

Vision

Pak-Qatar General Takaful Limited is committed to become a result oriented Shariah compliant provider of risk mitigation through the principle of Takaful based on mutuality, team spirit and brotherhood

Mission

Participants:

Committed to provide customized and innovative Shariah based Takaful products and services to the complete satisfaction of our customers.

Shareholders:

Consistently delivering optimal return on capital.

Employees:

To create a dynamic, progressive, positive culture of innovation and skill development within employees.

Community:

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



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Company Information

Board of Directors

H. E. Sheikh Ali Bin Abdullah Al-Thani	Chairman
Izzat Muhammad Al-Rashid	Vice Chairman
M. Vaqaruddin	Chief Executive Officer
Abdul Basit Al-Shaibei	Director
Ali Abdullah Darwesh	Director
Mark Diab	Director
Said Gul	Director
Chowdhry Muhammad Wasi	Director
Fawad Yusuf	Director
Zahid Hussain Awan	Director

Executive Committee

Izzat Muhammad Al-Rashid	Chairman
Abdul Basit Al-Shaibei	Member
Chowdhry Muhammad Wasi	Member
Said Gul	Member
Mark Diab	Member

Audit Committee

Chowdhry Muhammad Wasi	Chairman
Said Gul	Member
Zahid Hussain Awan	Member

Investment Committee

Izzat Muhammad Al-Rashid	Chairman
Abdul Basit Al-Shaibei	Member
Ali Abdullah Darwesh	Member
Mark Diab	Member

Shariah Board

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

Chief Financial Officer & Company Secretary

Muhammad Kamran Saleem, LL.B., ACA, FCMA, ACIS

Registered Office

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Company Information

Management Committee

M. Vaqaruddin
Najmullah Khan
M. Kamran Saleem
Afshan Naqvi
Muhammad Ahmad
Syed Sadaat M. Bukhari
Syed Adnan Hasan
Saifuddin Shaikh
Muneeb Afzal Lone
M. Irfan Ali
M. Raza Khan
Osama Javed Usmani
Muhammad Saleem

Chief Executive Officer
Chief Operating Officer
Chief Financial Officer & Company Secretary
Head of IT & Systems
Head of Shariah Compliance
Senior Vice President – Operations
Head of Marketing
Head of Administration
Head of Internal Audit
Vice President – Information Technology
Vice President – Claims & Re-Takaful
Head of Human Resources
Assistant Vice President – Finance & Accounts

Underwriting Committee

M. Vaqaruddin
Najmullah Khan
Syed Sadaat M. Bukhari

Chairman
Secretary
Member

Retakaful Committee

M. Vaqaruddin
Najmullah Khan
Muhammad Saleem

Chairman
Secretary
Member

Claims Committee

M. Vaqaruddin
Muhammad Raza
Muhammad Saleem

Chairman
Secretary
Member



Notice of Third Annual General Meeting

NOTICE IS HEREBY GIVEN that the third Annual General Meeting of Pak-Qatar General Takaful Limited (the Company) will be held on Monday, 13 April 2009 at 06:00 P.M. at DANA Club, Doha, Qatar, to transact the following businesses:

Ordinary Business:

1. To confirm minutes of the Statutory Meeting held on 30 October 2008.
2. To receive, consider and adopt the annual audited financial statements for the year ended 31st December 2008, together with the Directors' and Auditors' Report thereon.
3. To appoint Auditors of the Company for the year ending 31st December 2009 and to fix their remuneration.
4. To consider any other business with the permission of the Chair.

Date: 12 April 2009

By Order of the Board

Place: Doha

Muhammad Kamran Saleem
Company Secretary

NOTES:

1. A member of the Company entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies, in order to be effective, must be received by the Company not less than 48 hours before the meeting. In case of corporate entity, the Board of Directors' resolution/power of attorney with the specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.
2. Members are requested to immediately notify the change in their addresses, if any.
3. The Share Transfer Books of the Company will remain closed from 11 April 2009 to 15 April 2009 (both days inclusive).

Chairman Message

Dear Company's Shareholders,

السلام عليكم ورحمة الله وبركاته

On behalf of the Board of Directors, I whole-heartedly welcome you all to our 3rd Annual General Meeting to review our company's performance and evaluate the financial results for the year ended 31st of December 2008.

The entire year 2008 witnessed aggressive growth in all areas of operations. The company opened offices in 5 cities of the country and was able to achieve a gross revenue of Rs. 86 million with motor segment being a major contributory. The management has set to attain its vision that is to provide protection through takaful to everyone by duly following its mission statement.

After laying down the strong foundation through a committed human capital base together with state-of-the-art information technology, the company focused on developing the marketing team, which is very important for the long term survival and growth of the Company.

During the year 2009, we would continue to aggressively pursue our goal of spreading takaful protection among the masses with the enhanced zeal and impetus. We are making a corporate launch of your company as this is the right time to strike in the market. During the year under review, the focus of your company was to make inroads in the individual and corporate segments, while remaining in low profile. However, nor as we have made our presence felt in the market and among the competitors, this is the high time to make corporate launch in print and electronic media.

In the end, I would like to express my gratitude for the trust you placed in us during this period. We all understand that your investments in Pak-Qatar is not meant for a short-lived goal but rather a long-term initiative that will reap benefits over the passing of time. I can and do assure you that these benefits are worth waiting for.

I hope and pray that Allah (azza wa jall) will give your company and its management the strength, wisdom and commitment to achieve the vision we had set for Pak-Qatar. Ameen.



Sheikh Ali Bin Abdullah Al-Thani
Chairman of the Board of Directors
Pak-Qatar General Takaful Limited

Director's Report

Dear Shareholders,

On behalf of the Chairman and the Board of Directors of Pak-Qatar General Takaful Limited (PQGTL), I welcome you all to the 3rd Annual General Meeting (AGM) of PQGTL for the year 2008.

The year started with a bleak and deteriorated law and order situation in the aftermath of the assassination of the former Prime Minister Mohtarma Benazir Bhutto. The economy remained under significant pressure due to continuous increase in international oil prices, unprecedented escalation in food prices and unstable political environment. The above factors did not provide an environment conducive to growth. From August last year, the world is experiencing the worst ever economic recession, and its effects are being felt in 2008 and are bound to effect the business for the year 2009 as well.

Major listed general insurance companies in Pakistan have announced their results for the year 2008. These companies have posted a net loss of Rs. 4.80 billion which is mainly due to a huge investment loss on account of downturn of the Equity Markets. This loss was in contrast to profits of Rs. 26.5 billion posted in the year 2007.

1. Your company's performance in the year 2008:

Despite unfavorable environment, by the grace of Allah Almighty, your company ended the year with writing a Gross Contribution amounting to Rs. 86.4 million as against a target of Rs. 100 million for the year. By any standard this performance is commendable for which we are thankful to our team in Pakistan and the support that we have received from our Executive Committee and the Board. Portfolio-wise contribution is given as under:

Segment	Gross Contribution Rupees
Fire	11,445,609
Marine	5,857,882
Motor	64,526,347
Miscellaneous	4,591,137
Total	86,420,975

Major contributor continues to be Motor Takaful as it is the only industry after communication that was growing in Pakistan. The recession has effected growth of this industry in the same way as it has affected all other industries.

Our loss ratio on Earned Contribution basis stands at 137% which comes down to 31% if calculated on Gross Contribution basis. This is likely to improve with the passage of time.

Our Penta Takaful business system is very much in place and efforts are underway to take out all possible MIS reports from the system. We have signed Users License Agreement for SAP ERP Software on 31st December, 2008. The implementation of SAP would be made during the year 2009. After implementation/customization, our system would be completely automated and integrated providing end to end solution for business and account reporting. The system analysis and projected blue print is in the process and we hope to go live with complete integration somewhere in the fourth quarter of 2009, Insha-Allah.

Director's Report

Besides head-office in Karachi, the branch offices in Lahore, Islamabad, Faisalabad and Peshawar are also functional now.

We give below the financial highlights of the company:

	2008 Rupees	2007 Rupees
Wakala Fee	39,618,924	–
Unearned Wakala Fee Closing	(23,159,968)	–
Net Wakala Income	16,458,956	–
Commission Expense	(1,361,453)	–
Management expenses	(30,192,941)	(6,326,678)
	(15,095,438)	(6,326,678)
Modarib Share of PTF Investment Income	212,091	–
General and administrative expenses	(16,059,632)	(13,648,919)
	(15,847,541)	(13,648,919)
Operating loss	(30,942,979)	(19,975,597)
Investment income	1,427,016	14,805,165
Exchange gain	(189,425)	10,164
Cede money contributed to the Waqf (PTF)	–	(500,000)
Loss before taxation	(29,705,388)	(5,660,268)
Provision for taxation – Current	(61,152)	(8,105)
– Deferred	10,952,070	–
	10,890,918	(8,105)
Loss after taxation	(18,814,970)	(5,668,373)

2. Industry Overview:

The current economic slowdown has squeezed earnings of the insurance business as net premium growth has fallen to single digits, while claims continue to remain steady. Return from equity markets a major source of income for insurance companies also remained under pressure. However, given low non life insurance penetration (0.3% of GDP), there remains significant long term growth potential in this sector.

3. Audit Reports:

During the meeting in October 2008 two audit reports were presented (i) the internal audit report and (ii) Audit report on Operations.

Director's Report

I am pleased to confirm that all the recommendations made therein have been fully implemented. Common Committees with our associated company, Pak-Qatar Family Takaful Limited (PQFTL), team have been formed and they are all in operation. We continue to put efforts to bring in the best possible Shariah compliant practices in our company. I take this opportunity to personally thank Chairman Audit Committee, Mr. Chaudhry Wasi, who has taken a keen interest in our operations and his frequent visits to our office have helped us stream line a lot of things in our company's operations. Following his guidance and blessings from the board we are in the process of re-organizing our marketing team so that they become more result oriented. By increasing their commission a little and rationalizing their emoluments, we are trying to divert their focus to bring in more business to the company.

4. Compliance with Code of Corporate Governance:

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

5. Board of Directors:

The number of meeting attended by each director is given below:

#	Director	Number of meetings attended
1.	Sheikh Ali Bin Abdullah Al-Thani	4
2.	Izzat M. Al-Rashid	3
3.	Abdul Basit Al-Shaibei	3
4.	Mark Diab	2
5.	Ali Abdullah Darwesh	3
6.	Said Gul	6
7.	Chowdhry M. Wasi	6
8.	Zahid Hussain Awan	6
9.	Fawad Yousuf	1
10.	M. Vaqaruddin	6

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

6. Corporate and Financial Reporting Framework:

- The financial statements prepared by the management of the company present fairly its state of affairs, the result of its operations, cash flow and changes in equity.
- Proper books of accounts have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.

Director's Report

- 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, as detailed in the listing regulations.
- h. Key operating and financial data for the last two years is attached.
- i. The accumulated balance in provident fund account as at 31 December 2008 was Rs. 1,275,820.
- j. No trading in shares has been made by the Chief Executive, Directors, Chief Financial Officer, Company Secretary, their spouses and minor children.

7. Statement of Ethics and Business Practices:

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

8. Auditors

The present auditors, M/s. Ford Rhodes Sidat Hyder & Co., Chartered Accountants, Karachi, retire and being eligible for reappointment, the Board of Directors of your company has proposed their name, for reappointment as auditors of the company for the year ending 31 December 2009.

9. Earnings per Share

The Basic and Diluted Earnings per Share of the Company was Rs. (0.61).

10. Pattern of Shareholding

The Pattern of shareholdings of the Company is attached.

11. Vote of Thanks

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

12. Conclusion

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

For and on behalf of the
Board of Directors



M. Vaqaruddin
Chief Executive Officer

Doha: 12 April 2009

Statement of Compliance with the Code of Corporate Governance For the year ended 31st December 2008

This statement is being presented to comply with the Code of corporate governance for Insurance Companies for the purpose of establishing a framework of good governance, whereby an Insurance company is managed in compliance with the best practices of corporate governance.

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

1. The directors have confirmed that none of them is serving as a director in ten or more listed companies, incorporated in Pakistan.
2. The resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of stock exchange, has been declared as a defaulter by a stock exchange.
3. There was no casual vacancy during the year.
4. The Company has prepared a 'Statement of Ethics and Business Practices' which has been signed by all the directors and employees of the Company.
5. 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.
6. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, have been taken by the Board.
7. The meetings of the Board were presided over the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
8. The Board has established a system of sound internal control, which is effectively implemented at all levels within the company. The company includes all the necessary aspects of internal control given in the code.
9. No orientation course for the directors during the year was arranged, however, directors being senior executives and experienced businessmen are aware of their responsibilities as directors.
10. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
11. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
12. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

Statement of Compliance with the Code of Corporate Governance For the year ended 31st December 2008

13. The Company has complied with all the corporate and financial reporting requirements of the Code.
14. The Board has formed under writing/ claim settlement/ reinsurance & coinsurance committee (s).
15. The Board has formed an audit committee. It comprises 3 members, of whom all are non-executive directors including the chairman of the committee.
16. The meetings of the committees were held during the financial year 2008 as required by the Code. The terms of reference of the audit committee are in the process of being finalization and shall duly be advised to the audit committee for compliance.
17. Internal audit function has been set-up and operational.
18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
19. 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.
20. We confirm that all other material principles contained in the Code have been complied.

On behalf of the Board of Directors



M. Vaqaruddin
Chief Executive Officer

Key Financial Data

(Amount in Rupees)

	FY 2008	FY 2007
Gross Contribution	86,420,975	1,621,080
REVENUE ACCOUNT		
Contribution-Net of Re-Takaful	6,764,805	(1,528,257)
Earned Wakala Fee	16,458,956	–
Claims less Re-Takaful	22,835,077	392,260
Commission & Expenses	43,009,090	19,977,819
Investment Income less Impairment	1,957,244	14,805,165
Cede money contributed to Waqf Fund	–	500,000
Other Income	(189,425)	10,164
Reserve for Contribution Deficiency	(305,847)	–
Loss before tax	41,158,434	7,590,307
Provision for tax	(10,890,418)	8,105
Loss After Tax	30,268,016	7,598,412
BALANCE SHEET		
Investments	122,485,197	105,727,865
Cash & Bank balances	135,542,870	177,468,659
Deferred Tax Asset	10,952,070	–
Other Assets	42,361,132	5,973,790
Fixed Assets	32,918,708	14,440,974
Issued, subscribed & paid up capital	307,800,080	307,800,080
Advance against future issue of Share Capital	2,660,568	2,660,568
Accumulated surplus/(loss)	(42,607,097)	(12,339,081)
General Reserve	41,218,155	5,171,175
Other Liabilities	35,188,271	318,546



Shariah Audit Report to the Board of Directors

We have examined the accompanying financial statements of **Pak-Qatar General Takaful Limited** ("the Company") for the year ended 31 December 2008. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The scope of our audit primarily involves the review of Company's compliance with the Shariah Guidelines. An audit includes examining the appropriate evidence of the transactions undertaken by the Company during the year 2008. Furthermore, we have reviewed the external shariah audit report for the year ended 31 December 2008. The audit and report were conducted and prepared by Ford Rhodes Sidat Hyder & Co., Chartered Accountants.

In our opinion and to the best of our information and belief and according to the explanations given to us:

- (i) The transactions undertaken by the Company, during the year ended 31 December 2008, were in accordance with the guidelines prescribed by the Shariah and conform with the requirements of Takaful Rules, 2005; and
- (ii) The Company was, in all transactional respects, in compliance with the Shariah Principles. Further, we also concur with the accounting policies adopted for incorporation of Participant Takaful Fund (Waqf Fund) into the accompanying financial statements.

On behalf of Shariah Board

Dr. Ismatullah

Member of Shariah Advisory Board

Muhammad Zubair Usmani

Shariah Board Member

Karachi:
2 April, 2009



Independent Assurance Report to the management of Takaful Company in respect of Company's compliance with the Shariah Rules and Principles

We have performed an independent assurance engagement 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 Board of the Company and the Takaful Rules 2005, during the year ended 31st December 2008.

2. Management's Responsibility for Shariah Compliance

It is the responsibility of the Company to ensure that the financial arrangements, contracts, products and transactions entered into by the Company and Pak Qatar Family Takaful Limited Waqf Fund (the Waqf with participants, other financial institutions and stakeholders are, in substance and in their legal form, in compliance with the requirements of Shariah rules and principles as determined by the Shariah Board and the Takaful Rules, 2005.

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 Board and the Takaful Rules, 2005.
- 3.2 The procedures selected by us for the engagement depended on our judgement, 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 During the course of our assignment, we came across certain matters that have been brought to the attention of the Shariah Board and management of the Company entailing certain Shariah issues. Nevertheless, we were informed that it was the opinion of the Shariah Board that such matters have no materially adverse Shariah compliance effect.

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 Board and the Takaful Rules, 2005.

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 31st December 2008, are in compliance with the requirements of the Shariah rules and principles as prescribed by the Shariah Board and the Takaful Rules, 2005.

Feroz Ahmad Sedat Hyder

Chartered Accountants

Karachi:
12 April, 2009



Review Report to the members on Statement of Compliance with best practices of the Code of Corporate Governance

We have reviewed the Statement of Compliance (the Statement) with the best practices contained in the Code of Corporate Governance (the Code) for the year ended December 31st, 2008 prepared by the Board of Directors of Pak Qatar General Takaful Limited (the Company) to comply with the Best Practices of the Code.

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company, for the year ended December 31, 2008.

Ford Rhodes Sidat Hyder & Co.

Chartered Accountants

Karachi:
12 April, 2009

Auditors' Report to the Members

We have audited the annexed financial statements comprising of:

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

of **Pak - Qatar General Takaful Limited** as at **31 December 2008** together with the notes forming part thereof, for the year then ended.

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

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

In our opinion:

- (a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000, and the Companies Ordinance, 1984;
- (b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied, except for the change in accounting policy as stated in note 5.3 to the financial statements with which we concur;
- (c) the financial statements together with the notes thereon present fairly in all material respects, the state of the Company's affairs as at **31 December 2008** and of its financial performance, changes in equity and cash flows for the year then ended in accordance with the approved accounting standards as applicable in Pakistan and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and
- (d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Ford Rhodes Sidat Hyder & Co.

CHARTERED ACCOUNTANTS

KARACHI:
12 April, 2009

Balance Sheet As at December 31, 2008

	Note	2008	2007
		Rupees	
SHARE CAPITAL AND RESERVES			
Authorized share capital	8	<u>400,000,000</u>	<u>400,000,000</u>
Paid-up share capital	8	<u>307,800,080</u>	307,800,080
Accumulated loss		<u>(29,224,012)</u>	<u>(10,409,042)</u>
		278,576,068	297,391,038
ADVANCE AGAINST FUTURE ISSUE OF SHARE CAPITAL			
		2,660,568	2,660,568
WAQF / PARTICIPANTS' EQUITY [PARTICIPANTS' TAKAFUL FUND (PTF)]			
Cede money		500,000	500,000
Reserve for claims – IBNR		22,500	7,000
Reserve for unearned contribution		28,306,628	1,342,901
Reserve for unearned retakaful rebate		2,030,164	108,774
Contribution deficiency reserve		305,847	–
Accumulated deficit		(13,383,085)	(1,930,039)
		17,782,054	28,636
UNDERWRITING PROVISIONS			
Provision for outstanding reported claims		10,053,016	346,500
CREDITORS AND ACCRUALS			
Unearned Wakala fee		23,159,968	–
Amount due to retakaful operators		8,717,498	2,057,442
Accrued expenses	9	801,402	537,324
Other creditors and accruals	10	2,509,403	589,780
		35,188,271	3,184,546
TOTAL EQUITY AND LIABILITIES			
		<u>344,259,977</u>	<u>303,611,288</u>
COMMITMENTS			
	11		

The annexed notes from 1 to 26 form an integral part of these financial statements.



Chairman



Chief Executive



Director



Director

Balance Sheet As at December 31, 2008

	Note	2008	2007
		Rupees	
CASH AND BANK DEPOSITS	12		
Cash and other equivalents		102,012	4,800
Current and other accounts		40,440,858	12,463,859
Deposits maturing within 12 months		95,000,000	165,000,000
		135,542,870	177,468,659
INVESTMENTS	13	122,485,197	105,727,865
LONG-TERM SECURITY DEPOSITS		1,793,176	1,050,000
CURRENT ASSETS – OTHERS			
Contribution due but unpaid – unsecured considered good	14	15,740,445	369,060
Accrued investment income		9,817,512	1,819,033
Taxation – payment less provision		2,410,931	1,010,593
Retakaful and other recoveries in respect of outstanding claims		464,943	–
Deferred commission expense		1,123,321	73,298
Prepayments	15	9,189,267	766,095
Sundry receivables	16	1,821,537	885,711
		40,567,956	4,923,790
DEFERRED TAX ASSET	17	10,952,070	–
FIXED ASSETS – Tangible and intangible	18		
Furniture and fixtures		5,901,164	343,705
Office equipment		2,206,989	264,236
Motor vehicles		10,995,588	5,208,211
Computer equipment		2,052,047	1,520,391
Capital work-in-progress		756,265	6,773,398
Intangible – computer software		11,006,655	331,033
		32,918,708	14,440,974
TOTAL ASSETS		344,259,977	303,611,288



Chairman



Chief Executive



Director



Director

Profit and Loss Account For the year ended December 31, 2008

Note	Fire and property	Marine, aviation and transport	Motor	Miscellaneous	2008 Aggregate	2007 Aggregate
(Rupees)						
PARTICIPANTS' TAKAFUL FUND (PTF) REVENUE ACCOUNT						
Net contribution revenue	(1,994,008)	(44,885)	8,918,129	(114,431)	6,764,805	(1,528,257)
Net claims – reported	(240,004)	(500,777)	(21,947,196)	(131,600)	(22,819,577)	(392,260)
– IBNR	–	–	(15,500)	–	(15,500)	(7,000)
	(240,004)	(500,777)	(21,962,696)	(131,600)	(22,835,077)	(399,260)
	(2,234,012)	(545,662)	(13,044,567)	(246,031)	(16,070,272)	(1,927,517)
Contribution deficiency reserve	(305,847)	–	–	–	(305,847)	–
Direct expenses	–	–	(195,570)	–	(195,570)	(5,884)
Rebate/commission expense – net	3,033,914	1,287,639	60,659	418,294	4,800,506	3,362
Surplus/(Deficit) before investment income	494,055	741,977	(13,179,478)	172,263	(11,771,183)	(1,930,039)
Investment Income					530,228	–
Less: Modarib's Share					(212,091)	–
Net Investment Income					318,137	–
Deficit transferred to participants' equity					(11,453,046)	(1,930,039)
SHAREHOLDERS' FUND (SHF) REVENUE ACCOUNT						
Wakala Fee	5,325,574	2,636,047	29,475,462	2,181,841	39,618,924	–
Unearned Wakala Fee Closing	(2,576,834)	(207,077)	(19,219,544)	(1,156,513)	(23,159,968)	–
Net Wakala Income	2,748,740	2,428,970	10,255,918	1,025,328	16,458,956	–
Commission Expense	(423,205)	(512,636)	(383,814)	(41,798)	(1,361,453)	–
Management expenses	(3,998,758)	(2,046,571)	(22,543,603)	(1,604,009)	(30,192,941)	(6,326,678)
	(1,673,223)	(130,237)	(12,671,499)	(620,479)	(15,095,438)	(6,326,678)
Modarib Share of PTF Investment Income					212,091	–
General and administrative expenses					(16,059,632)	(13,648,919)
					(30,942,979)	(19,975,597)
Investment income					1,427,016	14,805,165
Other (loss)/gain					(189,425)	10,164
Cede money contributed to the Waqf (PTF)					–	(500,000)
Loss before taxation					(29,705,388)	(5,660,268)
Provision for taxation – current					(61,652)	(8,105)
– deferred					10,952,070	–
Loss after taxation					(18,814,970)	(5,668,373)

The annexed notes from 1 to 26 form an integral part of these financial statements.



Chairman



Chief Executive



Director



Director

Statement of Cash Flows For the year ended December 31, 2008

	Note	2008	2007
		Rupees	
OPERATING CASH FLOWS			
(a) Takaful activities			
Contributions received		58,182,022	1,252,020
Claims paid		(13,578,004)	(45,760)
Commission received / (paid)		5,428,066	(58,210)
Other retakaful payments		(195,570)	-
Net cash inflow from takaful activities		49,836,514	1,148,050
(b) Other operating activities			
Income tax paid		(2,472,583)	(1,015,895)
Payment to retakaful operator		(7,342,296)	(30,006,534)
Due to sponsors		-	827,729
General and other expenses paid		(41,555,533)	(14,140,533)
Advances and deposits		-	55,500
Other operating receipts		1,358,269	-
Net cash outflow from other operating activities		(50,012,143)	(44,279,733)
Total cash outflow from all operating activities		(175,629)	(43,131,683)
INVESTMENT ACTIVITIES			
Profit / return received		16,459,189	12,986,132
Payment for investments		(79,717,030)	(108,197,514)
Proceeds from investment		42,880,345	-
Receipt on disposal of fixed assets		747,875	-
Fixed capital expenditure		(22,120,539)	(15,791,049)
Total cash outflow from investing activities		(41,750,160)	(111,002,431)
FINANCING ACTIVITIES			
Proceed against issue of share capital		-	233,181,645
Advance against issue of share capital		-	2,660,568
Total cash inflow from financing activities		-	235,842,213
Net cash (used in)/inflow from all activities		(41,925,789)	81,708,099
Cash at the beginning of the year		177,468,659	95,760,560
Cash at the end of the year	12	135,542,870	177,468,659



Chairman



Chief Executive



Director



Director

Statement of Cash Flows For the year ended December 31, 2008

	Note	2008	2007
Rupees			
Reconciliation to consolidated profit and loss account			
Operating cash flows		(175,629)	(43,131,683)
Depreciation & Amortization expenses		(4,894,913)	(1,284,810)
Exchange (Gain)/Loss		(189,425)	10,164
Cede money		-	(500,000)
Investment income		1,957,244	14,805,165
(Increase) / decrease in assets		(26,245,349)	26,972,848
Increase / (decrease) in liabilities		20,487,163	(3,119,090)
Increase in unearned contribution		(34,570,108)	(1,342,901)
Income tax paid		2,472,583	-
Loss before taxation		<u>(41,158,434)</u>	<u>(7,590,307)</u>
Deficit in participants' equity		(11,453,046)	(1,930,039)
Loss before tax attributable to shareholders		<u>(29,705,388)</u>	<u>(5,660,268)</u>
		<u>(41,158,434)</u>	<u>(7,590,307)</u>

Definition of cash

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

	Note	2008	2007
Rupees			
Cash for the purposes of the statement of cash flows consists of :			
Cash and other equivalents			
Cash in hand		17,310	80
Stamps in hand		84,702	4,720
		<u>102,012</u>	<u>4,800</u>
Current and other accounts			
Current accounts		871,557	4,027,958
Saving accounts		39,569,301	8,435,901
		<u>40,440,858</u>	<u>12,463,859</u>
Deposits maturing within 12 months (encashable on demand)			
		<u>95,000,000</u>	<u>165,000,000</u>
	12	<u>135,542,870</u>	<u>177,468,659</u>

The annexed notes from 1 to 26 form an integral part of these financial statements.



Chairman



Chief Executive



Director



Director

Statement of Contributions For the year ended December 31, 2008

Takaful business underwritten inside Pakistan

	Contribution written	Wakala Fee	Net contribution	Unearned contribution reserve		Contributions earned	Retakaful ceded	Prepaid retakaful ceded		Retakaful expenses	2008 Net contribution revenue	2007 Net contribution revenue
				Opening	Closing			Opening	Closing			
(Rupees)												
Fire and property	11,445,609	5,325,574	6,120,035	318,064	3,149,464	3,288,635	9,988,146	281,748	4,987,251	5,282,643	(1,994,008)	4,451
Marine, Aviation and Transport	5,857,882	2,636,047	3,221,835	-	253,093	2,968,742	3,330,829	-	317,202	3,013,627	(44,885)	-
Motor	64,526,347	29,475,462	35,050,885	792,424	23,490,554	12,352,755	4,279,401	-	844,775	3,434,626	8,918,129	(1,541,413)
Miscellaneous	4,591,137	2,181,841	2,409,296	232,413	1,413,517	1,228,192	2,817,439	101,347	1,576,163	1,342,623	(114,431)	8,705
	<u>86,420,975</u>	<u>39,618,924</u>	<u>46,802,051</u>	<u>1,342,901</u>	<u>28,306,628</u>	<u>19,838,324</u>	<u>20,415,815</u>	<u>383,095</u>	<u>7,725,391</u>	<u>13,073,519</u>	<u>6,764,805</u>	<u>(1,528,257)</u>

The annexed notes from 1 to 26 form an integral part of these financial statements.



Chairman



Chief Executive



Director



Director

Statement of Claims For the year ended December 31, 2008

Takaful business underwritten inside Pakistan

Claims paid	Provision for outstanding reported claims		Claims expense	Ratakaful and other recoveries received	Retakaful and other recoveries in respect of outstanding claims		Ratakaful and other recoveries revenue	2008 Net claims expense	2007 Net claims expense
	Opening	Closing			Opening	Closing			

(Rupees)

Direct and facultative

Fire and Property	465,781	-	225,000	690,781	279,469	-	171,308	450,777	240,004	-
Marine, Aviation and Transport	851,885	-	149,670	1,001,555	425,943	-	74,835	500,778	500,777	-
Motor	16,081,672	346,500	9,594,846	25,330,018	3,207,822	-	175,000	3,382,822	21,947,196	385,600
Miscellaneous	91,900	-	83,500	175,400	-	-	43,800	43,800	131,600	6,660
	<u>17,491,238</u>	<u>346,500</u>	<u>10,053,016</u>	<u>27,197,754</u>	<u>3,913,234</u>	<u>-</u>	<u>464,943</u>	<u>4,378,177</u>	<u>22,819,577</u>	<u>392,260</u>

The annexed notes from 1 to 26 form an integral part of these financial statements.



Chairman



Chief Executive



Director



Director

Statement of Expenses For the year ended December 31, 2008

Takaful business underwritten inside Pakistan

Commission paid or payable	Deferred Commission		Net commission expenses	Direct expenses	Takaful expense	Rebate from retakaful operators	2008 Net takaful expense	2007 Net takaful expense
	opening	Closing						

(Rupees)

Direct and facultative

Fire and property	844,968	38,995	460,758	423,205	-	423,205	3,033,914	(2,610,709)	(8,189)
Marine, Aviation and Transport	561,578	-	48,942	512,636	-	512,636	1,287,639	(775,003)	-
Motor	904,924	32,662	553,772	383,814	195,570	579,384	60,659	518,725	15,341
Miscellaneous	100,005	1,641	59,848	41,798	-	41,798	418,294	(376,496)	(4,630)
Total	2,411,475	73,298	1,123,320	1,361,453	195,570	1,557,023	4,800,506	(3,243,483)	2,522

The annexed notes from 1 to 26 form an integral part of these financial statements.



Chairman



Chief Executive



Director



Director

Statement of Investment Income For the year ended December 31, 2008

	2008	2007
	Rupees	
Income from non-trading investments		
Participants' Fund (PTF)		
Profit on bank balances and deposits	333,277	-
Profit on Government securities	196,951	-
	530,228	-
Less: Modarib's fee	(212,091)	-
Net investment income	<u>318,137</u>	<u>-</u>
Shareholders' Fund (SHF)		
Profit on bank balances and deposits	14,894,522	8,318,242
Gain on sale of investments	2,421,297	5,029,913
Dividend income	616,521	-
Profit on Government securities	5,236,996	2,506,995
Profit on other than Government securities	758,104	-
Amortization of premium of Government securities	(928,955)	(1,049,985)
Amortization of discount of other than Government securities	12,847	-
Impairment in value of investments – AFS	(21,584,316)	-
	(16,505,324)	1,457,010
Net investment income	<u>1,427,016</u>	<u>14,805,165</u>

The annexed notes from 1 to 26 form an integral part of these financial statements.



Chairman



Chief Executive



Director



Director



Notes to the Financial Statements For the year ended December 31, 2008

1. CORPORATE INFORMATION

Pak - Qatar General Takaful Limited (the Company) was incorporated in Pakistan as an unquoted public limited company on March 15, 2006. The Company received Certificate of Registration on August 16, 2007 under Section 6 of the Insurance Ordinance, 2000. The registered office of the Company is situated at Suite # 402-403, Business Arcade, Block 6, P.E.C.H.S, Karachi. The main business activity of the Company is to undertake takaful business. The company operates with 5 (2007: 01) branches in Pakistan.

For the purpose of carrying on the takaful business, the Company has formed a Waqf for Participants' Equity. The Waqf (PTF) was formed on August 17, 2007 under a trust deed executed by the Company with a cede money of Rs. 500,000/-. Waqf deed also governs the relationship of shareholders and policyholders for management of takaful operations, investment of policyholders' funds and investment of shareholders' funds approved by the Shariah Board established by the Company.

2. BASIS OF PREPARATION

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

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

3. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984, the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002, Takaful Rules, 2005 and directives issued by the SECP. Wherever the requirements of Companies Ordinance, 1984, the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002, Takaful Rules, 2005 or directives issued by the SECP differ with the requirements of IFRS / IFAS, the requirements of the Companies Ordinance, 1984, the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002, Takaful Rules, 2005 or said directives shall prevail.

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

4. BASIS OF MEASUREMENT

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

Notes to the Financial Statements For the year ended December 31, 2008

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1. Provision for reported claims

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

5.2. Reserve for claim – Incurred But Not Reported (IBNR)

Reserve for claims - IBNR is made at the estimated cost of settling claims incurred but not reported at the balance sheet date on the basis of past trends and management's judgment.

5.3. Reserve for unearned contribution

The unearned portion of contribution income 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. The company has changed the accounting policy in the current year. Before such change the reserve was calculated by applying the 1/24th method as per the option given by the SEC (Insurance) Rules, 2002. Accordingly, such prospective change in accounting policy has no material effect on these financial statements.

5.4. Deficiency reserve

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

The management considers that the provision for the unearned contribution for all classes of the business as at the year end is adequate to meet the expected future liability, after reinsurance, for claims and other expenses expected to be incurred after the balance sheet date in respect of policies in force at the balance sheet date, except for fire and property in which deficiency reserve of Rs. 305,847/- has been created in these financial statements.

5.5. Contingency reserve

Contingency reserve is maintained, if required, based on the technical estimations.

5.6. Appropriations

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

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

Notes to the Financial Statements For the year ended December 31, 2008

5.8. Investments

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

Held-to-maturity

These are securities with fixed or determinable payments and fixed maturity that the Company has a positive intent and ability to hold to maturity.

These are initially measured at cost including acquisition charges associated with the investments. Subsequent to initial recognition, these investments are measured at amortized cost less any accumulated impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition by using the effective return method.

Available-for-sale

These are investments that do not fall under the other categories.

These are initially measured at cost including acquisition charges associated with the investments. Subsequent to initial recognition, these are stated at the lower of cost or market value (market value being taken as lower if the reduction is other than temporary) in accordance with the requirements of SEC (Insurance) Rules, 2002. Further, pursuant to Circular No.3 dated 16 February 2009, read with SRO 150(I) dated 13 February 2009 of the SECP, the decline in the fair values of available-for-sale securities as disclosed in note 13 to the financial statements is considered as other than temporary, and accordingly, impairment is recognised against these securities in the current year's profit and loss account.

5.9. Retakaful recoveries against outstanding claims

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.

5.10. Deferred commission expense

Commission incurred in obtaining and recording takaful 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.

5.11. Prepaid retakaful

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

5.12. Amount due to / from retakaful operators

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

Notes to the Financial Statements For the year ended December 31, 2008

5.13. Fixed assets and depreciation

Tangible

These are stated at cost less accumulated depreciation and impairment, if any. Depreciation is charged using reducing balance method at the rates specified in note 18.1 to the financial statements. Depreciation on additions is charged from the month of addition while no depreciation is charged in the month of disposal. Gains and losses on disposals are taken to profit and loss account.

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.

Intangible

These are stated at cost less accumulated amortisation on and any provision for impairment loss. Depreciation on intangible fixed assets is charged to income applying the reducing balance method at the rates specified in note 18.3 to the financial statements after taking into account residual value, if any.

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

Impairment

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

Capital work-in-progress

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

5.14. 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. Financial assets are de-recognized when the contractual right to future cash flows from the asset expire or is transferred along with the risk and reward of the asset. Financial liabilities are de-recognized when obligation specified in the contact is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial asset and liabilities are recognized in the profit and loss account of the current period.

Notes to the Financial Statements For the year ended December 31, 2008

5.15. 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.

5.16. Revenue recognition

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

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 to which it relates.

Administrative surcharge is recognized as contribution at the time of issuance of policies.

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

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

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

5.17. Taxation

Current

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

Deferred

Deferred tax is 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.

Notes to the Financial Statements For the year ended December 31, 2008

5.18. Staff retirement benefits

Defined contribution plan

The Company contributes to a provident fund scheme which covers all employees. Equal contributions are made both by the Company and the employees to the fund at the rate of ten percent of basic salary.

5.19. Other management expenses

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

5.20. Foreign currencies

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

5.21. Wakala and Modarib fees

The shareholders of the Company manage the general takaful operations for the participants and charge 45% of gross contribution as a Wakala fee to meet the general and administrative expenses.

The shareholders of the Company also manage the participants' investments as a Modarib and charge 40% Modarib's share of the general takaful investment income earned by PTF.

5.22. Segment reporting

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 markets.

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

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

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

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

5.23. Takaful surplus

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

5.24. Qard-e-Hasna

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

Notes to the Financial Statements For the year ended December 31, 2008

6. ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements requires management to make judgements, 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 judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in period of revision and future periods if the revision affects both current and future periods. The estimates and judgements that have a significant effect on the financial statements are in respect of the following:

	Note
Provision for reported claims	5.1
Reserve for claims - IBNR	5.2
Deficiency reserve	5.4
Classification of investments	5.8 & 13
Useful lives of assets and method of depreciation	5.13 & 18
Deferred taxation	5.17 & 17

7. ACCOUNTING STANDARDS NOT YET EFFECTIVE

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

Standard or Interpretation	Effective date (accounting periods beginning on or after)
IAS 1 - Presentation of Financial Statements (Revised)	01 January 2009
IAS 23 - Borrowings Costs (Revised)	01 January 2009
IAS 27 - Consolidated and Separate Financial Statements (Revised)	01 January 2009
IAS 32 - Financial Instruments: Presentation (Amendments)	01 January 2009
IFRS 2 - Share-based Payment (Amendments)	01 January 2009
IFRS 3 - Business Combinations	01 July 2009
IFRS 4 - Insurance Contracts	01 January 2009
IFRS 7 - Financial Instruments: Disclosures	01 July 2008
IFRS 8 - Operating segments	01 January 2009
IFRIC 13 - Customer Loyalty Programs	01 July 2008
IFRIC 15 - Agreements for the Construction of Real Estate	01 January 2009
IFRIC 16 - Hedges of a Net Investment in a Foreign Operation	01 October 2008
IFRIC 17 - Distributions of Non-cash Assets	01 July 2009
IFRIC 18 - Transfers of Assets from Customers	01 July 2009

The Company expects that the adoption of the above standards and interpretations, other than IFRS 4, will have no material impact on the Company's financial statements in the period of initial application other than to the extent of certain changes or enhancements in the presentation and disclosures in the financial statements. In respect of IFRS 4, the Company is currently evaluating the impact on the financial statements for the year ending 31 December 2009.

Notes to the Financial Statements For the year ended December 31, 2008

2008 SHF	Rupees	2007 SHF
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8. SHARE CAPITAL

8.1. Authorized share capital

Ordinary shares of Rs. 10/- each.

Number of shares			2008 SHF	2007 SHF
2008	2007			
40,000,000	25,000,000	At the beginning of the year	400,000,000	250,000,000
-	15,000,000	Increased during the year	-	150,000,000
40,000,000	40,000,000		400,000,000	400,000,000

8.2. Paid-up share capital

Issued, subscribed and paid up capital

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

Number of shares			2008 SHF	2007 SHF
2008	2007			
30,780,008	8	At the beginning of the year	307,800,080	80
-	30,780,000	Issued during the year	-	307,800,000
30,780,008	30,780,008		307,800,080	307,800,080

2008		2007	
Ordinary shares of Rs. 10/- each	Percentage of Holding	Ordinary shares of Rs. 10/- each	Percentage of Holding

8.3. Major share holders of the Company are:

Qatar National Bank	5,000,000	16.25	5,000,000	16.25
Qatar Islamic Insurance	3,251,250	10.56	3,251,250	10.56
Masraf Al Rayan	6,000,000	19.50	6,000,000	19.50
Fawad Yousuf Securities (Private) Limited	3,078,000	10.00	3,078,000	10.00

Notes to the Financial Statements For the year ended December 31, 2008

	2008 SHF	2007 SHF
	Rupees	
9. ACCRUED EXPENSES		
Legal and professional charges	26,325	17,500
Rent, rates and electricity	29,009	40,062
Repair and maintenance	-	6,882
Communications	86,116	20,000
Printing and stationery	18,873	3,993
Traveling and entertainment	-	67,160
Advertisement and sales promotion	-	103,559
Auditors remuneration payable	250,000	220,000
Consultancy charges	302,450	-
Others	88,629	58,168
	801,402	537,324

10. OTHER CREDITORS AND ACCRUALS

	2008			2007		
	PTF	SHF	TOTAL	PTF	SHF	TOTAL
	Rupees					
Federal excise duty	903,872	-	903,872	81,329	-	81,329
Federal insurance fee	89,990	-	89,990	4,324	-	4,324
Commission payable	-	1,152,689	1,152,689	35,041	-	35,041
P.F. to employees	-	295,742	295,742	-	414,386	414,386
Stale Cheques	-	61,710	61,710	-	-	-
Consultancy Charges	-	-	-	-	54,700	54,700
Other liability	-	5,400	5,400	-	-	-
	993,862	1,515,541	2,509,403	120,694	469,086	589,780

11. COMMITMENTS

Commitment for the Office renovation amount to Rs.1,693,307/- (2007: Rs.7,151,565/-)

Notes to the Financial Statements For the year ended December 31, 2008

12. CASH AND BANK DEPOSITS

Note	2008			2007			
	PTF	SHF	TOTAL	PTF	SHF	TOTAL	
Rupees							
Cash and other equivalents							
Cash in hand	-	17,310	17,310	-	80	80	
Stamps in hand	-	84,702	84,702	-	4,720	4,720	
	-	102,012	102,012	-	4,800	4,800	
Current and other accounts							
Current accounts							
- Local currency	3	871,554	871,557	1,491,734	2,536,224	4,027,958	
- Foreign currency	-	-	-	-	-	-	
Saving accounts	12.1	22,212,421	39,569,301	10,000	8,425,901	8,435,901	
		17,356,883	23,083,975	40,440,858	1,501,734	10,962,125	12,463,859
Deposits maturing within 12 Months	12.2	-	95,000,000	95,000,000	-	165,000,000	165,000,000
		17,356,883	118,185,987	135,542,870	1,501,734	175,966,925	177,468,659

12.1. Saving accounts carry expected profit rates ranging from 5 percent to 11 percent (2007: from 4.48 percent to 5.95 percent) per annum.

12.2. This represents short-term deposits of fixed maturities maintained with Islamic commercial banks under profit and loss sharing basis. The estimated profit rate on such deposits ranges from 5.1 percent to 16 percent (2007: from 5.5 percent to 8.55 percent per annum and having maturity upto March 31, 2009).

Notes to the Financial Statements For the year ended December 31, 2008

13. INVESTMENTS

Note	2008			2007			
	PTF	SHF	TOTAL	PTF	SHF	TOTAL	
Rupees							
Held-to-maturity							
WAPDA 1 st Sukuk certificates	13.1	-	29,215,880	29,215,880	-	30,142,020	30,142,020
WAPDA 2 nd Sukuk certificates	13.1	-	15,041,698	15,041,698	-	15,044,502	15,044,502
Karachi Shipyard and Engineering Works Sukuk certificates – I		-	1,000,000	1,000,000	-	1,000,000	1,000,000
Karachi Shipyard and Engineering Works Sukuk certificates – II		-	3,000,000	3,000,000	-	-	-
Govt. of Pakistan Ijara - Sukuk		5,000,000	5,000,000	10,000,000	-	-	-
Century Papers & Board Mills Limited – Sukuk		-	8,934,712	8,934,712	-	-	-
Engro Chemicals Pakistan Limited – Sukuk		-	24,778,135	24,778,135	-	-	-
	13.2	5,000,000	86,970,425	91,970,425	-	46,186,522	46,186,522
Available-for-sale – Listed securities							
Investment in Mutual Funds							
United Islamic Income Fund		-	-	-	-	20,560,500	20,560,500
United Composite Islamic Fund		-	4,569,166	4,569,166	-	24,603	24,603
Meezan Capital Protected Fund – I		-	13,383,498	13,383,498	-	-	-
Meezan Islamic Income Fund		-	-	-	-	38,493,716	38,493,716
Meezan Islamic Fund – Growth units		-	10,457,752	10,457,752	-	462,524	462,524
Investment in Companies							
Lucky Cement Limited – shares		-	469,050	469,050	-	-	-
Oil & Gas Development Company Limited – shares		-	749,850	749,850	-	-	-
Pakistan Petroleum Limited – shares		-	885,456	885,456	-	-	-
	13.3	-	30,514,772	30,514,772	-	59,541,343	59,541,343
		5,000,000	117,485,197	122,485,197	-	105,727,865	105,727,865

13.1. WAPDA Sukuk certificates amounting to Rs. 31,000,000/- (2007: Rs. 31,000,000/-) are held under lien with the State Bank of Pakistan in compliance with requirements of Section 29 of the Insurance Ordinance, 2000.

Notes to the Financial Statements For the year ended December 31, 2008

13.2. Held-to-maturity

Name of the investee companies organizations	Note	2008	2007	2008	2007	2008	2007
		Number of Certificate		Face Value	Face Value	Cost (Rupees)	Cost (Rupees)
Sukuk Certificates							
WAPDA 1 st Sukuk Certificates	13.2.1	5,000	5,000	5,000	5,000	29,215,880	30,142,020
WAPDA 2 nd Sukuk Certificates Karachi Shipyard and Engineering Works Sukuk Certificates – I	13.2.2	3,000	3,000	5,000	5,000	15,041,698	15,044,502
Karachi Shipyard and Engineering Works Sukuk Certificates – II	13.2.3	200	200	5,000	5,000	1,000,000	1,000,000
Government of Pakistan Ijara – Sukuk	13.2.4	600	-	5,000	-	3,000,000	-
Century Papers & Board Mills Limited – Sukuk	13.2.5	100	-	100,000	-	10,000,000	-
Engro Chemicals Pakistan Limited – Sukuk	13.2.6	2,000	-	5,000	-	8,934,712	-
	13.2.7	5,000	-	5,000	-	24,778,135	-
						<u>91,970,425</u>	<u>46,186,522</u>

*As at December 31, 2008 the market value of investment classified as Held to Maturity was 89,399,000.

13.2.1 These carry profit at the rate of six months KIBOR plus 35 basis points (2007: six months KIBOR plus 35 basis points) receivable semi-annually basis provisional basis with maturity in October 2012. These are backed by the Government of Pakistan's Sovereign guarantee.

13.2.2 These carry profit at the rate of six months KIBOR minus 25 basis points (2007: six months KIBOR minus 25 basis points) receivable semi-annually on provisional basis with maturity in July 2017. These are backed by the Government of Pakistan's Sovereign guarantee.

13.2.3 These carry profit at the rate of six months KIBOR plus 40 basis points (2007: six months KIBOR plus 40 basis points) receivable semi-annually with maturity in November 2015. These are backed by the Government of Pakistan's Sovereign guarantee.

13.2.4 These carry profit at the rate of six months KIBOR plus 40 basis points (2007: nil) receivable semi-annually with maturity in 2016. These are backed by the Government of Pakistan's Sovereign guarantee.

13.2.5 The profit on sukuk shall be paid annually on the basis of rentals rate announced by the State Bank of Pakistan prior to start of each half year. The sukuk shall not be redeemable before maturity in September 2011. These are backed by the Government of Pakistan's Sovereign guarantee.

13.2.6 These carry profit at the rate calculated through average of six months KIBOR of last five business days prior to beginning of each semi annual rental payment period plus margin equal to 135 basis point (2007: nil) receivable semi-annually. These mature on September 25, 2014 and are secured by way of mortgage of immovable property of the company and ranking of the hypothecation charge over the assets of respective expansion project to the extent of beneficial right of the certificate holders with 25% margin.

13.2.7 These carry profit at the rate of six months KIBOR plus 150 basis points (2007: nil) receivable semi-annually with maturity in September 2015. The facility amount will be contributed against ranking charge over all present and future asset of Engro Chemical Pakistan Limited.

Notes to the Financial Statements For the year ended December 31, 2008

13.3. Details of investments in Mutual Funds and Listed Companies

Name of the investee funds / companies	2008	2007	Face Value	2008	2007	2008	2007
	Number of Units			Fair Value	Cost (Rupees)		
Units							
United Islamic Income Fund	-	204,614	100	-	20,796,954	-	20,560,500
United Composite Islamic Fund	72,480	247	100	4,569,166	26,515	8,024,604	24,603
Meezan Capital Protected Fund – 1	291,262	-	100	13,383,498	-	15,000,000	-
Meezan Islamic Income Fund	-	743,377	100	-	38,811,703	-	38,493,716
Meezan Islamic Fund Growth Units	469,168	8,050	100	10,457,752	507,501	23,462,524	462,524
Shares							
Lucky Cement Limited	15,000	-	10	469,050	-	1,684,836	-
Oil & Gas Development Company Limited	15,000	-	10	749,850	-	1,883,026	-
Pakistan Petroleum Limited	8,800	-	10	885,456	-	2,044,098	-
				<u>30,514,772</u>	<u>60,142,673</u>	<u>52,099,088</u>	<u>59,541,343</u>

13.4. The Company uses net assets value issued by the fund manager at the balance sheet date to determine the fair value of its investment in Mutual funds and quoted prices of shares to determine the fair value of its investment in Listed companies. Provision for diminution in the value of securities is made after considering impairment, if any, in their value and charged to profit and loss account. However, subsequent to the year end, the SECP has issued circular No. 3/2009 dated February 16, 2009 whereby if the market value of any available for sale investment as at December 31, 2008 is less than cost, the fall in value may be treated as temporary and the investment valued at cost. The circular further states that insurance company which wishes to treat the fall in value as other than temporary, in whole or in part, may do so. Accordingly, the company has opted that the fall in value of its investments as at December 31, 2008 amounting to Rs. 21,584,316/- as other than temporary and has charged it to the profit and loss account.

	2008 SHF	2007 SHF
	Rupees	
Related party	690,000	78,822
Others	15,050,445	290,238
	<u>15,740,445</u>	<u>369,060</u>

Notes to the Financial Statements For the year ended December 31, 2008

2008			2007		
PTF	SHF	TOTAL	PTF	SHF	TOTAL

Rupees

15. PREPAYMENTS

Prepaid rent	-	594,314	594,314	-	304,013	304,013
Prepaid takaful contribution	-	295,536	295,536	-	78,987	78,987
Prepayment - Services Contract	-	574,026	574,026	-	-	-
Prepared retakaful ceded	7,725,391	-	7,725,391	383,095	-	383,095
	<u>7,725,391</u>	<u>1,463,876</u>	<u>9,189,267</u>	<u>383,095</u>	<u>383,000</u>	<u>766,095</u>

2008
SHF

2007
SHF

Rupees

16. SUNDRY RECEIVABLES – Considered good

Security deposits	374,973	354,974
Advance to employees	519,756	-
Accrued profit paid on settlement		
- Engro Chemicals Pakistan Limited Sukuk	608,205	-
- Century Papers & Board Mills Limited	274,603	-
- WAPDA 2 nd Sukuk certificates	-	530,737
Dividend income	44,000	-
	<u>1,821,537</u>	<u>885,711</u>

17. DEFERRED TAX ASSET

Deferred Tax debits arising in respect of:

Available tax losses	11,853,612	-
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Deferred Tax credit arising due to :

Accelerated depreciation allowance	(901,542)	-
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10,952,070

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

18. FIXED ASSETS – tangible and intangible

Furniture and fixture	18.1	5,901,164	343,705
Office equipment	18.1	2,206,989	264,236
Motor vehicles	18.1	10,995,588	5,208,211
Computers equipment	18.1	2,052,047	1,520,391
Capital work-in-process	18.2	756,265	6,773,398
Intangible - computer software	18.3	11,006,655	331,033
		<u>32,918,708</u>	<u>14,440,974</u>

Notes to the Financial Statements For the year ended December 31, 2008

18.1. Tangible owned assets

Particulars	2008							
	Cost			Accumulated depreciation			Book Value	Rate %
	As at January 01, 2008	Addition/ (deletion)	As at December 31, 2008	As at January 01, 2008	For the year	As at December 31, 2008		
	SHF Rupees							
Furniture and fixture	387,577	6,173,514 (246,706)	6,314,385	43,872	418,743 (49,394)	413,221	5,901,164	15
Office equipment	282,277	2,229,685	2,511,962	18,041	286,932	304,973	2,206,989	15
Motor vehicles	6,116,591	8,079,206 (963,560)	13,232,237	908,380	1,548,141 (219,872)	2,236,649	10,995,588	20
Computers equipment	1,809,172	1,123,127	2,932,299	288,781	591,471	880,252	2,052,047	30
	<u>8,595,617</u>	<u>17,605,532 (1,210,266)</u>	<u>24,990,883</u>	<u>1,259,074</u>	<u>2,845,287 (269,266)</u>	<u>3,835,095</u>	<u>21,155,788</u>	
	2007							
Particulars	Cost			Accumulated depreciation			Book Value	Rate %
	As at January 01, 2007	Addition/ (deletion)	As at December 31, 2007	As at January 01, 2007	For the year	As at December 31, 2007		
	SHF Rupees							
Furniture and fixture	-	387,577	387,577	-	43,872	43,872	343,705	15
Computers	-	1,809,172	1,809,172	-	288,781	288,781	1,520,391	30
Office equipment	-	282,277	282,277	-	18,041	18,041	264,236	15
Motor vehicles	-	6,116,591	6,116,591	-	908,380	908,380	5,208,211	20
	<u>-</u>	<u>8,595,617</u>	<u>8,595,617</u>	<u>-</u>	<u>1,259,074</u>	<u>1,259,074</u>	<u>7,336,543</u>	

Notes to the Financial Statements For the year ended December 31, 2008

	2008 SHF	2007 SHF
	Rupees	
19. MANAGEMENT EXPENSES		
Salaries, allowances and other benefits	14,660,912	3,307,787
Shariah advisors' fee	849,225	364,000
Rent, rates and electricity	2,643,610	663,993
Communication	642,496	95,962
Printing and stationery	379,836	60,909
Traveling and entertainment	761,798	302,874
Depreciation	18.4 1,906,342	476,412
Amortization	18.4 1,373,249	12,295
Repair and maintenance	2,265,573	286,029
Advertisement and sales promotion	2,721,320	436,839
Legal and professional	473,623	150,150
Takaful contribution	466,926	50,711
Training expenses	75,214	45,325
Fees and subscription	42,568	-
Bank charges	25,644	6,200
Brokerage	7,035	-
Expense on combined policies	18,090	-
Office expenses	72,426	-
Conference and seminar	175,875	-
Others	631,179	67,192
	30,192,941	6,326,678
20. GENERAL AND ADMINISTRATIVE EXPENSES		
Salaries, allowances and other benefits	7,221,046	6,599,532
Shariah advisors' fee	418,275	548,704
Consultancy fee	529,951	570,000
Rent, rates and electricity	1,302,076	2,326,157
Communication	316,453	274,032
Printing and stationery	187,084	96,550
Traveling and entertainment	375,214	472,382
Depreciation	18.4 938,945	782,662
Amortization	18.4 676,376	13,441
Repair and maintenance	1,115,879	588,635
Advertisement and sales promotion	1,340,352	225,112
Legal and professional	233,277	537,200
Takaful contribution	229,979	78,976
Auditors' remuneration	20.1 658,530	340,900
Training expenses	37,046	60,925
Fees and subscription	20,966	21,603
Bank charges	12,630	3,810
Brokerage	3,465	-
Expense on combined policies	8,910	-
Office expenses	35,674	-
Conference and seminar	86,625	5,000
Others	310,879	103,298
	16,059,632	13,648,919

Notes to the Financial Statements For the year ended December 31, 2008

20.1. Auditors' remuneration

	2008 SHF	2007 SHF
	Rupees	
Audit fee	250,000	180,000
Half yearly review	125,000	50,000
Review of Compliance with Code of Corporate Governance and other certifications	249,685	100,000
Out of pocket	33,845	10,900
	658,530	340,900

21. TAXATION

Current

The assessment of the Company for the Tax Year 2008 is considered to be deemed assessed.

The Current Tax charged for the year is only for the Dividend income, therefore, tax reconciliation between accounting profit and tax expense is not presented.

22. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	2008			2007		
	CEO	Directors	Executive	CEO	Directors	Executive
	Rupees			Rupees		
Managerial remuneration	2,340,000	-	3,588,195	2,145,000	-	2,584,812
House rent	1,053,000	-	1,614,688	965,250	-	1,163,165
Utilities	207,000	-	318,917	189,750	-	228,658
Medical expenses	9,189	-	105,463	12,925	-	29,191
Others	107,400	-	343,303	160,730	-	184,958
	3,716,589	-	5,970,566	3,473,655	-	4,190,784
Number of persons	1	-	8	1	-	6

22.1. The Company has not paid any remuneration to the Directors for the services rendered to the Company.

22.2. The Company also provides some of the executives with Company maintained cars.

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

Notes to the Financial Statements For the year ended December 31, 2008

23. RISK MANAGEMENT

23.1. Liquidity risk

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

23.2. Profit / mark-up / yield rate risk

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

23.3. Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market. The Company manages its exposure to such risks by maintaining a diversified portfolio comprising of Islamic mutual funds.

23.4. Credit risk and concentration of credit risk

Credit risk is the risk, which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, by undertaking transactions with a large number of counterparties in various industries and by continually assessing the credit worthiness of counterparties.

23.5. Foreign Exchange risk

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

23.6. Capital Management

Capital requirements applicable to the Company are set and regulated by the SECP. These requirements have been put in place to ensure sufficient solvency margins. The Company manages its capital requirement by assessing its capital structure against the required capital level on a regular basis. Currently the Company has a paid-up capital of Rs.307,800,080/- against the minimum required paid-up capital of Rs.160,000,000/- set by the SECP for the insurance companies / takaful operators for the year ended December 31, 2008.

23.7. Fair value of financial instruments

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

The fair values of all the financial instruments are estimated to be not significantly different from their carrying values except held-to-maturity and available-for-sale investments whose fair values have been disclosed in note 13 to the financial statements.

Notes to the Financial Statements For the year ended December 31, 2008

23.8. Retakaful risk

In common with other takaful companies, in order to minimize the financial exposure arising from large claims, the management (on behalf of PTF), 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 participants and as a result the PTF remains liable for the portion of outstanding claim to the extent that retakaful operator fails to meet the obligation under the retakaful agreements. To minimize its exposure to significant losses from retakaful operator solvencies, the management evaluates the financial condition of its retakaful operators and monitors concentration of credit risk arising from similar geographic regions, activities or economic characteristics of retakaful operators.

24. RELATED PARTIES DISCLOSURES

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

Relationship	Nature of transactions	2008	2007
		SHF	SHF
		Rupees	
Major shareholders	Issue of share capital	–	204,072,500
	Advance against future issue of share capital	–	95,428,250
	Commission paid	18,000	–
Group companies	Payment made by related parties on behalf of the company	713,975	1,304,556
	Claims expenses	154,383	–
	Contribution paid	451,409	–
	Contribution written	1,339,588	–
	Sale of fixed assets	747,875	–

25. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 12 April, 2009 by the Board of Directors of the Company.

26. GENERAL

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



Chairman



Chief Executive



Director



Director

Pattern of shareholding

PATTERN OF SHAREHOLDING

1. Incorporation Number **12242/20060307 / 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 2008

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

5. Categories of shareholders	Shares held	Percentage
5.1 Directors, Chief Executive Officer, and their spouse and minor children.		
5.1.1. Sheikh Ali Bin Abdullah	1,089,033	3.54%
5.1.2. Said Gul & Spouse	1,080,000	3.51%
5.1.3. Zahid H. Awan	40,801	0.13%
5.1.4. M. Vaqaruddin	1,000	0.00%
5.1.5. Izzat M. Al-Rashid	1	0.00%
5.1.6. Abdul Basit Al-Shaibei	1	0.00%
5.1.7. Chowdhry M. Wasi	1	0.00%

Categories of shareholders	Shares held	Percentage
5.2 Associated Companies, undertakings and related parties.		
a) Qatar National Bank	5,000,000	16.24%
b) Masraf Al-Rayan	6,000,000	19.49%
5.3 NIT and ICP	–	0.00%
5.4 Banks, Development Financial Institutions, Non Banking Financial Institutions.		
5.4.1. Qatar National Bank	5,000,000	16.24%
5.4.2. Masraf Al-Rayan	6,000,000	19.49%
5.4.3. Qatar Islamic Bank	2,500,000	8.12%
5.4.4. Qatar International Islamic Bank	2,500,000	8.12%
5.4.5. Amwal QSC	2,350,000	7.63%
5.4.6. Doha Bank	302,400	0.98%
5.5 Insurance Companies		
5.5.1. Qatar Islamic Insurance Co.	3,251,250	10.56%
5.6 Modarabas and Mutual Funds	–	0.00%
5.7 Share holders holding 10%		
5.7.1. Qatar Islamic Insurance Co.	3,251,250	10.56%
5.7.2. Fawad Yusuf Securities (Pvt.) Ltd.	3,078,000	10.00%
5.7.3. Qatar National Bank	5,000,000	16.24%
5.7.4. Masraf Al-Rayan	6,000,000	19.49%
5.8 General Public		
a. Local	1,000	0.00%
b. Foreign	3,586,521	11.65%
5.9 Others (to be specified)		



Proxy Form

The Company Secretary
Pak Qatar General Takaful Limited
Suite # 402-403, 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 register **Folio No.** _____ and / or **CDC Participant ID No.** _____ and **Sub Account 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 **3rd Annual General Meeting of Pak Qatar General Takaful Limited** to be held on _____ and at any adjournment thereof.

Signed this _____ day of April 2009.

(Witnesses)

1. _____ (Signature)
_____ (Name)
_____ (Address)

_____ (CNIC / Passport No.)

2. _____ (Signature)
_____ (Name)
_____ (Address)

_____ (CNIC / Passport No.)

Please affix
Rupees five
revenue
stamp

Signature of
member(s)

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