




PAK-QATAR FAMILY TAKAFUL
Together for Better

Annual Report 2009



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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
Pervaiz Ahmed	Director & Chief Executive Officer
Abdul Basit Al-Shaibei	Director
Mohammed Maher Al Jaabri	Director
Dr. Manfred Dirrheimer	Director
Mark Diab	Director
Said Gul	Director
Chowdhry Muhammad Wasi	Director
Zahid Hussain Awan	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
Mufti Hassaan Kaleem	Member
Dr. Mufti Ismatullah	Member

Chief Financial Officer & Company Secretary

Muhammad Kamran Saleem LLB, ACA, FCMA

Registered Office

102-105, 1st Floor, Business Arcade, P.E.C.H.S., Block-6,
Sharea Faisal, Karachi, Pakistan
Phone: + 92 21 34311747-56
Fax: +92 21 34386451
Email: info@pakqatar.com.pk
Web: www.pakqatar.com.pk

Branch Offices

Karachi	Lahore	Islamabad
Faisalabad	Kotli	Peshawar
Quetta	Hyderabad	Multan
Gujrat	Gujranwala	Sialkot
Rahimyar Khan	Rawalpindi	

Management Committee

Pervaiz Ahmed
M. Kamran Saleem
Nadym Chandna
M. Nasir Ali Syed
Afshan Naqvi
Saqib Zeeshan
Momin Hayat
Fakhri Alam
Syed Adnan Hasan
Waqas Ahmad
Saifuddin Shaikh
Muneeb Afzal Lone
Osama Javed Usmani

Chief Executive Officer
Head of Finance & Company Secretary
Head of Consumer Sales
Head of Operations
Head of IT & Systems
Head of Corporate Sales
Head of Shariah Compliance & Training
Head of Claims
Head of Marketing
Head of Underwriting
Head of Administration
Head of Internal Audit
Head of Human Resources

Underwriting Committee

Pervaiz Ahmed
M. Kamran Saleem
M. Nasir Ali Syed
Fakhri Alam
Waqas Ahmed

Chairman
Member
Member
Member
Secretary

Claims Committee

Pervaiz Ahmed
M. Kamran Saleem
M. Nasir Ali Syed
Fakhri Alam
Waqas Ahmed

Chairman
Member
Secretary
Member
Member

Re-takaful Committee

Pervaiz Ahmed
M. Kamran Saleem
Afshan Naqvi
M. Nasir Ali Syed
Fakhri Alam
Syed Hussain Raza
Waqas Ahmed

Chairman
Member
Member
Member
Member
Member
Member

Human Resources Committee

Pervaiz Ahmed
M. Kamran Saleem
Nadym Chandna
Afshan Naqvi
M. Nasir Ali Syed
Osama Javed Usmani

Chairman
Member
Member
Member
Member
Member

Risk Management Committee

Pervaiz Ahmed
M. Kamran Saleem
Afshan Naqvi
M. Nasir Ali Syed
Muneeb Afzal Lone
Saifuddin Shaikh

Chairman
Member
Member
Member
Member
Member

NOTICE OF 4th ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 4th Annual General Meeting of Pak-Qatar Family Takaful Limited (the Company) will be held on Friday, 30 April 2010 at 6:00 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 elect 10 directors for the next three years.
4. To appoint Auditors of the Company for the year ending 31st December 2010 and to fix their remuneration.
5. To consider any other business with the permission of the Chair.

Date: 09 April 2010

By Order of the Board



Place: Islamabad

Muhammad Kamran Saleem
Company Secretary

NOTES:

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

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

DIRECTORS' REPORT

Dear Shareholders,

Assalam-o-Alaikum

The Board of Directors of Pak-Qatar Family Takaful Limited is pleased to present 4th Annual Report and Audited Financial Statements of the Company together with Statutory Auditors' and Shariah Auditors' Reports thereon, for the year ended 31 December 2009.

I. Economic Overview

The year 2009 was another difficult year for the economy of Pakistan. The economic growth slipped to just 2 percent from 5.6 percent in the previous year. Foreign exchange reserves dropped to \$ 4 billion and price inflation peaked to 25.3 percent. The current account deficit had expanded rapidly and the government's fiscal position became untenable. The main root causes of this economic instability were Pakistan's active role in "War on Terror", uncertain political situation and escalation of global oil and commodity prices.

Fortunately, the year ended with some significant signs of recovery. The situation is now improved. The foreign currency reserves have reached up to \$14 billion which helped to narrow the current account deficit. Manufacturing, especially the large-scale industry, is showing indications of moderate recovery. Pakistan's sovereign ratings have been upgraded by Moody's and S&P. The government has projected GDP growth to 3.3 per cent for 2010. The economic distresses are steadily reducing as the government implements its stabilization policies under the supervision of the IMF.

Pakistan's economy is resilient, during all the calamities; it has always shown a swift 'V' shape recovery. The biggest threat to this recovery is the political and law and order turmoil which, if contained, can holistically improve each and every paradigm of the economy.


I.1 Investment Climate

I.1.1 Money Market

In order to arrest the unabated inflation which had attained an alarming level of 25% in first four months of fiscal year 2009 and to adhere to IMF conditions, the State Bank of Pakistan continued its policy of monetary tightening and raised the discount rate to 15%. The tight monetary policy resulted in six month KIBOR and T-bill rates to peak at 15.71% and 14.01% respectively.

Later, some correctives measures by SBP included reducing cash Reserve Requirement (CRR) and Statutory Liquidity Requirement (SLR) for commercial banks helped to ease off the liquidity crunch in the market. Subsequently, in the monetary policy statement in January 2009, SBP stopped further monetary tightening which helped to improve the liquidity position and hence interest rates reversed their increasing trend. As a result, overnight rates declined to 10% to 11%.

The SBP further provided monetary policy by easing by reducing the discount rate by 100 bps to 14%. The effect of these measures was also reflected in the six month KIBOR and T-bill rates which dropped from their peak by 245bps and 300bps to close at 12.76% and 12.01% respectively on 30 June 2009.



According to a Federal Bureau of Statistics release, the year end inflation has remained almost unchanged at 10.52%YoY compared to 10.51%YoY in Nov-09. Going forward, second round impact of increase in electricity and gas tariffs may push inflation above 11.5%YoY level after Jan-Feb 2010. Furthermore, uncertainty surrounding Friends of Pakistan pledges and Government of Pakistan's domestic financing requirement would also play a role in keeping the SBP's monetary policy stance.

1.1.2 Equity Market

2009 turned out to be a year of recovery for Pakistan's capital markets with the KSE-100 Index appreciating by 60% to close at 9,386.9 points. Oil, Fertilizer and Power sectors were amongst the key KSE-100 Index drivers. Significant improvement in production, and rebound in international oil prices allowed the E&P sector to post gains of 123% during 2009. High dividend yielding sectors, Fertilizer and Power, also performed well as investors favored strong yields following cuts in interest rates and also due to the uncertainty surrounding the future of capital markets and the economy. Thus it is not surprising that the majority of the top performing stocks during 2009 appeared from the Energy sector with POL, OGDC, and HUBCO leading the way. Nishat Mills and Lucky cement were also amongst the top performers.

1.2 2010 promises to be another good year

The GDP growth rate is expected to come at 3.2% and, along with the recent improvement in Pakistan's foreign currency ratings, it should reflect positively on Pakistan's capital markets during 2010. Top picks for 2010 are POL, PPL, HUBCO, DGKC and Indus Motors.

One trend to watch for in the coming year will be the increased participation of foreign investors in the local markets. Pakistan could possibly come back in the Morgan Stanley Composite Index emerging markets index which could divert significant foreign flows into the country. Moreover, further monetary easing on the back of encouraging inflation figures and launch of a new leverage product could also be major triggers for the market. Key drags for the market in 2010 could be introduction of capital gains tax, political crisis and poor law & order situation.

2. Industry Overview

2.1 Insurance:

In 2009, life premiums totaled PKR 43,775 million (USD 515 million) an increase of 25.1% over the previous year. The non-life income was PKR 40,648.25 million (USD 577.32 million), an increase of 12.1%. The totals (including PA and healthcare premiums of PKR 476.51 million/USD 6.77 million) was PKR 84,899 million (USD 1,070.60 million), 18.4%, more than the previous year.

There are six conventional life insurers in the market together with two family Takaful operators. The major share of the market is still held by state owned State Life Insurance Corporation of Pakistan with 65.35% of the market. A new life insurer and a healthcare insurer entered the market, in 2009.

The agency (selling through tied agents) is still the dominant distribution channel. However, Bancassurance (selling through bank counters) in recent years has gain a lot of popularity. Now, almost all major banks are involved in distribution of insurance products. Despite this rapid growth the market is still largely untapped. The insurance penetration which is 0.4 percent of the GDP is still very low as compared to any other developing country in the region. Illiteracy, poor market capitalization and very few market players are the major reasons for this low penetration. Furthermore, there is a cultural issue in that a large section of Muslim population is not prepared to accept conventional life insurance on religious grounds.

2.2 Takaful:

Like Islamic Banking, Takaful came very late in Pakistan as compared to other Muslim countries. It is a very recent phenomenon and the industry is still in the formative stage. However, market response, especially from the individual customers, shows that there is immense potential. Globally, it is estimated that Takaful would grow at a rate of 15% and 20% annually over the next 10 years, reaching aggregate industry premium of US\$ 7.4 billion by 2015.

Currently, there are only two family Takaful operators in the country. The growth shown by Pak-Qatar Family Takaful in very short period of time is indeed encouraging for the sector as a whole. However, being a novel sector, Takaful is experiencing a fierce competition from conventional players as they are considering Takaful a threat to their long term business growth. For this reason, especially, they are very strongly advocating Takaful window operations.

With challenges around, quality customer service, product innovation, increased awareness and better value for money, can enable this growing industry through its formative stage. In the wake of the economic meltdown, especially its effect on the financial industry, Takaful is emerging as an emergent archetype that provides financial solutions to individuals.

3. Company's Performance:

During the year ended 31 December 2009, the financial results have been as under:

	Aggregate	
	2009	2008
	—————(Rupees)—————	
Investment Income not attributable to statutory funds		
Return on Sukuks	17,891,008	14,046,630
Amortization of premium on Sukuks	(1,292,172)	(1,421,366)
Gain on disposal of investments – available-for-sale	21,978,758	2,586,869
Profit on bank balances and deposits	1,305,690	14,845,268
Dividend income	527,850	2,304,289
Total investment income of Shareholders' fund	40,411,134	32,361,690
Impairment in value of investment	-	(23,549,268)
Other revenues		
Gain on disposal of fixed assets	126,653	-
Exchange gain / (loss)	25,675	(334,190)
Total investment income and other revenues	40,563,462	8,478,232
Expenses not attributable to statutory funds	(9,763,231)	(10,593,752)
	30,800,231	2,115,520
Deficit in shareholders' sub fund	(136,062,101)	(113,162,658)
Loss before taxation	(105,261,870)	(115,278,178)
Taxation - current	(1,441,312)	(239,779)
- deferred	44,373,098	43,153,020
	42,931,786	42,913,241
Loss for the year after tax	(62,330,084)	(72,364,937)

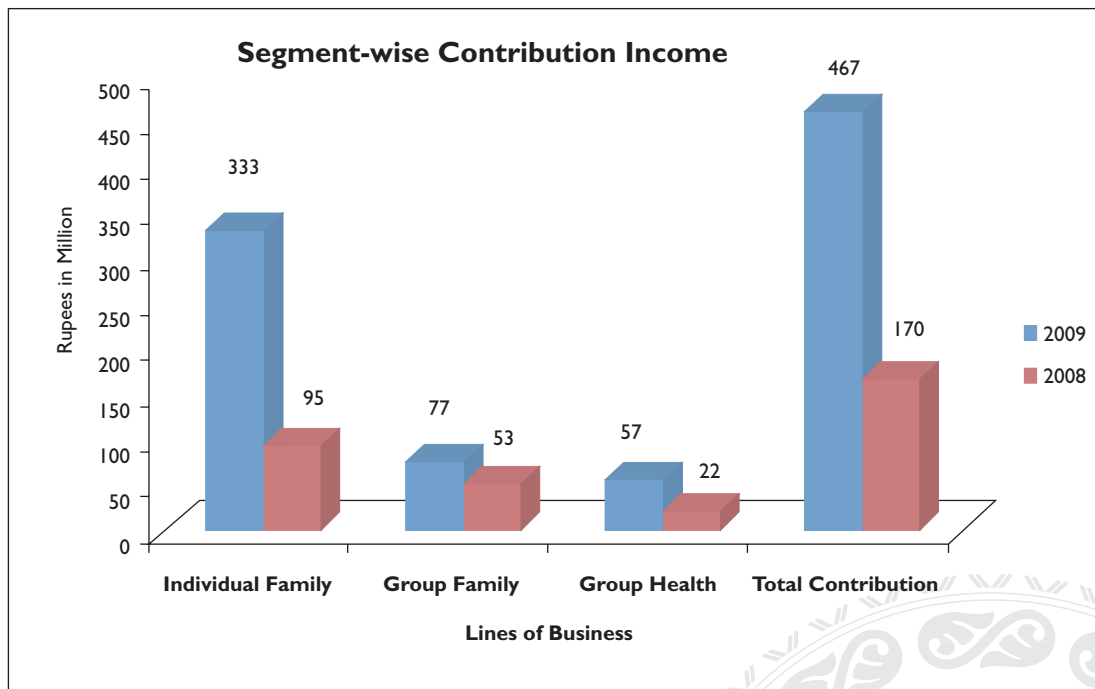
Pak-Qatar Family Takaful has incurred an after tax loss of PKR 62.3 million in year 2009 as compared to PKR 72.4 million in year 2008. These are planned losses as the company has to invest very heavily in the initial years to build a strong foundation, which could tap the untapped potential of the market. The nature of Family Takaful is such that, in the initial years, the company incurs losses as the revenue build-up even from the existing customers takes a while. Considering the tough economic and political situations, fierce competition, very low awareness of Takaful; company has performed exceptionally well. This is evident from the numbers given in the followings sections.

3.1 Business Figures

3.1.1 Contribution Income

The annualized gross contribution for individual family, group family and group health increased by 248%, 47% and 157% respectively, to a total of PKR 466.6 million. This increase is remarkable and credit goes to whole management team. None of the insurers even from the conventional industry could reach to these numbers in their fifth or sixth year, which Pak-Qatar has achieved in very second year of operations.

SEGMENT WISE CONTRIBUTIONS			
Line-of-Business	2009 Rupees in million	2008 Rupees in million	Growth
Individual Family	333	95	250%
Group Family	77	53	45%
Group Health	57	22	160%
Total Contribution	467	170	175%



3.1.2 Claims incurred

The claims incurred due to death and disability during the year 2009 were PKR 86 million as compared to PKR 26 million during the corresponding period 2008. The increase in overall business volume is reflected in the claims' figures.

3.1.3 Surplus/Deficit in the Participant Takaful Fund

The company is managing its risk pool on the basis of Wakalah Waqf and hence created Participant Takaful Fund (PTF) wherein all the risk contributions are pooled and claims are paid. PTF has three sub-funds viz. Individual Family, Group Health and Group Family. Following table shows the balance of PTF as at 31 December 2009 with comparative figures for the corresponding period in 2008. The company has significantly reduced deficit in Group Family Fund, while Individual Family Takaful Fund has shown a surplus of PKR 4.045 million. Overall the PTF is positive by PKR 2.317 million. This shows that the company is prudently assessing, classifying and managing risks.

SURPLUS / (DEFICIT) IN STATUTORY FUND		
Line-of-Business	2009 Rupees in million	2008 Rupees in million
Individual Family	4.045	0.134
Group Family	(1.274)	(1.722)
Group Health	(0.454)	(0.381)
Total	2.317	(1.969)

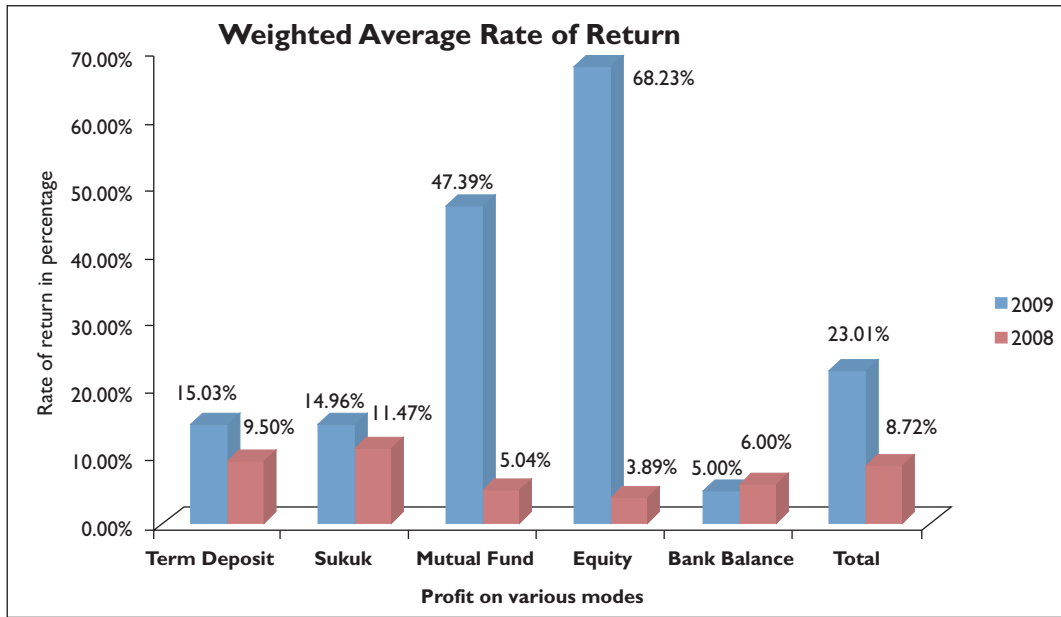
3.2 Investment Performance

The company is managing two distinct portfolios; one belongs to shareholders and the other one to the participants. The Participant's Investment Portfolio is further subdivided into Participant Investment Accounts (PIA) and Participant Takaful Fund (PTF).

The company has managed all the investment portfolios prudently and efficiently. Strategically company invests both in long term assets for stable returns and short term trading for capital gains. Both the strategies require timely and intelligent decision making, which company has made during the year.

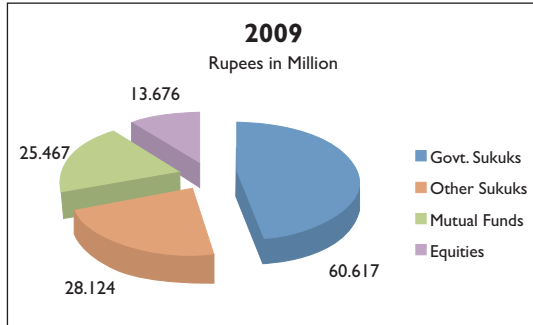
Following table is showing that the company has outperformed the market in most of the investment segments. The returns from equities and mutual funds are exceptionally high.

Mode of Investment	Investment Income and related rate of return			
	Profit		Percentage Return	
	2009	2008	2009	2008
Term Deposit	1,004,433	13,804,923	15.03%	9.50%
Sukuk	18,483,113	12,625,264	14.96%	11.47%
Mutual Fund	14,247,166	4,662,908	47.39%	5.04%
Equity	6,375,165	228,250	68.23%	3.89%
Bank Balance	301,257	1,040,345	5.00%	6.00%
Total	40,411,134	32,361,690	23.01%	8.72%

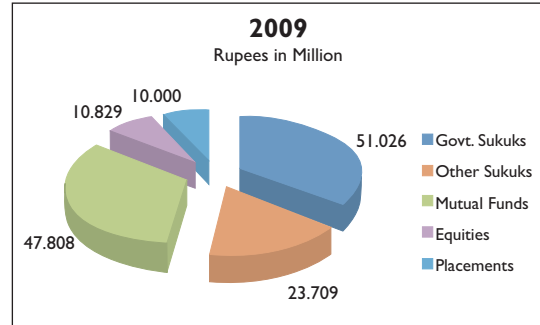


Following is the Assets' Investment Allocation in various Funds maintained by the Company:

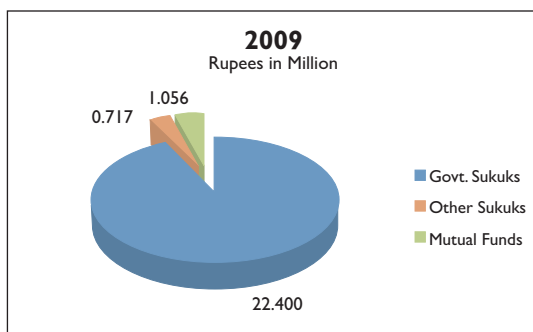
Assets' Investment Allocation in Shareholders' Fund



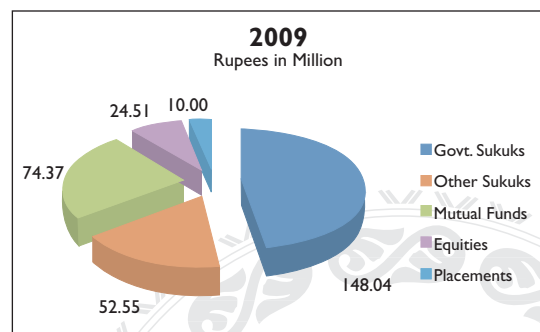
Assets' Investment Allocation in Participants' Investment Fund



Assets' Investment Allocation in Group's PTF



Assets' Investment Allocation in Aggregate



3.3 Products

Takaful is a Halal risk mitigation tool based on the principles of brotherhood and mutual co-operation. It serves as an alternate to conventional insurance. The range of products at Pak-Qatar aims to address a variety of financial needs, and offer a fitting solution. The company is catering to the need of corporate and individual market with need based Takaful solutions. Following products are offered;

Corporate Customers

- Group Health Takaful
- Group Family Takaful

Individual Customers

- Share 'n Care (Savings Takaful)
- Share 'n Care plus
- ABC (Education Takaful)
- Limited Cover Takaful

3.4 Marketing and Distribution

PQFTL aims at mainstreaming Takaful as first choice for risk mitigation and long term saving needs. The Company invested heavily in advertisement and sales promotion to create awareness of Takaful and strengthen brand image of Pak-Qatar. Together, with Pak-Qatar General Takaful, the Company launched a very effective advertisement campaign in the month of April 2009, which yielded increased awareness and gave boost to the overall business volumes.

The Company is using three distinct distribution channels. For distribution of corporate products, we are using direct marketing team, which is a small unit working very efficiently. A lot bigger set-up is required to market the individual products. PQFTL has developed a team of around 850 Takaful consultants working in country-wide network of the branches. Our branches are now located in every major city of the country.

3.4.1 BancaTakaful

BancaTakaful, i.e. distributing individual Takaful products through the bank's counter has gained a lot of popularity in recent years. The success of BancaTakaful is critical to the success of Pak-Qatar Family Takaful. For this very purpose, company developed a strategic alliance in BancaTakaful with FWU Group in 2007. While it took a while to take-off but we finally made major break-through in 2009 by signing up distribution agreements with five leading banks. The business was commenced in the month of October 2009. Pak-Qatar and FWU now have BancaTakaful agreements with Dubai Islamic Bank, Standard Chartered Bank, Emirates Global Islamic Bank, MCB Bank, and Bank Alfalah. These agreements will help to increase business volumes substantially in years to come.

3.5 Information Technology

The effective use of technology is at the core of our marketing strategy. PQFTL has heavily invested in Information Technology during last few years. We continued to exploit PentaTakaful (business system from Malaysia), to offer innovative products with timely delivery of services. The implantation of SAP is progressing very well and it is expected to be fully live by the end of third quarter 2010. Company is also offering 24 hours help line and emergency medical assistance for its Group Health customers.

3.6 Rewards & Recognition

This year we have received several accolades and accomplished numerous feats:

- Your company being the fastest growing Family Takaful Company in the region has won the “Best Use of Technology” award from CPI Financial, UAE, for the year 2009.
- PQFTL was the only Islamic Finance Company from Pakistan to be nominated in the “Best Takaful Operator” category.
- The Company won “Best Takaful Operator” award by 1st National Achievers Awards 2009, Karachi.
- Also gained Brand of the Year Award – 2009.
- PQFTL was nominated for “Best Marketing Strategy” by World Takaful Summit 2009, Jumeirah Carlton Tower, London, UK.

4. Paving the way forward

As the economic outlook of the country is being improved, we at Pak-Qatar Takaful are diligently trying to outperform the expectations so that accomplishment becomes a norm rather than an abnormality.

2010 is here and we are all set to exploit the untapped potential of the market and continue to offer services and products which are need based and offer value for money. It is imperative that we keep our vision of providing financial protection to everyone, through Takaful, in our minds, and work together towards its achievement in the true spirit of brotherhood.

Shariah Compliance and our customer-centric approach together with focus on technology will result in our competitive advantage. To achieve this goal, we will focus on the following activities:

- Selective expansion of branch network and strengthening of existing ones to generate desirable business volumes.
- Use alternate distribution channels like community marketing to reduce business acquisition cost.
- Continue to train and retain quality staff and motivate them to achieve higher level of productivity.
- Refine and improve operational processes to be able to handle budgeted business volumes efficiently and deliver quality customer services. This would also include using quality management tools like Six Sigma, Five S etc.
- Introduce at-least three more product for Individual customers.
- Effective implementation of two module of SAP i.e. Financials and Human Capital Management .

We understand that the targets we have set-up for ourselves are challenging but we are confident with sheer dedication, the help of Almighty Allah (SWT), and the continued support from the board of directors we will achieve them Insha-Allah.

5. 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.

6. Board of Directors:

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

No.	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.	Dr. Manfred Dirrheimer	1
10.	Pervaiz Ahmed	4

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

7. Corporate and Financial Reporting Frame Work:

- a) The financial statements prepared by the management of the company present fairly its state of affairs, the result of its operations, cash flow and changes in equity.
- b) Proper books of accounts have been maintained by the Company.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) The International Accounting Standards, 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, as detailed in the listing regulations.
- h) This was the third year of Company's operations. Hence, the key operating and financial data for the last three years is attached.
- i) The balance in the provident fund account as at the year-end was Rs. 9,832,836.
- j) No trading in shares has been made by the Chief Executive, Directors, Chief Financial Officer, Company Secretary, their spouses and minor children.

8. 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.

9. Auditors:

The present auditors, M/s. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, Karachi, retire and being 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.

10. Pattern of Shareholding:

The Pattern of shareholdings of the Company is attached.

11. Vote of Thanks:

On the behalf of the Board, I would like to thank, the valued participants, the Securities and Exchange Commission of Pakistan, shareholders, and the sponsors for their confidence, patronage, co-operation and understanding extended to us.

12. Conclusion:

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

For and on behalf of the
Board of Directors



Pervaiz Ahmed
Chief Executive Officer

Islamabad: 09 April 2010

KEY FINANCIAL DATA

Amount in Rs.

	FY 2009	FY 2008	FY 2007
Gross Contribution	466,646,900	129,682,372	1,267,407
REVENUE ACCOUNT			
Contribution-Net of Re-Takaful	427,294,316	116,434,618	1,095,427
Wakala Fee	232,719,255	61,006,507	-
Claims less Re-Takaful	49,961,771	16,109,974	-
Commission Expense	138,623,087	40,586,658	17,016
Other Acquisition Cost	96,953,603	43,741,885	2,280,033
General management Expenses	127,913,911	84,684,831	32,416,254
Investment Income less Impairment	56,355,222	10,854,852	17,795,536
Cede money contributed to waqf fund	-	-	500,000
Gain on disposal of fixed assets	126,653	-	-
Other Income	25,675	(334,190)	10,540
Loss before Tax	(105,261,870)	(115,278,178)	(21,419,858)
Provision for Tax	42,931,786	42,913,241	(6,337)
Loss after Tax	(62,330,084)	(72,364,937)	(21,426,195)
BALANCE SHEET			
Investments	285,427,614	255,437,100	179,278,184
Cash & Bank Balances	81,267,877	84,327,310	208,641,477
Deferred Tax Asset	87,526,118	43,153,020	-
Other Assets	70,192,167	56,261,473	8,864,591
Fixed Assets	136,013,647	114,145,816	40,503,962
Issued, subscribed and paid up capital	532,971,670	532,971,670	451,672,080
Advance against future issue of Share Capital	1,660,742	1,660,742	1,660,742
Accumulated loss	(165,875,760)	(101,816,799)	(27,351,864)
Balance of Statutory Funds	226,212,200	64,109,938	1,595,427
Other liabilities	65,458,571	56,399,168	9,711,829

KEY FINANCIAL RATIOS

	FY 2009	FY 2008	FY 2007
Growth in:			
Gross Contribution	260%	10132%	-
Contribution-Net of Re-Takaful	267%	10529%	-
Wakala Fee	281%	-	-
Claims less Re-Takaful	210%	-	-
Commission and Expenses	242%	238421%	-
Investment Income (without Impairment)	64%	93%	-
Current Ratio	6.53	6.89	40.52
Revenue per share (Rs.)	5.16	1.75	0.39
Earning per shares (Rs.)	(1.17)	(1.36)	(0.47)
Claims to Contribution	12%	14%	0%
Management Expenses to Gross Contribution	27%	65%	2558%
Management Expenses to Wakala Fee	55%	139%	-
Net Commission Expense to Gross Contribution	30%	31%	1%
Net Commission Expense to Wakala Fee	60%	67%	-
Wakala fee to Gross Contribution	50%	47%	0%
Retakaful to Gross Contribution	8%	10%	14%
REVENUE DISTRIBUTION (PTF)			
Claims (Including IBNR)	43%	37%	
Takaful operator's fee	31%	33%	
Technical reserves	24%	35%	
Surplus /(deficit) for the year	2%	(-5%)	
REVENUE DISTRIBUTION (SHF)			
Expenses not attributable to statutory funds	4%	15%	
Commission	50%	58%	
Management	46%	121%	
Other acquisition cost	35%	63%	
Technical reserve	3%	7%	
Taxation	-16%	-61%	
Loss for the year	-23%	-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. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an 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 in the Board.
4. The Company has prepared a 'Statement of Ethics and Business Practices, which has been signed by all the directors and employees of the Company.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, have been taken by the Board.
7. The meetings of the Board were presided over the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
8. The Board has established a system of sound internal control, which is effectively implemented at all levels within the company. The company includes all the necessary aspects of internal control given in the code.
9. No orientation course for the directors during the year was arranged, however, directors being seasoned bankers, insurance & investments professionals and experienced businessmen; they are aware of their responsibilities as directors.
10. The Board has approved appointment of CFO and Company Secretary including their remuneration and terms and conditions of employment, as determined by the CEO.
11. 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.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

- 
13. 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.
 14. The Company has complied with all the corporate and financial reporting requirements of the Code.
 15. The Board has formed underwriting/ claim settlement/ retakaful committee.
 16. The Board has formed an audit committee. It comprises 3 members, of whom all are non-executive directors including the chairman of the committee.
 17. The meetings of the committees were held as required in the Code. The terms of reference of the audit committees have been finalized.
 18. Internal audit function has been set-up and operational.
 19. 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.
 20. 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.
 21. The actuary appointed by the company has confirmed that he or his spouse and minor children do not hold shares of the company.
 22. The Board ensures that the appointed actuary complied with the requirements set out for him in this code.
 23. We confirm that all other material principles contained in the Code have been complied.

On behalf of the Board of Directors



Pervaiz Ahmed
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 Family 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 Banka Takaful Saving Products, Salary Saving Takaful Plan, Limited Cover Takaful Plan and Takaful Shield Decreasing Term Plan, etc.

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

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

On behalf of the Shariah Advisory Board



Dr. Ismatullah
Shariah Advisory Board Member



Mufti Muhammad Hassaan Kaleem
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 Family 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 Family Takaful Limited Waqf Fund (the Waqf) with participants, other financial institutions and stakeholders are, in substance and in their legal form, in compliance with the requirements of Shariah rules and principles as determined by the Shariah Board and the Takaful Rules, 2005.

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 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 Raza Siddiqi Hyder
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 Family 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.

KARACHI
09 April, 2010

Ernst & Young Ford Rhodes Sidat Hyder
CHARTERED ACCOUNTANTS

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) revenue account;
- vi) statement of contributions;
- vii) statement of claims;
- viii) statement of expenses; and
- ix) statement of investment income

of **Pak – Qatar Family 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;
- (d) the apportionment of assets, liabilities, revenue and expenses between two or more funds has been performed in accordance with the advice of the appointed actuary; and
- (e) 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	Shareholders' Fund	Statutory Funds			Aggregate		
		Individual Family	Group Family	Group Health	2009	2008	
(Rupees)							
Share capital and reserves	8						
Authorized share capital		600,000,000			600,000,000	600,000,000	
Issued, subscribed and paid-up share capital		532,971,670			532,971,670	532,971,670	
Accumulated deficit		(165,875,760)			(165,875,760)	(101,816,799)	
Net Shareholders' equity		367,095,910			367,095,910	431,154,871	
Advance against future issue of share capital		1,660,742			1,660,742	1,660,742	
Balance of statutory funds	9						
Cede money – Waqf		-	-	500,000	-	500,000	500,000
Participant Takaful Fund – Waqf		-	4,751,225	26,482,304	17,683,709	48,917,238	16,201,806
		-	4,751,225	26,982,304	17,683,709	49,417,238	16,701,806
Participant Investment Fund		-	145,935,902	-	-	145,935,902	27,252,791
Shareholders' sub fund		12,274,646	-	-	-	12,274,646	5,155,341
Shareholders' Fund units holding in PIF		-	18,584,414	-	-	18,584,414	15,000,000
		12,274,646	169,271,541	26,982,304	17,683,709	226,212,200	64,109,938
Creditors and accruals							
Outstanding claims		-	8,913,585	5,640,000	7,199,737	21,753,322	3,713,794
Contributions received in advance		1,422,907	15,990,668	209,481	500,614	18,123,670	7,556,605
Amount due to re-takaful operator(s)		-	-	2,716,559	-	2,716,559	13,406,541
Amounts due to agents		7,990,367	-	-	-	7,990,367	11,499,356
Creditors, accruals and other liabilities	10	9,522,571	71,630	-	-	9,594,201	12,280,527
Interfund – payable		2,687,430	609,823	1,305,597	677,602	5,280,452	7,942,345
		21,623,275	25,585,706	9,871,637	8,377,953	65,458,571	56,399,168
Total liabilities		35,558,663	194,857,247	36,853,941	26,061,662	293,331,513	122,169,848
Total equity and liabilities		402,654,573	194,857,247	36,853,941	26,061,662	660,427,423	553,324,719
Commitments	11						

The annexed notes from 1 to 23 form an integral part of these financial statements.



Chairman



Chief Executive



Director



Director

BALANCE SHEET

As at December 31, 2009

Note	Shareholders' Fund	Statutory Funds			Aggregate	
		Individual Family	Group Family	Group Health	2009	2008
(Rupees)						
Cash and bank deposits	12					
Cash and others		1,119,537	-	-	1,119,537	852,836
Current and other accounts		21,804,262	42,898,504	3,846,425	1,599,149	70,148,340
Deposits maturing within 12 months		-	10,000,000	-	-	10,000,000
		22,923,799	52,898,504	3,846,425	1,599,149	81,267,877
Investments	13					
Government securities – sukuks		60,616,683	51,025,921	8,400,000	14,000,000	134,042,604
Other income securities - sukuks		28,124,161	23,708,877	716,618	-	52,549,656
Open-end mutual fund - units		25,466,864	47,807,621	1,019,612	36,204	74,330,301
Listed equities		13,675,828	10,829,225	-	-	24,505,053
		127,883,536	133,371,644	10,136,230	14,036,204	285,427,614
Long-term security deposits		9,218,522	-	-	-	9,218,522
Deferred Tax Asset	14	87,526,118	-	-	-	87,526,118
Current assets – Other						
Contribution due but unpaid – considered good	15	-	2,553,377	21,306,573	9,663,078	33,523,028
Investment income accrued		2,685,500	2,784,076	289,913	307,435	6,066,924
Amounts due from re-takaful		-	2,260,998	-	-	2,260,998
Taxation - payments less provisions		5,800,188	31,814	-	-	5,832,002
Prepayments		6,986,643	-	-	-	6,986,643
Other receivable		1,023,598	-	-	-	1,023,598
Interfund – receivable		2,593,022	956,834	1,274,800	455,796	5,280,452
		19,088,951	8,587,099	22,871,286	10,426,309	60,973,645
Fixed assets	16					
Tangible						
Furniture and fixtures		10,321,063	-	-	-	10,321,063
Building improvements		41,145,962	-	-	-	41,145,962
Office equipment		11,527,761	-	-	-	11,527,761
Motor vehicles		22,274,477	-	-	-	22,274,477
Computer equipment		8,791,662	-	-	-	8,791,662
Capital work-in-progress		12,301,617	-	-	-	12,301,617
Intangible						
Computer software		23,868,876	-	-	-	23,868,876
Capital work-in-progress		5,782,229	-	-	-	5,782,229
		136,013,647	-	-	-	136,013,647
Total assets		402,654,573	194,857,247	36,853,941	26,061,662	660,427,423

The annexed notes from 1 to 23 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	Aggregate	
		2009	2008
		(Rupees)	
Investment Income not attributable to statutory funds			
Return on sukuks		17,891,008	14,046,630
Amortization of premium and discount on sukuks		(1,292,172)	(1,421,366)
Profit on bank balances and deposits		1,305,690	14,845,268
Dividend income		527,850	2,304,289
Gain on disposal of investments – available-for-sale		21,978,758	2,586,869
		40,411,134	32,361,690
Impairment in value of investment		-	(23,549,268)
		40,411,134	8,812,422
Other revenues			
Gain on disposal of fixed assets		126,653	-
Exchange gain / (loss)		25,675	(334,190)
		40,563,462	8,478,232
Total investment income and other revenues not attributable to statutory funds			
Expenses not attributable to statutory funds	17	(9,763,231)	(10,593,752)
		30,800,231	(2,115,520)
Deficit in shareholders' sub fund		(136,062,101)	(113,162,658)
		(105,261,870)	(115,278,178)
Loss before taxation			
Taxation - current	18	(1,441,312)	(239,779)
- deferred	14	44,373,098	43,153,020
		42,931,786	42,913,241
		(62,330,084)	(72,364,937)

The annexed notes from 1 to 23 form an integral part of these financial statements.



Chairman



Chief Executive



Director



Director

STATEMENT OF CHANGES IN EQUITY

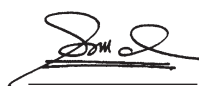
For the year ended December 31, 2009

	Share Capital	Net accumulated deficit			Total
		Accumulated deficit	Capital contribution to statutory funds	Net accumulated deficit	
(Rupees)					
Balance as at January 1, 2008	451,672,080	(27,351,864)	-	(27,351,864)	424,320,216
Issue of share capital	81,299,590	-	-	-	81,299,590
Loss for the year	-	(72,364,937)	-	(72,364,937)	(72,364,937)
Capital contributed to shareholders' sub fund	-	-	(2,099,998)	(2,099,998)	(2,099,998)
Balance as at December 31, 2008	<u>532,971,670</u>	<u>(99,716,801)</u>	<u>(2,099,998)</u>	<u>(101,816,799)</u>	431,154,871
Loss for the year	-	(62,330,084)	-	(62,330,084)	(62,330,084)
Capital contributed to shareholders' sub fund	-	-	(1,728,877)	(1,728,877)	(1,728,877)
Balance as at December 31, 2009	<u><u>532,971,670</u></u>	<u><u>(162,046,885)</u></u>	<u><u>(3,828,875)</u></u>	<u><u>(165,875,760)</u></u>	367,095,910

The annexed notes from 1 to 23 form an integral part of these financial statements.



Chairman



Chief Executive



Director



Director

STATEMENT OF CASH FLOWS

For the year ended December 31, 2009

	Shareholders'	Statutory Funds			Aggregate	
	Fund	Individual Family	Group Family	Group Health	2009	2008
(Rupees)						
OPERATING CASH FLOWS						
(a) Takaful activities						
Contributions received	192,855,930	149,090,539	64,287,263	49,942,827	456,176,559	125,102,295
Retakaful payments	-	(13,120,111)	(29,759,849)	-	(42,879,960)	-
Claims Paid	-	(123,594)	(13,142,499)	(24,619,384)	(37,885,477)	(21,819,784)
Commission paid	(142,132,076)	-	-	-	(142,132,076)	(29,087,302)
Net cash inflow from takaful activities	50,723,854	135,846,834	21,384,915	25,323,443	233,279,046	74,195,209
(b) Other operating activities						
Income tax paid	(3,506,490)	-	-	-	(3,506,490)	(4,012,940)
General management expenses paid	(168,649,394)	(9,561,155)	(19,439,495)	(14,042,502)	(211,692,546)	(132,108,260)
Long term deposits	(1,949,555)	-	-	-	(1,949,555)	(4,062,927)
Other operating receipts	311,648	-	-	-	311,648	2,918,162
Interfund receivables / payables	(713,041)	(3,263,294)	561,866	(3,112,119)	-	-
Net cash outflow from other operating activities	(174,506,832)	(6,297,861)	(18,877,629)	(17,154,621)	(216,836,943)	(137,265,965)
Net cash (outflow) / inflow from all operating activities	(123,782,978)	129,548,973	2,507,286	8,168,822	16,442,103	(63,070,756)
INVESTMENT ACTIVITIES						
Profit / return received	45,212,247	10,260,767	1,512,746	1,292,471	58,278,231	26,736,517
Dividend received	459,850	435,200	-	-	895,050	2,326,289
Payments for investments	(102,872,149)	(195,670,673)	(8,116,420)	(14,000,000)	(320,659,242)	(200,048,323)
Proceeds from disposal of investments	190,009,231	91,109,051	3,865,152	4,963,796	289,947,230	101,321,997
Fixed capital expenditure	(49,856,805)	-	-	-	(49,856,805)	(87,879,481)
Proceed from disposal of fixed assets	1,894,000	-	-	-	1,894,000	-
Net cash inflow/(outflow) from investing activities	84,846,374	(93,865,655)	(2,738,522)	(7,743,733)	(19,501,536)	(157,543,001)
FINANCING ACTIVITIES						
Capital payments made by SHF	-	-	-	-	-	81,299,590
Capital payments received by statutory funds	-	-	-	-	-	15,000,000
Qard-e-Hasana payments from SHF to statutory funds	(1,728,877)	-	1,274,800	454,077	-	-
Net cash (outflow) / inflow from financing activities	(1,728,877)	-	1,274,800	454,077	-	96,299,590
Net cash (outflow) / inflow from all activities	(40,665,481)	35,683,318	1,043,564	879,166	(3,059,433)	(124,314,167)
Cash and cash equivalents at beginning of the year	63,589,280	17,215,186	2,802,861	719,983	84,327,310	208,641,477
Cash and cash equivalents at end of the year	22,923,799	52,898,504	3,846,425	1,599,149	81,267,877	84,327,310

.....Continued.....

STATEMENT OF CASH FLOWS

For the year ended December 31, 2009

	Aggregate	
	2009	2008
	(Rupees)	
Reconciliation to Profit and Loss Account		
Operating cash flows	16,442,103	(63,070,756)
Depreciation expense	(18,928,932)	(9,507,088)
Amortization expense	(6,656,980)	(4,730,539)
Tax paid	3,506,490	4,012,940
Provision for taxation	(1,441,312)	(239,779)
Deferred Tax	44,373,098	43,153,020
Financial charges expense	25,675	(334,190)
Profit on disposal of fixed assets	126,653	-
Increase in assets other than cash	14,527,409	55,693,493
(Increase) in liabilities other than running finance	(163,119,839)	(107,323,465)
Revaluation adjustment	-	(25,852,309)
Amortization of investment	(1,292,172)	(1,421,366)
Investment income	50,107,723	37,255,102
Deficit of statutory funds	136,062,101	113,162,658
(Deficit) appropriated to shareholders fund	(136,062,101)	(113,162,658)
Loss after taxation	<u>(62,330,084)</u>	<u>(72,364,937)</u>

Definition of cash

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

Note	2009	2008
	(Rupees)	
Cash for the purposes of the statement of cash flows consists of :		
Cash and other equivalents		
Cash in hand	392,586	355,177
Stamps in hand	726,951	497,659
	<u>1,119,537</u>	<u>852,836</u>
Current and other accounts		
Current accounts	1,047,595	1,457,059
Saving accounts	69,100,745	37,017,415
	<u>70,148,340</u>	<u>38,474,474</u>
Deposits maturing within 12 months (encashable on demand)	10,000,000	45,000,000
	<u>81,267,877</u>	<u>84,327,310</u>
	12	

The annexed notes from 1 to 23 form an integral part of these financial statements.



Chairman



Chief Executive



Director



Director

REVENUE ACCOUNT

For the year ended December 31, 2009

	Statutory Funds			Aggregate	
	Individual Family	Group Family	Group Health	2009	2008
	(Rupees)				
Participants' Investment Fund (PIF)					
Income					
Allocated Contribution	121,740,139	-	-	121,740,139	26,838,326
Net investment income	7,654,100	-	-	7,654,100	938,238
Total net income	129,394,239	-	-	129,394,239	27,776,564
Less: Claims and expenditure					
Surrender / Partial withdrawal	5,963,234	-	-	5,963,234	-
Takaful Operators' fee charges	4,747,894	-	-	4,747,894	523,773
Total claims and expenditure	10,711,128	-	-	10,711,128	523,773
Excess of income over claims and expenditure	118,683,111	-	-	118,683,111	27,252,791
Add: Technical reserves at the beginning of the year	27,252,791	-	-	27,252,791	-
Less: Technical reserves at the end of the year	145,935,902	-	-	145,935,902	27,252,791
Surplus	-	-	-	-	-
Movement in technical reserves	118,683,111	-	-	118,683,111	27,252,791
Balance of PIF at the beginning of the year	27,252,791	-	-	27,252,791	-
Balance of PIF at the end of the year (a)	<u>145,935,902</u>	<u>-</u>	<u>-</u>	<u>145,935,902</u>	<u>27,252,791</u>
Participants' Takaful Fund (PTF)					
Income					
Contribution net off re-takaful	9,767,180	47,734,824	56,619,150	114,121,154	43,340,875
Net investment income	968,422	973,142	863,830	2,805,394	(10,846)
Other income	560,116	-	-	560,116	-
Total net income	11,295,718	48,707,966	57,482,980	117,486,664	43,330,029
Less: Claims and expenditures					
Claim net of re-takaful recoveries	3,073,945	16,718,099	30,169,727	49,961,771	16,109,974
Takaful Operators' fee	4,280,988	18,790,734	13,466,616	36,538,338	14,213,674
Total claims and expenditure	7,354,933	35,508,833	43,636,343	86,500,109	30,323,648
Excess of income over claims and expenditure	3,940,785	13,199,133	13,846,637	30,986,555	13,006,381
Add: Technical reserves at the beginning of the year	676,191	12,008,371	3,382,995	16,067,557	1,091,534
Less: Technical reserves at the end of the year	571,719	26,482,308	17,683,709	44,737,736	16,067,557
Surplus / (deficit) before distribution	4,045,257	(1,274,804)	(454,077)	2,316,376	(1,969,642)
Movement in technical reserves	(104,472)	14,473,937	14,300,714	28,670,179	14,976,023
Qard-e-Hasna contributed from shareholders' sub fund	-	1,274,800	454,077	1,728,877	2,099,998
Balance of PTF at the beginning of the year	810,440	12,008,371	3,382,995	16,201,806	1,095,427
Balance of PTF at the end of the year (b)	<u>4,751,225</u>	<u>26,482,304</u>	<u>17,683,709</u>	<u>48,917,238</u>	<u>16,201,806</u>
Total (a+b)	<u>150,687,127</u>	<u>26,482,304</u>	<u>17,638,709</u>	<u>194,853,140</u>	<u>43,454,597</u>

.....Continued.....

REVENUE ACCOUNT

For the year ended December 31, 2009

	Statutory Funds			Aggregate	
	Individual Family	Group Family	Group Health	2009	2008
	(Rupees)				
Shareholders' Sub Fund					
Income					
Takaful Operators' Fee	200,461,905	18,790,734	13,466,616	232,719,255	61,006,057
Mudarib Fee from PTF	603,903	648,761	575,886	1,828,550	-
Total income	201,065,808	19,439,495	14,042,502	234,547,805	61,006,057
Less: Expenditure					
Net commission expenses	136,202,746	1,220,587	1,199,754	138,623,087	40,586,658
Other acquisition expenses	84,755,731	6,647,266	5,550,606	96,953,603	43,741,885
Management expenses	74,213,447	29,078,816	24,621,648	127,913,911	84,684,831
Total expenditure	295,171,924	36,946,669	31,372,008	363,490,601	169,013,374
Excess of expenditure over income	(94,106,116)	(17,507,174)	(17,329,506)	(128,942,796)	(108,007,317)
Add: Technical reserves at the beginning of the year	106,426	4,148,078	900,837	5,155,341	-
Less: Technical reserves at the end of the year	393,334	7,521,816	4,359,496	12,274,646	5,155,341
Deficit for the year	(94,393,024)	(20,880,912)	(20,788,165)	(136,062,101)	(113,162,658)
Deficit transferred to shareholders' fund	94,393,024	20,880,912	20,788,165	136,062,101	113,162,658
Movement in technical reserves	286,908	3,373,738	3,458,659	7,119,305	5,155,341
Transfers from / (to) shareholders' fund					
Contribution received from shareholders' fund	-	1,274,800	454,077	1,728,877	2,099,998
Qard-e-Hasna contributed to Participant Takaful Fund	-	(1,274,800)	(454,077)	(1,728,877)	(2,099,998)
Net transfer from / (to) shareholders' fund	-	-	-	-	-
Balance of shareholders' sub fund at the beginning of the year	106,426	4,148,078	900,837	5,155,341	-
Balance of shareholders' sub fund at the end of the year (c)	393,334	7,521,816	4,359,496	12,274,646	5,155,341
Balance of Funds at the end of the year (a+b+c)	151,080,461	34,004,120	22,043,205	207,127,786	48,609,938
Represented by: (Note 9)					
Participants' Investment Fund					
Technical reserves for PIF	145,935,902	-	-	145,935,902	27,252,791
	145,935,902	-	-	145,935,902	27,252,791
Participants' Takaful Fund					
Accumulated surplus / (deficit) – PTF	4,179,506	(2,993,286)	(835,593)	350,627	(1,965,749)
Qard-e-Hasna contributions	-	2,993,282	835,593	3,828,875	2,099,998
Technical reserves for Participants' Takaful Fund	571,719	26,482,308	17,683,709	44,737,736	16,067,557
	4,751,225	26,482,304	17,683,709	48,917,238	16,201,806
Shareholders' Sub Fund					
Technical reserves for shareholders' sub fund	393,334	7,521,816	4,359,496	12,274,646	5,155,341
Accumulated surplus - shareholders' sub fund	-	-	-	-	-
	393,334	7,521,816	4,359,496	12,274,646	5,155,341
Balance of Funds at the end of the year	151,080,461	34,004,120	22,043,205	207,127,786	48,609,938

The annexed notes from 1 to 23 form an integral part of these financial statements.



Chairman



Chief Executive



Director



Director

STATEMENT OF CONTRIBUTION

For the year ended December 31, 2009

	Statutory Funds			Aggregate	
	Individual Family	Group Family	Group Health	2009	2008
(Rupees)					
Gross Contributions					
Regular contribution individual schemes					
First year	269,074,997	-	-	269,074,997	61,981,438
Second year	31,886,623	-	-	31,886,623	-
Top up contribution under individual schemes	31,851,028	-	-	31,851,028	13,332,124
Group schemes without cash values	-	77,215,102	56,619,150	133,834,252	54,368,810
Total Gross Contribution	332,812,648	77,215,102	56,619,150	466,646,900	129,682,372
Gross contribution allocated as follows:					
Participants' Investment Fund (PIF)					
Allocated regular contribution	91,474,972	-	-	91,474,972	14,172,808
Allocated top up contribution	30,265,167	-	-	30,265,167	12,665,518
Total allocated contribution	121,740,139	-	-	121,740,139	26,838,326
Participants' Takaful Fund (PTF)					
Gross Contribution					
Contribution on individual schemes	19,639,486	-	-	19,639,486	2,206,626
Group schemes without cash values	-	77,215,102	56,619,150	133,834,252	54,368,810
	19,639,486	77,215,102	56,619,150	153,473,738	56,575,436
Less: Re-Takaful ceded					
On first year regular contribution individual scheme	(8,990,314)	-	-	(8,990,314)	(986,807)
Second year regular contribution individual scheme	(881,992)	-	-	(881,992)	-
On group schemes without cash values	-	(29,480,278)	-	(29,480,278)	(12,247,754)
	(9,872,306)	(29,480,278)	-	(39,352,584)	(13,234,561)
Net risk Contribution of Participants' Takaful Fund	9,767,180	47,734,824	56,619,150	114,121,154	43,340,875
Shareholders' Sub-Fund					
Un-allocated regular contribution	189,847,162	-	-	189,847,162	45,602,004
Un-allocated top up contribution	1,585,861	-	-	1,585,861	666,606
Total un-allocated contribution	191,433,023	-	-	191,433,023	46,268,610

The annexed notes from 1 to 23 form an integral part of these financial statements.



Chairman



Chief Executive



Director



Director

STATEMENT OF CLAIMS

For the year ended December 31, 2009

	Statutory Funds			Aggregate	
	Individual Family	Group Family	Group Health	2009	2008
(Rupees)					
Gross Claims					
Claims under individual schemes	9,128,221	-	-	9,128,221	-
Surrender / partial withdrawal	5,963,234	-	-	5,963,234	-
Claims under group policies	-	41,033,571	30,169,727	71,203,298	25,533,578
Total gross claims	<u>15,091,455</u>	<u>41,033,571</u>	<u>30,169,727</u>	<u>86,294,753</u>	<u>25,533,578</u>
Gross claims allocated as follows:					
Participants' Investment Fund (PIF)					
Surrenders / partial withdrawal under individual schemes	<u>5,963,234</u>	<u>-</u>	<u>-</u>	<u>5,963,234</u>	<u>-</u>
Participants' Takaful Fund (PTF)					
Under individual scheme by death	9,128,221	-	-	9,128,221	14,927,510
Under group by death	-	39,467,384	-	39,467,384	-
Under group by event other than death	-	1,566,187	30,169,727	31,735,914	10,606,068
Total gross claims under PTF risk fund	<u>9,128,221</u>	<u>41,033,571</u>	<u>30,169,727</u>	<u>80,331,519</u>	<u>25,533,578</u>
Less: Re-Takaful recoveries					
On individual scheme	(6,054,276)	-	-	(6,054,276)	-
On group scheme	-	(24,315,472)	-	(24,315,472)	(9,423,604)
	<u>(6,054,276)</u>	<u>(24,315,472)</u>	<u>-</u>	<u>(30,369,748)</u>	<u>(9,423,604)</u>
Net Claims	<u>3,073,945</u>	<u>16,718,099</u>	<u>30,169,727</u>	<u>49,961,771</u>	<u>16,109,974</u>

The annexed notes from 1 to 23 form an integral part of these financial statements.



Chairman



Chief Executive



Director



Director

STATEMENT OF EXPENSES

For the year ended December 31, 2009

	Statutory Funds			Aggregate	
	Individual Family	Group Family	Group Health	2009	2008
(Rupees)					
Shareholders' Sub Fund					
Acquisition costs					
Remuneration to takaful intermediaries on individual schemes					
- Commission on first year contribution	130,697,615	-	-	130,697,615	39,588,923
- Commission on second year onwards contribution	4,552,001	-	-	4,552,001	-
- Commission on top-up contribution	953,130	-	-	953,130	-
Remuneration to takaful intermediaries on group schemes					
- Commission	-	1,220,587	1,199,754	2,420,341	997,735
Branch overheads					
- Salaries, allowances and other benefits	78,670,034	6,484,199	5,305,254	90,459,487	41,824,376
Other acquisition cost					
- Policy stamps	6,085,697	163,067	245,352	6,494,116	1,917,509
Total acquisition costs	220,958,477	7,867,853	6,750,360	235,576,690	84,328,543
Administrative expenses					
Salaries, allowances and other benefits	22,264,949	10,741,857	9,891,252	42,898,058	25,905,538
Employer's contribution to the provident fund	1,239,618	602,549	561,378	2,403,545	1,500,511
Office expenses	487,614	165,293	123,970	776,877	635,314
Training	592,745	209,204	232,449	1,034,398	1,603,669
Staff welfare	1,427,982	484,062	363,046	2,275,090	780,399
Vehicle running	1,567,052	621,956	527,973	2,716,981	1,799,780
Ijarah rentals	611,755	-	-	611,755	512,591
Medical fee	683,964	610,683	879,383	2,174,030	803,150
Traveling	3,558,043	1,206,116	904,587	5,668,746	3,762,166
Utilities	1,536,118	520,718	390,538	2,447,374	1,577,728
Rental	3,403,427	1,153,704	865,278	5,422,409	4,049,252
Communication	3,013,006	1,034,381	789,066	4,836,453	3,979,024
Repairs and maintenance	1,343,272	455,347	341,510	2,140,129	1,329,304
Printing and stationary	3,298,364	1,118,090	838,567	5,255,021	2,977,653
Software maintenance	5,016,782	1,700,604	1,275,453	7,992,839	3,150,132
Advertisement	1,348,715	421,473	210,737	1,980,925	6,376,807
Depreciation	11,168,069	3,785,786	2,839,339	17,793,194	8,461,309
Amortization	3,927,618	1,331,396	998,547	6,257,561	4,210,180
Shariah advisors' fees	808,536	285,366	317,073	1,410,975	1,234,875
Appointed actuary's fees	1,390,236	789,907	789,907	2,970,050	1,909,050
Legal and professional	379,709	134,015	148,906	662,630	533,031
Consultancy charges	1,366,545	482,310	535,900	2,384,755	3,836,024
Supervision fees	132,345	46,710	51,900	230,955	89,000
Subscription fees	784,413	265,903	199,427	1,249,743	1,187,444
Bank charges	416,205	146,896	163,218	726,319	55,204
General takaful	1,509,864	471,833	235,916	2,217,613	2,065,473
Miscellaneous other expenses	936,501	292,657	146,328	1,375,486	360,223
Total	74,213,447	29,078,816	24,621,648	127,913,911	84,684,831
Net management expenses	295,171,924	36,946,669	31,372,008	363,490,601	169,013,374

The annexed notes from 1 to 23 form an integral part of these financial statements.



Chairman



Chief Executive



Director



Director

STATEMENT OF INVESTMENT INCOME AND OTHER INCOME

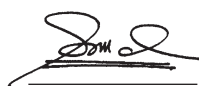
For the year ended December 31, 2009

	Statutory Funds			Aggregate	
	Individual Family	Group Family	Group Health	2009	2008
	(Rupees)				
Investment Income					
Participants' Investment Fund (PIF)					
Return on sukus	6,756,802	-	-	6,756,802	1,611,336
Profit on bank balances and deposits	199,717	-	-	199,717	401,954
Dividend income	509,450	-	-	509,450	93,500
Gain on sale of investments – available for sale	3,273,501	-	-	3,273,501	19,451
Unrealized gain / (loss) on investments – available for sale	570,674	-	-	570,674	(1,188,003)
	11,310,144	-	-	11,310,144	938,238
Less: Investment expenses					
Charity	(59,791)	-	-	(59,791)	-
Investment management charges	(11,839)	-	-	(11,839)	-
	11,238,514	-	-	11,238,514	-
Profit of shareholders' fund units in PIF	(3,584,414)	-	-	(3,584,414)	-
Net investment income of PIF	(a) 7,654,100	-	-	7,654,100	938,238
Participants' Takaful Fund (PTF)					
Return on sukus	568,110	996,776	1,079,548	2,644,434	806,416
Gain on sale of investments – available for sale	36,380	255,519	36,204	328,103	-
Profit on bank balances and deposits	967,835	369,608	323,964	1,661,407	297,776
	1,572,325	1,621,903	1,439,716	4,633,944	1,104,192
Provision for impairment – available for sale	-	-	-	-	(1,115,038)
Less: Investment expense					
Modarib fee	(603,903)	(648,761)	(575,886)	(1,828,550)	-
Net investment income / (loss) of PTF	(b) 968,422	973,142	863,830	2,805,394	(10,846)
Net investment Income	(a+b) 8,622,522	973,142	863,830	10,459,494	927,392

The annexed notes from 1 to 23 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

I. CORPORATE INFORMATION

Pak-Qatar Family Takaful Limited (the Company) was incorporated in Pakistan as an unquoted public limited company on March 15, 2006. The Company received a 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 # 102-105, Business Arcade, Block 6, P.E.C.H.S, Karachi. The main business activity of the Company is to undertake family takaful business. The Company operates with 19 (2008: 15) branches in Pakistan.

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

In accordance with the requirements of Insurance Ordinance, 2000, following statutory funds have been established in respect of each class of Family Takaful business:

- Individual Family;
- Group Family; and
- Group Health.

2. BASIS OF PREPARATION

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

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 and the requirements of Insurance Ordinance, 2000, SEC (Insurance) Rules, 2002, Takaful Rules, 2005, the Companies Ordinance, 1984 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. (Note 13.5)

4. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention, except for certain investments which are carried at fair value as referred to in notes 13 to the financial statement.

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 (I) / 2009 dated 11 February 2009 and applies to takaful contracts that the PTF issues and to retakaful contracts it holds.

The standard requires a test for the adequacy of recognized 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 give rise to additional disclosures regarding such contracts which are included in note 20 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 enable 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 20 to the financial statements

5.1. Statutory funds

The Company maintains statutory funds in respect of each class of family takaful business. Assets, liabilities, revenues and expenses of the Company are referable to respective statutory fund, however, where these are not referable to statutory funds, these are allocated to shareholders' fund.

Apportionment of assets, liabilities, revenues and expenses, where required, between funds are made on a fair and equitable basis in accordance with the written advice of the appointed actuary.

Technical reserves are stated at a value determined by the appointed actuary through an actuarial valuation carried out as at each balance sheet date, in accordance with section 50 of the Insurance Ordinance, 2000.

5.2. Outstanding claims

Liability for outstanding claims is recognised in respect of all unpaid claims incurred and reported up to the balance sheet date.

5.3. Reserve for claims – Incurred But Not Reported (IBNR)

The liability for claims - IBNR is determined by the Appointed Actuary and included in the Technical reserves. The IBNR is expressed on the basis of past claims reporting pattern as percentage of earned contribution.

5.4. Recoveries from retakaful operators


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.

5.5. Investments

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

Held-to-maturity

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



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

Available-for-sale

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

These are initially measured at cost including acquisition charges associated with the investment. 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.

However, investments classified as available-for-sale, which are linked to the units of the unit linked fund, are marked to their market values. Any gain or loss on such available-for-sale investments is recognised in revenue account of the respective linked fund.

5.6. 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 16.1 to the financial statements. Depreciation on additions is charged from the month of addition while no depreciation is charged in the month of disposal. Gains and losses on disposals are taken to profit & loss account.

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

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

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

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

Intangible

These are stated at cost less accumulated amortisation on and any provision for impairment loss. Amortisation on intangible fixed assets is charged to income applying the straight line method at the rates specified in note 16.3 to the financial statements after taking into account residual value, if any.

Full month's amortisation is calculated from the month the assets are available for use using the straight-line 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.



Assets subject to Ijarah arrangements

Effective 01 January 2008, the Company has adopted IFAS 2 “Ijarah”. In accordance with the requirements of the said standard, the Ijarah payments for contracts entered into on or after 01 January 2008 are recognised as an expense on straight line basis over the Ijarah term.

5.7. Creditors, accruals and provisions

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

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

5.8. Financial instruments

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

5.9. Off-setting

A financial asset and financial liability is offset and the net amount is reported in the balance sheet when the Company has a legally enforceable right to set-off the recognized amounts and it intends either to settle on the net basis or to realize the asset and settle the liability simultaneously.

5.10. Revenue recognition

Contributions

Individual Family

- First year contributions are recognised once the related policies are issued against receipt of contribution.
- Renewal contributions are recognised as and when due.
- Top up contributions are recognised once the related policies are issued against receipt of contribution.

Group Family

- Group Family contributions are recognised as and when due. In respect of certain group policies the Company continues to provide cover even if the contribution is received after the grace period.

Group Health

- Group Health contributions are recognised as and when due. In respect of certain group policies the Company continues to provide cover even if the contribution is received after the grace period.

Income from investments

- Profit on Islamic investment products is recognised on an accrual basis.
- Gain / loss on sale of available-for-sale investments are included in profit and loss account in the period of sale.
- Dividend income is recognized when the right to receive the dividend is established.

5.11. Reserve for unearned contribution

The unearned portion of gross contribution net off wakala is set aside as a reserve and included in the Technical reserves. 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.

5.12. Acquisition cost

These are costs incurred in acquiring takaful policies, maintaining such policies, and include without limitation all forms of remuneration paid to takaful agents.

Commissions and other expenses are recognised as an expense in the earlier of the financial year in which they are paid and financial year in which they become due and payable, except that commission and other expenses which are directly referable to the acquisition or the renewal of specific contract are recognised not later than the period in which the contribution to which they relate is recognised as revenue.

5.13. Wakala fee

The shareholders of the Company manage the family takaful operations for the participants and charge a Wakala fee to meet the general and administrative expenses which is included under takaful operator fee.

The Company acts as wakeel of the Waqf Fund. As such the Company is entitled for the wakala fee for the management of Takaful operation under Waqf Fund to meet its general and administrative expenses. The wakala fee is recognised as and when due. A reserve for unearned wakala fee is maintained in the technical reserves of the Shareholders' Sub-Fund.

5.14. Modarib fee

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

5.15. Contribution due but unpaid

These are initially recognised at fair value. Provision for impairment on contribution receivable is established when there is objective evidence that the Company will not able to collect all amount due according to original term of receivables. Receivables are analysed as per their aging and accordingly provision is maintained on a systematic basis.

5.16. Liability adequacy test

An assessment has been made to ensure that the business provisions are adequate. Using current estimates of future cash flows, appointed actuary has carried out expense projections of the company to keep a reserve in the light of estimated future cash flows. The current estimates are adequate and no separate reserve needs to be set aside.

5.17. Claims expense

Provision is maintained in respect of all reported claims against losses incurred up to the balance sheet date which is measured at the undiscounted value of expected future payments. Claims are recognised if the takaful event occurs before the policy ceases to participate in the earnings of the funds.

5.18. Dividend and appropriation to reserves

Dividend and appropriation to reserves except appropriations required by the law or determined by actuary or allowed by Insurance Ordinance, 2000, are recognised in the year in which these are approved.

5.19. Qard-e-Hasna

Qard-e-Hasna is provided by SHF to PTF in case of deficit in PTF as determined by appointed actuary.

5.20. Taxation

Current

Provision for current taxation is based on taxable income of shareholders' fund at the current rate of taxation after taking into account tax credits and rebates available, if any, or one half percent of turnover, which is higher and tax paid on final tax regime basis.

Deferred

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

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

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

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

5.21. 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 yearend exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

5.22. 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 an expense.

5.23. Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents include the following:

- Cash at bank in current and saving accounts
- Cash and stamps in hand
- Term deposits with original maturity within three months

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The estimates / judgments and associated assumptions used in the preparation of the financial statements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates / judgments and associated assumptions are reviewed on an ongoing basis. Revision to the accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, or judgments was exercised in application of accounting policies, are as follows:

Note

Estimation of technical reserves	5.1 & 9
Classification of investments	5.5 & 13
Useful lives of assets and method of depreciation	5.6 & 16
Deferred taxation	5.20 & 14

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
IAS 39 Financial Instruments: Recognition and measurement: Eligible hedged items (Amendment)	July 01, 2009

Standard or interpretation	Effective date (accounting periods beginning on or after)
IFRIC 14 – The Limit on Defined Benefit Assets, Minimum Funding	
IAS 19 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.

8. SHARE CAPITAL

8.1. Authorized share capital

Number of shares			2009 SHF	2008 SHF
2009	2008		— (Rupees) —	
<u>60,000,000</u>	<u>60,000,000</u>	Ordinary shares of Rs 10/- each	<u>600,000,000</u>	<u>600,000,000</u>

8.2. Issued, subscribed and paid up capital

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

Number of shares			2009	2008
2009	2008			
<u>53,297,167</u>	<u>45,167,208</u>	At the beginning of the year	<u>532,971,670</u>	451,672,080
-	8,129,959	Issued during the year	-	81,299,590
<u>53,297,167</u>	<u>53,297,167</u>		<u>532,971,670</u>	<u>532,971,670</u>

8.3. Major share holders of the Company are:

	Ordinary shares of Rs. 10/- each	Percentage of holding
Qatar National Bank	10,000,000	18.76%
Masraf Al Rayan	10,000,000	18.76%
FWU AG	8,129,959	15.25%

Statutory Funds			Aggregate	
Individual Family	Group Family	Group Health	2009	2008
— (Rupees) —				

9. MOVEMENT IN STATUTORY FUNDS

Participants' Investment Fund (PIF)

Technical reserves

Balance at the beginning of the year	27,252,791	-	-	<u>27,252,791</u>	-
Increase during the year	118,683,111	-	-	<u>118,683,111</u>	27,252,791
Balance at the end of the year	<u>145,935,902</u>	<u>-</u>	<u>-</u>	<u>145,935,902</u>	<u>27,252,791</u>

Accumulated surplus – PIF

Balance at the beginning of the year	-	-	-	-	-
Surplus allocated in respect of the year	-	-	-	-	-
Surplus appropriated to participants	-	-	-	-	-
Balance at the end of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Participants' Takaful Fund (PTF)

Statutory fund's technical reserves

Balance at the beginning of the year	676,191	12,008,371	3,382,995	<u>16,067,557</u>	1,091,534
(Decrease) / increase during the year	(104,472)	14,473,937	14,300,714	<u>28,670,179</u>	14,976,023
Balance at the end of the year	<u>571,719</u>	<u>26,482,308</u>	<u>17,683,709</u>	<u>44,737,736</u>	<u>16,067,557</u>

Accumulated surplus of statutory fund

Balance at the beginning of the year	134,249	(1,718,482)	(381,516)	<u>(1,965,749)</u>	3,893
Increase / (decrease) during the year	4,045,257	(1,274,804)	(454,077)	<u>2,316,376</u>	(1,969,642)
Surplus appropriated to participants	-	-	-	-	-
Balance at the end of the year	<u>4,179,506</u>	<u>(2,993,286)</u>	<u>(835,593)</u>	<u>350,627</u>	<u>(1,965,749)</u>

	Statutory Funds			Aggregate	
	Individual Family	Group Family	Group Health	2009	2008
	(Rupees)				
Qard-e-Hasna contributed by operator					
Balance at the beginning of the year	-	1,718,482	381,516	2,099,998	-
Qard-e-Hasna contributed during the year	-	1,274,800	454,077	1,728,877	2,099,998
Qard-e-Hasna returned during the year	-	-	-	-	-
Balance at the end of the year	-	2,993,282	835,593	3,828,875	2,099,998
	<u>4,751,225</u>	<u>26,482,304</u>	<u>17,683,709</u>	<u>48,917,238</u>	<u>16,201,806</u>

Shareholders' Sub-Fund

Statutory fund technical reserves

Balance at the beginning of the year	106,426	4,148,078	900,837	5,155,341	-
Increase during the year	286,908	3,373,738	3,458,659	7,119,305	5,155,341
Balance at the end of the year	<u>393,334</u>	<u>7,521,816</u>	<u>4,359,496</u>	<u>12,274,646</u>	<u>5,155,341</u>

Accumulated deficit of statutory fund

Balance at the beginning of the year	-	-	-	-	-
Deficit during the year	(94,393,024)	(20,880,912)	(20,788,165)	(136,062,101)	(113,162,658)
Contribution towards the deficit from shareholder	94,393,024	20,880,912	20,788,165	136,062,101	113,162,658
Balance at the end of the year	-	-	-	-	-
	<u>393,334</u>	<u>7,521,816</u>	<u>4,359,496</u>	<u>12,274,646</u>	<u>5,155,341</u>

2009	2008	2009	2008
(Rupees)		(Rupees)	

10. CREDITORS, ACCRUALS AND OTHER LIABILITIES

	IF	IF	SHF	SHF
Payable to contractors	-	-	724,757	7,525,510
Salaries	-	-	443,793	-
Income tax payable	-	-	938,835	-
Accrued expenses	-	-	6,381,532	3,414,834
Auditors' remuneration	-	-	760,000	300,000
SECP supervision fee	-	-	-	100,000
Due to an associated undertaking	-	-	-	689,254
Others	71,630	-	273,654	250,929
	<u>71,630</u>	<u>-</u>	<u>9,522,571</u>	<u>12,280,527</u>

11. COMMITMENTS

11.1. Commitment for the development of software amounts to Rs. 4,299,300/- (2008: Rs. 10,763,578).

11.2. Commitments under Ijarah arrangements amount to Rs. 1,904,409/- (2008: 2,516,164 million) and the period in which these payments will become due are:

	2009	2008
	(Rupees)	
Not later than one year	572,925	611,755
Later than one year and not later than five years	1,331,484	1,904,409
	<u>1,904,409</u>	<u>2,516,164</u>

Note	Shareholders'	Statutory Funds			Aggregate	
	Fund	Individual Family	Group Family	Group Health	2009	2008
(Rupees)						
12. CASH AND BANK DEPOSITS						
Cash and others						
Cash in hand	392,586	-	-	-	392,586	355,177
Stamps in hand	726,951	-	-	-	726,951	497,659
	<u>1,119,537</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,119,537</u>	<u>852,836</u>
Current and other accounts						
Current accounts	67,883	979,460	252	-	1,047,595	1,457,059
Saving accounts	12.1	21,736,379	41,919,044	3,846,173	1,599,149	69,100,745
		<u>21,804,262</u>	<u>42,898,504</u>	<u>3,846,425</u>	<u>1,599,149</u>	<u>70,148,340</u>
Deposits maturing within 12 months	12.2	-	10,000,000	-	-	10,000,000
		<u>22,923,799</u>	<u>52,898,504</u>	<u>3,846,425</u>	<u>1,599,149</u>	<u>81,267,877</u>
						<u>84,327,310</u>

12.1. Saving accounts carry expected profit rates of 5.00 percent (2008: 2.50 to 9.50 percent) per annum

12.2. This represents short-term deposits of fixed maturities maintained with Islamic commercial banks under profit and loss sharing basis. The estimated profit rate on such deposits ranges from 7.00 to 16.00 percent (2008: 7.50 to 16.00 percent) with maturity up to December 31, 2010.

Note	Shareholders'	Statutory Funds			Aggregate	
	Fund	Individual Family	Group Family	Group Health	2009	2008
(Rupees)						
13. INVESTMENTS						
Held for maturity						
Sukuks	13.3	-	-	-	-	205,970,368
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>205,970,368</u>
Available for sales – lower of cost or market value						
Sukuks	13.3	88,740,844	7,097,108	9,116,618	14,000,000	118,954,570
Open-end mutual funds – units	13.4	25,466,864	5,980	1,019,612	36,204	26,528,660
Listed equities	13.4	13,675,828	-	-	-	13,675,828
		<u>127,883,536</u>	<u>7,103,088</u>	<u>10,136,230</u>	<u>14,036,204</u>	<u>159,159,058</u>
						<u>48,613,382</u>
Available for sales – at fair value						
Sukuks	13.3	-	67,637,690	-	-	67,637,690
Open-end mutual funds – units	13.4	-	47,801,641	-	-	47,801,641
Listed equities	13.4	-	10,829,225	-	-	10,829,225
		<u>-</u>	<u>126,268,556</u>	<u>-</u>	<u>-</u>	<u>126,268,556</u>
		<u>127,883,536</u>	<u>133,371,644</u>	<u>10,136,230</u>	<u>14,036,204</u>	<u>285,427,614</u>
						<u>255,437,100</u>

13.1. WAPDA Sukuk certificates amounting to Rs. 55,000,000/- are held under lien with the State Bank of Pakistan in compliance with the requirements of Section 29 of the Insurance Ordinance, 2000.

13.2. During the year, the Company divested Government of Pakistan Ijara sukuk earlier classified as held-to-maturity. Consequently, in compliance with paragraph 9 of IAS 39 – Financial Instrument : Recognition and Measurement, the entire held-to-maturity portfolio of the Company is reclassified to available-for-sale.

The above reclassification has not resulted in any effect on profit and loss

13.3. Sukuks

Name of the investee company/organizations	Note	2009	2008	2009	2008	2009	2008
		Number of Certificates	Face Value	Face Value	Cost (Rupees)	Cost (Rupees)	
Government securities – sukuks							
WAPDA 1st sukuk certificates	13.3.1	8,000	8,000	5,000	5,000	45,187,779	46,745,409
WAPDA 2nd sukuk certificates	13.3.2	3,000	3,000	5,000	5,000	15,038,904	15,041,687
Karachi Shipyard and Engineering Works – sukuk – I	13.3.3	200	200	5,000	5,000	1,000,000	1,000,000
Karachi Shipyard and Engineering Works – sukuk – II	13.3.4	600	600	5,000	5,000	3,000,000	3,000,000
Government of Pakistan Ijara – sukuk	13.3.5	-	200	-	100,000	-	20,000,000
Sui Southern Gas Company Limited – sukuk	13.3.6	10,000	10,000	5,000	5,000	49,815,921	50,000,000
LESCO – sukuk	13.3.7	4,000	4,000	5,000	5,000	20,000,000	20,000,000
Other income securities - sukuks							
Engro Chemical Pakistan Limited – sukuk	13.3.8	5,000	5,000	5,000	5,000	24,786,910	24,778,291
Century Papers and Board Mills Ltd – sukuk	13.3.9	2,000	2,000	5,000	5,000	9,755,020	8,934,712
Maple Leaf Cement Factory Limited – sukuk	13.3.10	4,000	4,000	5,000	5,000	18,007,726	16,470,269
						186,592,260	205,970,368

* As at December 31, 2009 the market value of sukuks was 186,592,260.

- 13.3.1.** These carry profit at the rate of six months KIBOR plus 35 basis points receivable semi-annually with maturity in October 2012. These are backed by the Government of Pakistan's Sovereign Guarantee.
- 13.3.2.** These carry profit at the rate of six months KIBOR minus 25 basis points receivable semi-annually with maturity in July 2017. These are backed by the Government of Pakistan's Sovereign Guarantee.
- 13.3.3.** These carry profit at the rate of six months KIBOR plus 40 basis points receivable semi-annually with maturity in November 2015. These are backed by the Government of Pakistan's Sovereign Guarantee.
- 13.3.4.** These carry profit at the rate of 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.
- 13.3.5.** These carry profit paid semi-annually on the basis of rentals rate announced by the State Bank of Pakistan with maturity in September 2011. These are backed by the Government of Pakistan's Sovereign Guarantee.
- 13.3.6.** These carry profit at the rate of three months KIBOR plus 20 basis points receivable quarterly with maturity in January 2013. These are backed by first pari passu hypothecation charge over fixed assets of the company.
- 13.3.7.** These carry profit at the rate of six months KIBOR plus 90 basis points receivable semi-annually basis provisional basis with maturity in April 2010. These are backed by the Government of Pakistan's Sovereign Guarantee.

- 13.3.8.** These carry profit at the rate of six months KIBOR plus 150 basis points receivable semi-annually with maturity in September 2015. These are backed by ranking charge over all present and future asset of the company.
- 13.3.9.** These carry profit at the rate of six months KIBOR plus 135 basis points receivable semi-annually with maturity in September 2014. These are secured by way of mortgage of immovable property of the company and ranking of the hypothecation charge over the assets.
- 13.3.10.** These carry profit at the rate of three months KIBOR plus 100 basis points (2008: six months KIBOR plus 170 basis points) receivable quarterly with maturity in December 2018. These are backed by first pari passu charge over all present and future fixed assets.

13.4. Details of investments in Mutual Funds and Listed Companies

Name of the investee Funds/ Companies	2009	2008		2009	2008	2009	2008
	Number of Units / Shares	Face value (Rupees)		Fair value (Rupees)	Cost (Rupees)		
Units							
United Islamic Income Fund	5,386	-	100	538,314	-	538,314	-
United Composite Islamic Fund	5,098	76,590	100	496,957	4,828,253	496,957	8,535,035
Meezan Islamic Income Fund	280,977	-	100	14,282,045	-	14,267,912	-
Meezan Islamic Fund Growth Units	95,300	56,284	100	4,405,731	1,254,584	3,058,089	2,883,852
Meezan Capital Protected Fund – I	293,308	291,262	100	15,944,223	13,383,498	14,345,713	15,000,000
Meezan Cash Fund	402,308	-	100	21,113,140	-	21,112,559	-
KASB Islamic Fund	10,872	597	100	1,063,409	54,631	1,054,026	57,666
Atlas Islamic income Fund	8,712	39,836	100	4,465,659	9,878,940	4,456,731	20,063,035
Investment of SHF in PIF	30,000	-	500	18,584,414	15,000,000	15,000,000	15,000,000
Shares							
Pakistan Petroleum Limited	30,000	14,300	10	5,687,700	1,438,866	5,670,370	3,381,701
Lucky Cement Limited	65,000	5,000	10	4,305,600	156,350	4,514,512	537,500
D.G. Khan Cement Company Limited	110,000	50,000	10	3,581,600	1,063,500	3,341,012	3,885,791
Oil & Gas Development Company Limited	-	15,000	10	-	749,850	-	1,916,223
Indus Motors Company Limited	-	8,000	10	-	983,040	-	1,890,618
Fauji Fertilizer Bin Qasim Limited	105,000	-	10	2,743,650	-	2,714,530	-
ICI Company Limited	20,000	-	10	3,369,845	-	3,419,055	-
Pakistan Telecommunication Company Ltd.	70,000	-	10	1,235,500	-	1,303,128	-
Engro Chemical Pakistan Limited	19,600	7,000	10	3,592,092	675,220	3,542,446	2,167,620
				105,409,879	49,466,732	98,835,354	75,319,041

- 13.5.** As per the company's accounting policy and SECP's accounting regulations for family takaful companies certain available-for-sale investments are stated at lower of cost or market value (market value being taken as lower if the reduction is other than temporary). However, International Accounting Standard (IAS) 39, "Financial Instruments: Recognition and Measurements" dealing with the recognition and measurement of financial instruments requires that these instruments should be measured at fair value. Accordingly, had these investments been measured at fair value, their carrying value as on 31 December 2009 would have been higher by Rs. 6,574,524.

2009
SHF
2008
SHF
(Rupees)

14. DEFERRED TAX ASSET

Deferred Tax debits arising in respect of:

Available tax losses

99,245,752 54,088,218

Deferred Tax credit arising due to :

Accelerated depreciation allowance

(11,719,634) (10,935,198)

87,526,118 43,153,020

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

Statutory Funds

Aggregate

Individual Family	Group Family	Group Health	2009	2008
<u>(Rupees)</u>				

15. CONTRIBUTION DUE BUT UNPAID

- unsecured, considered good

Related party

- 183,953 96,392 **280,345** 176,405

Others

2,553,377 21,122,620 9,566,686 **33,242,683** 12,309,217

2,553,377 21,306,573 9,663,078 **33,523,028** 12,485,622

Note

2009
SHF
2008
SHF
(Rupees)

16. FIXED ASSETS

Tangible

Furniture and fixtures

16.1 **10,321,063** 5,681,213

Building Improvements

16.1 **41,145,962** 40,534,781

Office equipment

16.1 **11,527,761** 9,382,775

Motor vehicles

16.1 **22,274,477** 21,870,687

Computer equipment

16.1 **8,791,662** 5,121,224

Capital work-in-process

16.2 **12,301,617** 4,267,448

Intangible

Computer software

16.3 **23,868,876** 27,287,688

Capital work-in-process

16.2 **5,782,229** -

136,013,647 114,145,816

16.1. Tangible

Particulars	Cost				Accumulated depreciation				Book Value	Rate %
	As at January 01, 2009	Addition / (deletions)	Written off	As at December 31, 2009	As at January 01, 2009	For the year / (deletions)	Written off	As at December 31, 2009		
<u>Rupees</u>										
Furniture and fixture	7,615,095	5,747,123	-	13,362,218	1,933,882	1,107,273	-	3,041,155	10,321,063	15
Building improvement	42,651,287	11,590,471 / (530,399)	(2,265,539)	51,445,820	2,116,506	8,590,947 / (77,322)	(330,273)	10,299,858	41,145,962	15
Office equipment	10,526,579	3,793,858 / (52,200)	-	14,268,237	1,143,804	1,597,977 / (1,305)	-	2,740,476	11,527,761	15
Motor vehicles	26,166,280	7,328,200 / (2,184,610)	-	31,309,870	4,295,593	5,128,213 / (388,413)	-	9,035,393	22,274,477	20
Computer equipment	7,130,691	6,367,715 / (233,384)	-	13,265,022	2,009,467	2,504,522 / (40,629)	-	4,473,360	8,791,662	30
2009	94,089,932	34,827,367 / (3,000,593)	(2,265,539)	123,651,167	11,499,252	18,928,932 / (507,669)	(330,273)	29,590,242	94,060,925	
2008	22,089,274	72,000,658	-	94,089,932	1,992,164	9,507,088	-	11,499,252	82,590,680	

16.2. Capital work in process

Tangible

Capital work in process includes advances for building improvement, furniture and fixtures and vehicles.

Intangible

Capital work in process includes advances for ERP development.

16.3. Intangible

Particulars	Cost			Accumulated amortization			Book Value	Rate %	
	As at January 01, 2009	Addition	As at December 31, 2009	As at January 01, 2009	For the year	As at December 31, 2009			
Rupees									
Computer software	2009	32,075,716	3,238,168	35,313,884	4,788,028	6,656,980	11,445,008	23,868,876	20
	2008	468,389	31,607,327	32,075,716	57,489	4,730,539	4,788,028	27,287,688	20
					Note	2009 SHF		2008 SHF	
							(Rupees)		

17. EXPENSES NOT ATTRIBUTABLE TO STATUTORY FUNDS

Salaries		2,832,711	2,286,336
Consultancy		294,745	937,115
Rental		346,111	500,469
Employer's contribution to provident fund		171,301	134,891
Training		127,847	198,206
Motor vehicle running		203,312	220,990
Medical fee		268,700	99,266
Traveling and accommodation		361,835	464,987
Utilities		156,215	195,000
Communication		318,653	482,644
Repairs and maintenance		136,604	164,296
Printing and stationary		335,427	368,024
Computer expenses		510,181	389,342
Advertisement		126,442	788,145
Depreciation		1,135,738	1,045,779
Amortization		399,419	520,359
Shariah advisors' fee		174,390	152,625
Auditors' remuneration	17.1	919,467	704,080
Appointed actuary		189,578	235,950
Legal and professional		81,898	65,880
Subscription fee		79,771	146,763
General takaful		141,550	255,283
Staff welfare		145,218	96,454
Bank and brokerage		89,770	6,823
Entertainment		49,588	78,522
Supervision fee		28,545	11,000
Charity		50,418	-
Miscellaneous		87,797	44,523
		9,763,231	10,593,752

The above expenses represent allocation in accordance with the advice of appointed actuary.

17.1. Auditors' remuneration

	2009	2008
	(Rupees)	
Audit fee	350,000	300,000
Half yearly review	155,000	125,000
Review of Compliance with Code of Corporate Governance and other certifications	320,000	192,000
Out of pocket	94,467	87,080
	<u>919,467</u>	<u>704,080</u>

18. TAXATION

18.1. The tax assessments of the Company have been finalized upto 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.

18.2. Tax reconciliation with accounting profit / loss has not been prepared as the Company's tax liability is based on minimum tax due to tax losses.

19. REMUNERATION OF CHIEF EXECUTIVE OFFICER (CEO), 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	
	CEO	Executives	CEO	Executives
	Rupees		Rupees	
Managerial remuneration	5,460,000	23,942,839	3,575,000	15,919,267
House rent	2,457,000	10,774,279	1,608,750	7,163,673
Utilities	483,000	2,118,020	316,250	1,408,240
Medical expenses	48,449	454,222	39,007	178,812
Others	929,768	4,100,790	687,063	3,724,321
	<u>9,378,217</u>	<u>41,390,150</u>	<u>6,226,070</u>	<u>28,394,313</u>
Number of persons	<u>1</u>	<u>29</u>	<u>1</u>	<u>18</u>

The Company also provides the CEO and certain executives with company maintained cars.

Certain directors have been reimbursed with the boarding and lodging costs in relation to attending Board meetings of the Company as per the Company's policy which amounts to Rs.74,628/-.

20. RISK MANAGEMENT

20.1. Takaful risk

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

- Individual Family (unit linked)
 - Group Family
 - Group Health
- The Individual Family (unit linked) segment provides Family takaful coverage to individuals under unit based policies issued by the PTF. The takaful contracts under individual family are distributed through Direct Sales Force and Bancatakaful.

- The Group Family segment provides Family takaful coverage to members of business enterprises and corporate entities under group family takaful schemes issued by the PTF. The takaful contracts under group family are distributed through Direct Sales Force and Salaried individuals.
- The Group Health segment provides accident coverage and inpatient / outpatient health coverage to members of business enterprises and corporate entities under group health schemes issued by the PTF. The takaful contracts under group health family are distributed through Direct Sales Force and Salaried individuals.

The Company assesses the takaful risk on the basis of the different factors such as non-medical factors, medical factors, financial assessment, occupation assessment, group size, industry class, average age of the group and free cover limit etc.

The basic risk the Company faces under takaful contracts is that the actual claims and benefit payments or timing thereof, differ from expectations. This is influenced by frequency of claims, severity of claims, actual claim paid and subsequent development of claims. The most significant risks arise from catastrophic events and epidemic.

Underwriting, claim and retakaful committees are in place to monitor the core business activities of the Company. This is further supplemented with a clear organisational structure with documented delegated authorities and responsibilities. Management of the Company recognises the critical importance of having efficient and effective risk management systems.

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 losses and retakaful arrangement for catastrophic events is in finalization stage. PTF exposure has also been limited by imposing limits to the maximum sum covered 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 (for a single life / policy) is as follows:

Class	2009		
	Maximum Gross Risk Exposure	Maximum Retakaful Cover	Highest Net Risk Retention
	Rupees		
Individual Family	33,000,000	32,500,000	500,000
Group Family	12,000,000	11,500,000	500,000
Group Health	500,000	-	500,000

Uncertainty in the estimation of future claims payment and contribution receipts

Claims on family and health 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 either on the sum covered (for mortality or disability risk where the benefit payable is pre-determined) or on a best estimate of the expected claim settlement cost where the benefit is a reimbursement of cost (for health claims). The estimate of the amount of claim is revised whenever the Company receives further information relating to the claim which improves its knowledge as to whether the claim is payable or not and the likely amount. Estimation of reserve for incurred but not reported claims is determined by the appointed actuary based on the past claims reporting pattern as percentage of earned contribution.

Key Assumptions

There are several assumptions that may have the greatest affect on the ability to pay future benefits. These assumptions include mortality & morbidity experience, persistency rates, expense level, inflation and investment returns. 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 actual amount of incurred but not reported claims may differ from the amount estimated.

Sensitivities

The claims are sensitive to changes in the key assumptions. Results of sensitivity testing due to the variation in assumptions of mortality and morbidity as determined by appointed actuary on PTF will be as follows:

Class of business	Change in assumption	Impact on PTF balance Rupees
Group Health	20 % increase in morbidity level	(3,362,360)
	20 % decrease in morbidity level	3,362,360
Group Family	20 % increase in mortality level	(4,854,889)
	20 % decrease in mortality level	4,854,889
Individual Family	Worsening of mortality rates by 20% would not impact the overall profitability as there is enough surplus in the takaful fund.	

20.2. Retakaful risk

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

To minimise its exposure to significant losses from retakaful insolvencies, the Company evaluates the financial condition of its retakaful companies.

20.3. 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 that adequate liquidity is maintained.

2009	Total	Corporate (Shareholders' Fund)		Unit-linked contracts (Individual Family)		Short-term takaful contracts (Group Family) (Group Health)	
		Other financial assets & liabilities	Other assets and liabilities	Takaful contracts (PTF)	Investment contracts (PIF)	Takaful contracts (PTF)	Takaful contracts (PTF)
Rupees							
Debt securities							
Listed securities (AFS)	55,775,250	10,097,228	-	5,980	45,500,991	134,847	36,204
Unlisted securities (AFS)	186,592,260	88,740,845	-	7,097,107	67,637,690	9,116,618	14,000,000
Equity securities							
Listed securities (AFS)	43,060,104	29,045,463	-	-	13,129,876	884,765	-
Loans and receivables							
Contribution due but unpaid	33,523,028	-	-	2,553,376	-	21,306,573	9,663,079
Retakaful assets	2,260,998	-	-	2,260,998	-	-	-
Cash & cash equivalents	81,267,877	22,923,799	-	52,898,504	-	3,846,425	1,599,149
Other assets	257,947,906	15,520,642	236,326,596	3,772,724	-	1,564,713	763,231
TOTAL ASSETS	660,427,423	166,327,977	236,326,596	68,588,689	126,268,557	36,853,941	26,061,663

Long term takaful contracts and investment contracts							
Takaful contracts	4,751,225	-	-	4,751,225	-	-	-
Investment contracts	164,520,316	-	-	-	164,520,316	-	-
Short term takaful contracts	44,666,013	-	-	-	-	26,982,304	17,683,709
Amount due to related parties, trade payables and other provisions	42,054,450	17,512,938	-	8,985,215	-	8,356,559	7,199,738
Other liabilities	25,064,864	2,687,430	3,083,649	16,600,491	-	1,515,078	1,178,216
TOTAL LIABILITIES	281,056,868	20,200,368	3,083,649	30,336,931	164,520,316	36,853,941	26,061,663

2008	Total	Corporate (Shareholders' Fund)		Unit-linked contracts (Individual Family)		Short-term takaful contracts (Group Family) (Group Health)	
		Other financial assets & liabilities	Other assets and liabilities	Takaful contracts (PTF)	Investment contracts (PIF)	Takaful contracts (PTF)	Takaful contracts (PTF)
Rupees							
Debt securities							
Listed securities (AFS)	9,878,940	9,878,940	-	-	-	-	-
Unlisted securities (HTM)	205,970,368	168,470,368	-	-	27,500,000	5,000,000	5,000,000
Equity securities							
Listed securities (AFS)	24,587,792	22,849,480	-	-	853,350	884,962	-
Loans and receivables							
Contribution due but unpaid	12,485,622	-	-	-	-	9,714,901	2,770,721
Retakaful assets	9,423,604	-	-	-	-	9,423,604	-
Cash & cash equivalents	84,327,310	63,589,280	-	17,215,186	-	2,802,861	719,983
Other assets	206,651,083	26,687,676	174,649,990	2,731,652	-	2,151,906	429,859
TOTAL ASSETS	553,324,719	291,475,744	174,649,990	19,946,838	28,353,350	29,978,234	8,920,563
Long term takaful contracts and investment contracts							
Takaful contracts	810,440	-	-	810,440	-	-	-
Investment contracts	27,252,791	-	-	-	27,252,791	-	-
Short term takaful contracts	15,891,366	-	-	-	-	12,508,371	3,382,995
Amount due to related parties, trade payables and other provisions	40,900,218	23,779,883	-	986,807	-	14,484,134	1,649,394
Other liabilities	30,498,950	4,374,897	-	19,250,150	-	2,985,729	3,888,174
TOTAL LIABILITIES	115,353,765	28,154,780	-	21,047,397	27,252,791	29,978,234	8,920,563

Maturity profile of financial assets and liabilities:

2009

	Profit Bearing			Non-profit bearing			Total
	Maturity up to one year	Maturity after year	Sub total	Maturity up to one year	Maturity one year	Sub total	
Rupees							
FINANCIAL ASSETS							
Cash and bank deposits	79,100,745	-	79,100,745	2,167,132	-	2,167,132	81,267,877
Investments	20,000,000	166,592,260	186,592,260	98,835,354	-	98,835,354	285,427,614
Long term security deposits	-	-	-	-	9,218,522	9,218,522	9,218,522
Contribution due but unpaid	-	-	-	33,523,028	-	33,523,028	33,523,028
Investment income accrued	6,066,924	-	6,066,924	-	-	-	6,066,924
Amount due from re-takaful	-	-	-	2,260,998	-	2,260,998	2,260,998
Other receivables	-	-	-	1,023,598	-	1,023,598	1,023,598
Interfund – receivables	-	-	-	5,280,452	-	5,280,452	5,280,452
December 31,2009	105,167,669	166,592,260	271,759,929	143,090,562	9,218,522	152,309,084	424,069,013
FINANCIAL LIABILITIES							
Outstanding claims	-	-	-	21,753,322	-	21,753,322	21,753,322
Amount due to retakaful operators	-	-	-	2,716,559	-	2,716,559	2,716,559
Amount due to agents	-	-	-	7,990,367	-	7,990,367	7,990,367
Creditors, accruals and other liabilities	-	-	-	9,594,201	-	9,594,201	9,594,201
Interfund – payable	-	-	-	5,280,452	-	5,280,452	5,280,452
December 31,2009	-	-	-	47,334,901	-	47,334,901	47,334,901

2008

	Profit Bearing			Non-profit bearing			Total
	Maturity up to one year	Maturity after year	Sub total	Maturity up to one year	Maturity one year	Sub total	
Rupees							
FINANCIAL ASSETS							
Cash and bank deposits	82,017,415	-	82,017,415	2,309,895	-	2,309,895	84,327,310
Investments	20,000,000	200,970,368	220,970,368	34,466,732	-	34,466,732	225,437,100
Long term security deposits	-	-	-	-	7,268,967	7,268,967	7,268,967
Contribution due but unpaid	-	-	-	12,485,622	-	12,485,622	12,485,622
Investment income accrued	7,106,747	-	7,106,747	-	-	-	7,106,747
Amount due from re-takaful	-	-	-	9,423,604	-	9,423,604	9,423,604
Other receivables	-	-	-	1,543,454	-	1,543,454	1,543,454
Interfund - receivables	-	-	-	7,942,345	-	7,942,345	7,942,345
December 31,2008	109,124,162	200,970,368	310,094,530	68,171,652	7,268,967	75,440,619	385,535,149
FINANCIAL LIABILITIES							
Outstanding claims	-	-	-	3,713,794	-	3,713,794	3,713,794
Amount due to retakaful operators	-	-	-	13,406,541	-	13,406,541	13,406,541
Amount due to agents	-	-	-	11,499,356	-	11,499,356	11,499,356
Creditors, accruals and other liabilities	-	-	-	12,280,527	-	12,280,527	12,280,527
Interfund – payable	-	-	-	7,942,345	-	7,942,345	7,942,345
December 31,2008	-	-	-	48,842,563	-	48,842,563	48,842,563

20.4. Profit / yield rate risk

Profit / yield rate risk is the risk of changes in profit / yield rates reducing the overall return on profit bearing assets. The Company is exposed to profit / yield rate risk in respect of bank balances and deposits and available for sale investments. Effective profit / yield rates on such accounts are disclosed in notes 12 & 13 of the financial statements.

20.5. Price risk

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

A decline in markets or an increase in market volatility may also adversely affect sales of our unit linked products. Company recognises that market risk is part of the businesses and certain level of market risk is acceptable in order to deliver benefits to both participants and shareholders.

20.6. 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 attempts to control credit risk by monitoring credit exposures with counterparties and by continually assessing the credit worthiness of counterparties and measuring exposure with counterparties to remain in a reasonable level.

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

20.6.1.	Note	2009	2008
		Rupees	
Bank deposits		80,148,339	83,474,474
Security deposits		9,218,522	7,268,967
Contribution due but unpaid	20.6.2	33,523,028	12,485,622
Amount due from retakaful	20.6.3	2,260,998	9,423,604
Accrued investment income		6,066,924	7,106,747
Other receivables		1,023,598	1,543,454

The table below analysis the concentration of credit risk by industrial distribution in respect of:

20.6.2	2009
	%
Banks	20
Other financial institutions	4
Foreign embassies	16
Individuals	8
Manufacturing	8
Pharmaceuticals	3
Services	25
Textile	12
Trading	1
Others	3
	<u>100</u>

Retakaful arrangements are only placed with retakaful operators who meet the regulator's rating standards. An analysis of retakaful assets recognised by the rating of the entity from which it is due is as follows:

20.6.3 Retakaful assets

Rating	2009
	Amount due from retakaful
	Rupees
A or above	2,260,998
BBB	-
Others	-
	2,260,998

20.7. 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.

20.8. 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. 532,971,670/- against the minimum required paid-up capital of Rs. 500,000,000/- set by the SECP for insurance companies / Takaful operators for the year ended December 31, 2009.

20.9. 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 13 to the financial statements.

21. RELATED PARTIES DISCLOSURES

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

Relationship	Nature of transactions	2009	2008
		SHF	SHF
		(Rupees)	
Entities with common directorship	Payment made by the Company on behalf of related party	1,392,121	-
	Purchase of fixed assets	-	747,875
	Expense incurred	10,062,628	713,975
	Claims received against general takaful	1,154,133	154,383
	Claims paid against family and health takaful	44,321	21,512
	General takaful contribution	1,218,133	1,339,558
	Family and health takaful contribution received	439,250	451,409
Major shareholders	Issue of share capital	-	81,299,590
	Banca Takaful acquisition, entrance & administration fee	4,346,569	-
	Commission paid	-	24,200
Employees provident fund	Contribution paid	4,652,644	2,894,949

22. DATE OF AUTHORIZATION FOR ISSUE

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

23. GENERAL

23.1. Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. There is no material reclassification to report.

23.2. 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
13	shareholding from 5001 to 10000	74,460
6	shareholding from 10001 to 15000	69,360
2	shareholding from 15001 to 20000	30,600
2	shareholding from 20001 to 25000	44,880
3	shareholding from 30001 to 35000	91,800
4	shareholding from 60001 to 65000	244,802
1	shareholding from 100001 to 105000	105,000
1	shareholding from 180001 to 185000	181,000
3	shareholding from 185001 to 190000	567,000
1	shareholding from 300001 to 305000	302,400
2	shareholding from 315001 to 320000	637,500
1	shareholding from 360001 to 365000	365,000
1	shareholding from 365001 to 370000	367,200
1	shareholding from 415001 to 420000	420,000
4	shareholding from 635001 to 640000	2,550,000
1	shareholding from 955001 to 1000000	956,250
1	shareholding from 1255001 to 1260000	1,255,953
1	shareholding from 3695001 to 3700000	3,700,000
2	shareholding from 3995001 to 4000000	8,000,000
1	shareholding from 5197001 to 5202000	5,202,000
1	shareholding from 8125001 to 8130000	8,129,959
2	shareholding from 9995001 to 10000000	20,000,000
59	Total	53,297,167

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	1,255,953	2.36%
I.1.2. Said Gul & Spouse	1,593,750	2.99%

Categories of shareholders	Shares held	Percentage
I.1.3. Zahid H. Awan	61,201	0.11%
I.1.4. Pervaiz Ahmed	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	10,000,000	18.76%
b) Masraf Al-Rayan	10,000,000	18.76%
c) FWU AG	8,129,959	15.25%
I.3 NIT and ICP	-	0.00%
I.4 Banks, Development Financial Institutions, Non Banking Financial Institutions.		
I.4.1. Qatar National Bank	10,000,000	18.76%
I.4.2. Masraf Al-Rayan	10,000,000	18.76%
I.4.3. Qatar Islamic Bank	4,000,000	7.51%
I.4.4. Qatar International Islamic Bank	4,000,000	7.51%
I.4.5. Amwal QSC	3,700,000	6.94%
I.4.6. Doha Bank	302,400	0.57%
I.5 Insurance Companies		
I.5.1. Qatar Islamic Insurance Co.	5,202,000	9.76%
I.6 Modarabas and Mutual Funds	-	0.00%
I.7 Share holders holding 10%		
I.7.1. FWU AG	8,129,959	15.25%
I.7.2. Qatar National Bank	10,000,000	18.76%
I.7.3. Masraf Al-Rayan	10,000,000	18.76%
I.8 General Public		
a. Local	1,000	0.00%
b. Foreign	5,049,901	9.47%
I.9 Others	-	-

STATEMENT UNDER SECTION 52 (2) OF INSURANCE ORDINANCE 2000

Statement by Appointed Actuary

I have reviewed the Balance Sheet and Revenue Account and related notes prepared by the Company for year ended 31 December 2009, in my opinion.

- (a) the policyholder liability included in the balance sheet has been determined in accordance with the provisions of the Insurance Ordinance, 2000 (“the ordinance”) and
- (b) each statutory fund set up by the Company, after accounting for the capital contribution, complies with the solvency requirements of the Ordinance.



Abdul Rahim Abdul Wahab, FSA
Appointed & Consulting Actuary

Statement of Directors

(As per the requirement of section 46(6) and section 52(2)(c) of the Insurance Ordinance, 2000)

Section 46(6)

- (a) In our opinion the annual statutory accounts of the Pak-Qatar Family Takaful Limited set out in the forms attached to the statement have been drawn up in accordance with the Insurance Ordinance, 2000, the Takaful Rules, 2005 and any rules made there under;
- (b) Pak-Qatar Family Takaful Limited has at all times in the year complied with the provisions of the Insurance Ordinance, 2000, the Takaful Rules, 2005 and the rules made there under relating to paid-up capital, solvency and re-takaful arrangement; and
- (c) As at December 31, 2009 Pak-Qatar Family Takaful Limited continues to be in compliance with the provisions of the Insurance Ordinance, 2000, the Takaful Rules, 2005 and the rules made there under relating to paid-up capital, solvency and re-takaful arrangements.

Section 52(2)(c)

- (d) In our opinion each statutory fund of Pak-Qatar Family Takaful Limited complies with the solvency requirements of the Insurance Ordinance, 2000, Insurance Rules, 2002 and the Takaful Rules, 2005.



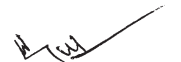
Chairman



Chief Executive



Director



Director

PROXY FORM

The Company Secretary
Pak-Qatar Family Takaful Limited
Suite # 102-105, Business Arcade
Sharea Faisal, Karachi-75400
Pakistan

I / We _____ of _____ being the member(s) of **Pak-Qatar Family 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 Family 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.

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PAK-QATAR FAMILY TAKAFUL LIMITED