



Annual Report 2009

PAK-QATAR GENERAL TAKAFUL LIMITED
www.pakqatar.com.pk



PAK-QATAR GENERAL TAKAFUL
Together we Protect

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VISION

Providing financial protection through Takaful, to everyone

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 the best ethical practices in all aspects of our operations, while abiding by the Shari'ah and the law of the land.
- Empower our employees by inspiring, guiding, enabling and supporting them.
- Ensure our support to the community and environment with excellence.
- Ensure customer satisfaction by offering quality products and services driven by their needs.
- Ensure optimum returns to the shareholders.

COMPANY INFORMATION

Board of Directors

H. E. Sheikh Ali Bin Abdullah Al-Thani	Chairman
Ali Abdullah Darwesh	Vice Chairman
Zahid Hussain Awan	Director & Chief Executive Officer
Abdul Basit Al-Shaibei	Director
Mark Diab	Director
Said Gul	Director
Chowdhry Muhammad Wasi	Director
Fawad Yusuf	Director
Pervaiz Ahmed	Director
Mohammed Maher Al Jaabri	Director

Executive Committee

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

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, LLB, ACA, FCMA

Registered Office

402-404, 4th Floor, Business Arcade, P.E.C.H.S., Block-6,
Sharea Faisal, Karachi, Pakistan.
Phone: + 92 21 34380357-61
Fax: +92 21 34386453
Email: info@pakqatar.com.pk
Web: www.pakqatar.com.pk



Management Committee

Rohail Alikhan
Najmullah Khan
M. Kamran Saleem
Khurram Hafiz
Afshan Naqvi
Saifuddin Shaikh
Momin Hayat
Syed Adnan Hasan
Muneeb Afzal Lone
Osama Javed Usmani
Muhammad Raza
Muhammad Farid Habib
Zia Mehdi

Deputy Chief Executive Officer
Chief Operating Officer
Chief Financial Officer & Company Secretary
Head of Sales
Head of IT & Systems
Head of Administration
Head of Training & Shariah Compliance
Head of Marketing
Head of Internal Audit
Head of Human Resources
Head of Claims & Re-takaful
Head of Non Marine Business
Head of Marine Business

Underwriting Committee

Rohail Alikhan
Najmullah Khan
M. Kamran Saleem
Muhammad Farid Habib
Zia Mehdi

Chairman
Secretary
Member
Member
Member

Retakaful Committee

Rohail Alikhan
Najmullah Khan
Muhammad Raza
Muhammad Farid Habib

Chairman
Secretary
Member
Member

Claims Committee

Rohail Alikhan
Muhammad Raza
Muhammad Saleem
Zia Mehdi

Chairman
Secretary
Member
Member

Human Resource Committee

Rohail Alikhan
M. Kamran Saleem
Najmullah Khan
Osama Javed Usmani
Afshan Naqvi

Chairman
Member
Member
Member
Member

Risk Management Committee

Rohail Alikhan
M. Kamran Saleem
Afshan Naqvi
Najmullah Khan
Muneeb Afzal Lone
Saifuddin Shaikh

Member
Member
Member
Member
Member
Member

NOTICE OF 4th ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 4th Annual General Meeting of Pak-Qatar General Takaful Limited (the Company) will be held on Friday, 30 April 2010 at 7.00 p.m. at Registered Office of the Company to transact the following businesses:

Ordinary Business:

1. To confirm minutes of the 3rd annual general meeting held on 13 April, 2009.
2. To receive, consider and adopt the annual audited financial statements for the year ended 31st December 2009, together with the Directors' and Auditors' Report thereon.
3. To appoint Auditors of the Company for the year ending 31st December 2010 and to fix their remuneration.
4. To elect 10 directors for the next 3 years.
5. To consider any other business with the permission of the Chair.

By Order of the Board



Muhammad Kamran Saleem
Company Secretary

Place: ISLAMABAD
Date: 9 April, 2010

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.

DIRECTORS' 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 4th Annual General Meeting (AGM) of PQGTL for the year 2009.

I. Economic Overview:

Pakistan, an extremely fragile economy, has been facing both economic and political crisis which predate the global financial crisis. Inflation; a crippling trade deficit; ongoing balance of payments fiascos; depleting foreign exchange reserves; dizzying circular debt; poor performance of the banking sector and Karachi Stock Exchange; and political instability, have remained the key indicators of Pakistan's economic crisis. Political and economic stability or instability in Pakistan's case complement each other. Pakistan is an interesting case study because both are in dire crisis.

GDP growth rate is a significant indicator of the health of an economy. Pakistan's economy has deteriorated since 2004-2005 from 9% to 2% in 2008-2009. GoP spends approximately \$26 Billion annually based upon expected revenues of approximately \$20 Billion thereby incurring a huge budget deficit. Last year, it suffered a Balance of Payments crisis when the entire donor community was also going through a financial collapse.

There has been a 6% decline in Exports as external demand waned owing to the global recession, and Imports in turn also fell by 10%.

An unrelenting increase in import bills due to higher oil prices has increased the current account deficit, which significantly depleted foreign exchange reserves and thus increased the country's default risk.

Given the unsafe investment climate and security situation, foreign direct investment inflows also fell more than 20% in 2009. Pakistan's total external debt is also increasing with a spiraling devaluation in the Rupee vs. Greenback and national savings in decline.

Core inflation which represents the rate of increase in the cost of goods and services excluding food and energy prices went up by 18% and for a brief while even crossed 20%.

GoP is unable to pay billions of rupees to Oil Marketing Companies and Independent Power Producers. Long hour power failures have not only affected the common man but have also shut down many businesses. Pakistan is facing an unprecedented energy crisis bringing industrial life to a complete standstill across Pakistan, but in Punjab in particular.

The "war on terror" has become a guillotine hanging over our collective heads – the rate of suicide bombings is increasing alarmingly. The war on terror cost Pakistan \$6 Billion economic losses in 2007 and \$10 Billion in 2009. The insurgency has resulted in massive capital outflow to the Middle East.

Circular debt is another critical issue and indicator of the economic problem and is seriously impacting the operations of Pakistan's whole energy value chain. Current Account deficits, getting new loans to pay-off old debts, defense expenditure and non-developmental expenditures have pushed the country to an economic crisis verging on collapse.

2. Industry Overview:

Insurance companies could not remain immune to the current economic downturn. As against a track record of growth of more than 10% p.a., they are not likely to achieve more than 6% growth in 2009. They were able to overcome a decline in premium by prudent underwriting resulting in lower claims.

The industry has also been fortunate in that, major fire losses have not occurred as in 2007 and 2008. Growing terrorist activities have highlighted the need for terrorism cover, particularly hotels and mega shopping malls. However, there is a general lack of will on behalf of reinsurance and Re-Takaful companies to offer this cover for Pakistan, and the cost is prohibitively high. The government must start thinking of creating a "terrorism pool" similar to the one operating in India.

Earnings of insurance companies were affected badly in 2008 due to provisions against impairment cost of investment. However, they do not face a similar threat this year; in fact they would have writing back the provisions made in 2008.

The year 2009 proved good for the nascent Takaful industry. Collectively, General Takaful Operators are likely to mobilize around Rs. One Billion. There is also a paradigm shift because Takaful Operators are drifting from Motor to Property Takaful.

Until date, conventional companies are not permitted to operate Takaful Windows. However, SECP is busy redrafting the soon to be introduced revised "Takaful Rules 2010", which is due to become effective in September 2010.

3. Your company's performance in the year 2009:

Despite this most unfavorable environment, your company has, Al-hamdolillah, ended the year with writing a Gross Contribution amounting to Rs. 171 million, which represents an overall growth of 100% over last year. By any standard this performance is commendable for which we are thankful to our team across 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	22,343,503
Marine	10,526,689
Motor	132,187,646
Miscellaneous	6,644,145
Total	171,701,983

The major contributor continues to be Motor Takaful as it is the only industry after communication that continues to show overall growth in Pakistan, as well as being the main source of business fed by Islamic banks and leasing Modarabas.

Our claims ratio Earned Contribution (inclusive of Earned Wakala) basis stands at 97% as compared to 98% in the corresponding year 2008. This will improve with our planned diversification of business into other more profitable lines i.e. Fire and Marine.

Besides our Head-Office in Karachi, the Company branch offices in Lahore, Islamabad, Faisalabad, Rahim Yar Khan, Gujranwala, and Peshawar are functional now and we have plans to expand prudently and inexpensively into Rawalpindi, Multan, Sargodha, Sialkot, Bahawalpur, and Hyderabad.

I would at this point like to make special mention of the outgoing Founding CEO, Mr. Vaqaruddin. He had done a fantastic job of establishing the Company on a very solid footing and had established an excellent reputation for Pak-Qatar General Takaful in the market. He is a thorough gentleman and a wonderful human being, as well as an encyclopedia of knowledge on the Pakistan Insurance Industry. He will be sorely missed but on behalf of all associated with the Pak-Qatar Takaful Group; we wish him well and every success in all his future endeavors.

We give below the financial highlights of the company:

	<u>2009</u>	<u>2008</u>
Net Wakala income	49,652,184	16,458,956
Commission expense	(6,919,046)	(1,361,453)
Management expenses	(64,372,050)	(31,533,293)
	(21,638,912)	(16,435,790)
Modarib share of PTF investment income	592,409	212,091
Net investment income	42,614,380	1,427,016
General and administrative expenses	(25,402,230)	(14,719,280)
Other charges	(1,380)	(189,425)
Loss before taxation	(3,835,733)	(29,705,388)
Provision for taxation – current	(247,386)	(61,652)
Provision for taxation – deferred	4,601,534	10,952,070
Profit / (loss) after taxation	518,415	(18,814,970)

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	1
2.	Izzat M. Al-Rashid	1
3.	Abdul Basit Al-Shaibei	1
4.	Mark Diab	1
5.	Ali Abdullah Darwesh	1
6.	Said Gul	4
7.	Chowdhry M. Wasi	4
8.	Zahid Hussain Awan	4
9.	Fawad Yusuf	1
10.	M. Vaqaruddin	4

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

6. Corporate and Financial Reporting Frame Work:

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

- 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, 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. Key operating and financial data for the last two years is attached.
- i. The accumulated balance in provident fund account as at 31 December 2009 was Rs. 3,228,652/-.
- 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. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, Karachi, retire and eligible for reappointment for the ensuing year. On recommendation of the Audit Committee; the Board of Directors of your company has proposed their name, for reappointment as auditors of the company for the year ending 31 December 2010.

9. Earnings per Share

The basic and diluted earnings per share of the Company were Rs. 0.02. (2008 – Loss per share 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



Chief Executive Officer

KARACHI
09 April 2010

KEY FINANCIAL DATA

Amount in Rs.

	FY 2009	FY 2008	FY 2007
Gross Contribution	171,701,983	86,420,975	1,621,080
REVENUE ACCOUNT			
Contribution-Net of Re-Takaful	52,146,390	6,764,805	(1,528,257)
Earned Wakala Fee	49,652,184	16,458,956	-
Claims less Re-Takaful	99,074,041	22,819,577	392,260
Commission and Expenses	96,693,326	47,614,026	19,975,597
Modarib share of PTF investment	592,409	212,091	-
Investment Income less Impairment	42,614,380	1,427,016	14,805,165
Other (Loss) / Gain	(1,380)	(189,425)	10,164
Reserve for Contribution Deficiency	3,195,237	(305,847)	-
Loss before Tax	(3,835,733)	(41,158,434)	(7,590,307)
Provision for Tax	(4,354,148)	(10,890,418)	8,105
(Loss) after Tax	(42,440,840)	(30,268,016)	(7,598,412)
BALANCE SHEET			
Investments	221,674,407	122,485,197	105,727,865
Cash & Bank Balances	30,163,791	135,542,870	177,468,659
Deferred Tax Asset	15,553,604	10,952,070	-
Other Assets	74,729,253	42,361,132	5,973,790
Fixed Assets	52,458,190	32,918,708	14,440,974
Issued, subscribed and paid up capital	307,800,080	307,800,080	307,800,080
Advance against future issue of Share Capital	2,660,568	2,660,568	2,660,568
Accumulated loss	85,047,937	(42,607,097)	(12,339,081)
General reserve	118,278,707	41,218,155	5,171,175
Other liabilities	50,887,827	35,188,271	318,546

KEY FINANCIAL RATIOS

	FY 2009	FY 2008	FY 2007
Growth in:			
Gross Contribution	99%	5231%	-
Contribution-Net of Re-Takaful	671%	543%	-
Earned Wakala Fee	202%	-	-
Claims less Re-Takaful	334%	5717%	-
Commission and Expenses	103%	138%	-
Investment Income (without Impairment)	85%	55%	-
Current Ratio	3.37	5.87	75.96
Fixed assets turnover	2.18	0.76	1.03
Revenue per share (Rs.)	3.02	0.59	0.48
Earning per shares (Rs.)	0.02	(0.61)	(0.18)
Gross Claim to Gross Contribution (Less Retakaful)	77%	35%	-70%
Management Expenses to Gross Contribution	52%	54%	1233%
Management Expenses to Wakala Fee	174%	117%	-
Gross Commission Expense to Gross Contribution	5%	3%	6%
Gross Commission Expense to Wakala Fee	18%	6%	-
Wakala fee to Gross Contribution	30%	46%	-
Retakaful to Gross Contribution	24%	24%	135%
REVENUE DISTRIBUTION (PTF)			
Claims (Including IBNR)	165%	192%	-
Contribution deficiency reserve	5%	3%	-
Direct expenses	0%	2%	-
Deficit for the year	-71%	-96%	-
REVENUE DISTRIBUTION (SHF)			
Comission	7%	8%	-
Management expenses	69%	174%	-
General and administrative expenses	27%	81%	-
Other (Loss) / Gain	0%	1%	-
Cede money	0%	0%	-
Taxation	-5%	-60%	-
Profit / (Loss) after Taxation	1%	-104%	-



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

For the year ended 31 December, 2009

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 has been 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 by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
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.

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, retakaful & cotakaful committees.
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



Zahid Hussain Awan
Chief Executive Officer

SHARIAH AUDIT REPORT TO THE BOARD OF DIRECTORS

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

We have examined the accompanying financial statements of **Pak-Qatar General Takaful Limited** (“the Company”) for the year ended 31 December 2009.

We acknowledge that, as Shariah Advisory Board members of the Company (the Shariah Advisory Board), it is our responsibility to ensure that the financial arrangements, contracts and transactions entered into by the Company with its participants and stakeholders are in compliance with the requirements of Shariah rules and principles, and that it is the responsibility of the management of the Company to ensure that the rules and principles, as well as, the guidelines set by the Shariah Advisory Board are complied with and all products and services offered are duly approved by the Shariah Advisory Board. 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 2009.

Members of the Shariah Advisory Board visit the premises from time to time and observe different transactions and activities. The Shariah Department of the company actively coordinated with the Shariah Advisory Board throughout the year and extended full support. Any issues of concern which surfaced were resolved during the meetings held with the management and the management was directed for its implementation.

During the year following approvals/guidelines were issued by the SAB:

- Halal / Haram Business Guidelines for Takaful Membership
- Investment Criteria and Guidelines
- Re-Takaful Guidelines
- New Products like E-Travel and Safe Deposit Locker’s Takaful

Furthermore, we have reviewed the external Shariah audit report for the year ended 31 December 2009. The audit was conducted and its report prepared by Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants.

In our opinion and the best of our information and belief according to the explanations given to us by Shariah Compliance Department of the Company:

- (i) The transactions undertaken by the Company, during the year ended 31 December 2009, (Except those few that had some irregularities from the Shariah point of view, however the same have duly been resolved properly) were in accordance with the guidelines prescribed by the Shariah Advisory Board and conform with the requirements of Takaful Rules, 2005; and
- (ii) We are aware that of certain documentation discrepancies, including those identified by external Shariah Auditors, but the same don’t result in any material violation of requirements of Shariah Advisory Board instructions.
- (iii) 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.

We are glad to observe that the management is working on starting a nationwide compliance set up in which qualified personnel will be employed to ensure compliance, deal with wrong selling and fraud, and work on developing an atmosphere consistent with our vision in the branches. An increased emphasis on Takaful and Ethics has also been observed in the training for new recruits.

اللَّهُمَّ ارِنَا الْحَقَّ حَقًّا وَارْزُقْنَا اتِّبَاعَهُ وَارِنَا الْبَاطِلَ بَاطِلًا وَارْزُقْنَا اجْتِنَابَهُ

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

On behalf of the Shariah Advisory Board



Dr. Ismatullah
Shariah Advisory Board Member



Muhammad Zubair Usmani
Shariah Advisory Board Member

KARACHI
09 April, 2010

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 31 December 2009.

1. Management's Responsibility for Shariah Compliance

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

2. Our Responsibility

- 2.1. 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.
- 2.2. 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.
- 2.3. 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.
- 2.4. During the course of our assignment, we came across certain matters that have been brought to the attention of the Shariah Board and the management of the Company entailing certain Shariah issues. We were informed that it was the opinion of the Shariah Board that such matters have no materially adverse Shariah compliance effect. In addition, interpretation and conclusion of the Shariah Board of the Company is considered final for the purpose of interpretation of the Shariah matters mentioned in the Takaful Rules, 2005.



3. 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.

4. 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 2009, are in compliance with the requirements of the Shariah rules and principles as prescribed by the Shariah Board and the Takaful Rules, 2005.

KARACHI
09 April, 2010

Emit & Yousaf Ahmad Rindes Sadaq Hydari
CHARTERED ACCOUNTANTS

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

We have reviewed the Statement of Compliance (the Statement) with the best practices contained in the Code of Corporate Governance (the Code) for the year ended 31 December 2009 prepared by the Board of Directors of Pak Qatar General Takaful Limited (the Company) to comply with the Best Practices of the Code, as required under Section B of S.R.O 68 (I)/2003 dated 21 January 2003.

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company, for the year ended 31 December 2009.



CHARTERED ACCOUNTANTS

KARACHI
09 April, 2010

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 2009** together with the notes forming part thereof, for the year then ended.

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

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

In our opinion:

- (a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000, and the Companies Ordinance, 1984;
- (b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied, except for the changes in accounting policies as stated in note 5 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 2009** and of its financial performance, changes in equity and cash flows for the year then ended in accordance with the approved accounting standards as applicable in Pakistan and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and
- (d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants

Audit Engagement Partner: Omer Chughtai

KARACHI
09 April, 2010

BALANCE SHEET

As at December 31, 2009

	Note	2009 —————(Rupees)—————	2008
SHARE CAPITAL AND RESERVES			
[SHAREHOLDERS' FUND (SHF)]			
Authorised share capital	8	400,000,000	400,000,000
Paid-up share capital	8	307,800,080	307,800,080
Accumulated loss		(28,705,597)	(29,224,012)
		279,094,483	278,576,068
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
Accumulated deficit		(56,342,340)	(13,383,085)
		(55,842,340)	(12,883,085)
PTF UNDERWRITING PROVISIONS			
Reserve for claims – IBNR		1,500,000	22,500
Provision for outstanding reported claims	9	51,289,353	10,053,016
Reserve for unearned contribution		58,376,221	28,306,628
Reserve for unearned retakaful rebate		3,112,049	2,030,164
Contribution deficiency reserve		3,501,084	305,847
		117,778,707	40,718,155
CREDITORS AND ACCRUALS			
Unearned wakala fee (SHF)		25,018,380	23,159,968
Amount due to retakaful operators (PTF)		20,659,446	8,717,498
Accrued expenses (SHF)	10	1,003,543	801,402
Other creditors and accruals	11	4,206,458	2,509,403
		50,887,827	35,188,271
TOTAL EQUITY AND LIABILITIES			
		394,579,245	344,259,977
COMMITMENTS			
	12		

The annexed notes from 1 to 31 form an integral part of these financial statements.



Chairman



Chief Executive



Director



Director

BALANCE SHEET

As at December 31, 2009

	Note	2009 —————(Rupees)—————	2008
CASH AND BANK DEPOSITS	13		
Cash and other equivalents		361,569	102,012
Current and other accounts		29,802,222	40,440,858
Deposits maturing within 12 months		-	95,000,000
		30,163,791	135,542,870
INVESTMENTS	14	221,674,407	122,485,197
LONG-TERM SECURITY DEPOSITS		2,381,175	1,793,176
DEFERRED TAX ASSET (SHF)	15	15,553,604	10,952,070
CURRENT ASSETS – OTHERS			
Contribution due but unpaid – unsecured considered good (PTF)	16	38,540,198	15,740,445
Accrued investment income	17	5,115,849	9,817,512
Taxation – payment less provision (SHF)		5,297,890	2,410,931
Retakaful and other recoveries in respect of outstanding claims (PTF)		4,964,596	464,943
Deferred commission expense (SHF)		3,333,260	1,123,321
Prepayments	18	14,508,812	9,189,267
Sundry receivables (SHF)	19	587,473	1,821,537
		72,348,078	40,567,956
FIXED ASSETS (SHF)	20		
Tangible			
Furniture and fixtures		6,556,226	5,901,164
Office equipment		3,172,227	2,206,989
Motor vehicles		18,473,416	10,995,588
Computer equipment		4,351,760	2,052,047
		32,553,629	21,155,788
Intangible			
Computer software		9,784,650	11,006,655
Capital work in progress		10,119,911	756,265
Total fixed assets		52,458,190	32,918,708
TOTAL ASSETS		394,579,245	344,259,977

The annexed notes from 1 to 31 form an integral part of these financial statements.




Chairman



Chief Executive



Director



Director

PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2009

Note	Fire and property	Marine, aviation and transport	Motor	Miscellaneous	2009 Aggregate	2008 Aggregate	
(Rupees)							
PTF REVENUE ACCOUNT							
Net contribution revenue	(3,221,226)	373,970	54,660,142	333,504	52,146,390	6,764,805	
Net claims – reported / settled – IBNR	(3,057,126) (300,000)	(1,194,620) (500,000)	(94,422,340) (477,500)	(399,955) (200,000)	(99,074,041) (1,477,500)	(22,819,577) (15,500)	
	(3,357,126)	(1,694,620)	(94,899,840)	(599,955)	(100,551,541)	(22,835,077)	
Contribution deficiency reserve	(6,578,352) (471,538)	(1,320,650) -	(40,239,698) (2,723,699)	(266,451) -	(48,405,151) (3,195,237)	(16,070,272) (305,847)	
Direct expense	-	-	(79,100)	-	(79,100)	(195,570)	
Net retakaful rebate	4,667,290	1,920,049	126,314	1,117,964	7,831,617	4,800,506	
(Deficit) / surplus before investment income	(2,382,600)	599,399	(42,916,183)	851,513	(43,847,871)	(11,771,183)	
Net investment income					888,616	318,137	
Deficit transferred to participants' equity					(42,959,255)	(11,453,046)	
SHF REVENUE ACCOUNT							
Net wakala income	21	6,527,044	2,846,891	37,975,721	2,302,528	49,652,184	16,458,956
Commission expense		(1,970,361)	(1,182,378)	(3,585,444)	(180,863)	(6,919,046)	(1,361,453)
Management expenses	22	(8,376,706)	(3,946,516)	(49,557,900)	(2,490,928)	(64,372,050)	(31,533,293)
		<u>(3,820,023)</u>	<u>(2,282,003)</u>	<u>(15,167,623)</u>	<u>(369,263)</u>	(21,638,912)	(16,435,790)
Modarib share of PTF investment income	23					592,409	212,091
Net investment income						42,614,380	1,427,016
General and administrative expenses	24					(25,402,230)	(14,719,280)
Other charges	25					(1,380)	(189,425)
Loss before taxation						(3,835,733)	(29,705,388)
Provision for taxation – current – deferred	26					(247,386) 4,601,534	(61,652) 10,952,070
Profit / (loss) after taxation						518,415	(18,814,970)

The annexed notes from 1 to 31 form an integral part of these financial statements.



Chairman



Chief Executive



Director



Director

STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2009

	(SHF)		
	Issued, subscribed and paid-up	Accumulated loss	Total
Balance as at January 01, 2008	307,800,080	(10,409,042)	297,391,038
Loss for the year	-	(18,814,970)	(18,814,970)
Balance as at December 31, 2008	307,800,080	(29,224,012)	278,576,068
Profit for the year	-	518,415	518,415
Balance as at December 31, 2009	307,800,080	(28,705,597)	279,094,483

	(PTF)		
	Cede money	Accumulated deficit	Total
Balance as at January 01, 2008	500,000	(1,930,039)	(1,430,039)
Deficit for the year	-	(11,453,046)	(11,453,046)
Balance as at December 31, 2008	500,000	(13,383,085)	(12,883,085)
Deficit for the year	-	(42,959,255)	(42,959,255)
Balance as at December 31, 2009	500,000	(56,342,340)	(55,842,340)

The annexed notes from 1 to 31 form an integral part of these financial statements.



Chairman



Chief Executive



Director



Director

STATEMENT OF CASH FLOWS

For the year ended December 31, 2009

	Note	2009	2008
		—————(Rupees)—————	
OPERATING CASH FLOWS			
(a) Takaful activities			
Contributions received		148,178,126	58,182,022
Claims paid		(71,991,100)	(13,578,004)
Payment to retakaful operator		(9,918,609)	(7,342,296)
Commission (paid) / received		(6,901,287)	5,428,066
Other takaful payments		(79,100)	(195,570)
Net cash inflow from takaful activities		59,288,030	42,494,218
(b) Other operating activities			
Income tax paid		(3,134,345)	(2,472,583)
General and other expenses paid		(84,168,532)	(41,555,533)
Advances and deposits		(587,999)	-
Other operating receipts		572,776	1,358,269
Net cash used in from other operating activities		(87,318,100)	(42,669,847)
Total cash used in all operating activities		(28,030,070)	(175,629)
INVESTMENT ACTIVITIES			
Profit / return received		49,318,874	16,459,189
Payment for investments		(233,466,196)	(79,717,030)
Proceeds from investment		133,941,245	42,880,345
Proceeds from disposal of fixed assets		9,450	747,875
Fixed capital expenditure		(27,152,382)	(22,120,539)
Total cash used in from investing activities		(77,349,009)	(41,750,160)
Net cash used in all activities		(105,379,079)	(41,925,789)
Cash at the beginning of the year		135,542,870	177,468,659
Cash at the end of the year	13	30,163,791	135,542,870

..... Continued

STATEMENT OF CASH FLOWS

For the year ended December 31, 2009

	2009	2008
	—————(Rupees)—————	
Reconciliation to consolidated profit and loss account		
Operating cash flows	(28,030,070)	(175,629)
Depreciation	(5,297,965)	(2,845,287)
Amortisation	(2,304,322)	(2,049,626)
Exchange gain	(2,568)	3,672
Gain on disposal of fixed assets	1,188	(193,097)
Contribution discount	724,104	-
Investment income	44,095,405	1,957,244
Increase in liabilities	(62,752,936)	(26,245,349)
Increase in assets	33,707,424	20,487,163
Increase in unearned contribution	(30,069,593)	(34,570,108)
Income tax paid	3,134,345	2,472,583
Loss before taxation	(46,794,988)	(41,158,434)
Deficit in participants' equity	(42,959,255)	(11,453,046)
Loss before tax attributable to shareholders	(3,835,733)	(29,705,388)
	(46,794,988)	(41,158,434)

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	2009	2008
		—————(Rupees)—————	
Cash for the purposes of the statement of cash flows consists of :			
Cash and other equivalents			
Cash in hand		159,069	17,310
Stamps in hand		202,500	84,702
		361,569	102,012
Current and other accounts			
Current accounts		1,062,710	871,557
Saving accounts		28,739,512	39,569,301
		29,802,222	40,440,858
Deposits maturing within 12 months (encashable on demand)			
		-	95,000,000
	13	30,163,791	135,542,870

The annexed notes from 1 to 31 form an integral part of these financial statements.


Chairman


Chief Executive


Director


Director

STATEMENT OF CONTRIBUTIONS

For the year ended December 31, 2009

Takaful business underwritten inside Pakistan

	contri- butions written	Wakala Fee	Net contri- butions	Unearned contribution reserve		Contri- butions earned	Prepaid retakaful ceded			Retakaful expense	2009	2008
				Opening	Closing		Retakaful ceded	Opening	Closing		Net Contri- butions revenue	Net Contri- butions revenue
(Rupees)												
Direct and facultative												
Fire and property	22,343,503	6,703,051	15,640,452	3,149,464	6,423,295	12,366,621	17,971,547	4,987,251	7,370,951	15,587,847	(3,221,226)	(1,994,008)
Marine, Aviation and Transport	10,526,689	3,158,007	7,368,682	253,093	1,209,118	6,412,657	6,832,938	317,202	1,111,453	6,038,687	373,970	(44,885)
Motor	132,187,646	39,656,294	92,531,352	23,490,554	48,766,940	67,254,966	11,998,212	844,775	248,163	12,594,824	54,660,142	8,918,129
Miscellaneous	6,644,145	1,993,244	4,650,901	1,413,517	1,976,868	4,087,550	3,625,105	1,576,163	1,447,222	3,754,046	333,504	(114,431)
Total	171,701,983	51,510,596	120,191,387	28,306,628	58,376,221	90,121,794	40,427,802	7,725,391	10,177,789	37,975,404	52,146,390	6,764,805

The annexed notes from 1 to 31 form an integral part of these financial statements.



Chairman



Chief Executive



Director



Director

STATEMENT OF CLAIMS

For the year ended December 31, 2009

Takaful business underwritten inside Pakistan

	Claims Paid	Provision for outstanding reported claims		Claims expense	Retakaful and other recoveries Received	Retakaful and other recoveries in respect of outstanding claims		Retakaful and other recoveries revenue	2009 Net claims expense	2008 Net claims expense
		Opening	Closing			Opening	Closing			
(Rupees)										
Direct and facultative										
Fire and Property	6,499,942	225,000	3,072,446	9,347,388	4,522,574	171,308	1,938,996	6,290,262	3,057,126	240,004
Marine, Aviation and Transport	2,499,187	149,670	435,000	2,784,517	1,403,732	74,835	261,000	1,589,897	1,194,620	500,777
Motor	62,889,076	9,594,846	47,240,967	100,535,197	3,676,257	175,000	2,611,600	6,112,857	94,422,340	21,947,196
Miscellaneous	102,895	83,500	540,940	560,335	51,180	43,800	153,000	160,380	399,955	131,600
Total	71,991,100	10,053,016	51,289,353	113,227,437	9,653,743	464,943	4,964,596	14,153,396	99,074,041	22,819,577

The annexed notes from 1 to 31 form an integral part of these financial statements.



Chairman



Chief Executive



Director



Director

STATEMENT OF EXPENSES

For the year ended December 31, 2009

Takaful business underwritten inside Pakistan

	Commission paid or payable	Deferred Commission		Net commission expense	Direct expenses	Takaful expense	Rebate from retakaful operators	2009 Net takaful expense	2008 Net takaful expense
		Opening	Closing						
(Rupees)									
Direct and facultative									
Fire and property	2,735,606	460,758	1,226,003	1,970,361	-	1,970,361	4,667,290	(2,696,929)	(2,610,709)
Marine, Aviation and Transport	1,374,562	48,942	241,126	1,182,378	-	1,182,378	1,920,049	(737,671)	(775,003)
Motor	4,831,841	553,773	1,800,170	3,585,444	79,100	3,664,544	126,314	3,538,230	518,725
Miscellaneous	186,976	59,848	65,961	180,863	-	180,863	1,117,964	(937,101)	(376,496)
Total	9,128,985	1,123,321	3,333,260	6,919,046	79,100	6,998,146	7,831,617	(833,471)	(3,243,483)

The annexed notes from 1 to 31 form an integral part of these financial statements.



Chairman



Chief Executive



Director



Director

STATEMENT OF INVESTMENT INCOME

For the year ended December 31, 2009

	Note	2009	2008
		(Rupees)	
Income from non-trading investments			
PTF			
Profit on bank balances and deposits		834,373	333,277
Profit on Government securities		629,855	196,951
Gain on sale of investments		7,187	-
Dividend		9,610	-
		1,481,025	530,228
Less: Modarib's fee	23	(592,409)	(212,091)
Net investment income		888,616	318,137
SHF			
Profit on bank balances and deposits		1,822,401	14,894,522
Gain on sale of investments		19,909,446	2,421,297
Dividend income		1,697,957	616,521
Profit on Government securities		11,294,272	5,236,996
Profit on other securities		8,226,047	758,104
Amortisation of premium of Government securities		(677,540)	(928,955)
Amortisation of discount of other securities		341,797	12,847
Impairment in value of investments – available for sale		-	(21,584,316)
		19,184,576	(16,505,324)
Net investment income		42,614,380	1,427,016

The annexed notes from 1 to 31 form an integral part of these financial statements.



Chairman



Chief Executive



Director



Director

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2009

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 # 402-404, 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 6 (2008: 5) 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 Fund (PTF) was formed on August 17, 2007 under a trust deed executed by the Company with a cede money of Rs. 500,000/-. Waqf deed also governs the relationship of shareholders and policyholders for management of takaful operations, investment of policyholders' funds and investment of shareholders' funds approved by the Shariah Board established by the Company.

2. BASIS OF PREPARATION

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

These financial statements reflect the financial position and results of operations of both the Company and PTF in a manner that the assets, liabilities, income and expenses of the Company and PTF remain separately identifiable. For this purpose, the receivables and payables between the Company and PTF have been eliminated (note 5.22).

3. STATEMENT OF COMPLIANCE

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

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

4. BASIS OF MEASUREMENT

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those followed in the preparation of the Company's financial statements for the year ended 31 December 2008, except for the changes resulting from the adoption of the following standards:

IFRS 4 - Insurance Contracts

The standard became effective during the year in accordance with the SECP's SRO 149 (1)/2009 dated 11 February 2009 and applies to takaful contracts that the PTF issues and to re-takaful contracts it holds.

The standard requires a test for the adequacy of recognised insurance liabilities and impairment test for reinsurance arrangements. The standard also requires elaborated disclosures regarding the amounts that arise from insurance contracts and the nature and extent of risks arising from insurance contracts.

In view of the SECP's accounting regulations for Takaful Companies and format for the presentation of the financial statements, the adoption of the above standard did not affect the recognition and measurement of assets, liabilities, income and expense relating to takaful / retakaful contracts entered into by PTF, however, the standard did give rise to additional disclosures regarding such contracts which are included in note 28 to the financial statements.

IFRS 7 - Financial Instruments: Disclosures

The standard became effective for accounting period beginning on or after 1 July 2008. The standard requires disclosures related to financial instruments that enables users of financial statements to evaluate their significance for the Company and the nature and extent of risks arising from such financial instruments. The new disclosures are included in note 28 to the financial statements.

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.

5.4. Contribution 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 and motor in which deficiency reserve of Rs. 3,195,237/- has been made in these financial statements.

5.5. Appropriations

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

5.6. Creditors, accruals and provisions

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

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required

to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

5.7. Investments

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

Investments at fair value through profit and loss

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

Held to maturity

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

Available for sale

These are investments that do not fall under the other categories. These are initially measured at cost including acquisition charges associated with the investments. 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.

5.8. Retakaful recoveries against outstanding claims

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

5.9. Deferred commission expense

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

5.10. 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.

5.11. 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.

5.12. 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 20.1 to the financial statements. Depreciation on additions is charged from the month of addition while no depreciation is charged in the month of disposal.

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

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

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

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

Intangible

These are stated at cost less accumulated amortisation on and any provision for impairment loss. Amortisation on intangible fixed assets is charged to income applying the reducing balance method at the rates specified in note 20.2 to the financial statements after taking into account residual value, if any.

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

Impairment

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

Capital work-in-progress

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

5.13. Financial instruments

Financial assets and financial liabilities other than those arising out of takaful contracts are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual right to future cash flows from the asset expire or is transferred along with the risk and reward of the asset. Financial liabilities are de-recognised when obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial asset and liabilities are recognised in the profit and loss account of the current period.

5.14. Off setting

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

5.15. Revenue recognition

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

Wakala fee charged from PTF is deferred and recognised as income according to the ratio of the expired period of the policy and the total period, both measured to the nearest day.

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

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

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

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

5.16. Taxation

Current

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

Deferred

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

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

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

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

5.17. Staff retirement benefits

Defined contribution plan

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

5.18. Other management expenses

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

5.19. 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.

5.20. Segment reporting

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

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

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

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

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

5.21. 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.

5.22. 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.

6. ACCOUNTING JUDGMENTS AND ESTIMATES

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

	Note
Provision for reported claims	5.1
Reserve for claims - IBNR	5.2
Contribution deficiency reserve	5.4
Classification of investments	5.7 & 14
Useful lives of assets and method of depreciation	5.12 & 20
Deferred taxation	5.16 & 15
Management expenses	5.18

7. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

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

Standard or interpretation		Effective date (accounting periods beginning on or after)
IFRS 2	Share-based Payments: Amendments relating to Group Cash-settled Share-based Payment Transactions	January 01, 2010
IFRS 3	Business Combinations (Revised)	July 01, 2009
IAS 24	Related Party Disclosures (Revised)	January 01, 2011
IAS 27	Consolidated and Separate Financial Statements (Amendment)	July 01, 2009
IAS 32	Financial Instruments: Presentation - Classification of Rights Issues (Amendment)	February 01, 2010
IFRIC 14 – IAS 19	The Limit on Defined Benefit Assets, Minimum Funding Requirements and their Interaction (Amendments)	January 01, 2011
IFRIC 17	Distribution of Non-cash Assets to owners	July 01, 2009
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	July 01, 2010

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

In addition to the above, amendments to various accounting standards have also been issued by the IASB as a result of its annual improvement project in April 2009. Such improvements are generally effective for accounting periods beginning on or after 01 January 2010. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

Furthermore, International Accounting Standard – I (IAS – I) (Revised) "Presentation of Financial Statements" was effective for financial year beginning on or after January 01, 2009. However, since the Company has followed the format of the financial statements as prescribed by the SECP through SEC (Insurance) Rules, 2002 vide its Circular No.7 of 2003 dated August 27, 2003, therefore, changes introduced through IAS – I (Revised) have not been taken into consideration in preparation of these financial statements.

		2009		2008	
		(Rupees)			
8.	SHARE CAPITAL				
	8.1. Authorised share capital				
		Number of shares			
		2009	2008		
		40,000,000	40,000,000	Ordinary shares of Rs. 10/- each.	400,000,000
		<u>40,000,000</u>	<u>40,000,000</u>		<u>400,000,000</u>
	8.2. Paid-up share capital				
	Issued, subscribed and paid up capital				
		Number of shares			
		2009	2008		
		30,780,008	30,780,008	Ordinary shares of Rs. 10/- each fully paid in cash	307,800,080
		<u>30,780,008</u>	<u>30,780,008</u>		<u>307,800,080</u>

	2009		2008	
	Number of shares	Holding %	Number of shares	Holding %
8.3. Major shareholders 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
	<u>17,329,250</u>		<u>17,329,250</u>	

2009 2008
 (Rupees)

9. PROVISION FOR OUTSTANDING REPORTED CLAIMS

Related parties	295,158	18,000
Others	50,994,195	10,035,016
	<u>51,289,353</u>	<u>10,053,016</u>

10. ACCRUED EXPENSES

Legal and professional charges	37,900	26,325
Rent, rates and electricity	42,448	29,009
Communications	146,000	86,116
Printing and stationery	20,788	18,873
Traveling and entertainment	52,411	-
Salaries and other benefits	158,156	-
Auditors remuneration payable	275,000	250,000
Consultancy charges	-	302,450
Vehicles running and maintenance	270,840	88,629
	<u>1,003,543</u>	<u>801,402</u>

11. OTHER CREDITORS AND ACCRUALS

	2009			2008		
	PTF	SHF	Total	PTF	SHF	Total
	(Rupees)					
Federal excise duty	-	-	-	903,872	-	903,872
Federal insurance fee	-	-	-	89,990	-	89,990
Commission payable	-	3,380,387	3,380,387	-	1,152,689	1,152,689
Provident fund payable to employees	-	-	-	-	295,742	295,742
Stale cheques	-	186,883	186,883	-	61,710	61,710
Trakker charges payable	639,188	-	639,188	-	-	-
Other liability	-	-	-	-	5,400	5,400
	<u>639,188</u>	<u>3,567,270</u>	<u>4,206,458</u>	<u>993,862</u>	<u>1,515,541</u>	<u>2,509,403</u>

12. COMMITMENTS

Commitment for the ERP software implementation amount to Rs.2,866,200/- (2008: Rs. 1,693,307/-).

13. CASH AND BANK DEPOSITS

	Note	2009			2008		
		PTF	SHF	Total	PTF	SHF	Total
(Rupees)							
Cash and other equivalents							
Cash in hand		-	159,069	159,069	-	17,310	17,310
Stamps in hand		-	202,500	202,500	-	84,702	84,702
		-	361,569	361,569	-	102,012	102,012
Current and other accounts							
Current accounts							
- Local currency		403,701	659,009	1,062,710	3	871,554	871,557
Saving accounts	13.1	12,295,425	16,444,087	28,739,512	17,356,880	22,212,421	39,569,301
		12,699,126	17,103,096	29,802,222	17,356,883	23,083,975	40,440,858
Deposits maturing within 12 Months							
		-	-	-	-	95,000,000	95,000,000
		12,699,126	17,464,665	30,163,791	17,356,883	118,185,987	135,542,870

13.1. These carry expected profit rates ranging from 3.00% to 5.00% (2008: 4.48 % to 5.95 %) per annum.

14. INVESTMENTS

	Note	2009			2008		
		PTF	SHF	Total	PTF	SHF	Total
(Rupees)							
Held to maturity							
Sukuk certificates	14.1 & 14.2	5,000,000	147,474,684	152,474,684	5,000,000	86,970,425	91,970,425
Available for sale							
Mutual funds	14.3	5,007,187	52,395,636	57,402,823	-	28,410,416	28,410,416
Listed securities	14.4	-	11,796,900	11,796,900	-	2,104,356	2,104,356
		10,007,187	211,667,220	221,674,407	5,000,000	117,485,197	122,485,197

14.1. WAPDA Sukuk certificates amounting to Rs. 31,000,000/- (2008: 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.

14.2. Held to maturity

2009	2008	Name of the investee company / organisations	Note	PTF		SHF	
				2009	2008	2009	2008
Number of certificates				(Rupees)			
Sukuk Certificates							
5,000	5,000	WAPDA 1st Sukuk Certificates	14.2.2	-	-	28,237,264	29,215,880
3,000	3,000	WAPDA 2nd Sukuk Certificates	14.2.3	-	-	15,038,600	15,041,698
4,200	200	Karachi Shipyard and Engineering Works Sukuk Certificates – I	14.2.4	-	-	20,740,824	1,000,000
600	600	Karachi Shipyard and Engineering Works Sukuk Certificates – II	14.2.5	-	-	3,000,000	3,000,000
100	100	Government of Pakistan Ijara – Sukuk (Face Value of Rs. 100,000 each)	14.2.6	5,000,000	5,000,000	5,000,000	5,000,000
4,000	-	Sui Southern Gas Company Sukuk Certificates	14.2.7	-	-	18,753,351	-
2,000	2,000	Century Paper & Board Mills Limited – Sukuk	14.2.8	-	-	9,055,791	8,934,712
10,000	5,000	Engro Chemical Pakistan Limited – Sukuk	14.2.9	-	-	47,648,854	24,778,135
				5,000,000	5,000,000	147,474,684	86,970,425

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

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

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

14.2.4. The expected profit rate is equivalent to 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.

14.2.5. The expected profit rate is equivalent to six months KIBOR plus 40 basis points receivable semi-annually with maturity in February 2016. These are backed by the Government of Pakistan's Sovereign guarantee.

14.2.6. The profit on sukuk shall be paid semi-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.

14.2.7. The expected profit rate is equivalent to three months KIBOR plus 20 basis points receivable quarterly with maturity in 2013. These are backed by first pari passu hypothecation charge over fixed assets of the company.

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

14.2.9. These carry expected profit at the rate of six months KIBOR plus 150 basis points 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.

14.3. Details of investments in mutual funds – available for sale

2009	2008	Name of the investee funds	PTF		SHF	
			2009	2008	2009	2008
Number of units		 Cost			
			(Rupees)			
70,138	-	United Islamic Income Fund	-	-	7,032,776	-
-	72,480	United Composite Islamic Fund	-	-	-	4,569,166
293,308	291,262	Meezan Capital Protected Fund – I	-	-	13,383,497	13,383,496
649,260	-	Meezan Islamic Income Fund	-	-	31,942,498	-
-	469,168	Meezan Islamic Fund - Growth Units	-	-	-	10,457,752
101,184	-	Meezan Cash Fund	5,007,187	-	36,865	-
			<u>5,007,187</u>	<u>-</u>	<u>52,395,636</u>	<u>28,410,418</u>

14.3.1. Units having face value of Rs. 100 each, unless stated otherwise.

14.4. Details of investments in listed securities – available for sale

2009	2008	Name of the Companies	PTF		SHF	
			2009	2008	2009	2008
Number of shares		 Cost			
			(Rupees)			
35,000	15,000	Lucky Cement Limited	-	-	2,507,709	469,050
-	15,000	Oil & Gas Development Company Limited	-	-	-	749,850
8,800	8,800	Pakistan Petroleum Limited	-	-	1,855,385	885,456
50,000	-	DG Khan Cement Company Limited	-	-	1,583,050	-
90,000	-	Fauji Fertilizer Bin Qasim Limited	-	-	2,274,896	-
10,000	-	ICI Company Limited	-	-	1,711,560	-
100,000	-	Pakistan Telecommunication Company Limited	-	-	1,864,300	-
			<u>-</u>	<u>-</u>	<u>11,796,900</u>	<u>2,104,356</u>

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

	Note	2009	2008
		(Rupees)	
14.5. Market value of investment			
Held to maturity		144,051,052	89,399,000
Available for sale		72,873,448	52,099,088
		<u>216,924,500</u>	<u>141,498,088</u>

15. DEFERRED TAX ASSET

Deferred Tax debits arising in respect of:

Available tax losses 15.1 17,674,082 11,853,612

Deferred Tax credit arising due to :

Accelerated depreciation allowance (2,120,478) (901,542)

15,553,604 10,952,070

15.1 The available tax losses on which deferred tax asset has been accounted for amounted to Rs.44,438,866/- (2008: Rs.33,867,463/-).

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

16. CONTRIBUTION DUE BUT UNPAID – unsecured, considered good

	2009	2008
	(Rupees)	
Related party	13,042	690,000
Others	38,527,156	15,050,445
	<u>38,540,198</u>	<u>15,740,445</u>

17. ACCRUED INVESTMENT INCOME

PTF	233,413	309,125
SHF	4,882,436	9,508,387
	<u>5,115,849</u>	<u>9,817,512</u>

2009			2008		
PTF	SHF	Total	PTF	SHF	Total
(Rupees)					

18. PREPAYMENTS

Prepaid retakaful ceded	10,177,789	-	10,177,789	7,725,391	-	7,725,391
Prepaid rent	-	1,659,386	1,659,386	-	594,314	594,314
Prepaid takaful contribution	-	738,990	738,990	-	295,536	295,536
Prepayment – takaful ombudsman	-	50,000	50,000	-	-	-
Prepayment – goods	-	474,000	474,000	-	-	-
Prepayment – services contract	-	1,408,647	1,408,647	-	574,026	574,026
	<u>10,177,789</u>	<u>4,331,023</u>	<u>14,508,812</u>	<u>7,725,391</u>	<u>1,463,876</u>	<u>9,189,267</u>

19. SUNDRY RECEIVABLES – Considered good

	Note	2009	2008
		(Rupees)	
Security deposits		474,973	374,973
Advance to employees		-	519,756
Accrued profit paid on settlement			
- Engro Chemical Pakistan Limited Sukuk		-	608,205
- Century Paper & Board Mills Limited Sukuk		-	274,603
Dividend income		112,500	44,000
		<u>587,473</u>	<u>1,821,537</u>

20. FIXED ASSETS

Tangible	20.1	32,553,629	21,155,788
Intangible	20.2	9,784,650	11,006,655
Capital work in progress	20.3	10,119,911	756,265
		<u>52,458,190</u>	<u>32,918,708</u>

20.1. Tangible

Particulars	2009							Rates (%)
	Cost			Accumulated depreciation			Book value	
	As at January 01, 2009	Addition / (deletion)	As at December 31, 2009	As at January 01, 2009	For the year	As at December 31, 2009	As at December 31, 2009	
	(Rupees)							
Furniture and fixtures	6,314,385	1,777,332	8,091,717	413,221	1,122,270	1,535,491	6,556,226	15
Office equipment	2,511,962	1,372,545 (13,450)	3,871,057	304,973	396,694 (2,837)	698,830	3,172,227	15
Motor vehicles	13,232,237	9,977,132	23,209,369	2,236,649	2,499,304	4,735,953	18,473,416	20
Computer equipment	2,932,299	3,579,410	6,511,709	880,252	1,279,697	2,159,949	4,351,760	30
	24,990,883	16,706,419 (13,450)	41,683,852	3,835,095	5,297,965 (2,837)	9,130,223	32,553,629	

Particulars	2008							Rates (%)
	Cost			Accumulated depreciation			Book value	
	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	As at December 31, 2008	
	(Rupees)							
Furniture and fixtures	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
Computer equipment	1,809,172	1,123,127	2,932,299	288,781	591,471	880,252	2,052,047	30
	8,595,617	17,605,532 (1,210,266)	24,990,883	1,259,074	2,845,287 (269,266)	3,835,095	21,155,788	

20.2. Intangible

Particulars	2009							Rates (%)
	Cost			Accumulated amortisation			Book value	
	As at January 01, 2009	Addition	As at December 31, 2009	As at January 01, 2009	For the year	As at December 31, 2009	As at December 31, 2009	
	(Rupees)							
Computer Software	13,082,016	1,082,317	14,164,333	2,075,361	2,304,322	4,379,683	9,784,650	20

Particulars	2008							Rates (%)
	Cost			Accumulated amortisation			Book value	
	As at January 01, 2008	Addition	As at December 31, 2008	As at January 01, 2008	For the year	As at December 31, 2008	As at December 31, 2008	
	(Rupees)							
Computer Software	356,769	12,725,247	13,082,016	25,736	2,049,625	2,075,361	11,006,655	20

	2009	2008
	(Rupees)	
20.3. Capital work in progress		
Advance to suppliers and contractors in respect of:		
Equipment	2,000,000	213,700
Web development	150,000	34,375
Furniture and fixture	-	508,190
ERP software	7,969,911	-
	<u>10,119,911</u>	<u>756,265</u>

20.4. The depreciation charge for the year has been allocated as follow:

Management expenses	3,708,576	1,906,342
General and administrative expenses	1,589,389	938,945
	<u>5,297,965</u>	<u>2,845,287</u>

20.5. The amortisation charge for the year has been allocated as follow:

Management expenses	1,613,025	1,373,249
General and administrative expenses	691,297	676,376
	<u>2,304,322</u>	<u>2,049,625</u>

21. WAKALA FEE

The shareholders of the Company manage the general takaful operations for the participants and charge 30% (2008: 45%) of gross contribution as a Wakala fee against the services.

	2009			
	Fire and property	Marine, aviation and transport	Motor	Miscella- neous
	(Rupees)			
Wakala fee	6,703,051	3,158,007	39,656,294	1,993,244
Unearned wakala fee opening	2,576,834	207,077	19,219,544	1,156,513
Unearned wakala fee closing	(2,752,841)	(518,193)	(20,900,117)	(847,229)
Net wakala income	<u>6,527,044</u>	<u>2,846,891</u>	<u>37,975,721</u>	<u>2,302,528</u>
	2008			
	Fire and property	Marine, aviation and transport	Motor	Miscella- neous
	(Rupees)			
Wakala Fee	5,325,574	2,636,047	29,475,462	2,181,841
Unearned Wakala Fee Closing	(2,576,834)	(207,077)	(19,219,544)	(1,156,513)
Net Wakala Income	<u>2,748,740</u>	<u>2,428,970</u>	<u>10,255,918</u>	<u>1,025,328</u>

22. MANAGEMENT EXPENSES

	Note	2009	2008
		(Rupees)	
Salaries, allowances and other benefits		28,932,082	14,660,912
Shariah advisors' fee		987,630	849,225
Consultancy fee		272,176	-
Rent, rates and electricity		6,968,382	2,643,610
Communication		1,493,583	642,496
Printing and stationery		596,002	379,836
Traveling and entertainment		3,176,020	761,798
Depreciation	20.4	3,708,576	1,906,342
Amortisation	20.5	1,613,025	1,373,249
Repairs and maintenance		5,145,863	2,496,705
Advertisement and sales promotion		8,616,487	4,061,672
Legal and professional charges		564,270	473,623
Takaful contribution		716,733	466,926
Training expenses		60,312	75,214
Fees and subscription		64,080	42,568
Bank charges		56,340	25,644
Call center expenses		22,341	7,035
Expense on combined policies		57,611	18,090
Office expenses		184,106	72,426
Conference and seminar		210,694	175,875
EOBI		187,195	55,543
Others		738,542	344,504
		<u>64,372,050</u>	<u>31,533,293</u>

22.1. Include staff retirements benefits amounting to Rs. 1,069,539/- (2008: Rs. 491,746/-).

23. MODARIB'S FEE

The shareholders of the Company manage the participants' investments as a Modarib and charge 40% (2008 : 40%) Modarib's share of the general takaful investment income earned by PTF.

24. GENERAL AND ADMINISTRATIVE EXPENSES

	Note	2009	2008
		(Rupees)	
Salaries, allowances and other benefits	24.1	12,399,463	7,221,046
Shariah advisors' fee		423,270	418,275
Consultancy fee		116,647	529,051
Rent, rates and electricity		2,986,449	1,302,076
Communication		640,107	316,453
Printing and stationery		255,431	187,084
Traveling and entertainment		1,361,152	375,214
Depreciation	20.4	1,589,389	938,945
Amortisation	20.5	691,297	676,376
Repairs and maintenance		2,205,370	1,229,720
Legal and professional charges		336,580	233,277
Takaful contribution		307,171	229,979
Training expenses		25,848	37,046
Fees and subscription		27,463	20,966
Bank charges		24,146	12,630
Call center expenses		9,574	3,465
Auditors' remuneration	24.2	688,136	658,530
Expense on combined policies		24,691	8,910
Contribution discount		724,104	-
Office expenses		78,902	35,674
Conference and seminar		90,298	86,625
EOBI		80,226	27,357
Others		316,516	170,581
		<u>25,402,230</u>	<u>14,719,280</u>

24.1. Include staff retirements benefits amounting to Rs. 458,373/- (2008: Rs.210,748/-).

24.2. Auditors' remuneration

	2009	2008
	(Rupees)	
Audit fee	275,000	250,000
Half yearly review	155,000	125,000
Review and other certifications	176,428	249,685
Out of pocket expenses	81,708	33,845
	<u>688,136</u>	<u>658,530</u>

25. OTHER CHARGES

Exchange (loss) / gain	(2,568)	3,672
Gain / (loss) on disposal of fixed assets	1,188	(193,097)
	<u>(1,380)</u>	<u>(189,425)</u>

26. TAXATION

26.1. The tax assessments of the Company have been finalised up to and including tax year 2009 as the Company has filed tax returns which are deemed assessed in terms of section 120(1) of the Income Tax Ordinance, 2001.

26.2. Tax reconciliation has not been prepared as the Company's tax liability is based on minimum tax due to tax losses.

27. 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:

	2009		2008	
	Chief Executive Officer	Executives	Chief Executive Officer	Executives
	(Rupees)			
Managerial remuneration	3,363,750	4,330,268	2,340,000	3,588,195
House rent	1,513,689	1,948,629	1,053,000	1,614,688
Utilities	297,561	2,134,154	207,000	318,917
Medical expenses	32,300	160,521	9,189	105,463
Others	-	66,750	107,400	343,303
	<u>5,207,300</u>	<u>8,640,322</u>	<u>3,716,589</u>	<u>5,970,566</u>
Number of persons	<u>1</u>	<u>7</u>	<u>1</u>	<u>8</u>

27.1. The Company also provides Chief Executive officer and some of the Executives with free use of Company maintained cars.

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

28. RISK MANAGEMENT

28.1. Takaful risk

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

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

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

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

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

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

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

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

Class	2009		
	Maximum Gross Risk Exposure	Maximum Retakaful Cover	Highest Net Risk Retention
————— Rupees —————			
Fire and property	406,200,000	398,200,000	8,000,000
Marine, aviation and transport	66,935,468	60,935,468	6,000,000
Motor	11,000,000	10,250,000	750,000
Miscellaneous	58,308,638	54,308,638	4,000,000

Class	2008		
	Maximum Gross Risk Exposure	Maximum Retakaful Cover	Highest Net Risk Retention
————— Rupees —————			
Fire and property	252,000,000	248,000,000	4,000,000
Marine, aviation and transport	72,352,000	67,352,000	5,000,000
Motor	7,300,000	6,550,000	750,000
Miscellaneous	52,000,000	51,000,000	1,000,000

Uncertainty in the estimation of future claims payment

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

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

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

Key assumptions

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

Sensitivities

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

		2009			
	Change in assumption	Impact on gross liabilities	Impact on net liabilities	Impact on PTF revenue	Impact on PTF equity
(Rupees)					
Average claim cost	10% increase	<u>5,128,937</u>	<u>4,632,477</u>	<u>4,632,477</u>	<u>4,632,477</u>
		2008			
	Change in assumption	Impact on gross liabilities	Impact on net liabilities	Impact on PTF revenue	Impact on PTF equity
(Rupees)					
Average claim cost	10% increase	<u>1,005,302</u>	<u>958,807</u>	<u>958,807</u>	<u>958,807</u>

28.2. Claims development table

	2009	2008
	(Rupees)	
Accident year		
Estimate of ultimate claim cost :		
At the end of accident year	27,197,754	113,227,437
One year later	27,853,073	-
Two years later	-	-
Current estimate of cumulative claims	27,853,073	113,227,437
Cumulative payments to date	(25,941,397)	(63,849,760)
Liability recognised in the balance sheet	1,911,676	49,377,677

28.3. Liquidity risk

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

Maturity profile of financial assets and liabilities:

	December 31, 2009						
	Profit Bearing		Sub total	Non-Profit Bearing		Sub total	Total
Maturity up to one year	Maturity after one year	Maturity up to one year		Maturity after one year			
(Rupees)							
FINANCIAL ASSETS							
Cash and bank deposits	28,739,512	-	28,739,512	1,424,279	-	1,424,279	30,163,791
Investments	-	152,474,684	152,474,684	69,199,723	-	69,199,723	221,674,407
Long term security deposits	-	-	-	-	2,381,175	2,381,175	2,381,175
Contribution due but unpaid	-	-	-	38,540,198	-	38,540,198	38,540,198
Retakaful & other recoveries	-	-	-	4,964,596	-	4,964,596	4,964,596
Accrued investment income	5,115,849	-	5,115,849	-	-	-	5,115,849
Sundry receivables	-	-	-	587,473	-	587,473	587,473
	33,855,361	152,474,684	186,330,045	114,716,269	2,381,175	117,097,444	303,427,489
FINANCIAL LIABILITIES							
Provision for outstanding claims	-	-	-	51,289,353	-	51,289,353	51,289,353
Amount due to retakaful operators	-	-	-	20,659,446	-	20,659,446	20,659,446
Accrued expenses	-	-	-	978,543	-	978,543	978,543
Other creditors and accruals	-	-	-	4,206,458	-	4,206,458	4,206,458
	-	-	-	77,133,800	-	77,133,800	77,133,800

Maturity profile of financial assets and liabilities:

	December 31, 2008						
	Profit Bearing		Sub total	Non-Profit Bearing		Sub total	Total
Maturity up to one year	Maturity after one year	Maturity up to one year		Maturity after one year			
(Rupees)							
FINANCIAL ASSETS							
Cash and bank deposits	95,000,000	-	95,000,000	40,542,870	-	40,542,870	135,542,870
Investments	-	91,970,425	91,970,425	30,514,772	-	30,514,772	122,485,197
Long term security deposits	-	-	-	-	1,793,176	1,793,176	1,793,176
Contribution due but unpaid	-	-	-	15,740,445	-	15,740,445	15,740,445
Retakaful & other recoveries	-	-	-	464,943	-	464,943	464,943
Accrued investment income	9,817,512	-	9,817,512	-	-	-	9,817,512
Sundry receivables	-	-	-	1,821,537	-	1,821,537	1,821,537
	104,817,512	91,970,425	196,787,937	89,084,567	1,793,176	90,877,743	287,665,680
FINANCIAL LIABILITIES							
Provision for outstanding claims	-	-	-	10,053,016	-	10,053,016	10,053,016
Amount due to retakaful operators	-	-	-	8,717,498	-	8,717,498	8,717,498
Accrued expenses	-	-	-	801,402	-	801,402	801,402
Other creditors and accruals	-	-	-	2,509,403	-	2,509,403	2,509,403
	-	-	-	22,081,319	-	22,081,319	22,081,319

28.4. 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.

28.5. Market risk

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

28.6. Credit risk and concentration of credit risk

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

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

	2009	2008
	(Rupees)	
Retakaful recoveries against outstanding claims	4,964,596	464,943
Contribution due but unpaid	38,540,198	15,740,445
Bank deposits	29,802,222	135,440,858
Accrued investment income	5,115,849	9,817,512
Sundry receivables	587,473	1,821,537
	<u>79,010,338</u>	<u>163,285,295</u>

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

Retakaful assets

Rating	2009		
	Amount due from retakaful operators	Retakaful recoveries against outstanding claims	Other Retakaful Assets
	Rupees		
A or above	-	3,723,447	7,633,342
BBB	-	1,241,149	2,544,447
Others	-	-	-
	<u>-</u>	<u>4,964,596</u>	<u>10,177,789</u>

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



	2009 %
Banks	50.00
Beverages	1.00
Chemical	2.50
Construction	2.00
Cotton	3.00
Education	1.00
Individuals	5.00
Modaraba	1.00
Pharma	4.50
Soap	1.00
Steel	5.00
Textile	8.50
Service	3.00
Others	12.50
	<hr/> <hr/> 100.00 <hr/> <hr/>

28.7. 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.

28.8. 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.200,000,000/- set by the SECP for the insurance companies / takaful operators for the year ended 31 December 2009.

28.9. 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 14 to the financial statements.

28.10. Retakaful risk

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

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

29. RELATED PARTIES DISCLOSURES

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

Relationship	Nature of transactions	2009	2008
		— (Rupees) —	
Major shareholders	Commission paid	464,242	18,000
Group companies	Payment made by related parties on behalf of the company	11,454,749	713,975
	Claims expenses	1,154,133	154,383
	Claims received	44,321	21,512
	Contribution paid	439,250	451,409
	Contribution written	1,218,113	1,339,588
	Sale of fixed assets	-	747,875
Employees provident fund	Contribution paid	1,527,912	702,494

30. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on April 09, 2010 by the Board of Directors of the Company.

31. GENERAL

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



Chairman



Chief Executive



Director



Director

PATTERN OF SHAREHOLDING

As at December 31, 2009

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
2	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
59	Total	30,780,008

I.	Categories of shareholders	Shares held	Percentage
I.1	Directors, Chief Executive Officer, and their spouse and minor children.		
I.1.1.	Sheikh Ali Bin Abdullah	1,109,433	3.60%
I.1.2.	Said Gul & Spouse	1,080,000	3.51%
I.1.3.	Zahid H. Awan	40,801	0.13%
I.1.4.	M. Vaqaruddin	1,000	0.00%
I.1.5.	Izzat M. Al-Rashid	1	0.00%
I.1.6.	Abdul Basit Al-Shaibei	1	0.00%
I.1.7.	Chowdhry M. Wasi	1	0.00%
I.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%
I.3	NIT and ICP	-	0.00%
I.4	Banks, Development Financial Institutions, Non Banking Financial Institutions.		
I.4.1.	Qatar National Bank	5,000,000	16.24%
I.4.2.	Masraf Al-Rayan	6,000,000	19.49%
I.4.3.	Qatar Islamic Bank	2,500,000	8.12%
I.4.4.	Qatar International Islamic Bank	2,500,000	8.12%
I.4.5.	Amwal QSC	2,350,000	7.63%
I.4.6.	Doha Bank	302,400	0.98%
I.5	Insurance Companies		
I.5.1.	Qatar Islamic Insurance Co.	3,251,250	10.56%
I.6	Modarabas and Mutual Funds	-	0.00%

Categories of shareholders	Shares held	Percentage
I.7 Share holders holding 10%		
I.7.1. Qatar Islamic Insurance Co.	3,251,250	10.56%
I.7.2. Fawad Yusuf Securities (Pvt.) Ltd.	3,078,000	10.00%
I.7.3. Qatar National Bank	5,000,000	16.24%
I.7.4. Masraf Al-Rayan	6,000,000	19.49%
I.8 General Public		
a. Local	2,000	0.01%
b. Foreign	5,796,358	18.83%
I.9 Others	-	-

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 **4th Annual General Meeting of Pak-Qatar General Takaful Limited** to be held on _____ and at any adjournment thereof.

Signed this _____ day of April 2010

(Witnesses)

1. _____ (Signature)

_____ (CNIC / Passport No.)

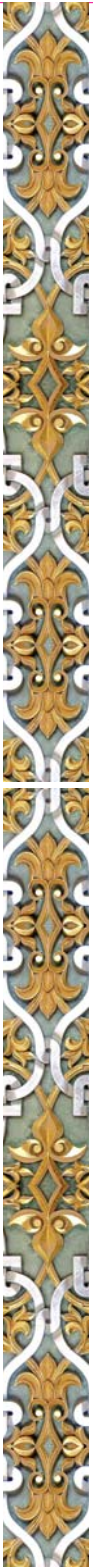
Please affix
Rupees five
revenue
stamp

Signature of
member(s)

2. _____ (Signature)

_____ (CNIC / Passport No.)

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



PAK-QATAR GENERAL TAKAFUL LIMITED

402-403, Business Arcade, Block-6, P.E.C.H.S, Sharea Faisal, Karachi-75400,
UAN: (021) 111-TAKAFUL(825238), Ph: (92 21) 34380357-61, Fax: (021) 34386453
www.pakqatar.com.pk