappropriated profit	Total
	(Rupees)		
<b>Balance as at January 01, 2016</b>	471,342,580	(132,763,544)	40,904,871
<b>Total comprehensive income for the year ended December 31, 2016</b>			
Profit after tax	-	-	2,014,517
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	-	2,014,517
<b>Transactions with the owners recorded directly in equity</b>			
Qard-e-hasna refunded from PTF	-	4,787,211	-
<b>Balance as at December 31, 2016</b>	<b>471,342,580</b>	<b>(127,976,333)</b>	<b>42,919,388</b>
<b>Total comprehensive income for the year ended December 31, 2017</b>			
Profit after tax	-	-	3,043,262
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	-	3,043,262
<b>Transactions with the owners recorded directly in equity</b>			
Issue of right shares at Rs. 10 per share	37,883,430	-	-
Qard-e-hasna contributed to PTF	-	(112,023,667)	-
<b>Balance as at December 31, 2017</b>	<b>509,226,010</b>	<b>(240,000,000)</b>	<b>45,962,650</b>

	(PTF)		
	Cede money	Qard-e-Hasna Accumulated deficit	Total
	(Rupees)		
<b>Balance as at January 01, 2016</b>	500,000	132,763,544	(132,763,544)
Surplus for the year ended December 31, 2016	-	-	4,787,211
Qard-e-hasna refunded to SHF	-	(4,787,211)	-
<b>Balance as at December 31, 2016</b>	<b>500,000</b>	<b>127,976,333</b>	<b>(127,976,333)</b>
Surplus for the year ended December 31, 2017	-	-	7,711,164
Qard-e-hasna contributed by SHF	-	112,023,667	-
<b>Balance as at December 31, 2017</b>	<b>500,000</b>	<b>240,000,000</b>	<b>(120,265,169)</b>

The annexed notes from 1 to 37 form an integral part of these financial statements

  
Chairman

  
Chief Executive

  
Director

  
Director

# STATEMENT OF CASH FLOWS

For the year ended December 31, 2017

2017                      2016  
----- (Rupees) -----

## Operating Activities

### (a) Takaful activities

Contributions received	638,273,262	592,179,822
Claims paid	(303,994,639)	(302,030,773)
Payment to other takaful/retakaful operators	(108,846,701)	(152,017,288)
Commission net-off retakaful rebate (paid)/received	(5,378,532)	12,512,326
Other takaful payments	(3,487,280)	(1,045,295)
Net cash inflow from takaful activities	216,566,110	149,598,792

### (b) Other Operating activities

Income tax paid	(2,562,994)	(2,264,718)
General and other expenses paid	(182,046,986)	(224,527,661)
Advances and deposits	3,816,081	538,838
Long term security deposits	455,055	825,700
Net cash outflow in other operating activities	(180,338,844)	(225,427,841)

### Total cash inflow/(outflow) from all operating activities

36,227,266                      (75,829,049)

## Investment Activities

Profit / return received	23,627,304	25,441,614
Payment for investments	(591,612,142)	(394,505,303)
Proceeds from disposal of investments	510,458,915	508,478,128
Receipt on disposal of fixed assets	4,149,031	3,619,699
Fixed capital expenditure	(5,058,143)	(48,475,807)

### Total cash (outflow)/inflow from all investing activities

(58,435,035)                      94,558,331

## Financing Activities

Proceeds from issuance of right shares	12,777,531	-
--	------------	---

### Total cash inflow from financing activities

12,777,531                      -

### Net cash (outflows) / inflows from all activities

(9,430,238)                      18,729,282

Cash at beginning of the year	168,951,794	150,222,512
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Cash at end of the year	159,521,556	168,951,794
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..... Continued .....



# STATEMENT OF CASH FLOWS

For the year ended December 31, 2017

	2017	2016
	----- (Rupees) -----	----- (Rupees) -----
<b>Reconciliation to profit and loss account</b>		
Reconciliation to profit and loss account		
Operating cash flows	<b>36,227,266</b>	(75,829,049)
Depreciation and amortisation expenses	<b>(11,828,039)</b>	(8,980,416)
Exchange gain/(loss)	<b>53,068</b>	(6,703)
Gain on disposal of fixed assets	<b>1,476,715</b>	2,103,970
Provision for doubtful contribution	<b>(10,016,559)</b>	(7,649,967)
Investment income	<b>22,512,168</b>	23,983,281
Increase in liabilities	<b>(199,193,289)</b>	(123,256,734)
Increase in assets other than cash	<b>172,160,470</b>	195,957,613
Income tax paid	<b>2,562,994</b>	2,264,718
Profit before taxation	<b>13,954,794</b>	8,586,713
Surplus in PTF	<b>7,711,164</b>	4,787,211
Profit before tax in SHF	<b>6,243,630</b>	3,799,502
	<b>13,954,794</b>	8,586,713

## Definition of cash

Cash comprises of cash, stamps and cheques in hand, bank balances and deposits maturing within 12 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.

	2017	2016
	----- (Rupees) -----	----- (Rupees) -----
<b>Cash for the purposes of the statement of cash flows consists of :</b>		
Cash and other equivalents	<b>1,540,407</b>	684,730
Current and other accounts	<b>82,981,149</b>	58,267,064
Deposits maturing within 12 months (encashable on demand)	<b>75,000,000</b>	110,000,000
	<b>159,521,556</b>	168,951,794

The annexed notes from 1 to 37 form an integral part of these financial statements

  
Chairman

  
Chief Executive

  
Director

  
Director

# STATEMENT OF CONTRIBUTIONS

For the year ended December 31, 2017

Takaful business underwritten inside Pakistan

	Gross contri- butions written	Wakala Fee	Net contri- butions	Unearned contribution reserve		Contrib- utions earned	Retakaful ceded	Prepaid retakaful ceded		Retakaful expense	Net Contribution revenue	
				Opening	Closing			Opening	Closing		2017	2016
				(Rupees)								
Direct and Facultative												
Fire and Property	138,960,147	41,605,947	97,354,200	66,942,729	47,679,379	116,617,550	111,034,425	79,554,031	54,513,130	136,075,326	(19,457,776)	(12,556,025)
Marine, Aviation & Transport	39,896,390	11,959,562	27,936,828	2,192,659	2,187,556	27,941,931	24,273,457	2,367,738	1,777,370	24,863,825	3,078,106	1,389,564
Motor	341,421,007	139,968,836	201,452,171	114,834,994	109,986,669	206,300,496	36,448,876	-	-	36,448,876	169,851,620	213,717,079
Health	-	-	-	-	-	-	-	-	-	-	-	3,398,178
Miscellaneous	94,713,361	39,844,828	54,868,533	35,181,104	33,178,863	56,870,774	38,894,363	22,902,289	19,916,859	41,879,793	14,990,981	11,899,736
Total	614,990,905	233,379,173	381,611,732	219,151,486	193,032,467	407,730,751	210,651,121	104,824,058	76,207,359	239,267,820	168,462,931	217,848,532
Treaty												
Proportional / Non-proportional	-	-	-	-	-	-	-	-	-	-	-	-
Grand Total	614,990,905	233,379,173	381,611,732	219,151,486	193,032,467	407,730,751	210,651,121	104,824,058	76,207,359	239,267,820	168,462,931	217,848,532

The annexed notes from 1 to 37 form an integral part of these financial statements

  
Chairman

  
Chief Executive

  
Director

  
Director





# STATEMENT OF CLAIMS

For the year ended December 31, 2017

Takaful business underwritten inside Pakistan

	Claims Paid	Claims 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		2017	2016
(Rupees)										
Direct and Facultative										
Fire and Property	79,763,771	62,721,362	346,567,431	363,609,840	72,461,037	56,322,805	325,428,261	341,566,493	22,043,347	2,854,116
Marine, Aviation & Transport	11,179,101	3,808,129	14,295,064	21,666,036	5,875,182	1,214,365	8,462,671	13,123,488	8,542,548	2,545,483
Motor	159,889,665	49,660,926	72,595,525	182,824,264	17,527,398	1,062,293	3,315,030	19,780,135	163,044,129	202,956,491
Health	-	-	-	-	-	-	-	-	-	20,009,747
Miscellaneous	53,162,102	74,292,909	46,406,091	25,275,284	37,977,462	54,419,087	24,112,488	7,670,863	17,604,421	20,839,705
Total	303,994,639	190,483,326	479,864,111	593,375,424	133,841,079	113,018,550	361,318,450	382,140,979	211,234,445	249,205,542
Treaty										
Proportional / Non-proportional	-	-	-	-	-	-	-	-	-	-
Grand Total	303,994,639	190,483,326	479,864,111	593,375,424	133,841,079	113,018,550	361,318,450	382,140,979	211,234,445	249,205,542

The annexed notes from 1 to 37 form an integral part of these financial statements

  
Chairman

  
Chief Executive

  
Director

  
Director

# STATEMENT OF EXPENSES

For the year ended December 31, 2017

Takaful business underwritten inside Pakistan

	Paid or payable	Commission Deferred		Net commission expense	Direct expenses of PTF (Note 23)	Takaful expense	Rebate from retakaful (Note 24)	Net takaful expense	
		Opening	Closing					2017	2016
----- (Rupees) -----									
<b>Direct and Facultative</b>									
Fire and Property	23,408,680	13,472,815	11,705,260	25,176,235	2,336,991	27,513,226	42,039,739	(14,526,513)	(7,721,756)
Marine, Aviation & Transport	6,116,176	514,557	472,488	6,158,245	670,966	6,829,211	7,454,183	(624,972)	(887,770)
Motor	10,825,831	5,315,788	5,670,365	10,471,254	5,741,919	16,213,173	26,320	16,186,853	11,572,074
Health	-	-	-	-	-	-	-	-	154,521
Miscellaneous	7,996,266	3,374,881	3,643,132	7,728,015	1,592,862	9,320,877	9,953,313	(632,436)	1,398,468
<b>Total</b>	<b>48,346,953</b>	<b>22,678,041</b>	<b>21,491,245</b>	<b>49,533,749</b>	<b>10,342,738</b>	<b>59,876,487</b>	<b>59,473,555</b>	<b>402,932</b>	<b>4,515,537</b>
<b>Treaty</b>									
Proportional / Non-proportional	-	-	-	-	-	-	-	-	-
<b>Grand Total</b>	<b>48,346,953</b>	<b>22,678,041</b>	<b>21,491,245</b>	<b>49,533,749</b>	<b>10,342,738</b>	<b>59,876,487</b>	<b>59,473,555</b>	<b>402,932</b>	<b>4,515,537</b>

The annexed notes from 1 to 37 form an integral part of these financial statements



Chairman



Chief Executive



Director



Director



# STATEMENT OF INVESTMENT INCOME

For the year ended December 31, 2017

	2017	2016
	----- (Rupees) -----	
<b>Income from non-trading investments</b>		
<b>Available-for-sale</b>		
<b>SHF</b>		
Return on bank balances and deposits	5,036,410	5,860,449
Gain on sale of investments	11,490,583	8,796,822
Dividend income	93,506	-
Return on Government securities	5,012,954	5,358,648
Return on other securities	2,180,837	1,947,518
	7,193,791	7,306,166
Provision for impairment	(3,555,224)	-
<b>Net investment income</b>	<b>20,259,066</b>	<b>21,963,437</b>
<b>PTF</b>		
Return on bank balances and deposits	1,574,651	837,184
Return on Government securities	-	572,397
Gain on sale of investments	675,119	610,263
Dividend income	3,332	-
	2,253,102	2,019,844
Less: Modarib's fee	(901,241)	(807,939)
<b>Net investment income</b>	<b>1,351,861</b>	<b>1,211,905</b>

The annexed notes from 1 to 37 form an integral part of these financial statements



Chairman



Chief Executive



Director



Director

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

## 1. STATUS AND NATURE OF BUSINESS

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 repealed Companies Ordinance, 1984 (now Companies Act, 2017). 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 08 (2016: 08) 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 Fund (SHF) and participants of PTF for management of takaful operations & investment of funds approved by Shariah Advisor.

## 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 repealed Companies Ordinance, 1984, and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP), the requirements of repealed 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 repealed 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 repealed 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 been considered in the preparation of these financial statements.

During the year, the SECP has issued Insurance Accounting Regulations, 2017 (the Regulations) and Insurance Rules, 2017 (the Rules) through SRO 88(I)/2017 and SRO 89(I)/2017 of even dated 09 February 2017 which were applicable with effect from 09 February 2017. However, the Company applied for the extension relating to the applicability of the said regulations and the rules upto 31 December 2017, which was allowed by SECP vide letter ID/OSM/Pak Qatar/2017/12413 dated 23 October 2017. Hence, the financial statements for the year ended 31 December 2017 are prepared in accordance with the requirements of SEC (Insurance) Rules, 2002.





Had the Company complied with the format prescribed by SEC Insurance Rules, 2017, there would be a change in the presentation and disclosure of financial statements as per Annexure II of SEC Insurance Rules, 2017 and on valuation of available-for-sale investments the impact of which has been disclosed in note 16.4.

#### 4. BASIS OF MEASUREMENT

These financial statements have been prepared on the historical cost basis.

#### 5. FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

#### 6. Accounting Standards, IFRIC Interpretations and amendments that are effective for the current year

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

IAS 7 Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)

IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

##### Improvements to Accounting Standards Issued by the IASB in September 2014

IFRS 12 Disclosure of Interests in Other Entities - Clarification of the scope of the disclosure requirements in IFRS 12

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any effect on the financial statements.

#### Accounting Standards, IFRIC Interpretations and amendments that are not yet effective

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

Standard or Interpretation	Effective date (annual periods beginning)
IFRS 2: Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	01 January 2018
IFRS 9 – Financial Instruments: Classification and Measurement	01 July 2018
IFRS 9 Prepayment Features with Negative Compensation – (Amendments)	01 January 2019
IFRS 15 – Revenue from Contracts with Customers	01 January 2018
IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC 23 Uncertainty over Income Tax Treatments	01 January 2019

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

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016 and December 2016. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

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

IFRS 14 – Regulatory Deferral Accounts	01 January 2016
IFRS 16 – Leases	01 January 2019
IFRS 17 – Insurance Contracts	01 January 2021

## 7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant 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 2016. Significant accounting policies are enumerated as follows:

### 7.1 Takaful contracts

The takaful contracts are based on Wakala Waqf model. 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 policyholder if a specified uncertain future event (the takaful event) adversely affects the policyholder are classified as takaful contracts. Takaful risk is significant if a takaful event could cause the PTF to pay significant benefits due to the happening of the takaful event compared to its non happening. Once a contract has been classified as a takaful contract, it remains a takaful contract for the remainder of its period of takaful, 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 categorized 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, health and other coverage.



## 7.2 Contributions

Contributions including administrative surcharge received / receivable under a takaful policy are recognized 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 receivables (contribution due but unpaid) represents the amount due from participants on account of takaful contracts. These are recognized 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 takaful contracts. Significant financial difficulties of the debtor, probability that debtor will enter financial reorganization, and default of delinquency in payments is considered indicators that contribution receivable is doubtful. The provision for doubtful debts is charged to profit & loss for the year. When the contribution receivable 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.

## 7.3 Reserve for unearned contribution

The unearned portion of contribution written net-off wakala & admin surcharge 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.

## 7.4 Contribution deficiency reserve

A contribution deficiency reserve is created where the unearned contribution for any class of business is not sufficient to cover the expected liability, after re-takaful recovery, 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. Judgment is used in assessing the extent to which past trends may not apply in future or the effects of one-off significant claims which are not expected to recur.

For this purpose, loss ratios for each class are estimated based on historical claim development. Any movement in the reserve is charged to the profit and loss account. 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 and related income 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.

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 32.5.

## 7.5 Claims

Claim expense include all claims occurring during the year, whether reported or not, related 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.

## 7.6 Provision for outstanding claims

PTF maintains provision in respect of outstanding claims against losses incurred up to the balance sheet date which is measured at the undiscounted value of expected future claim settlement cost. 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 outstanding claims also includes amounts in relation to claims reported but not settled and claims incurred but not reported (IBNR).

- **Provision for claims reported but not settled**

Provision for liability in respect of claims reported but not settled at the balance sheet date is made on the basis of individual case estimates. The case estimates are based on the assessed amounts of individual losses and where loss assessments have not been carried out, the estimates are established in light of currently available information, past experience of similar claims and in some cases in relation to the sums insured. Case estimates are reviewed periodically to ensure that the recognized outstanding claim amounts are adequate to cover expected future payments including expected claims settlement costs and are updated as and when new information becomes available.

- **Provision for claims incurred but not reported (IBNR)**

The provision for claims incurred but not reported (IBNR) is estimated annually at the balance sheet date. Estimation may be effected by past reporting trends, expected future pattern of reporting of claims and the claims actually reported subsequent to the balance sheet date. 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.

## 7.7 Retakaful contracts

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

## 7.8 Retakaful recoveries against outstanding claims

Retakaful recoveries are estimated in a manner consistent with the outstanding claims provision and are in accordance with the retakaful contracts. Receivable against claims from the retakaful operators are recognized as an asset at the same time as the claims which gives rise to the right of recovery are recognized as a liability and are measured at the amount expected to be recovered after considering impairment in relation thereto.

## 7.9 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.

## 7.10 Prepaid retakaful

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

## 7.11 Commission

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



**7.12 Amount due to or due from other takaful and retakaful operators**

Amounts due to / from retakaful operators are recognized when due 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. Retakaful assets or liabilities are derecognized when the contractual rights are extinguished or expired.

Retakaful assets primarily represent retakaful recoveries against claims and rebate commission from retakaful, whereas, retakaful liabilities primarily represent retakaful contribution ceded for retakaful contracts. On account of co-takaful business with other takaful operators, amount due to and due from is primarily recognized against claims, rebate, commission, and contribution.

An impairment review of retakaful assets is performed at each balance sheet date. If there is objective evidence that the asset is impaired as a result of one or more events having negative effects, occurred after the initial recognition, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognizes that impairment loss in the profit and loss account.

**7.13 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.

**7.14 Qard-e-Hasna**

Qard-e-Hasna is provided by SHF to PTF, if there is deficit in admissible assets of PTF over its liabilities. SHF is allowed to recover this qard without charging profit in the event of surplus of admissible assets over liabilities in PTF.

**7.15 Revenue recognition**

**7.15.1** Contributions including administrative surcharge received / receivable under a takaful policy are recognized 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 earned under a policy is recognized over the period of takaful contract net-off wakala fee. Administrative surcharge is recognized on upfront basis.

**7.15.2** Rebate from retakaful operators is recognized 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 ceded to which it relates.

**7.15.3** Wakala fee to manage the general takaful operation is charged from the participants as a percentage of the gross contribution written net of administrative surcharge. It is recognized upfront on issue of takaful policy.

**7.15.4** Modarib fee for the management of the participant's investment is charged as a percentage on the investment income earned by the Participant Fund. It is recognized on the same basis on which related revenue is recognized.

**7.15.5** Profit on sukuks and bank deposits are recognized on accrual basis.

**7.15.6** Dividend income and entitlement of bonus shares is recognized when the right to receive such dividend or bonus shares is established.

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

**7.16 Expenses**

**7.16.1** Direct expenses allocated to PTF represents directly attributable expenses and these are allocated to various classes of business on the basis of gross contribution written during the year. Expenses not directly allocable to PTF are charged to SHF.

**7.16.2** Expenses not directly allocable to PTF are charged to SHF. Allocation between management expenses and general and administration expenses are performed by management as deemed equitable. Management expenses are allocated to class of business on the basis of gross contribution written during the year.

**7.17 Operating 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 of business as specified under the Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 as the primary reporting format.

The Company's operating businesses are recognized 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 7.1.

Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them while the carrying amount of certain assets used jointly by two or more segments have been allocated to segments on a reasonable basis. Those assets and liabilities, which cannot be allocated to a particular segment on a reasonable basis, are aggregated as unallocated corporate assets and liabilities.

**7.18 Impairment**

The carrying amounts of the non-financial 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 recognized 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.

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if there is objective evidence that one or more events have had a negative effect on the estimated future cash flows of that asset.

**7.19 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.

Financial instruments include cash and bank balances, loans to employees, investments, contribution due but unpaid, amount due from other takaful / retakaful operators, accrued investment income, retakaful recoveries against outstanding claims, security deposits, other receivables, outstanding claim liabilities, amount due to other takaful / retakaful, accrued expenses, agents balances, other creditors, and deposits.

#### **7.20 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 recognized amounts and it intends either to settle on the net basis or to realize the asset and settle the liability simultaneously.

#### **7.21 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 recognized 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.

#### **7.22 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. Investments which are acquired with the intention to trade by taking advantage of short term market / interest rate movements are considered as Held for Trading.

##### **Initial recognition**

All investments are initially recognized 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 amortized uniformly over the date of acquisition and date of maturity.

**Available for sale & Held for trading**

Subsequently, these are 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. A fall in market value is treated as other than temporary if there is a significant or prolonged decline in fair value of security below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Company evaluates among other factors, the normal volatility in share prices.

**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). The fair value of listed equities are determined by reference to quoted market prices.

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). For investments classified as Held for Trading, after initial recognition, these are to be measured at fair values with any resulting gains or losses to be recognized directly in the profit and loss account.

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. 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 and held for trading. Accordingly, the requirements of IAS-39 to the extent allowed by the SECP as aforesaid have been considered in the preparation of these financial statements.

**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.

**7.23 Fixed assets****Tangible**

These are stated at cost less accumulated depreciation and impairment, if any. Depreciation is charged using reducing balance method at the rates specified in note 22 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 derecognized 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 capitalized.



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

Subsequent cost are included in the asset's carrying amount or recognized 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. Amortization on intangible assets is charged to income applying the reducing balance method at the rates specified in note 22 to the financial statements after taking into account residual value, if any. However, ERP software is amortized on straight line method.

Full month's amortization is calculated from the month the assets are available for use, whereby the cost of the intangible asset is amortized over its estimated useful life over which economic benefits are expected to flow to the Company. The useful life, residual value and amortization method is reviewed, and adjusted if appropriate, at each financial year.

### **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.

## **7.24 Taxation**

Income tax expense comprises of current and deferred tax. Income tax expense is recognized in the profit and loss account, except to the extent that it relates to items recognized directly in other comprehensive income or below equity, in which case it is recognized in other comprehensive income or below equity. The profit of Shareholders fund is taxed as part of total profit of the Company.

### **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 on turnover, whichever is applicable, after taking into account tax credits and rebates available. The charge for the current taxation also includes adjustments where considered necessary, relating to prior years which arise from assessments framed / finalized during the year or required by any other reason.

### **Deferred**

Deferred tax is recognized 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 recognized for all taxable temporary differences. Deferred tax assets are recognized 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 utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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 recognized. Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized 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 utilized 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.

#### **7.25 Ijarah**

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

#### **7.26 Appropriations**

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

#### **7.27 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 recognized as an expense.

#### **7.28 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 recognized in the profit and loss account.

#### **7.29 Cash and cash equivalents**

Cash and cash equivalents consist of cash, cheque and stamps in hand, current & saving account with banks, and term deposits with banks and are subject to insignificant risk of change in value.

#### **7.30 Dividend and bonus shares**

Dividend to shareholders is recognized as liability in the period in which it is approved. Similarly, reserve for issue of bonus shares is recognized in the year in which such issue is approved.

### **8. 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 recognized 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 doubtful debts	7.2
- Contribution deficiency reserve	7.4
- Provision for outstanding claims including IBNR	7.6
- Provision for retakaful recoveries against outstanding claims	7.8
- Allocation of expenses	7.16
- Segment reporting	7.17
- Impairment	7.18
- Useful lives of assets, residual value and method of depreciation and amortization	7.23
- Taxation	7.24

## 9. SHARE CAPITAL

### 9.1 Issued, subscribed and paid-up

Ordinary share of Rs. 10 /- each fully paid in cash.

2017	2016		2017	2016
Number of shares			(Rupees)	
<b>47,134,258</b>	47,134,258	At beginning of the year	<b>471,342,580</b>	471,342,580
<b>3,788,343</b>	-	Add : Issued during the year as right shares	<b>37,883,430</b>	-
<b><u>50,922,601</u></b>	<u>47,134,258</u>	At end of the year	<b><u>509,226,010</u></b>	<u>471,342,580</u>

**9.2 Major share holders of the Company are:**

	2017		2016	
	Number of shares	Percentage	Number of shares	Percentage
Fawad Yousuf Securities (Private) Limited	<b>3,077,999</b>	<b>6.04</b>	3,077,999	6.53
Qatar Islamic Insurance Company	<b>5,923,946</b>	<b>11.63</b>	5,355,803	11.36
Masraf Al Rayan	<b>6,000,000</b>	<b>11.78</b>	6,000,000	12.73
H.E. Sheikh Ali Bin Abdullah	<b>6,937,102</b>	<b>13.62</b>	6,937,102	14.72
Qatar International Islamic Bank	<b>7,370,474</b>	<b>14.47</b>	6,663,600	14.14
Pak-Qatar Investment (Private) Limited	<b>19,760,565</b>	<b>38.81</b>	17,249,977	36.60

2017                      2016  
 —————(Rupees)—————

**10. PROVISION FOR OUTSTANDING CLAIMS**

Related parties	<b>906,801</b>	650,164
Others	<b>478,957,310</b>	189,833,162
	<b><u>479,864,111</u></b>	<u>190,483,326</u>

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

Minimum tax on turnover	<b>(3,485,909)</b>	(2,776,993)
-------------------------	--------------------	-------------

**Taxable temporary difference arising in respect of**

Accelerated depreciation	<b>4,691,119</b>	3,710,340
	<b><u>1,205,210</u></b>	<u>933,347</u>

**11.1 Reconciliation of deferred tax**

	Balance at January 01, 2016	Recognized in profit and loss	Balance at December 31, 2016	Recognized in profit and loss	Balance at December 31, 2017
<b>Deductible temporary difference arising in respect of</b>					
Minimum turnover taxes	(1,951,876)	(825,117)	(2,776,993)	(708,916)	(3,485,909)
<b>Taxable temporary difference arising in respect of</b>					
Accelerated depreciation allowance	3,669,556	40,784	3,710,340	980,779	4,691,119
	<b><u>1,717,680</u></b>	<b><u>(784,333)</u></b>	<b><u>933,347</u></b>	<b><u>271,863</u></b>	<b><u>1,205,210</u></b>



	Note	2017	2016
		(Rupees)	
<b>12. ACCRUED EXPENSES</b>			
Workers' welfare fund		-	2,292,062
Rent, rates and electricity		161,000	311,000
Communication		222,500	400,000
Vehicles running and maintenance		-	238,761
Auditors' remuneration		940,000	820,000
Consultancy		145,000	450,000
Printing and stationery		42,037	67,000
Takaful contribution		-	187,000
Fee & subscription		592,000	-
		<b>2,102,537</b>	<b>4,765,823</b>

**13. OTHER CREDITORS AND ACCRUALS**

	2017			2016		
	SHF	PTF	Total	SHF	PTF	Total
	(Rupees)					
Commission	33,501,219	-	33,501,219	41,980,096	-	41,980,096
Trakker charges	-	21,961,648	21,961,648	-	21,176,818	21,176,818
Federal excise duty and sales tax	47,014	13,029,255	13,076,269	-	-	-
Accrued salaries	-	-	-	4,439,435	-	4,439,435
Stale cheques	975,439	816,118	1,791,557	1,481,824	1,583,824	3,065,648
Car ijarah	133,019	-	133,019	-	-	-
Charity	513	-	513	490	-	490
EOBI	18,420	-	18,420	64,560	-	64,560
Tax deducted at source	68,225	38,057	106,282	527,741	1,107,154	1,634,895
Security deposit	-	835,500	835,500	-	-	-
Federal insurance fee	-	972,798	972,798	-	-	-
Payable to suppliers/vendors	977,210	-	977,210	2,284,017	-	2,284,017
Staff retirement benefit	-	-	-	795,452	-	795,452
Other	27,566	499,991	527,557	402,766	127,294	530,060
	<b>35,748,625</b>	<b>38,153,367</b>	<b>73,901,992</b>	<b>51,976,381</b>	<b>23,995,090</b>	<b>75,971,471</b>

**14. CONTINGENCIES AND COMMITMENTS**

- 14.1** 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 tax advisors of the Company, the management is confident that the matter will ultimately be decided in its favor and accordingly no provision is required to be made in these financial statements.



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

	2017 —————(Rupees)—————	2016 —————
Not later than one year	48,029	1,355,088
Later than one year but not later than five years	-	48,209
	<u>48,029</u>	<u>1,403,297</u>

**15. CASH AND BANK DEPOSITS**

		2017			2016		
	Note	SHF	PTF	Total	SHF	PTF	Total
<div>----- (Rupees) -----</div>							
<b>Cash and other equivalents</b>							
Cash in hand		679,200	-	679,200	467,759	-	467,759
Policy stamps in hand		-	861,207	861,207	-	216,971	216,971
		679,200	861,207	1,540,407	467,759	216,971	684,730
<b>Current and other accounts</b>							
- Current accounts		45,370	19,935,668	19,981,038	365,277	23,685,073	24,050,350
- Saving accounts	15.1	35,314,564	27,685,547	63,000,111	9,874,970	24,341,744	34,216,714
		35,359,934	47,621,215	82,981,149	10,240,247	48,026,817	58,267,064
<b>Deposit maturing within twelve months</b>	15.2	-	75,000,000	75,000,000	100,914,748	9,085,252	110,000,000
		36,039,134	123,482,422	159,521,556	111,622,754	57,329,040	168,951,794

**15.1** The rate of return on saving accounts from various banks ranges from 2% to 4.2% per annum (2016: 2.4% to 4.7% per annum) depending on size of average deposits.

**15.2** The rate of return on term deposit certificates from various banks ranges from 5.3% to 5.9% per annum (2016: 5% to 5.4% per annum) depending on tenure and size of deposits.

**16. INVESTMENTS**

		2017			2016		
Note		SHF	PTF	Total	SHF	PTF	Total
		(Rupees)					
<b>Available for sale</b>							
Sukuk certificates	16.1	106,720,000	34,000,000	140,720,000	143,350,000	-	143,350,000
Mutual fund units	16.2	99,279,055	61,236,824	160,515,879	76,704,473	28,179	76,732,652
Provision for impairment		(3,555,224)	-	(3,555,224)	-	-	-
		95,723,831	61,236,824	156,960,655	76,704,473	28,179	76,732,652
		202,443,831	95,236,824	297,680,655	220,054,473	28,179	220,082,652

**16.1 Details of investments in Sukuk Certificates**

		2017			2016		
		SHF	PTF	Total	SHF	PTF	Total
------(Rupees)-----							
2017	2016	Tenure - Maturity			Profit rate		
Number of certificates	Name of Investment	- Face value per certificate					
-	3,000	WAPDA	10 year	2017	-	6 month Kibor minus 0.25%	-
		2nd Sukuk certificate					-
-	-	GoP Ijarah Sukuk - XV	3 years	2017	100,000	6 month Treasury bills minus 2%	-
-	-	GoP Ijarah Sukuk - XVII	5 years	2019	100,000	6.10%	-
-	1,320	K-Electric AZM - 2	3 years	2017	5,000	3 month Kibor plus 2.25%	-
3,080	3,080	K-Electric AZM - 3	5 years	2019	5,000	3 month Kibor plus 2.75%	-
60	-	DIB Bank Tier II Capital Sukuk	10 year	2027	1,000,000	6 month Kibor plus 0.5%	-
		106,720,000	34,000,000	140,720,000	143,350,000	-	143,350,000

**16.1.1** GOP Ijara – XVII amounting to Rs. 55,000,000/- face value (2016: GoP XV: Rs. 55,000,000) are held under lien with the State Bank of Pakistan in compliance with the requirements of Section 29 of the Insurance Ordinance, 2000.

## 16.2 Details of investments in mutual funds units

				2017			2016		
				SHF	PTF	Total	SHF	PTF	Total
				------(Rupees)-----					
2017	2016		Face value						
Number of units		Name of Investment	per unit						
-	27,757	Al Ameen Islamic Sovereign Fund	100	-	-	-	2,802,467	-	2,802,467
47,663	104,559	Al Ameen Shariah Stock Fund	100	7,363,906		7,363,906	13,133,705	-	13,133,705
823,837	436,215	Meezan Islamic Income Fund	50	31,878,423	11,150,403	43,028,826	22,342,914	-	22,342,914
87,756	208,234	Meezan Islamic Fund	50	6,758,941	-	6,758,941	13,416,893	8,399	13,425,292
-	375	Meezan Sovereign Fund	50	-	-	-	-	19,780	19,780
104,647	721,907	NAFA Islamic Aggressive Income Fund	10	906,252	89,002	995,254	7,024,376	-	7,024,376
3,224,794	1,572,024	NAFA Islamic Stock Fund	10	42,568,546	42,568,546	17,984,118	-	17,984,118	
4,822,205	-	ABL Islamic Income Fund	10	-	49,997,419	49,997,419	-	-	-
274,725	-	ABL Islamic Stock Fund	10	4,802,987	-	4,802,987	-	-	-
96,395	-	Meezan Energy Fund	50	5,000,000	-	5,000,000	-	-	-
				99,279,055	61,236,824	160,515,879	76,704,473	28,179	76,732,652

## 16.3 Market value of investment

	2017			2016		
	SHF	PTF	Total	SHF	PTF	Total
(Rupees)						
Available-for-sale						
- Sukuks	108,577,100	34,340,000	142,917,100	146,006,300	-	146,006,300
- Mutual fund units	89,135,902	61,299,918	150,435,820	90,527,454	30,575	90,558,029
	197,713,002	95,639,918	293,352,920	236,533,754	30,575	236,564,329

- 16.4** As per the Company accounting policy, available for sale investments are stated 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. However, IAS 39- Financial instruments: Recognition and Measurement, requires that these instruments should be measured at their fair value. Accordingly, had these investments been measured at fair value, their carrying value as on 31 December 2017 would have been lower by Rs. 7.88 million (31 December 2016; higher by 16.48 million).

	Note	2017 —————(Rupees)—————	2016
<b>17. CONTRIBUTION DUE BUT UNPAID</b>			
<b>Considered good</b>			
Related party		375,161	2,356,632
Others		250,246,422	281,563,867
Considered doubtful		70,295,168	60,278,609
		<u>320,916,751</u>	<u>344,199,108</u>
Less: provision for doubtful balances	17.1	(70,295,168)	(60,278,609)
		<u>250,621,583</u>	<u>283,920,499</u>
<b>17.1 Provision for doubtful balances</b>			
At beginning of the year		60,278,609	52,628,642
Provision made during the year		10,016,559	7,649,967
Reversal made during the year		-	-
	23.1	<u>10,016,559</u>	<u>7,649,967</u>
At end of the year		<u>70,295,168</u>	<u>60,278,609</u>
<b>18. ACCRUED INVESTMENT INCOME</b>			
Shareholders' Fund		4,658,580	2,229,841
Participants' Takaful Fund		181,392	170,043
		<u>4,839,972</u>	<u>2,399,884</u>

	2017			2016		
Note	SHF	PTF	Total	SHF	PTF	Total
	—————(Rupees)—————					

**19. PREPAYMENTS**

Prepaid retakaful ceded		-	76,207,359	76,207,359	-	104,824,058	104,824,058
Prepaid rent		193,857	-	193,857	19,617	-	19,617
Prepayment –							
services contract		2,791,287	-	2,791,287	1,352,736	-	1,352,736
Prepaid takaful							
contribution	19.1	211,688	-	211,688	1,281,056	-	1,281,056
		<u>3,196,832</u>	<u>76,207,359</u>	<u>79,404,191</u>	<u>2,653,409</u>	<u>104,824,058</u>	<u>107,477,467</u>

**19.1** This includes prepaid contribution to a related party of Rs. Nil (2016 : Rs. 774,223).

**20. SUNDRY RECEIVABLES - Considered good**

	2017			2016		
	SHF	PTF	Total	SHF	PTF	Total
	(Rupees)					
Security deposits	897,308	254,523	1,151,831	897,300	254,523	1,151,823
Advance to employees	663,690	-	663,690	2,180,684	-	2,180,684
Tender deposit	702,214	-	702,214	1,142,931	-	1,142,931
Sales tax	-	-	-	-	1,104,807	1,104,807
Others	223,053	-	223,053	139,697	836,927	976,624
	<u>2,486,265</u>	<u>254,523</u>	<u>2,740,788</u>	<u>4,360,612</u>	<u>2,196,257</u>	<u>6,556,869</u>

**21. WAKALA AND OTHER ACCOUNT BALANCES**

	Note	2017	2016
		(Rupees)	
Wakala fee receivable		25,618,672	34,478,717
Modarib fee receivable		1,709,180	807,939
		<u>27,327,852</u>	<u>35,286,656</u>
Less: provision for refund of wakala against doubtful balances	21.1	(21,928,833)	(18,767,732)
		<u>5,399,019</u>	<u>16,518,924</u>

**21.1 Provision for refund of wakala against doubtful balances**

At beginning of the year		18,767,732	15,618,866
Provision made during the year		3,161,101	3,148,866
Reversal made during the year		-	-
	23.1	<u>3,161,101</u>	<u>3,148,866</u>
At end of the year		<u>21,928,833</u>	<u>18,767,732</u>

**22. FIXED ASSETS**

Tangible	22.1	25,071,761	31,895,757
Intangible	22.2	43,297,643	7,125,205
Capital work in progress	22.3	2,842,740	41,633,394
		<u>71,212,144</u>	<u>80,654,356</u>





**22.1. Tangible**

		2017						
Particulars	Cost			Accumulated depreciation			Carrying value at December 31, 2017	Depreciation Rates (%)
	As at January 01, 2017	Addition / (disposals)	As at December 31, 2017	As at January 01, 2017	For the year / (adjustment for disposals)	As at December 31, 2017		
	(Rupees)							
Office improvements	14,514,073	235,250	14,749,323	8,433,786	920,865	9,354,651	5,394,672	15
Furniture and fixtures	9,881,783	41,250	9,923,033	4,657,043	789,899	5,446,942	4,476,091	15
Office equipment	13,307,242	531,624	13,838,866	6,752,966	1,008,028	7,760,994	6,077,872	15
Motor vehicles	11,284,251	364,500	5,825,357	6,895,872	559,275	4,296,795	1,528,562	20
Computer equipment	30,913,634	(5,823,394) 975,343 (39,000)	31,849,977	21,265,559	(3,158,352) 3,021,580 (31,726)	24,255,413	7,594,564	30
	79,900,983	2,147,967 (5,862,394)	76,186,556	48,005,226	6,299,647 (3,190,078)	51,114,795	25,071,761	
		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	

**22.2 Intangible**

Intangible

2017								
Particulars	Cost			Accumulated amortisation			Carrying value at December 31, 2017	Amortization Rates (%)
	As at January 01, 2017	Addition	As at December 31, 2017	As at January 01, 2017	For the year	As at December 31, 2017		
	(Rupees)							
Computer softwares	24,476,889	41,700,830	66,177,719	17,351,684	5,528,392	22,880,076	43,297,643	10-20
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

**22.3** This represents various advances paid against acquisition / development of different hardware and software applications amounting to Rs 1,348,615/- and Rs 1,458,125/- respectively for the operational use of the Company.

	Note	2017 ----- (Rupees) -----	2016 -----
<b>23. DIRECT EXPENSES - PTF</b>			
Bank charges		224,102	98,406
Inspection fee		701,451	690,356
Cotakaful policy related expense		1,598,119	256,533
Third party service provider fee		843,880	-
Provision for doubtful balances net-off wakala refund	23.1	6,855,458	4,501,101
Others		119,728	-
		<u>10,342,738</u>	<u>5,546,396</u>

**23.1 Provision for doubtful balances net-off wakala**

Provision for doubtful balances	17.1	10,016,559	7,649,967
Less: provision for refund of wakala fee	21.1	(3,161,101)	(3,148,866)
		<u>6,855,458</u>	<u>4,501,101</u>

**24. REBATE FROM RETAKAFUL**

				2017 ----- (Rupees) -----	2016 -----
	Rebate received or receivable	Unearned Rebate Opening	Closing	Rebate from retakaful	Rebate from retakaful
Fire and property	34,750,661	24,199,625	16,910,547	42,039,739	27,831,733
Marine, aviation and transport	7,282,729	704,706	533,252	7,454,183	6,821,380
Motor	26,320	-	-	26,320	-
Miscellaneous	9,387,588	5,585,945	5,020,220	9,953,313	6,260,321
	<u>51,447,298</u>	<u>30,490,276</u>	<u>22,464,019</u>	<u>59,473,555</u>	<u>40,913,434</u>

**25. WAKALA AND MODARIB INCOME**

The Shareholders' Fund of the Company manage the general takaful operations and investments of the participants' Takaful Fund and charge wakala and modarib fee at following rates:

	2017 ----- % -----	2016 -----
<b>25.1 Wakala fee</b>		
Fire and property	30	35
Marine, aviation and transport	30	35
Motor	41	41
Cash withdrawal	60	60
Engineering	35	35
Miscellaneous	45	45
<b>25.2 Modarib Fee</b>	40	40



	Note	2017 ————(Rupees)————	2016
<b>26. MANAGEMENT EXPENSES - SHF</b>			
Salaries, allowances and other benefits	26.1	<b>126,816,815</b>	144,262,203
Shariah advisors' fee		<b>1,770,000</b>	2,450,480
Consultancy fee		<b>1,941,644</b>	2,909,622
Rent, rates and taxes		<b>13,979,828</b>	19,245,366
Utilities		<b>4,974,115</b>	5,579,107
Communication		<b>4,537,175</b>	6,146,789
Printing and stationery		<b>2,883,361</b>	3,794,780
Traveling and entertainment		<b>3,504,815</b>	3,761,770
Depreciation	22.1	<b>6,299,647</b>	7,435,741
Amortisation	22.2	<b>5,528,392</b>	1,544,675
Repairs and maintenance		<b>1,148,957</b>	1,568,933
Vehicles running		<b>4,603,562</b>	6,490,828
Car ijarah		<b>1,877,432</b>	2,728,401
Advertisement and sales promotion		<b>5,162,053</b>	3,005,394
Takaful contribution		<b>2,701,258</b>	4,611,251
Training		<b>193,201</b>	35,000
SECP supervision fee		<b>1,403,444</b>	2,004,830
Bank charges and brokerage		<b>12,120</b>	25,529
Office expenses		<b>366,724</b>	465,662
Conference and seminar		<b>140,346</b>	176,400
Janitorial services		<b>173,360</b>	312,833
Staff welfare		<b>1,468,624</b>	499,256
Computer expenses		<b>3,953,076</b>	2,626,527
Actuarial services		-	550,000
Others		<b>208,755</b>	253,031
		<b>195,648,704</b>	222,484,408
<b>26.1</b> It includes contribution to employee provident fund		<b>3,745,187</b>	5,124,386
<b>27. GENERAL AND ADMINISTRATIVE EXPENSES - SHF</b>			
Legal and professional		<b>1,299,645</b>	4,276,016
Fees and subscription		<b>828,134</b>	1,722,322
Auditors' remuneration	27.1	<b>1,246,362</b>	1,279,780
Provision for wakala refund	23.1	<b>3,161,101</b>	3,148,866
Reversal of workers' welfare fund	27.2	<b>(2,292,062)</b>	-
Penalty		<b>400,000</b>	-
		<b>4,643,180</b>	10,426,984
<b>27.1 Auditors' remuneration</b>			
Audit fee		<b>400,000</b>	400,000
Review and other certifications		<b>692,000</b>	805,200
Out of pocket expenses		<b>154,362</b>	74,580
		<b>1,246,362</b>	1,279,780

**27.2 Reversal of workers' welfare fund**

The honorable Supreme court of Pakistan passed a judgement declaring the insertion of amendments introduced in the Finance Act pertaining to Workers' Welfare Fund Ordinance, 1971, as unlawful and thereby striking down such amendments. Pursuant to the judgment, the company reverse the entire provision held for WWF in the current year.

	Note	2017 ————(Rupees)————	2016 ————
<b>28. OTHER INCOME</b>			
Gain on disposal of fixed assets		<b>1,476,715</b>	2,103,970
Exchange gain/(loss)		<b>53,068</b>	(6,703)
Co-takaful service income		-	95,797
Miscellaneous		-	6,230
		<b><u>1,529,783</u></b>	<u>2,199,294</u>
<b>29. TAXATION</b>			
Current		<b>2,928,505</b>	2,569,318
Deferred	11.1	<b>271,863</b>	(784,333)
		<b><u>3,200,368</u></b>	<u>1,784,985</u>

**29.1** 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.

**29.2** 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.

**30. REMUNERATION OF EXECUTIVES**

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

	2017		2016	
	Chief Executive Officer	Executives	Chief Executive Officer	Executives
	----- (Rupees) -----			
Managerial remuneration	<b>924,048</b>	<b>24,498,089</b>	3,042,000	26,080,922
House rent	<b>415,822</b>	<b>11,024,141</b>	1,368,900	11,735,992
Utilities	<b>81,743</b>	<b>2,167,135</b>	269,100	2,307,159
Medical expenses	<b>85,967</b>	<b>2,041,507</b>	271,017	2,020,143
Vehicle allowance	-	<b>7,361,614</b>	-	4,103,804
Staff retirement benefit	<b>103,161</b>	<b>2,112,168</b>	468,000	2,746,728
Others	<b>852,968</b>	<b>2,868,000</b>	2,808,000	1,258,158
	<b><u>2,463,709</u></b>	<b><u>52,072,654</u></b>	<u>8,227,017</u>	<u>50,252,906</u>
Number of persons	<b>1</b>	<b>28</b>	<b>1</b>	<b>28</b>

**30.1** Chief Executive Officer and some executives are provided free use of Company maintained cars, takaful cover and certain benefits in accordance with their entitlements. New CEO took the charge of his office effective April 2017, and no remuneration was paid to him for year 2017.

**30.2** Certain directors including CEO have been provided boarding and lodging amounting to Rs. 76,2551 (2016: Rs. 21,778/-) to attend Board meetings of the Company as per the Company's policy. No other remuneration or meeting attending fee was paid to directors.

### 31. PROVIDENT FUND

The Company operates approved contributory provident fund (the Fund) for its permanent employees. Following information is based on unaudited financial statements of the fund.

	2017 —————(Rupees)—————	2016 —————
Size of the fund - Total assets	<b>26,241,344</b>	23,626,126
Cost of the investments made	<b>25,060,338</b>	22,725,472
Percentage of the investments made	<b>95%</b>	96%
Fair value of the investments	<b>25,060,338</b>	22,725,472

The break up of fair value of the investments is :

	2017 Rupees	%	2016 Rupees	%
Bank balances	<b>4,024,212</b>	<b>16</b>	1,689,346	7
Government securities - sukuk	<b>9,500,000</b>	<b>38</b>	9,500,000	42
Mutual funds units	<b>11,536,126</b>	<b>46</b>	11,536,126	51
	<b><u>25,060,338</u></b>		<b><u>22,725,472</u></b>	

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

### 32. TAKAFUL RISK MANAGEMENT

#### 32.1 Takaful risk

The Participant Takaful Fund (PTF) issues general takaful contracts which are classified in following segments:

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

The risk under any takaful contract is the possibility of occurrence of takaful event 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, litigation and subsequent adverse development of long-term claims. In general takaful contracts, the most significant risks arise from climate changes, natural disasters, terrorism and other catastrophes. By the vary nature of a takaful contract, this risk is random and therefore unpredictable. The objective is to ensure that sufficient reserves are available to cover these liabilities.



Board recognises the critical importance of having efficient and effective risk management systems in place. 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 is assisted in its oversight role by an Internal Audit function. Internal Audit undertakes review of risk management controls and procedures, the results of which are reported to the Audit Committee.

The PTF manages these risks through its underwriting strategy, adequate retakaful arrangements and proactive claims handling. The underwriting strategy aims to minimise takaful risks with a balanced mix and spread of business classes and by observing underwriting guidelines and limits. 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. The PTF underwrites mainly property, motor, marine cargo and transportation and other miscellaneous business. These classes of takaful are generally regarded as short-term takaful contracts where claims are normally intimated and settled within a short time span, usually one year. This helps to mitigate insurance risk.

The PTF's risk exposure is mitigated by employing a comprehensive framework to identify, assess, manage and monitoring of risk. PTF has also limited its exposure by imposing limits to the maximum risk exposure in a single takaful contract in each class of business. 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. Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Company has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. For large risks, particularly in property segment of business, risk inspections are carried out before accepting the risks. Similarly, in case of large risks, annual renewals are also preceded by on-site surveys. Where needed, risk mitigation measures are identified and communicated to the clients to improve the risk to an acceptable level. Adequate retakaful is arranged to mitigate the effect of the potential loss from individual and large or catastrophic events covered under takaful contracts. Retakaful arrangements in place include treaty and facultative arrangements, on proportional and non-proportional basis and also include catastrophe & terrorism cover. The effect of such retakaful arrangements is that the Company may not suffer ultimate net takaful losses beyond the Company's risk appetite in any one year. The Company's arrangement of retakaful is diversified such that it is neither dependent on a single retakaful operator nor the operations of the Company are substantially dependent upon any single retakaful contract. The Company obtains retakaful cover from companies with good financial health.

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

The company amortizes the retakaful ceded and rebate as disclosed in respective statements & notes. However, the gross result of retakaful buying is summarized as follows:

	<b>Rupees</b>
Gross retakaful ceded	(210,651,121)
Add:	
Retakaful recovery in claims	382,140,979
Gross rebate on ceding	51,447,298
Gross gain	<u>222,937,156</u>

### 32.2 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 minimize 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 Company also monitors concentration of risk by evaluating multiple risks covered in the same geographical location. For fire and property risk, a particular building and neighboring buildings, which could be affected by a single claim incident may create concentration due to single location. For earthquake risk, a complete city may be classified as a single location. Similarly, for marine risk, multiple risks covered in a single vessel voyage may be considered as a single risk while assessing concentration of risk. The Company evaluates the concentration of exposures to individual and cumulative takaful risks and establishes its retakaful cover to reduce such exposures to levels acceptable to the Company.

The PTF's class wise major risk exposure within a single policy is as follows:

Class	2017			2016		
	Maximum Gross Risk Exposure	Maximum Retakaful Cover	Highest Net Risk Retention	Maximum Gross Risk Exposure	Maximum Retakaful Cover	Highest Net Risk Retention
	Rupees			Rupees		
Fire and property	926,340,679	911,340,679	15,000,000	804,000,000	789,000,000	15,000,000
Marine, aviation and transport	171,554,711	163,554,711	8,000,000	461,794,959	453,794,959	8,000,000
Motor	30,000,000	29,250,000	750,000	18,000,000	17,250,000	750,000
Miscellaneous	1,358,272,264	1,351,072,264	7,200,000	298,067,848	290,867,848	7,200,000

The table below sets out the concentration & severity of the outstanding claims liabilities (in percentage terms) by class of business at balance sheet date:

Class	2017		2016	
	Gross claim liability	Net claim liability	Gross claim liability	Net claim liability
	Percentage (%)		Percentage (%)	
Fire and property	72	18	33	8
Marine, aviation and transport	3	5	2	3
Motor	15	58	26	63
Miscellaneous	10	19	39	26
	100	100	100	100

### 32.3 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). The tables in above para prescribe severity & concentration with respect to class of business and the Company risk management measures have also been described above.

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 retakaful 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.

### 32.4 Sources of uncertainty in the estimation of future claims payment

The key source of estimation uncertainty at the balance sheet date relates to valuation of outstanding claims, whether reported or not, and includes expected claims settlement costs. Considerable judgment by management is required in the estimation of amounts due to policyholders arising from claims made under takaful contracts. Such estimates are necessarily based on assumptions about several factors involving varying and possibly significant degrees of judgment and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities. Qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example one-off occurrence, changes in market factors such as public attitude to claiming and economic

conditions. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates. In particular, estimates have to be made for the expected ultimate cost of claims reported & claims incurred but not enough reported (IBNER) at the balance sheet date, and for the expected ultimate cost of claims incurred but not reported (IBNR) at the balance sheet date.

Liability in respect of outstanding claims is based on the best estimate of the claims intimated. 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. Reported claims and development of large losses / catastrophes and disputed claims are analyzed 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.

### 32.5 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 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 deficiency reserve, claim liability including IBNR and it is likely that final settlement of these liabilities may be different from initial recognized amount. As the PTF enters into short term takaful contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. The Company does not assume significant change in assumptions for the takaful contracts as disclosed in above note 32.3 & 32.4.

The expected net claim (to net contribution gross up of wakala) ratio, for unexpired period of policy at balance sheet date for each class of business is as follows:

	2017 %	2016 %
<b>Class</b>		
Fire and property	9	6
Marine, aviation and transport	57	17
Motor	53	56
Miscellaneous	32	47

### 32.6 Sensitivity analysis

The analysis of risk exposure, concentration and severity of outstanding claim liability described in supra paras 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 recognized in the balance sheet is adequate. However, these amounts are not certain and actual payments may differ from the claims liabilities provided in the financial statements.

The estimated results of sensitivity testing, assuming 10% change in the gross outstanding claim liability as at balance sheet date, on gross underwriting results is set out below:

	Effect on Underwriting Results	
	2017	2016
	----- (Rupees) -----	
10% increase in gross outstanding claims liability	<u>47,986,411</u>	<u>19,048,333</u>
10% decrease in gross outstanding claims liability	<u>(47,986,411)</u>	<u>(19,048,333)</u>

### 32.7 Claim development table - 2017

The Company maintains adequate reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. The uncertainties about the amount and timing of claim payments are normally resolved within one year. Claims which involve litigation and, in the case of marine, general average adjustments take longer for the final amounts to be determined which may exceed one year. All amounts are presented in gross numbers before retakaful.

The following table shows the development of gross claims (excluding IBNR) over a period of time. 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.

Accident year	2010	2011	2012	2013	2014	2015	2016	2017
	----- (Rupees) -----							
<b>Estimate of ultimate claim cost :</b>								
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	608,384,231
One year later	160,113,370	172,935,642	242,572,781	550,138,621	691,246,296	362,565,240	376,034,975	
Two years later	153,590,939	168,024,293	235,869,401	552,680,947	691,180,103	368,303,117		
Three years later	152,130,882	169,148,723	236,259,962	551,908,604	686,275,848			
Four years later	151,995,482	168,764,919	234,356,583	550,322,284				
Five years later	156,067,877	168,764,919	234,270,123					
Six years later	156,067,877	168,764,919						
Seven years later	154,983,877							
Current estimate of cumulative claims	<u>154,983,877</u>	<u>168,764,919</u>	<u>234,270,123</u>	<u>550,322,284</u>	<u>686,275,848</u>	<u>368,303,117</u>	<u>376,034,975</u>	<u>608,384,231</u>
Cumulative payments to date	<u>(154,887,985)</u>	<u>(165,509,723)</u>	<u>(232,318,127)</u>	<u>(549,028,928)</u>	<u>(681,868,487)</u>	<u>(359,335,852)</u>	<u>(307,694,659)</u>	<u>(223,231,502)</u>
Liability recognized in balance sheet	<u>95,892</u>	<u>3,255,196</u>	<u>1,951,996</u>	<u>1,293,356</u>	<u>4,407,361</u>	<u>8,967,265</u>	<u>68,340,316</u>	<u>385,152,729</u>



**Claim development table - 2016**

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 recognized in balance sheet	1,179,892	3,255,196	2,241,020	5,934,404	10,127,573	7,164,783	154,180,458

**32.8 Retakaful risk**

In order to minimize 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.

The credit quality of amount due from other takaful and retakaful including recovery from retakaful against outstanding claims is presented in credit risk note 33.5.

**33. FINANCIAL RISK MANAGEMENT****33.1 Financial risk**

The Company has exposure to the following risks from its use of financial instruments:

- Liquidity risk
- Credit risk
- Market risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (comprising of currency risk, interest rate risk and other price risk). The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Board of Directors has overall responsibility for establishment and oversight of the Company's risk management framework. There are Board Committees and Management Committees for developing and monitoring the risk management policies.

The Company's risk management policies are established to identify and analyze 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.

### 33.2 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. In respect of major loss event, there is also a liquidity risk associated with the timing differences between gross cash out-flows and expected reinsurance recoveries. 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. It includes measuring and monitoring the future cash flows on daily, monthly and quarterly basis. The diversified funding sources and assets of the Company are managed, maintaining a sufficient balance of cash and cash equivalents, readily marketable securities and financial assets that can be easily liquidated in the event of an unforeseen interruption to cash flows.

	2017		2016	
	Carrying Amount	Contractual cash flows upto one year	Carrying Amount	Contractual cash flows upto one year
------(Rupees)-----				
<b>Non-derivative financial liabilities</b>				
Provision for outstanding claims including IBNR	479,864,111	479,864,111	190,483,326	190,483,326
Amount due to other takaful / retakaful operators	57,561,285	57,561,285	97,750,836	97,750,836
Accrued expenses	2,102,537	2,102,537	2,473,761	2,473,761
Other creditors and accruals	73,883,572	73,883,572	75,906,911	75,906,911
	<b>613,411,505</b>	<b>613,411,505</b>	<b>366,614,834</b>	<b>366,614,834</b>

#### Maturity profile of financial assets and liabilities:

	2017					
	Profit bearing			Non-Profit bearing		
	Maturity up to one year	Maturity after one year	Sub total	Maturity up to one year	Maturity after one year	Sub Total
------(Rupees)-----						
<b>FINANCIAL ASSETS</b>						
Cash and bank deposits	138,000,111	-	138,000,111	21,521,445	-	21,521,445
Investments	-	140,720,000	140,720,000	160,515,879	-	160,515,879
Long term security deposits	-	-	-	-	2,989,581	2,989,581
Contribution due but unpaid - net	-	-	-	250,621,583	-	250,621,583
Amount due from other takaful / retakaful	-	-	-	7,801,330	-	7,801,330
Retakaful recoveries against outstanding claims	-	-	-	361,318,450	-	361,318,450
Accrued investment income	-	-	-	4,839,972	-	4,839,972
Sundry receivables	-	-	-	2,740,788	-	2,740,788
	<b>138,000,111</b>	<b>140,720,000</b>	<b>278,720,111</b>	<b>809,359,447</b>	<b>2,989,581</b>	<b>812,349,028</b>
						<b>1,091,069,139</b>
<b>FINANCIAL LIABILITIES</b>						
Provision for outstanding claims including IBNR	-	-	-	479,864,111	-	479,864,111
Amount due to other takaful / retakaful	-	-	-	57,561,285	-	57,561,285
Accrued expenses	-	-	-	2,102,537	-	2,102,537
Other creditors and accruals	-	-	-	73,883,572	-	73,883,572
	-	-	-	<b>613,411,505</b>	-	<b>613,411,505</b>

	2016						
	Profit bearing			Non-Profit bearing			
	Maturity up to one year	Maturity after one year	Sub total	Maturity up to one year	Maturity after one year	Sub Total	Total
	(Rupees)						
<b>FINANCIAL ASSETS</b>							
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 - net	-	-	-	283,920,499	-	283,920,499	283,920,499
Amount due from other takaful / retakaful	-	-	-	15,954,222	-	15,954,222	15,954,222
Retakaful recoveries against 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
	<b>207,766,714</b>	<b>79,800,000</b>	<b>287,566,714</b>	<b>522,212,949</b>	<b>3,444,636</b>	<b>525,657,585</b>	<b>813,224,299</b>
<b>FINANCIAL LIABILITIES</b>							
Provision for outstanding claims							
including IBNR	-	-	-	190,483,326	-	190,483,326	190,483,326
Amount due to other takaful / retakaful	-	-	-	97,750,836	-	97,750,836	97,750,836
Accrued expenses	-	-	-	2,473,761	-	2,473,761	2,473,761
Other creditors and accruals	-	-	-	75,906,911	-	75,906,911	75,906,911
	-	-	-	<b>366,614,834</b>	-	<b>366,614,834</b>	<b>366,614,834</b>

### 33.3 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, term deposits with reputable banks and investment in Sukuks. The Company limits interest rate risk by monitoring changes in interest rates .

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

Financial assets	Carrying amount		Tentative profit rate	
	2017	2016	2017	2016
	(Rupees)		(in Percent)	
<b>Variable rate financial assets</b>				
- Term deposits	75,000,000	110,000,000	5.3 - 5.9	5.4
- Savings accounts	63,000,111	34,216,714	2 - 4.2	2.4 - 4.7
- Sukuk certificates	140,720,000	143,350,000	6 - 8.5	6 - 8.5
	<b>278,720,111</b>	<b>287,566,714</b>		

Sensitivity to a reasonable change in interest rates (with all other variables held constant) on the Company's profit before tax based upon closing balances of profit bearing financial assets, if balance maintained for whole year, is presented below:

	2017 —————(Rupees)—————	2016 —————(Rupees)—————
1 % Increase in profit rate	<u>2,787,201</u>	<u>2,875,667</u>
1 % decrease in profit rate	<u>(2,787,201)</u>	<u>(2,875,667)</u>

### Mismatch of rate of profit sensitivity of assets and liabilities

The information about Company's exposure to profit rate risk based on contractual reprising or maturity dates whichever is earlier is as follows:

		2017							Non profit bearing	Total
		Profit bearing								
	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	63,000,111	75,000,000	-	-	-	-	138,000,111	21,521,445	159,521,556
Investments	4 - 8.85	-	-	-	-	79,800,000	60,920,000	140,720,000	160,515,879	301,235,879
Long term security deposits		-	-	-	-	-	-	-	2,989,581	2,989,581
Contribution due but unpaid - net		-	-	-	-	-	-	-	250,621,583	250,621,583
Amount due from other takaful /retakaful		-	-	-	-	-	-	-	7,801,330	7,801,330
Retakaful recoveries against outstanding claims		-	-	-	-	-	-	-	361,318,450	361,318,450
Accrued investment income		-	-	-	-	-	-	-	4,839,972	4,839,972
Sundry receivables		-	-	-	-	-	-	-	2,740,788	2,740,788
a		63,000,111	75,000,000	-	-	79,800,000	60,920,000	278,720,111	812,349,028	1,091,069,139
FINANCIAL LIABILITIES										
Provision for outstanding claims including IBNR		-	-	-	-	-	-	-	479,864,111	479,864,111
Amount due to other takaful /retakaful		-	-	-	-	-	-	-	57,561,285	57,561,285
Accrued expenses		-	-	-	-	-	-	-	2,102,537	2,102,537
Other creditors and accruals		-	-	-	-	-	-	-	73,883,572	73,883,572
b		-	-	-	-	-	-	-	613,411,505	613,411,505
Profit rate sensitivity gap	a-b	63,000,111	75,000,000	-	-	79,800,000	60,920,000	278,720,111	198,937,523	477,657,634

	2016								Non profit bearing	Total
	Profit bearing									
	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	6 - 8.5	-	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 - net		-	-	-	-	-	-	-	283,920,499	283,920,499
Amount due from other takaful /retakaful		-	-	-	-	-	-	-	15,954,222	15,954,222
Retakaful recoveries against 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
a		34,216,714	116,600,000	-	56,950,000	79,800,000	-	287,566,714	525,657,585	813,224,299
FINANCIAL LIABILITIES										
Provision for outstanding claims including IBNR		-	-	-	-	-	-	-	190,483,326	190,483,326
Amount due to other takaful /retakaful		-	-	-	-	-	-	-	97,750,836	97,750,836
Accrued expenses		-	-	-	-	-	-	-	2,473,761	2,473,761
Other creditors and accruals		-	-	-	-	-	-	-	75,906,911	75,906,911
b		-	-	-	-	-	-	-	366,614,834	366,614,834
Profit rate sensitivity gap	a-b	34,216,714	116,600,000	-	56,950,000	79,800,000	-	287,566,714	159,042,751	446,609,465

### 33.4 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.

### 33.5 Credit risk and concentration of credit risk

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

Concentration of credit risk arises when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would affect their ability to meet contractual obligations in similar manner. Due to the nature of financial assets, the Company believes it is not exposed to any major concentration of credit risk.



### 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.

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

	2017	2016
	—————(Rupees) —————	
<b>Financial assets</b>		
Bank deposits	157,981,149	168,267,064
Investments	236,835,879	98,732,652
Long term security deposits	2,989,581	3,444,636
Contribution due but unpaid - net	250,621,583	283,920,499
Amount due from other takaful /retakaful	7,801,330	15,954,222
Retakaful recoveries against outstanding claims	361,318,450	113,018,550
Accrued investment income	4,839,972	2,399,884
Sundry receivables	2,740,788	5,452,062
	<u>1,025,128,732</u>	<u>691,189,569</u>

The management monitors exposure to credit risk in contribution receivable from customers through regular review of credit exposure and prudent estimates of provisions for doubtful receivables. As at 31 December 2017, the premiums due but unpaid (other than impaired balances) includes amount receivable within one year and above one year amounting to Rs. 190 million (2016: Rs. 188 million) and Rs. 60 million (2016: Rs. 95 million) respectively.

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

	2017	2016
	—————(Rupees) —————	
<b>Rating</b>		
AAA	3,468,094	7,274,215
AA+	1,027,066	19,025
A+	83,879	1,875,027
AA	150,630,059	158,892,388
AA-	2,746,251	506
A	23,670	204,806
A-	2,129	1,097
	<u>157,981,148</u>	<u>168,267,064</u>



The credit quality of amounts due from other takaful/retakaful and claim recoveries from retakaful against outstanding claims can be assessed with reference to external credit ratings as follows:

	2017			2016		
Rating	Retakaful recoveries against outstanding claims	Amount due from other takaful / retakaful operators	Prepaid retakaful	Retakaful recoveries against outstanding claims	Amount due from other takaful / retakaful operators	Prepaid retakaful
A-	198,725,148	5,097,919	41,914,047	62,160,202	2,765,977	57,653,232
BBB+	162,593,303	2,703,411	34,293,312	50,858,348	13,188,245	47,170,826
	<b>361,318,451</b>	<b>7,801,330</b>	<b>76,207,359</b>	<b>113,018,550</b>	<b>15,954,222</b>	<b>104,824,058</b>

As at 31 December 2017, the amounts due from other takaful/retakaful including retakaful recoveries against outstanding claims includes amount receivable within one year and above one year amounting to Rs. 297 million (2016: Rs. 104 million) and Rs. 72 million (2016: Rs. 25 million) respectively.

### 33.6 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.

### 33.7 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 behavior. 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.

### 33.8 Fair value of financial instruments

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

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 16 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).

Following are the assets where fair value is only disclosed and is different from carrying value.

	Carrying amount					Fair value			
December 31, 2017	Available for Sale	Loans and receivables	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	Rupees								
Financial assets - not measured at fair value									
Cash and bank deposits*	-	-	159,521,556	-	159,521,556	-	-	-	-
Investments - Sukuks	140,720,000	-	-	-	140,720,000	-	142,917,100	-	142,917,100
Investments - Open-end mutual fund units	160,515,879	-	-	-	160,515,879	150,435,820	-	-	150,435,820
Long-term security deposits*	-	2,989,581	-	-	2,989,581	-	-	-	-
Contribution due but unpaid - net*	-	250,621,583	-	-	250,621,583	-	-	-	-
Amount due from other takaful/retakaful*	-	7,801,330	-	-	7,801,330	-	-	-	-
Retakaful recoveries against outstanding claims*	-	361,318,450	-	-	361,318,450	-	-	-	-
Accrued investment income*	-	4,839,972	-	-	4,839,972	-	-	-	-
Other receivables*	-	2,740,788	-	-	2,740,788	-	-	-	-
	<u>301,235,879</u>	<u>630,311,704</u>	<u>159,521,556</u>	<u>-</u>	<u>1,091,069,139</u>	<u>150,435,820</u>	<u>142,917,100</u>	<u>-</u>	<u>293,352,920</u>
Financial liabilities - not measured at fair value									
Provision for outstanding claims including IBNR*	-	-	-	479,864,111	479,864,111	-	-	-	-
Amount due to other takaful / retakaful operators*	-	-	-	57,561,285	57,561,285	-	-	-	-
Accrued expenses*	-	-	-	2,102,537	2,102,537	-	-	-	-
Other creditors and accruals*	-	-	-	73,883,572	73,883,572	-	-	-	-
	-	-	-	613,411,505	613,411,505	-	-	-	-

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

December 31, 2016	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									
Financial assets - not measured at fair value									
Cash and bank deposits*	-	-	168,951,794	-	168,951,794	-	-	-	-
Investments - Sukuks	143,350,000	-	-	-	143,350,000	-	146,006,300	-	146,006,300
Investments - 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 - net*	-	283,920,499	-	-	283,920,499	-	-	-	-
Amount due from other takaful/retakaful*	-	15,954,222	-	-	15,954,222	-	-	-	-
Retakaful recoveries against outstanding claims*	-	113,018,550	-	-	113,018,550	-	-	-	-
Accrued investment income*	-	2,399,884	-	-	2,399,884	-	-	-	-
Other receivables*	-	5,452,062	-	-	5,452,062	-	-	-	-
	220,082,652	424,189,853	168,951,794	-	813,224,299	90,558,029	146,006,300	-	236,564,329
Financial liabilities - not measured at fair value									
Provision for outstanding claims including IBNR*	-	-	-	190,483,326	190,483,326	-	-	-	-
Amount due to other takaful / retakaful operators*	-	-	-	97,750,836	97,750,836	-	-	-	-
Accrued expenses*	-	-	-	2,473,761	2,473,761	-	-	-	-
Other creditors and accruals*	-	-	-	75,906,911	75,906,911	-	-	-	-
	-	-	-	366,614,834	366,614,834	-	-	-	-

\* 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 sukuks and other sukuks	Fair values of sukuks are derived by reference to quotations obtained from brokers.

**33.9 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. 509,226,010/- against the minimum required paid-up capital of Rs. 500,000,000/- set by the SECP for the insurance companies / takaful operators for the year ended December 31, 2017.

**34. NUMBER OF EMPLOYEES**

The average number of employees during the year ended December 31, 2017 were 103 (2016: 133) and number of employees as at December 31, 2017 were 104 (2016: 99).

**35. RELATED PARTIES DISCLOSURES**

Related parties comprise of related group companies/companies with common directorship, associated companies, directors, key management personnel and staff retirement benefit fund. The Company carries out transactions with various related parties in the normal course of business. Details of material transactions with related parties, other than balances and remuneration to key management personnel under the terms of employment which have been specifically disclosed elsewhere in the financial statements, are given below:

Relationship	Nature of transactions	2017	2016
		———— (Rupees) ————	
Entity with common directorship	Net shared expenses paid	<b>33,167,868</b>	26,585,474
	Claims paid against general takaful	<b>977,509</b>	6,673,321
	Claims received against group takaful	<b>1,451,454</b>	2,632,145
	Contribution paid against group takaful	<b>1,223,127</b>	2,813,110
	Contribution received against general takaful	<b>4,570,110</b>	3,842,814
Employees provident fund	Contribution paid	<b>4,540,639</b>	5,607,682

**36. GENERAL**

**36.1** Corresponding figures have been rearranged and reclassified, where necessary, to facilitate better comparison.



**36.2** No significant reclassifications were made during the current year except for following:

<b>Reclassified From</b>	<b>Reclassified to</b>	<b>Rupees</b>
Amount due to other takaful/retakaful Reserve for claim IBNR	Amount due from other takaful/retakaful	7,801,330
	Provision for outstanding claims including IBNR	6,400,000
Provision for doubtful debts net-off wakala - PTF	Direct expense - PTF	4,501,101
General & administrative expenses - SHF	Management expense - SHF	55,074,057

**36.3** Due to above reclassification, comparative figures have also been reclassified.

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

### **37. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorized for issue on 09 April, 2018 by the Board of Directors of the Company.

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

# PATTERN OF SHAREHOLDING

As at December 31, 2017

- 1 Incorporation Number 0054339
- 2 Name of the Company PAK-QATAR GENERAL TAKAFUL LIMITED
- 3 Pattern of holding of the shares held by the shareholders as at 31 December 2017

4. Number of shareholders	Shareholdings	Total shares held
5	shareholding from 1 to 100 shares	6
1	shareholding from 501 to 1000 shares	1,000
8	shareholding from 1001 to 5000 shares	29,885
11	shareholding from 5001 to 10000 shares	70,239
14	shareholding from 10001 to 200000 shares	788,885
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	11,923,946
2	shareholding from 6000001 to 18000000 shares	14,307,576
1	shareholding from 18000001 to 20000000 shares	19,760,565
<b>49</b>	<b>Total</b>	<b>50,922,601</b>

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

5.1.1. Sheikh Ali Bin Abdullah	6,937,102	13.62%
5.1.2. Said Gul	2	0.00%
5.1.3. Zahid Hussain Awan	210,200	0.41%
5.1.4. Abdul Basit Al-Shaibei	1	0.00%
5.1.5. Owais Ahmed Yusuf	1	0.00%
5.1.6. Abdullah	1	0.00%
5.1.7. Ali Ibrahim Al Abdul Ghani	1	0.00%

## 5.2 Associated Companies, undertakings and related parties.

5.2.1. Pak-Qatar Investment (Private) Limited	19,760,565	38.81%
5.2.2. Qatar International Islamic Bank	7,370,474	14.47%
5.2.3. Masraf Al-Rayan	6,000,000	11.78%
5.2.4. Qatar Islamic Insurance Company	5,923,946	11.63%
5.2.5. Fawad Yusuf Securities (Pvt.) Limited	3,077,999	6.04%



Categories of shareholders	Shares held	Percentage
5.3 NIT and ICP	-	0.00%
5.4 Banks, Development Financial Institutions, Non-Banking Financial Institutions.		
5.4.1. Qatar International Islamic Bank	7,370,474	14.47%
5.4.2. Masraf Al-Rayan	6,000,000	11.78%
5.4.3. Qatar Islamic Insurance Company	5,923,946	11.63%
5.4.4. Fawad Yusuf Securities (Pvt.) Limited	3,077,999	6.04%
5.5 Insurance Companies		
5.5.1. Qatar Islamic Insurance Company	5,923,946	11.63%
5.6 Modarabas and Mutual Funds	-	0.00%
5.7 Share holders holding 10%		
5.7.1. Pak-Qatar Investment (Private) Limited	19,760,565	38.81%
5.7.2. Sheikh Ali Bin Abdullah	6,937,102	13.62%
5.7.3. Qatar International Islamic Bank	7,370,474	14.47%
5.7.4. Masraf Al-Rayan	6,000,000	11.78%
5.7.5. Qatar Islamic Insurance Company	5,923,946	11.63%
5.8 General Public		
5.8.1. Local	49,104	0.10%
5.8.2. Foreign	1,593,205	3.13%
5.9 Total Local & Foreign		
5.9.1. Local	23,097,868	45.36%
5.9.2. Foreign	27,824,733	54.64%

## NOTICE OF THE 12<sup>th</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the 12th Annual General Meeting of **Pak-Qatar General Takaful Limited** (the Company) will be held on Monday, 30th April 2018 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, 2017 together with the Directors' & Auditors' Reports thereon.
3. To appoint auditors and fix their remuneration for the ensuing year. The present auditors M/s. EY Ford Rhodes, Chartered Accountants, retires and being eligible, offers themselves for reappointment.
4. To transact any other ordinary business as may be placed before the meeting with the permission of the Chair.

### Special Business

5. Review and approval of modification in Articles of Association of the Company in the light of recent SECP pronouncements.

(Attached to this Notice is a Statement of Material Facts covering the above-mentioned Special Business, as required under Section 134(3) of the Companies Act, 2017)

By order of the Board



**Muhammad Kamran Saleem**

Company Secretary

9th April 2018  
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 138 of the Companies Act, 2017.
- 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 Nation 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".



**Statement under Section 134(3) of the Companies Act, 2017**

This Statement sets out the material facts pertaining to the Special Business to be transacted at the Annual General Meeting of the Company to be held on April 30, 2018.

**Item no. 5 to the Notice**

Review and approval of modification in Articles of Association of the Company in the light of recent SECP pronouncements.

As the members are aware, the existing Articles of Associations (AOA) are based on the Companies Ordinance, 1984 and several regulations in the existing AOA contained references to specific sections of the Companies Ordinance, 1984 and some regulations in the existing AOA are no longer in conformity with the Companies Act, 2017. With the coming into force of the Companies Act, 2017, several regulations of the existing AOA of the Company require alteration or deletion. Accordingly, it is proposed to modify the existing AOA as per the regulation of the Companies Act, 2017. Therefore, Approval of members is sought for modification in the Company's Articles of Association in order to confirm above and to pass, if deemed appropriate, with or without modification, the following resolutions, as Special Resolutions:

"RESOLVED THAT amendments in the Articles of Association of Pak-Qatar General Takaful Limited, as proposed pursuant to the provisions of the Companies Act, 2017 be and are hereby approved.

FURTHER RESOLVED THAT to revise the numbering order of the amended Articles of Association of Pak-Qatar General Takaful Limited.

FURTHER RESOLVED THAT the Company Secretary of the Company be and is hereby authorized to submit the revised and amended Articles of the Company to the SECP seeking its approval & registration. The Company Secretary is also authorized to complete all the related formalities necessary for the revision in the Articles of the Company."

The clause-wise comparisons between the old and revised Articles are available at the registered office of the Company for members review during business hours.

The Directors are not interested in the above special business, except to the extent of their shareholdings in the Company.

[illegible]

# 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 **12<sup>th</sup> Annual General Meeting** of **Pak-Qatar General Takaful Limited** to be held on 30 April 2018 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of April 2018

## (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.

## تبیات نامہ

کمپنی بیکریٹری

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 2018 کو منعقد ہونے والے پاک قطر جنرل تکافل لمیٹڈ کے  
بارہویں 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 2018 کو اس پر دستخط کیے گئے۔

(گواہان)

1.

..... (دستخط)

..... (نام)

..... (پتہ)

..... (شناختی کارڈ / پاسپورٹ نمبر)

2.

..... (دستخط)

..... (نام)

..... (پتہ)

..... (شناختی کارڈ / پاسپورٹ نمبر)

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

**NOTES**



## NOTES

[illegible]



Head Office, 1st Floor, Business Arcade, P.E.C.H.S, Block 6, Shahra e Faisal,  
Karachi, Pakistan.

Phone: +92 21 34311747-56 Fax: +92 21 34326651