



PAK-QATAR
GENERAL TAKAFUL

Trust That Endures

ANNUAL 2018
REPORT

THE HIGHEST IFS* RATED

“GENERAL TAKAFUL COMPANY”

OF PAKISTAN BY LOCAL RATING AGENCIES.

*INSURER FINANCIAL STRENGTH

“A”

with Stable Outlook
by PACRA

“A-”

with Stable Outlook
by JCR-VIS



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

DEDICATED TAKAFUL
COMPANY

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Introduction

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

PQGTL has a vision of providing financial protection through Takaful to everyone. The company's shareholders include some of the strongest financial

institutions in the state of Qatar such as Qatar Islamic Insurance Company (QIIC), and Qatar International Islamic Bank (QIIB). The company is further strengthened by its Re-Takaful arrangements.

Pak-Qatar General Takaful Limited has presence in major cities of the country. Pak-Qatar General Takaful Limited by adhering to the only best practices set down in the Islamic Shariah and Pakistani law is engaged in providing need-based, practical and profitable financial services to its members and participants throughout Pakistan.

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

Our Vision

Providing financial protection through Takaful, to everyone

Our Mission

We will

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

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

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

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

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

Ensure optimum returns to shareholders.

Core Value

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

TIMELINE

2007

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

2008

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

2009

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

2010

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

2011

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

2012

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

2013

Our gross contribution nearly doubled, reaching Rs. 1 billion whilst our paid-up capital rises to Rs. 407 million. As a result, we achieved an after tax profit in SHF of Rs. 33.2 million and improve our ranking to 'A-' (Single A Minus) with stable outlook at JCR-VIS.

2014

Consistent performance is witnessed by achieving Rs 01 billion Gross Contribution whilst our paid-up Capital rises to 432.7 million. Company opted to get itself rated from two credit rating agencies namely JCR –VIS and PACRA. Company's Financial strength rating has been reaffirmed by JCR-VIS Credit Rating Company Limited at 'A-' (Single A

Minus) with Positive Outlook, while Pakistan Credit Rating Agency Limited (PACRA) has assigned rating of "A" (Single A) with Stable Outlook subsequent to year end.

2015

The year under review was a year of remarkable achievement in terms of surplus results in PTF. It's a great pleasure to declare that the participant Takaful Fund has shown a surplus of Rs. 15 million whilst the Shareholder Fund has shown 7.7 million profit before tax. Company's financial strength rating has been reaffirmed by JCR-VIS & PACRA at 'A-' & 'A' with stable outlook respectively. Further, beside Internal Sharia Advisor's Report, Company started to get itself audited by Independent Auditors in respect of its Compliance with Takaful Rules.

2016

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

2017

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

2018

Good results in both the funds enabled the Board to recommend cash dividend to shareholders. The Company adopted Insurance Rules, 2017 and Accounting Regulations 2017 and succeeded in presenting its first set of financials on New Format with necessary modification to keep abreast the fundamentals of Takaful. Both the rating agencies of Pakistan, JCR-VIS and PACRA has also reaffirmed the Company's financial strength rating at 'A-' with stable outlook and 'A' with stable outlook respectively.



WHAT IS TAKAFUL?

A Shari'ah compliant alternative to insurance.

Definition:

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

Example of Takaful may be found in the early Islamic History when the muslim merchants took Takaful protection for safeguarding carvans from travel risk like stroms or pirates



OUR SHARI'AH CREDIBILITY

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

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



BRANCH PRESENCE NATIONWIDE

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

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



TECHNOLOGY & INNOVATION

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

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



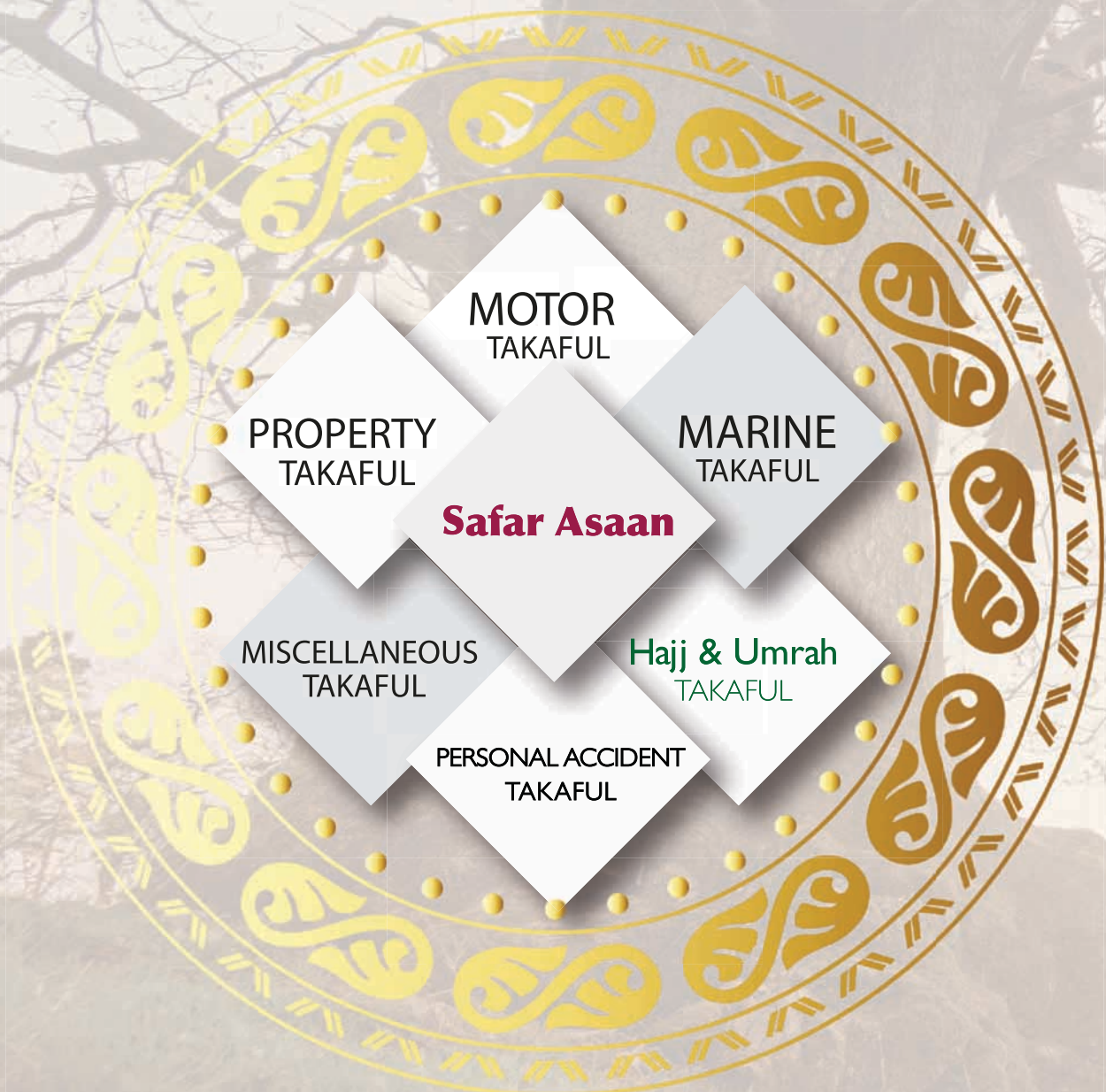
GENERAL TAKAFUL- INDIVIDUAL COVERAGES

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

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

Our Products & Services

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



PRODUCT INFORMATION



Fire & Property Takaful

Fire Takaful policy provides compensation to the participant in the event of damage to the property (i.e. buildings, stock, machinery and other contents) caused by fire, lightning and explosion. We have extended customized coverage for diversified industrial sector companies as per their needs. Risk management services are also extended for the clients with assessing and recommending improvement in risk exposure to mitigate the risks. Our Fire Takaful coverage is extended for losses due to:

- Fire & Lightning
- Domestic Explosion
- Riot and Strike
- Malicious Damage
- Standard Explosion
- Atmospheric Disturbance

Motor Takaful

Pak-Qatar's comprehensive Motor Takaful policy gives you the maximum coverage against theft, accidental damage and third party liability inclusive of Terrorism coverage with greater benefits, innovative features and hassle free post and pre takaful processing. The major scope of our cover includes accidental external means, fire external explosion, snatch and theft, malicious act, riot & strike damage and natural calamities. Terrorism and Third Party liability i.e., Property Damage, Bodily Injury, & Death are additional features of the policy. The special features of our product include:

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



Engineering Takaful

Engineering Takaful

The world of engineering involves a lot of uncontrollable factors which make it occupied with all sorts of incidents. Accidents whether minor or major can cause major setbacks and can cause costly delays that endanger the schedule and integrity of the project.

PQGTL Engineering Takaful provides your construction site the protection you need to safeguard the unforeseen incidents. Risk management services are also extended for the clients with assessing and recommending important areas to mitigate the risks.

Our major covers include Erection All Risk (EAR), Machine Breakdown (MB), and Electronic Equipment Takaful (EET).

Marine Takaful

Our Marine Takaful products cater to the needs of business such as traders, shipping agents, courier services, and transport related companies. We provide all risks coverage as well as tailor made products depending upon the needs of our customers. There are various coverage available for the following types of cargo:

- Marine Cargo (It include:
 1. All Risks as per Institute Cargo Clause 'A'
 2. Institute Cargo Clause 'B'
 3. Institute Cargo Clause 'C'

- Marine Inland Transit

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



Miscellaneous Takaful

Other than contemporary offerings, Pak-Qatar General Takaful also adheres to differentiated propositions as required as per the need of clients. This coverage is personalized and tailor made with the corporate requirements. Money, Fidelity Guarantee and Personal Accident Takaful, Health and Liability coverage are prominent in this section. Differentiated offering of ATM Withdrawal Takaful is also extended for banking clients. Various products offered under miscellaneous portfolio includes:



- **Money Takaful**

Money Takaful assures security by providing coverage with respect to:

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

- **Fidelity Guarantee Takaful**

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

- **Personal Accident Takaful**

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

- **Liability Takaful**

Our Liability Takaful product provides compensation in respect of legal liability by law to third party for Bodily injury and / or death and Property damage. Our coverages includes,

- i. Premises Liability (Third Party/ Public Liability) Takaful
- ii. Products Liability Takaful
- iii. Employer's Liability Takaful

CORPORATE INFORMATION

Board of Directors

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

Audit Committee

Ali Ibrahim Al Abdul Ghani	Chairman
Said Gul	Member
Abdul Basit Ahmad Al-Shaibei	Member
Muhammad Shoaib Akhter	Secretary

Investment Committee

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

Ethics, Human Resources & Remuneration Committee

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

Nomination Committee

Abdul Basit Ahmad Al-Shaibei	Chairman
Said Gul	Member
Ali Ibrahim Al Abdul Ghani	Member
Muhammad Kamran Saleem	Secretary

Sharia Board

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

Chief Executive Officer

Zahid Hussain Awan

Chief Financial Officer & Company Secretary

Muhammad Kamran Saleem

Head of Internal Audit

Muhammad Shoaib Akhter

Statutory Auditors & External Shariah Compliance Auditors

EY Ford Rhodes, Chartered Accountants

Shariah Advisor

Mufti Muhammad Shakir Siddiqui

Shariah Compliance Officer

Mufti M Awais Naeem

Legal Advisor

Khatanas Law Chamber

Tax Advisors

EY Ford Rhodes, Chartered Accountants

Rating Agency

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

BANKERS**Islamic Banks**

Al Baraka Bank (Pakistan) Ltd
Bank Islami Pakistan Limited

Dubai Islamic Bank Pakistan Limited
Meezan Bank Limited

Islamic Banking Divisions of Conventional Banks

Bank Al Habib Limited
Faysal Bank Limited
Habib Metropolitan Bank Limited
Standard Chartered Bank
Soneri Bank Limited

Bank Alfalah Limited
Habib Bank Limited
MCB Bank Limited
Silk Bank Limited
United Bank Limited

Retakaful Operators

Saudi Retakaful
Arab Retakaful
Pakistan Reinsurance - PRCL

Kuwait Retakaful
GIC - Dubai
Cobalt Retakaful

Retakaful Brokers

AON and JB Boda

Head Office

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

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Branch Offices

Faisalabad
Gujranwala
Islamabad

Karachi
Lahore
Multan

Peshawar
Sialkot

Management Committee

Zahid Hussain Awan
Azeem Pirani
Muhammad Kamran Saleem
Altaf Ahmed Siddiqi
Muhammad Raza
Muhammad Shoaib Akhter
Saifuddin Shaikh
Muhammad Umair
Muhammad Shakir Siddiqui
Jehanzaib Ahmad

Chief Executive Officer
Deputy CEO
Chief Financial Officer & Company Secretary
Head of Operations
Deputy HOO
Chief Internal Auditor
Head of Admin & Procurement
Head of IT&S
Shariah Advisor
Compliance Officer

Underwriting Committee and Retakaful & Cotakaful Committee

Zahid Hussain Awan
Altaf Ahmed Siddiqi
Muhammad Raza
Asadullah Khan
Farrukh Adnan

Chairman
Member & Secretary
Member
Member
Member

Claim Committee

Zahid Hussain Awan
Azeem Pirani
Muhammad Kamran Saleem
Shahzad M Khan Ghilzai
Jehanzaib Ahmed
Muhammad Saleem

Chairman
Member
Member
Member & Secretary
Member
Member

Risk Management & Compliance Committee

Zahid Hussain Awan
Azeem Pirani
Muhammad Kamran Saleem
Altaf Ahmed Siddiqi
Muhammad Shoaib Akhter
Saifuddin Shaikh
Shahzad M Khan Ghilzai
Asadullah Khan
Farrukh Adnan
Mufti Shakir Siddiqui
Jehanzaib Ahmed

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

CHAIRMAN'S MESSAGE

On behalf of myself and Members of Board of Directors, I am pleased to welcome you to the 13th Annual General Meeting of Pak-Qatar Family Takaful Limited (PQFTL) and Pak-Qatar General Takaful Limited (PQGTL). I hope you all have received copies of the Annual Reports for 2018 containing Directors' Report and Audited Accounts together with Auditors' Report thereon for the year which is being placed for your consideration and approval.

PQFTL & PQGTL has a bright future and the companies look forward to growth in volume and return for all its stakeholders.

2018 was another robust year for both Companies as they performed better than their other industry competitors. Besides sustained revenue growth, the companies have begun to reap benefits from its operational and technological enhancement initiatives. At the same time, our drive to promote the cause (TAKAFUL) and use modern digital platforms will continue and we look forward to achieving highest standards in the industry.

We take pride in being one of the pioneer and the largest Takaful Operators in Pakistan having achieved remarkable growth over the last decade and contributing significantly to the development of Pakistan. We have attained prominence as a flag-bearer in the field of Takaful through competence, competitiveness and timely delivery with highest quality standards. We have a long tradition of serving our valued customers to their utmost satisfaction through efficient management and excellent workmanship, which we continue to maintain with our untiring efforts.

Offering services spanning a wide range of Takaful products, PQFTL & PQGTL is becoming the preferred choice because of service reliability, ethical standards, trust and commitment towards customer-centric approach.

As we look to the years ahead, we renew our pledge to remain committed to excellence, keep abreast with the changes and innovations, adopt better management and leadership techniques and successfully overcome all challenges before us.



Sheikh Ali Bin Abdullah Al-Thani

Chairman of the Board of Directors
Pak-Qatar Family Takaful Limited
Pak-Qatar General Takaful Limited

DIRECTORS' REPORT

Dear Shareholders

The Board of Directors of Pak-Qatar General Takaful Limited (hereinafter referred to as "the Company" or "PQGTL") is pleased to present its Thirteen Annual Report and Audited Financial Statements of the Company together with Auditors' Reports thereon, for the year ended 31st December, 2018.

1. Overview of the Economy

The world economy continued to accelerate at a slower pace with a growth rate of 3.1 percent for the calendar year (CY) 2018 compared to 3.0 percent of 2017. This acceleration is mainly the result of notable rebound in global trade, continued strong growth in the Emerging Market and Developing Economies and an investment recovery in advanced economies stabilizing growth at 2.5 percent in 2018.

In Pakistan, great strides have been made in improving its economic outcomes and reducing its macroeconomic vulnerability in the recent years. As a result, economic growth in Pakistan continued to gain momentum, although at varying speeds across the sectors which is founded on the government's commitment to higher growth rate and lower inflation. Pakistan's economic growth increased from 5.4 percent in 2017 to 5.8 percent in 2018 supported by major infrastructure projects and low interest rates. Major thrust came from improved performance of services and agriculture sector.

Pakistan's economy is showing strong signs of rising growth and price stability. The near term outlook for economic growth is broadly favorable supported by improved power supply, investment relating to the China-Pakistan Economic Corridor (CPEC), strong consumption growth and ongoing recovery in agriculture.

The growth momentum remained above 5 percent for the last two years in a row and reached 5.79 percent in FY2018 which is 13 years high on account of a strong performance in agriculture, industry and services sectors which grew by 3.81 percent, 5.80

percent and 6.43 percent, respectively. The present government's vision is focused on the diversification of exports to include new products/services and partners, increased involvement in global value chains, increasing foreign direct investment, greater revenue collection, transparency in trade transactions and expanded participation of small and medium-sized enterprises in international trade.

The growth across different sectors of the economy has attracted major international companies towards Pakistan, where they see immense potential, a huge consumer market, strategic location and macroeconomic stable environment achieved during the last five years.

2. Industry review

The global Takaful market would reach 52.5 billion USD by 2020. Following the spectacular growth of Islamic banking and finance in recent years, the Takaful industry is expected to go into full swing mainly due to the regulatory improvement in few countries and the high demand in Muslim countries for its shariah compliant appeal.

With factors such as ethical investment policy, strong growth prospects and price competitiveness, Takaful represents a strong business proposition and has a significant share of non-Muslim customers as well. At present, Family Takaful dominates the market, holding the largest share. On a geographical front, Gulf Cooperation Council (GCC) enjoys a leading position in the global Takaful market as the region has a very large and affluent Muslim population.

In Pakistan, the Takaful industry is witnessing a growth in number of players entering the market including conventional insurance companies with their window Takaful operations. Within the progress that has been achieved in the development of the Islamic Financial system, the Takaful industry has also experienced remarkable achievements. This indicates recognition of Takaful as an important source of the Shariah compliant protection against untoward incidents. The growth is reflected by the increase in the number

of Takaful and Re-Takaful operators worldwide. Increasingly, banks are becoming active players in Takaful through being actively engaged in distribution of Takaful products. The significant growth performance of the Takaful industry has taken place due to low penetration rates and increasing affluence in the Muslim countries.

3. Business Challenges Ahead

The biggest challenge for the Takaful industry is still the creation of public awareness. The consumers must be aware that the Takaful model is totally unique and different, with very few similarities to the conventional insurance. Unfortunately, the common man still thinks that; Takaful is actually a viable alternative for conventional insurance, promising the same benefits. In fact, this is a false perception.

Penetration of Takaful is slow due to lack of customer education and insufficient product awareness programs. Lack of research and development (R&D) in product innovation also adds value to the slow growth rate. Innovative ways of doing business in today's world is as important as providing innovative products i.e. the role of technology in engaging with customer, enabling the purchase of a Takaful plan or having their queries addressed within a distance of just a touch on their smart phones is now being taken up as core source to gain a competitive advantage. Though the race in context of innovative products is still on and will continue to exist, the focus should also be on taking a lead in being INSURTECH which is no longer a TREND but a MINDSET.

The role of Regulator is of utmost importance for the promotion of Takaful and also to support the Takaful Operators for capturing business opportunities thus, contributing towards the growth of the Industry. Creating awareness and taking initiatives such as conducting seminars, conferences, and roadshows across Pakistan can be a helpful steps to encourage the masses to opt for Shariah-Complaint risk-mitigation tools. The regulatory institutions in Pakistan are taking concrete measures to create a supportive regulatory environment for Takaful.

To overcome these challenges, all key stakeholders

need to devote efforts toward raising awareness about the unique aspects of Takaful with both customers and professionals. Takaful should be built with the true spirit of providing financial strength and growth to the consumers, with a promise to extend generous help in case of adversities. The consumers must be assured that they are protected by a purely Shari'ah-compliant financial system being served with low-cost, need-based and technology driven products.

4. Future Outlook

Takaful industry has grown significantly as an alternative to conventional insurance and evolved from being a regional to a global business. Takaful has become one of the leading segments of the financial sector across the Asian, Arab and African regions.

The Takaful industry must invest in and adopt the latest technologies and innovations to provide a higher level of convenience, transparency and responsiveness; that is the hallmark of today's robust global enterprises. The real task is to build an image of Takaful as a modern-day protection system that promises financial security while adhering to the high moral values and the non-exploitative, humanitarian principles of Islam.

5. Performance Review of the Company

a. Gross Contribution Written (GCW)

Since the past two years, PQGTL has adopted a consolidation strategy to underwrite businesses that are profitable at the bottom line. Based on review of segment performance on periodic basis, some loss making clients were shed-off from portfolio in each segment. Given the prevailing competition in the insurance market, the company also faced significant pressure on contribution rates. These factors have resulted in reducing business volumes on a timeline basis in the year 2016 & 2017. In that situation, we knew well that to do's were never as easy as to know what were good to do.

Class Wise Contribution	Growth %	2018 Rs	Portfolio mix %	2017 Rs	Portfolio mix %
Fire	-	138,786,078	20.4	138,960,147	22.6
Marine	9	43,596,605	6.4	39,896,390	6.5
Motor	14	391,293,306	57.7	341,421,007	55.5
Miscellaneous	9	104,038,263	15.2	94,713,361	15.4
Total	10	677,714,252	100	614,990,905	100

Nonetheless, the Company did continue to strive hard for a prudent growth strategy with a focus at all classes instead of increasing its volume of business in any particular class. By the grace of Almighty Allah, the CY 2018 business figures and its portfolio mix percentage has witnessed an overall growth of ten percent alongside a balanced and profitable portfolio mix, whereby at present, motor segment continued to be a major contributor to the overall business volume. This growth has been secured despite being intimated from highly competitive business conditions, downwards pressure on pricing and aggressive competition by window takaful of strong conventional players.

In the current year 2018, the company has experienced an impressive growth in the top line as compared to the last year. GCW increased by 10% with Motor business being the highest contributor (57%). Segments growing the most are Marine & Motor (14% each), followed by Miscellaneous (9%), as compared to figures of last year.

Going forward, the company envisages prudent growth strategy and expects a reasonable growth at end 2019 and in furtherance the company will emphasize on bottom centric approach to continue and improve profitability with a gradual growth of top line targets having more focus on non-motor class.

b. Claims

Class of Business	Gross Claims	Re-takaful recovery	2018 Net Claims	2017 Net Claims
			----- Rupees -----	
Fire	109,701,228	101,406,631	8,294,597	22,043,347
Marine	7,363,216	3,758,600	3,604,616	8,542,548
Motor	221,224,654	26,942,540	194,282,114	163,044,129
Misc	49,818,536	24,368,152	25,450,384	17,604,421
Total	388,107,634	156,475,923	231,631,711	211,234,445

The risk under any takaful contract is the possibility of its occurrence and there is an uncertainty of the amount of claim resulting from occurrence of the event. The risk exposure of the PTF is managed through adequate retakaful arrangements. During the year under review, gross claims shows significant increase on account of one-off large claims in Fire class, whereas there net-off retakaful effect in net claims expense is not material due to less retention of risk with the company and consequent high retakaful recovery.

Adequate retakaful helped in mitigating the effect of the potential loss from large or catastrophic events covered under takaful contracts. The effect of adequate retakaful arrangements has established the fact that Company has not suffered ultimate net takaful losses beyond the Company's risk appetite in any one year. The management is committed to establish strong controls by implementing effective risk management and efficient claim settlement policies.

c. Investment Income

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

At year end, the market value of investments in mutual funds was lower than its carrying value, which has resulted in unrealized loss and is recognized in the other comprehensive income. Units in mutual funds were not sold considering the stock market prospective recovery in the longer holding period.

	2018 Rupees	2017 Rupees
Shareholders Fund (SHF)	11,457,221	20,259,066
Participants Takaful Fund (PTF)	11,042,600	2,253,102
Total	22,499,821	22,512,168

d. Overall Review

Our commitment to high service quality & standards, rigorous efforts and farsighted decisions in manifold areas has enabled us to sustain our performance and business positioning, in spite of market pressure on contribution rates, and rising competition due to window takaful operations by leading conventional insurers. Pak-Qatar General Takaful Limited (PQGTL) reinforced business relations with existing clients and channel partners which include some of the top Islamic Financial institutions of Pakistan. Through concentrated efforts, company maintained business growth, stability in business mix and continue to reaffirm Bank limits with some expansion. The Re-takaful treaty arrangements for the year 2019 have been finalized; whereby, there is notable change to the panel with addition of new re-takaful operator 'Pakistan Reinsurance Limited'. Further, JCR-VIS & PACRA have reaffirmed Company's financial strength credit rating at 'A-' with stable outlook and 'A' with stable outlook respectively.

Your Company, completing its eleventh full year of operations, has achieved sizable growth in Gross Contribution Written (GCW); though market share is very low in the overall general insurance pie of the country. Traditionally, general insurance market in the country is captured by strong conventional companies operating for more than half a century now. The competition has stiffened for dedicated takaful operators with the advent of Window takaful by large conventional insurers, coupled with large conventional players have already been holding lion's share of insurance industry since many decades.

Financial highlights of the company are enumerated below:

	2018 Rupees	2017 Rupees
Participants' Takaful Fund (PTF):		
Gross Contribution Written - GCW	677,714,252	614,990,905
Net Contribution	192,481,462	168,462,931
Net Claims	(231,631,711)	(211,234,445)
Direct Expenses	(14,565,168)	(10,342,738)
Retakaful Rebate	59,076,599	59,473,555
Underwriting results	5,361,182	6,359,303
Investment Income & bank profits net-off modarib share	6,625,559	1,351,861
Surplus for the year	11,986,741	7,711,164
Shareholders' Fund (SHF):		
Wakala Income	258,267,329	233,379,173
Commission Expense	(56,834,826)	(49,533,749)
Management Expenses	(191,027,197)	(195,648,704)
	10,405,306	(11,803,280)
Other General & Administrative Expenses	(8,665,820)	(4,643,180)
Investment Income & other income	12,511,772	21,788,849
Modarib Share of PTF Investment Income	4,417,041	901,241
Profit before Taxation	18,668,299	6,243,630
Provision for Taxation - current	(6,323,034)	(3,200,368)
Profit after Taxation	12,345,265	3,043,262
Earnings Per Share of SHF		
Basic & diluted earnings per share - (in Rupees)	0.24	0.06

The management has made concerted efforts to establish PQGTL's business positioning which will continue in the wake of intensive competition.

The better results and profits are reported in both the funds (PTF & SHF) in the year under review. The company, rather than focusing on aggressive growth targets, has followed a conservative growth strategy of 10 % for top line (GCW) and successfully managed to achieve better positive bottom line target.

Adoption of this conservative strategy was need of the hour at the start of year 2018, in the wake of prevailing market factors including decline in contribution rates pushing competition to cut throat level for small dedicated takaful companies. Prudent approach was emphasized both in underwriting, and investments that contributed in improvement of results. This was further supplemented by cost saving measures to ensure execution of the work programme is viable in current price and business scenario. Cost efficiencies were achieved mainly as

scenario. Cost efficiencies were achieved mainly as a result of effective use of in house resources, Information Technology utilization enhancement, reducing Operational expenditure at Head office & branches including optimization of head count. The Company has shown positive result for the year under review that continues to maintain its business positioning and lead position as dedicated takaful company. The Participant Takaful Fund has shown a surplus of Rs. 11.98 million whilst the Shareholder Fund has shown 18.6 million profit before tax and 12.3 million profits after tax.

In the year 2018, Company's strategy for market penetration was tagged with innovation, creativity, rational products & timely customer service that provide genuine benefit to the end customer and strengthen the faith of customer on Takaful. Our business development strategy will remain our prime focus and efforts for the strategic alliances have been initiated that will InshaAllah yield the desired results during 2019 by the grace of Allah Almighty. Our dedication to Shariah compliance remains our crown for successful delivery of Takaful services for our participants and strategic partners. In a changing & competitive business environment, future strategy will continue to attain sustainable growth & profits with optimization of overhead cost. Market & customer segments where we have better proposition and competitive edge will remain our prime focus for business growth.

To keep our business on the cutting edge, serve our customers in the way they require and to maximize returns for our esteemed shareholders; we always have in our mind that 'there is always room for improvement' and this enthuse us to brainstorm & work harder that 'how can we further improve?'. For us, customers' requirements, suggestions & complaints are the medium from where we learn.

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

6. Prospects for 2019

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

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

7. Fund wise Reporting

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

8. Qard-e-Hasna

Takaful Rules, 2012 require that Qard-e-Hasna (interest free loan) is to be provided by SHF to PTF, if there is deficit in admissible assets of PTF over its liabilities. SHF is allowed to recover this qard without charging profit in the event of surplus of admissible

assets over liabilities in PTF. In line with the requirements, SHF recovered Rs 40 million from PTF as at year end, whereby still Rs 200 million Qard-e-Hasna is receivable from PTF as at year ended 2018 and is appearing as a separate line item in the asset side of SHF balance sheet.

9. Appropriations and Dividend

The Shareholders' fund profit after tax was Rs 12.3 million as compared to Rs 3 million. Accordingly, unappropriated profit after netting off unrealized revaluation loss on available for sale investments has reached to Rs 50.7 million. We are pleased to inform you that your Directors have recommended to issue five percent cash dividend to the shareholders.

10. Post Balance Sheet Event

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year to which this balance sheet relates and the date of the Directors' Report, except for recommendation of dividend as disclosed above.

11. Remuneration & Appointment

Remuneration of the Chief Executive Officer has been revised by the Board of Directors effective from April 2018. Further, a change occurred in the position of Head of Internal Audit in the month of August 2018; whereby Board of Directors relinquished previous head from this position & relocated as Head of Human Resources, and simultaneously appointed Mr. Shoaib Akhter as new Head of Internal Audit. New head of internal audit is an associate member of the Institute of Chartered Accountants of Pakistan and possesses such qualification & experience as is required under the Code of Corporate Governance for Insurers, 2016.

12. Transaction in shares

During the year, Masraf Al Rayan disinvested its entire holding and the same were purchased by our prominent shareholders & director. As the subject transaction attracted the provisions of section 67 of the Insurance Ordinance, 2000; therefore, same was

executed with the approval from the SECP.

Sold by	Purchased by	Number of Shares
Masraf Al Rayan	Said Gul	3,000,000
Masraf Al Rayan	Pak Qatar Investment (Private) Limited	3,000,000

13. Credit Rating

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

14. Related Party Transactions

At board meeting, the Board of Directors approves Company's transactions with Associated Companies/Related parties. All transactions executed with related parties are on arm's length basis. Accordingly, transactions pertaining to sharing of administrative expense are carried at actual cost, sales/purchase of investments, if any are carried out at fair value and transactions related to claims or contributions were carried out at commercial terms.

15. Capital Management & Liquidity

The Company maintains good financial base. Your company carefully administers its liquidity to ensure its ability to meet its obligations efficiently. The company operates and honours its obligations through cash flow generated from its core business as well as investment and other income. S.R.O 828(I)/2015 requires minimum paid-up capital of Rs 500 million for the non-life insurance companies/takaful operators as at year end December 31, 2017. We are pleased to inform that with the strong support and commitment from our members, Company's paid up capital has already been reached to Rs 509 million since last year end.

16. Contribution to National Exchequer & National Cause Donations

Your Company contributes to the national economy in terms of taxes and duties and the contribution is increasing as the Company is growing. This year the Company, in the capacity of a tax payer and as a withholding agent, has deposited Rs 103 million to the National Exchequer. Further, your Company's employees, being a responsible citizens, has donated towards fund raising drive for construction of Diamer-Bhasha and Mohmand Dams Fund.

17. New Insurance Rules & Regulations

The SECP has issued Insurance Accounting Regulations, 2017 (the Regulations) and Insurance Rules, 2017 (the Rules) through SRO 88(I)/2017 and SRO 89(I)/2017 of even dated 09 February 2017 which were applicable with effect from 09 February 2017. However, the Company applied for the extension relating to the applicability of the said regulations and the rules upto 31 December 2017, which was allowed by SEP vide letter ID/OSM/Pak Qatar/2017/12413 dated 23 October 2017. Therefore, the application of Rules and Accounting Regulations 2017 became effective from the accounting period commencing from 01 January 2018.

During the year, the Company evaluated the impact of adopting the aforesaid rules and regulations on its current period financial statements and considers that the Format prescribed by the new rules and regulations are not compatible with the nature of Takaful accounting as it combines the Shareholder fund and Waqf fund.

In this regard, the Company has sought guidance from the SECP on the accounting format to be followed for the preparation of the financial statements for the current year. Accordingly, the company has prepared its financial statements on the new format prescribed by Insurance Rules, 2017 with appropriate & necessary modifications in the light of Takaful Rules, 2012 and based on the advice of Shariah Adviser of the Company.

Except for the necessary modification in new Format as disclosed above, the Company has adopted Insurance Rules, 2017 and Accounting Regulations 2017 and accordingly has changed its accounting

policies. Significant changes in presentation are rearrangements in sequence of assets / liabilities in the statement of financial position; presentation of single profit or loss account instead of segment wise presentation (classes of business) and discontinuation of separate statements of contribution, claims, expense and investment income.

These are the first set of financial statements on new format for the year ended 2018 and accordingly corresponding & comparative figures have been rearranged and reclassified, where necessary, to facilitate better comparison.

We wish to place on record our appreciation and sincere gratitude for the guidance extended to us by the dignitaries of apex regulator 'the Securities and Exchange Commission of Pakistan'.

18. Human Resources

During the year 2018, Human Resources focused on strengthening our performance management area and our overall organizational structure - as this we feel holds the key to maintaining a strong, performance-oriented culture in an industry that lacks significant investment in developing quality human talent. Additional changes were made to the performance management function where the company moved toward quarterly performance reviews to promote meaningful conversations.

Our recruitment strategy at the initial levels continues to be to induct fresh talent from renowned institutions of learning to foster new ideas and perspectives and molding this talent based on the company's core values. Recruitment focus is to ensure cultural fit. We made further significant investments in targeted employee development initiatives with a number of employees being supported toward acquiring professional certifications and memberships in globally recognized institutions of learning. Internal training programs and workshops focused on customer services and organizational development. We are now introducing a flatter, more responsive organizational hierarchy along with a title

structure that will be a first for the industry in Pakistan. The company strongly believes that motivated & good quality employees are its real strength. That's why, we foster the culture of giving people wings to fly, roots to come back and reasons to stay.

19. Compliance with Code of Corporate Governance

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

20. Risk and uncertainties

The Company conducts business in a complex and challenging environment and is therefore exposed to number of external and internal risks that may present threats to its success and profitability. Some of the major risks facing the Company include regulatory risk, operational risks, underwriting risks, market risk, credit risks, retakaful risks, liquidity risk & economic / political risks etc.

The management is committed to putting risk management at the center of the strategic decision-making process and to this end runs a robust risk management process that traverses through all functions of the Company. This puts the Company at such advantageous position that provides safeguarding its business & stakeholders. The business decision taken is based on weighing the associated risks against rewarding opportunities, as we strive to seize business opportunities that are compatible with our long-term vision. The company has set up a risk management function/department, which carries out its tasks as covered under the Code of Corporate Governance for Insurers, 2016.

21. Corporate and Financial Reporting Framework

- 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; except for change in accounting policy as disclosed in note 7.1 to the notes to the financial statements.
- d. The International Accounting Standards, International Financial Reporting Standards or any other regulation or law (including but not limited to the Shariah guidelines / principles) as applicable in Pakistan, have been followed in preparation of financial statements, and any departure there from has been adequately disclosed.
- e. The system of internal control is sound in design and has been effectively implemented and monitored.
- f. There are no significant doubts upon the Company's ability to continue as a going concern.
- g. There has been no material departure from the best practices of Corporate Governance.
- h. The key operating and financial data for the last six years is attached.
- i. The value of investments of provident fund based on unaudited accounts as at the year-end was Rupees 24.2 million/-
- j. The pattern of shareholding of the company is attached.
- k. No trading in shares has been made by the Chief Executive, Directors, Chief Financial Officer, Company Secretary, their spouses and minor children, except for following transaction.

Purchase of shares	Number of Shares
Sheikh Ali Bin Abdullah Al-Thani	1,032,454
Said Gul	3,000,000
Pak Qatar Investment (Private) Limited	3,000,000

22. Board of Directors

The Directors of your Company were elected at the Annual General Meeting held on 28th April 2016 for term of three years expiring on 30th April 2019.

Election of directors is scheduled in upcoming annual general meeting. In this regard it is pertinent to mention that PQGTL is a Public Interest Company as per the criteria defined in Third Schedule of Companies Act, 2017. Accordingly, requirement under section 154(1) of Companies Act, 2017 have become applicable, whereby female representation on the Board of Public Interest Company has been required as follows:

"Provided that public interest companies shall be required to have female representation on their board as may be specified by the Commission"

During the year 2018, eight meetings of the Board of Directors were held and attended as follows:

#	Directors	Number of meetings attended
1	Sheikh Ali Bin Abdullah Al-Thani	3
2	Abdul Basit Ahmed Al-Shaibei	5
3	Ali Ibrahim Al Abdul Ghani	3
4	Said Gul	8
5	Zahid Hussain Awan	8
6	Owais Ahmed Yusuf	3
7	Abdullah	5

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

23. Auditors

The present auditors, M/s. Ernst & Young Ford Rhodes, Chartered Accountants, retire and are eligible for re-appointment for the ensuing year. On recommendation of the Audit Committee, the Board of Directors of the company has proposed their name for re-appointment as auditors of the company for the year ending on the 31st December, 2019.

24. Appreciation & Acknowledgement

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

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

25. Conclusion

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

By Order of the Board



Chief Executive Officer



Director

کیلئے دوبارہ انہیں کمپنی کا آڈیٹر مقرر کرنے کی تجویز دی ہے۔

کمپنی کے بورڈ پر کسی خاتون کی نمائندگی بھی ضروری ہے:

"پبلک انٹرسٹ کمپنی کے بورڈ پر کسی خاتون کی نمائندگی بھی ضروری ہے، جیسا کہ کمیشن کی جانب سے بیان کیا گیا ہے"

24- قدر دانی و اعتراف

سال کے دوران آپ کی کمپنی کی کارکردگی مینجمنٹ اور ملازمین دونوں کی سخت محنت، عزم اور جذبہ کے بغیر ممکن نہیں تھی۔ بورڈ آف ڈائریکٹرز کی جانب سے ہم تمام اسٹیک ہولڈرز کا مسلسل تعاون پر تہہ دل سے شکریہ ادا کرتے ہیں اور ان کی کوششوں کو سراہتے ہیں۔

ہم ایس ای سی پی کے تعاون کا بھی اعتراف کرتے ہیں۔ بورڈ آف ڈائریکٹرز کی طرف سے ہم اپنے پالیسی ہولڈرز، انٹرمیڈریز اور ری انشوررز کا کمپنی پر اعتماد کرنے پر شکریہ ادا کرتے ہیں۔ اور یقین دلاتے ہیں کہ ہم ان سب کے ساتھ اپنی کامیابی کا سفر جاری رکھیں گے۔

25- اختتامیہ

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

آمین ثم آمین



ڈائریکٹرز

سال 2018 کے دوران بورڈ آف ڈائریکٹرز کی آٹھ میٹنگز منعقد ہوئیں اور ان میں درج ذیل افراد نے شرکت کی:

#	ڈائریکٹر	میٹنگز کی تعداد جن میں وہ شریک ہوئے
1	شیخ علی بن عبداللہ الثانی	3
2	عبدالباسط الشعیبی	5
3	علی ابراہیم العبد الغنی	3
4	سید گل	8
5	اولیس احمد یوسف	8
6	زاہد حسین اعوان	3
7	عبداللہ	5

میٹنگز میں شریک نہ ہونے والے ڈائریکٹرز کو غیر حاضری کی رخصت دی گئی۔

23- آڈیٹرز

موجودہ آڈیٹرز ای وائے فورڈ رھوڈز، چارٹرڈ اکاؤنٹنٹس اپنی ذمہ داری سے سبکدوش ہو گئے تھے، البتہ اگلے سال ری اپائنٹمنٹ کے اہل ہیں۔ بورڈ آف ڈائریکٹرز کی آڈٹ کمیٹی کی سفارش پر 31 دسمبر 2019 میں ختم ہونے والے سال

بورڈ آف ڈائریکٹرز کی طرف سے



چیف ایگزیکٹو آفیسر

20۔ رسک اور غیر یقینی کیفیات

اسٹینڈرڈز کی پیروی کی گئی ہے اور کسی بھی قسم کے ڈیپارچر کو مناسب طریقے سے ظاہر کیا گیا ہے۔

ہ۔ انٹرنل کنٹرول کا سسٹم مناسب ڈیزائن پر مبنی ہے اور موثر طریقے سے اس کو لاگو کیا گیا ہے اور اس کی نگرانی کی جا رہی ہے۔

و۔ کمپنی کے گونگ کنسرن ہونے میں کوئی خاطر خواہ شک نہیں ہے۔

ز۔ ریگولیشنز میں بتائے گئے کارپوریٹ گورنس کی پریکٹسز سے کوئی بڑا فرق نہیں ہے۔

ح۔ گذشتہ چھ سالوں کا اہم آپریٹنگ اور فنانشل ڈیٹا منسلک ہے۔

ط۔ غیر آڈٹ شدہ اکاؤنٹس کی بنیاد پر پراویڈنٹ فنڈ کی انوسٹمنٹس کی ویلیو سال کے اختتام پر 24.2 ملین روپے تھی۔

ی۔ کمپنی کے حصہ داروں کا پیٹرن منسلک ہے۔

ک۔ درج ذیل لین دین کے علاوہ چیف ایگزیکٹو، ڈائریکٹرز، چیف فنانشل آفیسر، کمپنی سیکریٹری ان کے شریک حیات اور چھوٹے بچوں نے شیئرز کی ٹریڈنگ نہیں کی۔

کمپنی پیچیدہ اور مشکل ماحول میں بزنس چلاتی ہے جس میں اندرونی اور بیرونی خطرات کا خدشہ رہتا ہے جو کمپنی کی کامیابی اور منافع کو نقصان پہنچا سکتے ہیں۔ ریگولیٹری رسک، انتظامی رسک، انڈر رائٹنگ رسک، کریڈٹ رسک، ری انشورنس رسک، لیکویڈٹی رسک اور معاشی/سیاسی رسک، یہ وہ بڑے رسک ہیں جن کا کمپنی کو سامنا کرنا پڑ رہا ہے۔ مینجمنٹ نے اس بات کا عزم کیا ہے کہ وہ فیصلہ سازی کے عمل میں رسک مینجمنٹ کو مرکزی حیثیت دیں گے، جس سے رسک مینجمنٹ کا عمل مضبوط ہوگا اور کمپنی کے ہر فنکشن میں سے ہوتا ہوا گزرے گا۔ یہ عمل کمپنی کو مفید اور اس کے بزنس اور اسٹیک ہولڈرز کو محفوظ پوزیشن میں لاکر کھڑا کر دے گا۔ بزنس کے حوالے سے جو فیصلے لیے گئے وہ حاصل ہونے والے مواقع کے مقابلے میں پیش آنے والے رسک کو جانچنے کی بنیاد پر ہے، کیونکہ ہم نے اپنے ان بزنسز کو قابو میں رکھنے کی بہت کوشش کی ہے جو ہمارے طویل المیعاد وژن سے مطابقت رکھتے ہیں۔ کمپنی نے اپنا ایک رسک مینجمنٹ فنکشن/ڈپارٹمنٹ بنایا ہے جو اپنی ذمہ داریوں کو کوڈ آف کارپوریٹ گورنس فار انشوررز 2016 کے تحت انجام دیتا ہے۔

21۔ کارپوریٹ اور فنانشل رپورٹنگ فریم ورک

الف۔ کمپنی کی مینجمنٹ کی طرف سے تیار کیا گیا فنانشل اسٹیٹمنٹ اسکے معاملات، اسکے آپریشنز کے نتائج، کیش فلو اور ایکویٹی میں تبدیلی کو درست طریقے سے پیش کرتا ہے۔

ب۔ کمپنی کی جانب سے بک آف اکاؤنٹس مناسب طریقے سے مرتب کیے گئے ہیں۔

ج۔ مناسب اکاؤنٹنگ پالیسیز کو فنانشل اسٹیٹمنٹ بنانے میں استعمال کیا گیا اور اکاؤنٹنگ کے اندازے ایک مناسب اور معقول توجیہ پر مبنی ہیں، ماسوائے اکاؤنٹنگ پالیسیز میں ہونے والی تبدیلی کے جو فنانشل اسٹیٹمنٹ کے نوٹ نمبر 7.1 میں بیان کیا گیا ہے۔

د۔ فنانشل اسٹیٹمنٹ کی تیاری میں پاکستان میں رائج انٹرنیشنل اکاؤنٹنگ

شیئرز کی خریداری	شیئرز کی تعداد
شیخ علی بن عبداللہ الثانی	1,032,454
سید گل	3,000,000
پاک قطر انوسٹمنٹ (پرائیویٹ) لمیٹڈ	3,000,000

22۔ بورڈ آف ڈائریکٹرز

آپ کی کمپنی کے ڈائریکٹر 28 اپریل 2016 میں منعقد ہونے والی جنرل میٹنگ میں تین سال کی مدت کے لیے منتخب ہوئے جو 30 اپریل 2019 میں ختم ہو رہی ہے۔ ڈائریکٹر کے انتخابات آنے والی سالانہ جنرل میٹنگ میں شیڈول ہیں۔ اس حوالے سے یہ ذکر کرنا ضروری ہے کہ کمپنی ایکٹ 2017 کے تھرڈ شیڈول کے مطابق پاک قطر فیملی ٹکافل کمپنی ایک پبلک انٹرسٹ کمپنی ہے۔ اس کے مطابق کمپنیز ایکٹ 2017 کے سیکشن (1) 154 کی شرائط لاگو ہیں، جس میں پبلک انٹرسٹ

رکھ سکتے ہیں جو انڈسٹری میں کلچر کی نمائندگی کرے اور اس کی بنیادی وجہ اچھے انسانی وسائل پر بہت کم سرمایہ کاری کی جاتی ہے۔

پرفارمنس مینجمنٹ فنکشن میں اضافی تبدیلیاں کی گئی تھیں، جہاں کمپنی سودمند بات چیت کو فروغ دینے کے لئے سہ ماہی کارکردگی کے تجزیہ کی طرف قدم بڑھایا ہے۔

ابتدائی سطح پر ہماری ریکروٹمنٹ کی حکمت عملی یہ ہے کہ ہم معروف تعلیمی اداروں سے آنے والے تازہ باصلاحیت افراد کو شامل کریں تاکہ نئے خیالات اور نقطہ نظر کو فروغ دیا جائے، اور ان صلاحیتوں کو کمپنی کے بنیادی اقدار کے مطابق ڈھالا جائے۔ ریکروٹمنٹ میں اس بات کی طرف پوری توجہ ہے کہ وہ کلچر کے اعتبار سے بھی فٹ ہوں۔

ہم نے کچھ ملازمین کو ٹارگٹ بنا کر ان کی ترقی پر مزید اہم سرمایہ کاری کی ہے جس کے ساتھ ساتھ بہت سے ملازمین کو عالمی طور پر تسلیم شدہ تعلیمی اداروں میں پروفیشنل شٹھٹیکٹ اور رکنیت حاصل کرنے میں مدد ملی ہے۔ داخلی تربیتی پروگرامز اور ورکشاپ میں کسٹمر سروسز اور تنظیمی ترقی پر توجہ دی جاتی ہے۔

ہم ٹائٹل اسٹرکچر کے ساتھ ایک ہموار زیادہ ذمہ دار ادارتی ہرار کی پیش کرنے جا رہے ہیں، یہ پاکستان میں انڈسٹری کے اندر نیا قدم ہوگا۔

کمپنی کو اس پر مضبوط یقین ہے کہ متحرک اور اچھے معیار کے ملازمین اس کی حقیقی قوت ہیں۔ لہذا، ہم لوگوں کو اڑان بھرنے کے لئے جڑیں فراہم کرنے، بنیادوں کی طرف لوٹنے اور رکنے کی وجوہات دینے کی ثقافت کو فروغ دیتے ہیں۔

19- کارپوریٹ گورننس کے کوڈ کی تعمیل

نومبر 2016 میں، سکیورٹی اینڈ ایڈجسٹمنٹ کمیشن آف پاکستان نے انشوررز کے لئے کارپوریٹ گورننس کوڈ 2016 لاگو کیا۔ جو کہ تمام انشورنس؟ تکافل کمپنیوں پر لاگو ہے۔ ریگولیٹری حکام کی طرف سے مقرر کردہ کارپوریٹ گورننس کی ضروریات کو صحیح طریقے سے عمل لایا گیا ہے۔ اس کے اثر کی وضاحت کے لئے ایک رپورٹ کو شامل کیا گیا ہے۔

اس کی اجازت دے دی گئی۔ جس کی وجہ سے ان رولز اور اور اکاؤنٹنگ ریگولیشنز کا اطلاق یکم جنوری 2018 سے شروع ہونے والے اکاؤنٹنگ پیریڈ سے مؤثر ہوا۔

اس پورے سال کمپنی نے مذکورہ بالا رولز اور ریگولیشنز کی موجودہ عرصہ کی فائنل اسٹیٹمنٹ پر اثر کا اندازہ لگایا اور اس نتیجے پر پہنچی کہ ان نئے رولز اور ریگولیشنز میں بیان کردہ طریقہ کار تکافل کی اکاؤنٹنگ سے مطابقت نہیں رکھتا، کیونکہ تکافل اکاؤنٹنگ میں شیئر ہولڈرز فنڈ اور وقف فنڈ ہوتا ہے۔ اس حوالہ سے کمپنی نے ایس ای سی پی سے موجودہ سال کی فائنل اسٹیٹمنٹ کی تیاری کے حوالے سے رہنمائی مانگی۔ اس کے مطابق، کمپنی نے تکافل رولز 2012 کی روشنی میں اور شریعہ ایڈوائزرز کے مشورے سے مناسب اور ضروری تبدیلی کر کے انشورنس رولز 2017 میں بیان کردہ نئے فارمیٹ کے مطابق فائنل اسٹیٹمنٹ تیاری کی۔

اس نئے فارمیٹ میں ضروری تبدیلی کے علاوہ، جیسا کہ اوپر بیان کیا گیا ہے، کمپنی نے انشورنس رولز 2017 اور اکاؤنٹنگ ریگولیشنز 2017 کو ہی اختیار کیا ہے اور اسی کے مطابق اپنی اکاؤنٹنگ پالیسیز کو تبدیل کیا ہے۔ پریزنٹیشن میں یہ اہم تبدیلیاں کی گئی ہیں؛ اثاثہ جات ذمہ داریوں کی ترتیب کی مالی پوزیشن کی اسٹیٹمنٹ کی ترتیب میں تبدیلی، سیگمنٹ وائز (کلاسز آف بزنس) پریزنٹیشن کے بجائے سنگل پروفٹ یا نقصان اکاؤنٹ کی پریزنٹیشن اور کنٹری بیوشن، کلیمز، اخراجات اور انوسٹمنٹ انکم کی علیحدہ اسٹیٹمنٹ کا اختتام۔ 2018 میں ختم ہونے والے سال کے لیے نئے فارمیٹ کے مطابق فائنل اسٹیٹمنٹ کا یہ پہلا ایڈٹ ہے اور اس میں بہترین تقابل کے لیے جہاں ضرورت تھی وہاں متعلقہ اور تقابلی اعداد و شمار کو دوبارہ ترتیب دیا گیا ہے۔

ہم اپنے باوقار ریگولیٹر "سیکیورٹیز اینڈ ایڈجسٹمنٹ کمیشن آف پاکستان" کی مسلسل رہنمائی پر انہائی مشکور ہے اور ان کی کوششوں کو سراہتے ہیں۔

18- ہیومن ریسورسز

سال 2018 کے ہیومن ریسورسز نے ہماری پرفارمنس مینجمنٹ ایریا کو اور مجموعی طور پر ہماری تنظیمی ساخت کو مضبوط بنانے پر توجہ دی ہے، جیسا کہ ہم یہ محسوس کرتے ہیں کہ یہ ایک بنیاد ہے جس سے آپ ایسی بہترین پرفارمنس کو بحال

فارانشورر 2016 کے تحت مطلوبہ تجربہ اور قابلیت رکھتے ہیں۔

15- کمپنیل اور سیال کا انتظام

کمپنی اچھی مالیاتی بنیاد برقرار رکھتی ہے۔ آپ کی کمپنی احتیاط سے اپنی ذمہ داریوں کو مؤثر طریقے سے پورا کرنے کی صلاحیت کو یقینی بناتی ہے۔ کمپنی اپنے بنیادی بزنس اسی طرح انوسٹمنٹ اور دیگر آمدنی سے حاصل شدہ کیش کے بہاؤ سے اپنی ذمہ داریاں نبھاتی ہے۔ ایس آر او (1) 828 / 2015 کے تحت 31 دسمبر 2017 کے سال کے اختتام سال پر نان لائف انشورنس کمپنیوں/ تکافل آپریٹرز کا ادا شدہ سرمایہ 500 ملین روپے ہونا چاہئے۔ ہمیں یہ اطلاع دیتے ہوئے خوشی ہو رہی ہے کہ ہمارے ممبرز کے بھرپور تعاون سے گزشتہ سال کے اختتام تک ہمارا ادا شدہ سرمایہ 509 ملین کو پہنچ گیا تھا۔

12- شیئر میں لین دین

سال کے دوران مصرف الریان نے اپنی پوری ہولڈنگ کو واپس لیا اور اسی طرح ہمارے ممتاز شیئر ہولڈرز اور ڈائریکٹرز نے خریدا۔ اس معاملہ کے نتیجے میں انشورنس آرڈیننس 2000 کا سیکشن 67 متوجہ ہوا، لہذا اس پر ایس ای سی پی کی منظوری کے ساتھ عملدرآمد کیا گیا۔

بیچنے والا	خریدار	شیئرز کی تعداد
مصرف الریان	سیدگل	3,000,000
مصرف الریان	پاک قطر انوسٹمنٹ	
	(پرائیویٹ) لمیٹڈ	3,000,000

13- کریڈٹ ریٹنگ

VIS-JCR کریڈٹ ریٹنگ کمپنی لمیٹڈ اور پاکستانی کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) دونوں نے کمپنی کی مالیاتی قوت کو کریڈٹ ریٹنگ "A" - اے منفی مستحکم آؤٹ لک اور "A" - اے مستقل مستحکم آؤٹ لک پر برقرار رکھا۔

16- قومی خزانہ اور قومی مفاد کے لئے کئے جانے والے عطیات میں شرکت آپ کی کمپنی نے ٹیکس وغیرہ کی صورت میں ایک معتد بہ رقم قومی خزانے میں جمع کرواتی ہے۔ اس سال ٹیکس دہندہ اور اورڈ ہولڈنگ ٹیکس ایجنٹ ہونے کے ناطے 103 ملین کی خطرہ رقم قومی خزانے میں جمع کروائی گئی۔

اس کے علاوہ آپ کی کمپنی کے ملازمین نے ذمہ دار شہری ہونے کی حیثیت سے ایک ملین کی خطرہ رقم "دیامیر بھاشا" اور "مہمند" ڈیم کی تعمیر کے لئے اپنی تنخواہ سے عطیہ کیے ہیں۔

17- انشورنس کے نئے رولز اور ریگولیشنز

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) نے 9 فروری 2017 کو ایس آر او (1) 88 / 2017 اور (1) SRO89 / 2017 کے ذریعے انشورنس اکاؤنٹنگ ریگولیشن (Regulation the) 2017 اور انشورنس رولز 2017 the جاری کیے جو کہ 9 فروری 2017 سے ہی لاگو تھے۔ یہر حال، کمپنی نے 31 دسمبر 2017 تک ان ریگولیشنز اور رولز کی توسیع کے لیے درخواست دی اور مؤرخہ 23 اکتوبر 2017 کے خط نمبر کے Pak/OSM/ID 12413 / 2017 / Qatar کے ذریعے ایس ای سی پی کی طرف سے

14- متعلقہ پارٹی کے لین دین

بورڈ کے اجلاس میں بورڈ آف ڈائریکٹرز نے کمپنی سے وابستہ کمپنیوں/ متعلقہ پارٹیز کے معاملات کی منظوری دیدی ہے۔ متعلقہ پارٹیز کے ساتھ کئے گئے معاملات ان کی حیثیت کی بنیاد پر ہیں۔ اسی طرح انتظامی اخراجات کو شیئر کرنے کے لئے کی جانے والے معاملات اصل لاگت پر، خرید و فروخت کی سرمایہ کے معاملات منصفانہ قدر اور ویلیو پر اور کلیمز یا کسٹریوشن سے متعلق معاملات کو تجارتی بنیادوں پر کیا گیا ہے۔

ہوگی۔ ضروریات کے مطابق SHF نے سال کے اختتام تک PTF سے 40 ملین روپے وصول کر لیے ہیں، جبکہ ابھی بھی سال 2018 کے اختتام تک 200 ملین قرض حسنہ PTF کے ذمہ قابل ادا ہیں اور یہ SHF کی بیلنس شیٹ پر اثاثہ جات کی سائیڈ پر علیحدہ لائن کے طور پر ظاہر ہو رہا ہے۔

9۔ تخصیصات اور ڈیویڈنڈ

3 ملین کے مقابلہ میں شیئر ہولڈرز کے فنڈ کا بعد از ٹیکس منافع 12.3 ملین تھا۔ اس کے مطابق غیر تخصیص منافع سیل کے لئے موجود انویسٹمنٹ پر غیر حتمی نقصان کو منہا کرنے کے بعد 50.7 ملین روپے تک پہنچ گیا ہے۔ ہمیں یہ بتاتے ہوئے خوشی محسوس ہو رہی ہے کہ آپ کے ڈائریکٹرز نے میٹنگ میں ان شیئر ہولڈرز کے لئے پانچ فیصد کیش ڈیویڈنڈ دینے کی تجویز دی ہے۔

10۔ پوسٹ بیلنس شیٹ ایونٹ

ذیل میں ذکر کردہ منافع سے متعلق تجاویز کے علاوہ، مالی سال کے اختتام سے لے کر ڈائریکٹر رپورٹ کے اجراء کی تاریخ کے دوران کسی بھی قسم کی ایسی کوئی خاطر خواہ تبدیلی نہیں کی گئی جو کمپنی کی مالی حیثیت پر اثر انداز ہو سکے۔

11۔ معاوضہ اور تقرری

چیف ایگزیکٹو آفیسر کے مشاہرہ کو بورڈ آف ڈائریکٹرز نے ریوائز کیا جو کہ اپریل 2018 سے موثر ہوگا۔ اگست 2018 میں ہیڈ آف انٹرئل آڈٹ کی پوزیشن میں تبدیلی کی گئی، اس طور پر کہ بورڈ آف ڈائریکٹرز نے پہلے ہیڈ کوان کی پوزیشن سے ہٹا کر ہیڈ آف ہیومن ریسورس بنا دیا اور جناب شعیب اختر صاحب کو نیا ہیڈ آف انٹرئل آڈٹ مقرر کیا گیا۔ نئے ہیڈ آف انٹرئل آڈٹ، انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹ آف پاکستان کے شریک ممبر ہیں اور کوڈ آف کارپوریٹ گورننس

کمر بستہ ہے۔ چین پاکستان اقتصادی کوریڈور (CPEC) کے تحت توانائی اور انفراسٹرکچر کے منصوبوں کے قریبی مدت میں مکمل ہونے سے صنعتی ترقی کے ایک نیا دور کا آغاز ہونے جا رہا ہے۔ ڈیماڈ آؤٹ لک کی توقع، ٹیکسٹائل، فوڈ پروسیسنگ، کھاد، سٹیل، آٹوموبائل، کیمیکل، پلاسٹک اور الیکٹرانکس جیسے سیکٹر میں سرمایہ کاری پاکستان میں اپنا راستہ ہموار کر سکتی ہیں۔

مجموعی طور پر مکمل ٹیکافل کمپنیاں اور ونڈو ٹیکافل کے نتائج ٹیکافل پروڈکٹس کی ڈیماڈ کی بڑھوتری دکھا رہے ہیں۔ کمپنی کا یقین ہے کہ اس کی قوت کسٹمر کے اعتماد، اطمینان، سروس کے معیار، اور ملازمین کی حوصلہ افزائی میں ہے۔ مکمل ٹیکافل کمپنی ہونے کے ناطے 2018 کا ہدف یہ تھا کہ بدلتے مسابقتی کاروباری حالات میں پائیدار، منافع بخش ترقی کو برقرار رکھا جائے، اس وجہ سے توجہ کا مرکز کسٹمرز کا اطمینان، کسٹمرز کا پورٹ فولیو، نان موٹر بزنس کمز، انڈر رائٹنگ کے نتائج میں بہتری اور اور ہیڈ اخراجات کنٹرول رہے ہیں۔ ہماری اسٹریٹجک منصوبہ کی مسلسل عملدرآمد ہمارے استحکام اور مسلسل کامیابی میں اہم کردار ادا کرے گی۔

7۔ فنڈ کے اعتبار سے رپورٹنگ

ٹیکافل رولز 2012 کے مقتضی کے مطابق مسئلہ مالیاتی اسٹیٹمنٹ جو کہ مالی حیثیت اور ایس ایچ ایف اور پی ٹی ایف کے آپریشن کے نتائج جو کہ ان دونوں فنڈز کے اثاثہ جات، ذمہ داریوں، آمدنی اور اخراجات جو کہ الگ الگ بیان کئے گئے ہیں کی عکاسی کرتی ہے۔

8۔ قرض حسنہ

ٹیکافل رولز 2012 کے تحت یہ ضروری ہے کہ اگر PTF کا خسارہ اس کے قابل اثاثہ جات سے زیادہ ہے تو SHF فنڈ سے PTF کو قرض حسنہ (غیر سودی قرض) فراہم کیا جائے گا۔ SHF کو PTF میں موجود ذمہ داریوں سے زائد قابل اثاثہ جات کے سرپلس سے کسی نفع کے بغیر یہ قرض وصول کرنے کی اجازت

ٹیکس 12.3 ملین منافع ہوا۔

سال 2018 میں، کمپنی کی مارکیٹ تک رسائی کی حکمت عملی کو جدید تخلیقی اور معقول پروڈکٹس اور کسٹمر کو بروقت سروس دینے سے جوڑا، جس نے کسٹمر کو حقیقی فائدہ دیا اور کسٹمر کے اعتماد کو مضبوط کیا۔ ہماری پوری توجہ کاروباری ترقی کی حکمت عملی ہوگی اور اسٹریٹجک اتحاد کے لئے کوششیں شروع کی جا چکی ہیں، جو کہ اللہ تعالیٰ کے فضل سے 2019 کے دوران ان شاء اللہ مطلوبہ نتائج حاصل کروائے گا۔ ہماری شریعہ کمپلائنس کی لگن اپنے شرکاء تکافل کو سروسز فراہم کرنے میں اور اسٹریٹجک پارٹنرز کے لئے قابل فخر ہے۔ ان مسابقتی اور بدلتے ہوئے کاروباری حالات میں مستقبل کی حکمت عملی پائیدار ترقی اور منافع کو حاصل کرنے اور اضافی اخراجات کی کمی کے ساتھ ساتھ جاری رہے گی۔ مارکیٹ اور کسٹمر کے جن شعبوں میں ہمیں بہتر تجزیہ اور مسابقتی مستعدی حاصل ہے، کاروباری ترقی کے لئے اس پر مکمل توجہ رہے گی۔

کاروبار کو کننگ اتج پر رکھتے ہوئے، کسٹمر کو ان کی ضرورت کے مطابق سروسز دیتے ہوئے اور ہمارے قابل قدر شیئر ہولڈرز کو زیادہ سے زیادہ نفع پہنچانے کے لئے ہمیشہ ہمارے ذہن میں یہ بات رہتی ہے کہ ہمیشہ مزید بہتری کی گنجائش موجود ہے، اور یہ ذہنی جلاء اور سخت کام کرنے میں حوصلہ افزائی کرتی ہے کہ ہم کس طرح مزید بہتری لاسکیں؟ ہمارے لئے کسٹمر کی ضروریات، تجاویز اور شکایات سیکھنے کا ذریعہ ہیں۔

اللہ تعالیٰ کی برکتوں پر مضبوط اعتماد کے ساتھ، PQGTL کی کاروباری پوزیشن کو قائم کرنے کے لئے سپورنسر کے تعاون اور ہمارے ایگزیکٹو مینجمنٹ اور دیگر ٹیم کے ارکان کی صحیح جہت میں مسلسل کوششوں سے ہم اپنے مجموعی کاروباری کارکردگی اور معیار کو پہلے سے بہتر سطح پر دیکھتے ہیں۔

2019-6 کے امکانات

جنرل انشورنس کے شعبے کی کارکردگی اقتصادی ترقی سے مربوط ہے۔ پاکستان کی جنرل انشورنس انڈسٹری اگلی دہائی میں شہریوں میں اضافہ اور خاص کر ابھرتے ہوئے صنعتی شعبے کی حمایت کی وجہ سے تیز رفتاری سے ترقی کرنے کے لئے

آپ کی کمپنی اپنے آپریشنز کے مکمل گیارہ سال پورے کرتے ہوئے تحریر کردہ گروس کٹری بیوشن میں ایک بڑے اضافہ کو حاصل کرنے میں کامیاب ہوئی ہے، اگرچہ ملک کے مجموعی طور پر جنرل انشورنس کی پائی میں مارکیٹ شیئر بہت کم ہے۔ روایتی طور پر، ملک میں جنرل انشورنس مارکیٹ پر ابھی تک نصف صدی سے زیادہ کام کرنے والی روایتی مضبوط انشورنس کمپنیاں قابض ہیں۔ تکافل کے لئے مخصوص آپریٹرز کے لئے روایتی انشورنس کمپنیوں کی تکافل وندو کی آمد کی وجہ سے مقابلہ بہت سخت ہو گیا ہے، اس کے ساتھ ساتھ بڑے روایتی کھلاڑی باقاعدہ کئی دہائیوں سے انشورنس انڈسٹری کا ایک بہت بڑا حصہ سنبھالے ہوئے ہیں۔ انتظامیہ نے PQGTL کی کاروباری پوزیشن جس کو مسلسل بڑھتے ہوئے شدید مقابلہ کا سامنا رہے گا کو قائم کرنے کے لئے مدبرانہ کوششیں کی ہیں۔

PTF اور SHF دونوں فنڈز میں زیر غور سال میں بہتر نتائج اور منافع نوٹ کیا گیا۔ کمپنی نے جارحانہ ترقی کے اہداف پر توجہ مرکوز کرنے کے بجائے اوپر لائن (GCW) کے 10 فیصد کے لئے محتاط ترقی کی حکمت عملی کو اپنایا ہے اور کامیابی کے ساتھ بہتر مثبت نچلے لائن کے ہدف کو حاصل کرنے میں کامیابی حاصل کی ہے۔ بڑھتے ہوئے موجودہ مارکیٹ عوامل، جن میں کٹری بیوشن ریٹس میں کمی جو کہ چھوٹی مکمل تکافل کمپنیوں کو اپنا نقصان کرنے کی حد تک لے گیا ہے، کو مد نظر رکھتے ہوئے اس محتاط حکمت عملی کو اختیار کرنا سال 2018 کے آغاز میں وقت کی ضرورت تھی۔ دانشمندانہ نقطہ نظر نے انڈر رائٹنگ اور انوسٹمنٹ دونوں پر زور دیا جس نے نتائج کی بہتری میں حصہ لیا۔ اس میں مزید اضافہ اخراجات کی بچت کے اقدامات کے ذریعہ کیا گیا تاکہ ورک پروگرام کی تنفیذ کو موجودہ قیمت اور بزنس کے حالات میں قابل عمل بنایا جاسکے۔ اخراجات کی کارکردگی کو بنیادی طور پر میسر وسائل کو بروئے کار لاتے ہوئے، انفارمیشن ٹیکنالوجی کے استعمال میں اضافہ، ہیڈ آفس اور برانچوں میں ہیڈ کوارنٹ میں بہتر کارکردگی سمیت آپریشنل اخراجات کو کم کرنے کے نتیجے میں حاصل کئے گئے تھے۔ کمپنی نے زیر نظر سال میں مثبت نتائج دکھائے ہیں جس سے اس کے کاروبار کی پوزیشن کو برقرار رکھنے اور مکمل تکافل کمپنی کے طور پر قیادت کی حیثیت جاری رہے گی۔ شرکاء تکافل فنڈ میں 11.98 ملین روپے کا سرپلس دیکھنے میں آیا، جبکہ شیئر ہولڈر فنڈ میں قبل از ٹیکس 18.6 ملین اور بعد از

د۔ مجموعی جائزہ

کاروباری تعلقات کی بحالی کو فروغ دیا ہے۔ کمپنی نے مر؟وز کوششوں کے ذریعے کاروباری ترقی اور بزنس کس میں استحکام کو برقرار رکھتے ہوئے کچھ توسیع کے ساتھ بینک کی لمٹس کو بھی بحال رکھا۔ 2019 کے ری تکافل کی ٹریڈی کے انتظامات کو حتمی شکل دی گئی جس میں نئے ری تکافل "پاکستان ری انشورنس لمیٹڈ" کے اضافہ کے ساتھ ساتھ پینل میں قابل ذکر تیدیلیاں آئیں۔ اس کے علاوہ VIS-JCR اور PACRA نے کمپنی کی مالیاتی قوت کو بالترتیب کریڈٹ ریٹنگ "A" - "A" منفی مستحکم آؤٹ لک اور "A" منفی مستحکم آؤٹ لک پر برقرار رکھا۔

کنٹری بیوشن ریٹ کے سلسلہ میں مارکیٹ کے دباؤ اور روایتی انشورنس کی سربراہی میں ونڈو تکافل آپریشنز کے بڑھتے ہوئے مقابلہ کے باوجود ہمارے اعلیٰ معیار اور اعلیٰ سروس کے عزم، انتھک کوششوں، اور مختلف میدانوں میں دوراندیش فیصلوں نے ہمیں اس قابل بنایا کہ ہم اپنی کارکردگی اور بزنس کی پوزیشن کو برقرار رکھ سکیں۔ پاک قطر جنرل تکافل لمیٹڈ (PQGTL) نے موجودہ کسٹمرز اور چینل پارٹنرز جن میں کچھ پاکستان کے سب سے اعلیٰ اسلامی مالیاتی ادارے بھی شامل ہیں، کے ساتھ

کمپنی کی مالیاتی جھلکیاں ذیل میں درج کی گئی ہیں:

2017 روپے	2018 روپے
614,990,905	677,714,252
168,462,931	192,481,462
(211,234,445)	(231,631,711)
(10,342,738)	(14,565,168)
59,473,555	59,076,599
6,359,303	5,361,182
1,351,861	6,625,559
7,711,164	11,986,741
233,379,173	258,267,329
(49,533,749)	(56,834,826)
(195,648,704)	(191,027,197)
(11,803,280)	10,405,306
(4,643,180)	(8,665,820)
21,788,849	12,511,772
901,241	4,417,041
6,243,630	18,668,299
(3,200,368)	(6,323,034)
3,043,262	12,345,265
0.06	0.24

شرکاء تکافل فنڈ (PTF)
تحریر کردہ مجموعی کنٹری بیوشن (GCW)

صافی کنٹری بیوشن
صافی کلیمز

بلا واسطہ اخراجات

ری تکافل ری بیٹ

انڈر رائٹنگ نتائج

انوسٹمنٹ آمدنی اور بینک منافع - مضارب شیئر کے علاوہ

رواں سال کا سرپلس

شیئر ہولڈرز فنڈ (SHF)

وکالہ آمدنی

کمیشن کے اخراجات

انتظامی اخراجات

دیگر جنرل اور ایڈمنسٹریٹو اخراجات

انوسٹمنٹ اور دیگر آمدنی

PTF انوسٹمنٹ آمدنی میں سے مضارب شیئر

منافع قبل از ٹیکس

ٹیکس کی فراہمی - حالیہ

منافع بعد از ٹیکس

SHF کے ہر شیئر پر آمدنی

نی شیئر بنیادی اور کم سے کم آمدنی (روپے میں)

ب۔ کلیمز

2017	2018	ری تکافل ریکوری	مجموعی کلیمز	کلاس
صافی کلیمز	صافی کلیمز			
----- Rupees -----				
22,043,347	8,294,597	101,406,631	109,701,228	فائر
8,542,548	3,604,616	3,758,600	7,363,216	میرین
163,044,129	194,282,114	26,942,540	221,224,654	موٹر
17,604,421	25,450,384	24,368,152	49,818,536	متفرق
<u>211,234,445</u>	<u>231,631,711</u>	<u>156,475,923</u>	<u>388,107,634</u>	ٹوٹل

رکھنے اور اعلیٰ سطح پر ری تکافل کی ریکوری کی وجہ سے زیادہ نہیں رہا۔
موزوں ری تکافل نے تکافل کے کنٹریکٹ کے تحت کور کئے جانے والے بڑے اور ناگہانی واقعات سے ہونے والے نقصان کے اثر کو کم کرنے میں مدد کی۔ مناسب ری تکافل انتظامات نے اس حقیقت کو ثابت کیا کہ کمپنی کو کسی بھی سال اس کے رجحان سے زیادہ رسک کے حتمی اور صافی تکافل نقصانات نہیں برداشت کرنے پڑے۔ انتظامیہ مؤثر رسک مینجمنٹ اور کلیم ادا کیگی کی موثر پالیسیز کی تنفیذ کے ذریعہ مضبوط کنٹرول کو قائم کرنے میں مصروف عمل ہے۔

کسی بھی تکافل کنٹریکٹ کے تحت رسک اس (رسک) کے وقوع پذیر ہونے کا امکان ہے اور کلیم کی مالیت جو کہ واقعہ کے وقوع پذیر ہونے کے نتیجے میں ہوتی ہے غیر یقینی ہوتی ہے۔ پی ٹی ایف کے ظہور پذیر ہونے والے رسک کو مناسب ری تکافل کے انتظامات سے منظم کیا جاتا ہے۔ زیر نظر سال کے درمیان مجموعی کلیمز فائر کی کلاس میں ایک دفعہ بڑے کلیمز کی وجہ سے نمایاں اضافہ دکھاتے ہیں۔ جبکہ موجودہ ری تکافل کا صافی کلیمز کے اخراجات پر اثر کمپنی کے اپنے پاس رسک کو کم برقرار

ج۔ انوسٹمنٹ انکم

سال کے اختتام پر، میوچل فنڈز میں سرمایہ کاری کی مارکیٹ ویلیو اس کی حقیقی ویلیو سے بھی کم تھی، جس کے نتیجے میں غیر یقینی نقصان ہوا اور مجموعی آمدن پر بھی اس کا اثر ہوا۔ طویل عرصہ میں اسٹاک مارکیٹ میں ریکوری کو مد نظر رکھتے ہوئے میوچل فنڈز میں موجود یونٹس کو فروخت نہیں کیا گیا۔

انوسٹمنٹ یکس کے لئے انتظامیہ (اعلیٰ قابل سیال اور کم رسک کے محتاط موقف کی پیروی کر رہی ہے۔ اس طرح مستحکم سرمایہ کاری کی آمدنی مستحکم اگرچہ نسبتاً کم ہے نفع کی تکمیل کرتی ہے۔ جہاں اسٹاک مارکیٹ میں عدم استحکام نے سرمایہ کاری کو متاثر کیا ہے، وہاں کم منافع کی شرحیں بھی آمدنی پر اثر انداز ہوئی ہیں، لہذا فنڈ کے بڑے حصہ کو بینک ڈیپازٹس اور صکوک میں انوسٹ کیا گیا ہے۔ انوسٹمنٹ کی آمدنی بنیادی طور پر بینک ڈیپازٹ اور صکوک پر ریٹرن اور میوچل فنڈز سے حاصل شدہ نفع سے حاصل کی گئی ہے۔

2017	2018	
20,259,066	11,457,221	شیرز ہولڈرز فنڈ (SHF)
2,253,102	11,042,600	شرکاء تکافل فنڈ (PTF)
<u>22,512,168</u>	<u>22,499,821</u>	ٹوٹل

5۔ کمپنی کی کارکردگی کا جائزہ

الف: مجموعی تحریر کردہ کنٹری بیوشن

پورٹ فولیو کلاس	2018	پورٹ فولیو کلاس	2017	اضافہ	کلاس
فیصد	روپے	فیصد	روپے	فیصد	
22.6	138,960,147	20.4	138,786,078	-	فائر
6.5	39,896,390	6.7	43,596,605	9	میرین
55.5	341,421,007	57.7	391,293,306	14	موٹر
15.4	94,713,361	15.2	104,038,263	9	متفرق
100	614,990,905	100	677,714,252	10	ٹوٹل

مجموعی کاروباری حجم میں ایک بڑا حصہ دار رہا ہے۔ انتہائی مسابقتی کاروباری حالات، پرائسنگ پر مائل بہ پستی پریشور اور روایتی مضبوط کھلاڑیوں کا ٹکافل ونڈو کے ذریعہ جارحانہ مقابلہ کے باوجود یہ اضافہ حاصل کیا گیا۔

گزشتہ سال کے مقابلے میں اس سال ٹاپ لائن میں متاثر کن بڑھوتری دیکھنے میں آئی۔ 57 فیصد کیساتھ GCW میں دس فیصد کے حساب سے اضافہ ہوا۔ گزشتہ سال کے اعداد و شمار کے مقابلہ میں سب سے زیادہ بڑھنے والے سیگمنٹ میں میرین اور موٹر (ہر ایک 14 فیصد کے حساب سے) ہیں، اور اس کے بعد متفرق (9 فیصد) ہے۔

مزید یہ کہ کمپنی دانشمندانہ ترقی پر غور کر رہی ہے، اور 2019 کے آخر میں مناسب ترقی کی امید ہے اور اس کے علاوہ کمپنی آگے بڑھتے ہوئے یوٹم سینٹرک اپروچ پر زور دے گی تاکہ ٹاپ لائن مقاصد میں تدریج اضافہ کیساتھ نان موٹر کلاس پر زیادہ توجہ دیتے ہوئے منافع بخشی کو جاری رکھا جائے اور اس میں بہتری لائی جائے۔

گزشتہ دو سالوں سے PQGTL نے نیچے کی لائن میں منافع بخش کاروبار کی انڈر رائٹنگ کے لئے ٹھوس حکمت عملی اختیار کی ہے۔ سیگمنٹ کی کارکردگی کے معیادی جائزہ کی بنا پر کچھ نقصان دہ کلائنٹس کو ہر سیگمنٹ میں سے نکال دیا گیا ہے۔ انشورنس مارکیٹ میں موجودہ مسابقتی حالات کی وجہ سے کمپنی کو کنٹری بیوشن ریٹس میں کافی دباؤ کا سامنا رہا ہے۔ ان عوامل کے نتیجے میں ٹائم لائن کی بنیاد پر سال 2016 اور سال 2017 میں کاروباری حجم میں کمی واقع ہوئی ہے۔ اس صورت حال میں ہم جانتے تھے کہ جو کرنا ہے وہ کبھی بھی اتنا آسان نہیں تھا جتنا کہ یہ جاننا آسان ہے کہ "کیا کرنا اچھا ہے؟"۔

اس کے باوجود کمپنی نے کسی خاص کلاس میں کاروباری حجم کو بڑھانے کے بجائے تمام کلاسز پر توجہ مرکوز کرتے ہوئے پرجوش ترقی کی حکمت عملی کو اپنایا اور بھرپور کوشش کی۔ اللہ تعالیٰ کے فضل سے سال 2018 کے کاروبار کے اعداد و شمار اور اس کے پورٹ فولیو کس کی پرسیٹیج بمع متوازن اور منافع بخش پورٹ فولیو کے مجموعی طور پر دس فیصد کے اضافہ کی شاہد ہیں۔ اس کے ساتھ ساتھ موٹر سیگمنٹ ابھی بھی

اور ہمیشہ جاری رہے گی، لیکن اصل توجہ "انسورٹیک (INSURTECH)" ہونے میں لیڈر کی جگہ حاصل کرنا ہے، یہ ایک "ٹریڈ" نہیں، بلکہ "ذہنی سوچ" ہے۔

تکافل کی تشہیر اور تکافل آپریٹرز کو بزنس کے مواقع فراہم کرنے کے ساتھ ساتھ تکافل انڈسٹری کی بڑھوتری میں اپنا حصہ ڈالنے میں ریگولیٹر کا کردار بے حد اہمیت کا حامل ہے۔ رسک کو ختم کرنے کے لئے شریعہ کمپلائنٹ طریقوں کو اختیار کرنے پر عوام الناس کو تیار کرنے کے لیے پاکستان بھر میں سیمینار، کانفرنسز اور روڈ شوز معاون ثابت ہو سکتے ہیں۔ پاکستان کے ریگولیٹری ادارے تکافل کے لیے ایک حمایتی فضا قائم کرنے کی تگ و دو میں مصروف ہیں۔

ان چیلنجز پر قابو پانے کے لیے تمام اسٹیک ہولڈرز کو کسٹمرز اور پروفیشنلز کے درمیان تکافل کے منفرد پہلوؤں کو اجاگر کرنے کے لیے خوب محنت کی ضرورت ہے۔ صارف کو مالی قوت اور گروتھ فراہم کرنے اور مشکلات کے وقت ان کی مدد کو وسیع کرنے کی حقیقی روح کے ساتھ تکافل قائم ہونا چاہیے۔ صارف کو اس بات کا یقین ہو کہ وہ ایک مکمل طور پر شریعہ سے ہم آہنگ، کم قیمت، ضرورت پر مبنی اور ٹیکنالوجی سے آراستہ پراڈکٹس فراہم کرنے والے سسٹم کے ساتھ محفوظ ہے۔

4- مستقبل کا منظر نامہ

تکافل انڈسٹری، روایتی انشورنس کے متبادل کے طور پر اچھی گروتھ کے ساتھ سامنے آئی ہے اور علاقائی بزنس سے عالمی بزنس کی طرف منتقل ہو گئی ہے۔ ایشیا، عرب اور افریقہ کے علاقوں میں تکافل، مالیاتی سیکٹر کا اہم حصہ بن گیا ہے۔ اعلیٰ درجے کی سہولت، شفافیت اور تعلق فراہم کرنے کے لیے تکافل انڈسٹری کو نئی اور جدید ٹیکنالوجی اختیار کرنے اور اس میں سرمایہ کاری کرنا ضروری ہے اور آج کی مضبوط عالمی انٹرپرائزز کا یہی ہال مارک ہے۔ اصل ذمہ داری یہ ہے کہ تکافل کا یہ تصور پیدا کرنا کہ یہ آج کے دور کا ایک ایسا جدید پروٹیکشن سسٹم ہے جو آپ کو مالی تحفظ فراہم کرتا ہے اور اعلیٰ اخلاقی اقدار اور اسلام کے انسان دوست اور غیر استحصالی اصولوں کے عین مطابق ہے۔

بڑے حصہ کی نمائندگی کر رہا ہے۔ فی الحال مارکیٹ میں فیملی تکافل کا بڑا حصہ ہے۔ جغرافیائی اعتبار سے گلف کوآپریشن کونسل (جی سی سی) کو تکافل کی عالمی مارکیٹ میں ایک لیڈر کی حیثیت حاصل ہے کیونکہ اس ریجن میں مسلمانوں کی بہت بڑی اور متمول آبادی ہے۔

پاکستان میں، تکافل کمپنیز کی بڑھتی ہوئی تعداد کی وجہ سے تکافل انڈسٹری کی گروتھ ہو رہی ہے جس میں روایتی انشورنس کی ونڈو تکافل آپریشنز بھی شامل ہیں۔ اسلامک فائننس انڈسٹری کو جو ترقی حالیہ سالوں میں حاصل ہوئی ہے، اس میں تکافل انڈسٹری کو بھی قابل ذکر کامیابیاں ملی ہیں۔ انہیں کامیابیوں کی وجہ سے تکافل تحفظ کے ایک شریعہ کمپلائنٹ ذریعے کے طور پر سامنے آیا ہے۔ اس گروتھ پر دنیا بھر میں تکافل اور ری تکافل آپریٹرز کی بڑھتی ہوئی تعداد کا بھی اثر ہے۔ اس میں بینک کے ذریعے تکافل پراڈکٹس کی تقسیم کا بھی فعال اور سرگرم کردار ہے۔ تکافل انڈسٹری کی بڑھتی ہوئی بہترین گروتھ میں کم پیٹنیشن ریسٹ اور مسلم ممالک میں بڑھتے ہوئے متمول کی وجہ سے ہے۔

3- درپیش بزنس چیلنجز

تکافل انڈسٹری کا سب سے بڑا درپیش چیلنج اب بھی عوامی آگاہی کا فقدان ہے۔ صارف کو معلوم ہونا چاہیے کہ تکافل کا ماڈل روایتی انشورنس کے ساتھ تھوڑی بہت مماثلت کے باوجود ایک یونیک اور مختلف ماڈل ہے۔ بد قسمتی سے عام افراد اب تک یہی سمجھتے ہیں کہ تکافل دراصل روایتی انشورنس کا ایک قابل عمل متبادل ہے، اور روایتی انشورنس والے فوائد ہی فراہم کرتا ہے۔ جبکہ یہ ایک غلط سوچ ہے۔ صارف کی تعلیم کی کمی اور پراڈکٹس کے حوالے سے ناکافی آگاہی تکافل کی کمی کا سبب ہے۔ پراڈکٹس کی جدت میں ریسرچ اور ڈیولپمنٹ کی کمی نے بھی شرح نمو پر اثر ڈالا ہے۔ آج کی دنیا میں بزنس کے جدید طریقہ کار اتنے ہی ضروری ہیں جتنے جدید پراڈکٹس فراہم کرنا ضروری ہے، یعنی صارف کے ساتھ تعلق بنانے اور ان کے اسمارٹ فون تک ایک ٹچ کے فاصلے پر تکافل پلان لینے اور ان کے سوالات کو حل کرنے میں ٹیکنالوجی کا کردار مسابقتی فائدہ حاصل کرنے میں بنیادی اہمیت کا حامل ہے۔ اگرچہ تکافل میں جدت کے حوالے سے دوڑ جاری ہے

ڈائریکٹرز کی رپورٹ

محترم شیئر ہولڈرز

الحمد للہ ہمیں پاک قطر جنرل تکافل لمیٹڈ (جسے یہاں کمپنی PQGTL کہا جائے گا) کی 31 دسمبر 2018 میں ختم ہونے والے سال کی کمپنی کی آڈٹ رپورٹ کے ساتھ تیرہ سالانہ رپورٹ اور آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے بہت خوشی محسوس ہو رہی ہے۔

1- معیشت کی صورتحال

سیکٹرز میں مضبوط کارکردگی کی مد میں 13 سال کی سب سے زیادہ شرح ہے اور ان تمام سیکٹرز میں اضافہ بالترتیب 3.81 فیصد، 5.80 فیصد اور 6.43 فیصد رہا۔ موجودہ حکومت کا وژن گوناگوں قسم کی برآمدات کی طرف متوجہ ہے، جو کہ نئی مصنوعات/سروسز اور پارٹنرز، گلوبل ویلیو چین میں بڑھتی ہوئی شمولیت، براہ راست غیر ملکی سرمایہ کاری میں اضافہ، زیادہ محصولات، تجارتی معاملات میں شفافیت اور بین الاقوامی تجارت کے اندر چھوٹے اور درمیانے درجے کی انٹرپرائزز کی وسیع شرکت شامل ہے۔

معیشت کے مختلف سیکٹرز میں ہونے والی گروتھ نے بہت سی بڑی انٹرنیشنل کمپنیوں کی توجہ پاکستان کی طرف پھیر دی ہے، کیونکہ انہیں پاکستان میں بہت زیادہ پوٹنشل، بڑی کٹریو مرمارکیٹ، اسٹریٹجک لوکیشن اور گزشتہ سالوں میں حاصل ہونے والی میکرو اکنامک کے لئے مستحکم ماحول نظر آیا ہے۔

2- انڈسٹری کی صورتحال

تکافل کی عالمی مارکیٹ 2020 تک 52.5 بلین ڈالر تک پہنچ جائے گی۔ حالیہ برسوں میں اسلامک بینکنگ اور فنانس کی گروتھ کو دیکھتے ہوئے یہ اندازہ لگایا جا رہا ہے کہ کچھ ممالک میں ریگولیٹری میں بہتری اور مسلم ممالک میں اس کے شریعہ کمپلائنس کی جاذبیت کی وجہ سے بڑھنے والی ڈیمانڈ کو دیکھتے ہوئے تکافل انڈسٹری اپنے مکمل عروج پر ہوگی۔

اخلاقی سرمایہ کاری پالیسی، مضبوط گروتھ کے امکانات اور مسابقتی قیمت کے عناصر کی وجہ سے تکافل ایک مضبوط بزنس اور غیر مسلم ممالک میں ایک

دنیا کی معیشت 2017 کے 3.0 فیصد کے مقابلے میں 2018 میں فیصد کی شرح نمو کے اعتبار سے سست رفتاری سے بڑھتی رہی۔ اور یہ اضافہ بھی بنیادی طور پر قابل ذکر عالمی تجارت میں واپسی، ابھرتی ہوئی مارکیٹ اور ترقی پذیر معیشت میں مضبوط اور مسلسل اضافہ اور 2018 میں ترقی یافتہ معیشت میں سرمایہ کاری کی بحالی کے 2.5 فیصد کے مستحکم اضافہ کا نتیجہ ہے۔

پاکستان میں، معاشی نتائج کو بہتر بنانے اور حالیہ سالوں میں میکرو اکنامک کو کمزور کرنے والے عوامل کو کم کرنے کے لیے بڑے قدم اٹھائے گئے۔ نتیجتاً، ان سیکٹرز میں مختلف رفتار کے باوجود جو زیادہ شرح نمو اور افراط زر میں کمی کے حکومتی وعدوں کی بنیاد پر قائم کیے گئے، پاکستان میں معاشی بڑھوتری کی رفتار میں مسلسل اضافہ رہا۔

پاکستان کی معیشت میں بڑے انفراسٹرکچر منصوبوں اور شرح سود میں کمی کی وجہ سے 2017 کے 5.4 فیصد کے مقابلے میں 2018 کے اندر 5.8 فیصد کا اضافہ رہا۔ بنیادی اضافہ، سروسز اور ایگریکلچر سیکٹر میں بہتر کارکردگی کی وجہ سے حاصل ہوا۔

پاکستانی معیشت میں، قیمتوں میں استحکام اور بڑھتی ہوئی گروتھ کی اچھی علامات ظاہر ہو رہی ہیں۔ مستقبل قریب میں معاشی بڑھوتری کے لیے بہت سازگار ماحول ہے، جس کو بہترین پاور سپلائی، سی پیک میں سرمایہ کاری، مضبوط کٹریویشن گروتھ اور ایگریکلچر میں جاری بحالی کا تعاون حاصل ہے۔

لگاتار گزشتہ دو سالوں میں بڑھوتری کی رفتار 5 فیصد سے زیادہ رہی اور 2018 کے مالیاتی سال میں 5.79 فیصد پہنچ گئی، جو کہ ایگریکلچر، انڈسٹری اور سروسز

KEY FINANCIAL DATA*Rupees in Thousand*

	FY18	FY17	FY16	FY15	FY14	FY13
Gross Contribution written	677,714	614,990	652,736	701,709	1,002,402	1,028,986
Consolidated Profit & Loss (PTF & SHF)						
Net Contribution Earned	192,481	168,463	217,849	373,518	506,242	426,432
Wakala Income	258,267	233,379	256,124	276,834	344,919	321,394
Net Claims including IBNR	(231,631)	(211,234)	(249,206)	(409,054)	(543,036)	(465,704)
Commission expense net off rebate	2,242	9,939	(3,470)	(9,428)	(20,289)	(19,482)
Investment Income including bank profits	22,499	22,512	23,983	35,174	44,277	35,590
Management, Admin. & other expense	(214,257)	(210,634)	(238,458)	(257,026)	(318,458)	(258,027)
Other Income/(loss)	1,054	1,530	2,199	3,198	2,783	954
Other provisions	-	-	(435)	9,666	2,589	(11,294)
Consolidate Result before Tax - PTF & SHF	30,655	13,955	8,587	22,883	19,027	29,862
Taxation - Net	(6,323)	(3,200)	(1,785)	(4,945)	(13,642)	(7,279)
Consolidate Result after Tax - PTF & SHF	24,332	10,754	6,802	17,938	5,385	22,583
Consolidated Balance Sheet (PTF & SHF)						
Investments excluding TDRs *	235,232	297,681	220,083	224,555	264,175	319,366
Cash & Bank Deposits including TDRs	278,266	159,522	168,952	259,723	179,177	219,194
Deferred Tax Asset	-	-	-	-	-	6,775
Other Assets	554,421	744,940	564,714	378,176	629,807	463,279
Fixed Assets - Tangible & Intangible	69,043	71,212	80,654	42,675	42,262	46,879
Paid-up Capital	509,226	509,226	471,343	471,343	432,748	407,676
Advance against future issue of share capital	-	-	25,106	25,106	34	34
Accumulated surplus/(loss)	(49,471)	(74,303)	(85,057)	(91,859)	(109,797)	(115,182)
Revaluation reserve *	(18,224)	-	-	-	-	-
Underwriting reserves/liabilities	449,319	698,260	443,025	333,854	546,761	565,326
Other Liabilities	246,114	140,170	179,986	166,685	245,674	197,641
Qard-e-hasna receivable from PTF	200,000	240,000	127,976	-	-	-

*Investments for the current year has been disclosed at market value in accordance with change in accounting policy

KEY FINANCIAL RATIOS

	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013
Variance from prior year:						
Gross Contribution written	10%	-6%	-7%	-30%	-3%	87%
Net Contribution Earned	14%	-23%	-42%	-26%	19%	157%
Wakala Income	11%	-9%	-7%	-20%	7%	66%
Net Claims	10%	-15%	-39%	-25%	17%	136%
Commission, Management & other Expenses	6%	-17%	-9%	-21%	22%	66%
Investment Income	0%	-6%	-32%	-21%	24%	25%
Other ratios:						
Current Ratio (times)	1.60	1.45	1.56	1.80	1.43	1.36
Fixed assets turnover (times)	9.66	8.10	10.59	16.52	22.49	22.45
Gross Contribution per share (Rs.)	13.31	12.08	13.85	14.89	23.16	25.24
Earning per shares (Rs.) - SHF	0.24	0.06	0.04	0.06	0.43	0.82
Net Claim to Gross Contribution less Retakaful	51%	52%	58%	74%	64%	54%
Net Claim to Net Contribution Earned including Wakala	51%	53%	53%	63%	64%	62%
Management, other Expenses to Gross Contribution	32%	34%	37%	37%	32%	25%
Management, other Expenses to Wakala income	83%	90%	93%	93%	92%	80%
Commission Expense to Gross Contribution	-0.3%	-2%	1%	1%	2%	2%
Wakala income to Gross Contribution	38%	38%	39%	39%	34%	31%
Retakaful to Gross Contribution	33%	34%	34%	21%	15%	17%
REVENUE DISTRIBUTION (PTF)						
Claims	120%	125%	114%	110%	107%	119%
Other Reserve	0%	0%	0%	-3%	-1%	1%
Direct expenses	8%	6%	3%	1%	5%	3%
Rebate commission	-31%	-35%	-19%	-9%	-8%	-16%
Net Investment income	-3%	-1%	-1%	-2%	-1%	-2%
Surplus / (Deficit)	6%	5%	2%	4%	-3%	-4%
	100%	100%	100%	100%	100%	100%
REVENUE DISTRIBUTION (SHF)						
Commission expense	22%	21%	17%	16%	18%	18%
Management, General Admin expenses	77%	86%	91%	92%	84%	79%
Modarib fee	-1.7%	-0.4%	-0.3%	-2%	-1%	-1%
Net investment income	-4%	-9%	-9%	-8%	-9%	-11%
Other (Loss) / Gain	-0.4%	-1%	-1%	-1%	-1%	0%
Taxation	2%	1%	1%	2%	4%	6%
Profit / (Loss) after Taxation	5%	1%	1%	1%	5%	10%
	100%	100%	100%	100%	100%	100%

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

For the year ended December 31, 2018

This statement is being presented in compliance with the Code of Corporate Governance for Insurers, 2016 for the purpose of establishing a framework of good governance, whereby an insurer is managed in compliance with the best practices of corporate governance.

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

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

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

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

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

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meeting, along with agenda and working papers, were circulated at least seven (7) days before the meeting. The minutes of the meeting were appropriately recorded and circulated.
9. The Board has established a system of sound internal control, which is effectively implemented at all levels within the Company. PQGTL has adopted and complied with all the necessary aspects of internal controls given in the code.
10. The Board has arranged a presentation for the directors in order to appraise them with the significant changes introduced through Companies Act, 2017 with regards to powers of Board of Directors and disclosure requirements in financial statements. The directors were also provided with appropriate briefing and orientation material to enable them firsthand knowledge on the working of the company.
11. The Board has approved the appointment of Head of Internal Audit, including his remuneration and terms and conditions of employment and complied with relevant requirements of the regulations, whereas, no new appointment was made during the year for the position of Chief Financial Officer and Company Secretary.
12. The directors' report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance for Insurers, 2016 and fully describes the salient matters required to be disclosed.
13. The financial statements of PQGTL were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.
14. The directors, Chief Executive Officer and other executives do not hold any interest in the shares of PQGTL other than disclosed in the pattern of shareholding.
15. PQGTL has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance for Insurers, 2016.
16. The Board has formed the following Management Committees:

Underwriting Committee:

Name of the Member	Category
Mr. Zahid Hussain Awan	Chairman
Mr. Altaf Ahmed Siddiqi	Member & Secretary
Mr. Asadullah Khan	Member
Mr. Farrukh Adnan	Member

Claims Settlement Committee:

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

Re-Takaful Committee:

Name of the Member	Category
Mr. Zahid Hussain Awan	Chairman
Mr. Altaf Ahmed Siddiqi	Member
Mr. Muhammad Raza	Member
Mr. Asadullah Khan	Member & Secretary

Risk Management & Compliance Committee

Name of the Member	Category
Mr. Zahid Hussain Awan	Chairman
Mr. Saqib Zeeshan	Member
Mr. Muhammad Kamran Saleem	Member
Mr. Altaf Ahmed Siddiqi	Member
Mr. Muhammad Shoaib Akhter*	Member
Mr. Saifuddin Shaikh	Member
Mr. Shahzad M Khan Ghilzai	Member
Mr. Asadullah Khan	Member
Mr. Farrukh Adnan	Member
Mufti Shakir Siddiqui	Member
Mr. Jehanzaib Ahmad	Member & Secretary

*Refer to point no 21

17. The Board has formed the following Board Committee

Ethics, Human Resource & Remuneration Committee:

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

Nominations Committee:

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

Investment Committee:

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

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

Audit Committee:

Name of the Member	Category
Mr. Ali Ibrahim Al Abdul Ghani	Chairman
Mr. Said Gul	Member
Mr. Abdul Basit Ahmad Al-Shaibei	Member
Mr. Muhammad Shoaib Akhter*	Secretary

*Refer to point no 21

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

Name of the Person	Designation
Mr. Zahid Hussain Awan	Chief Executive Officer
Mr. Muhammad Kamran Saleem	CFO/ Company Secretary
	Head of Risk Management
	Head of Grievance Department
Mr. Altaf Ahmed Siddiqi	Head of Underwriting
Mr. Shahzad M Khan Ghilzai	Head of Claims
Mr. Muhammad Raza	Head of Re-Takaful
Mr. Jehanzaib Ahmad	Compliance Officer
Mr. Muhammad Shoaib Akhter*	Head of Internal Audit

**Mr. Muhammad Shoaib Akhter was appointed as Head of Internal Audit of the Company in the month of August 2018, whereas, Mr. Muneeb Afzal Lone was assigned to new responsibilities as Head of Human Resource Department.*

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

23. The statutory auditors or the persons associated with them have not been appointed to provide other services and the auditors have confirmed that they have observed IFAC guidelines in this regard.
24. The Board ensures that the investment policy of the Company has been drawn up in accordance with the provisions of the Code of Corporate Governance for Insurers, 2016.
25. The Board ensures that the risk management system of the Company is in place as per the requirements of the Code of Corporate Governance for Insurers, 2016.
26. The Company has set up a risk management function / department, which carries out its tasks as covered under the Code of Corporate Governance for Insurers, 2016.
27. The Board ensures that as part of the risk management system, the PQGTL gets itself rated from The Pakistan Credit Rating Agency Limited (PACRA) and JCR-VIS Credit Rating Company Limited (JCR-VIS) which are being used by its risk management function/ department and the respective Committee as a risk monitoring tool. The rating assigned by the said rating agency on 27th February 2019 and 27th August 2018 are A (maintain) and A- (reaffirmed) with 'Stable' outlook respectively.
28. The Board has set up a grievance department, which fully complies with the requirements of the Code of Corporate Governance for Insurers, 2016.
29. We confirm that all other material principles contained in the Code of Corporate Governance for Insurers, 2016 have been complied with. The insurer has not obtained exemption from the Securities & Exchange Commission of Pakistan in respect of the requirements Code of Corporate Governance for Insurers, 2016.

By Order of the Board



Chief Executive Officer



Director

SHARIAH REVIEW REPORT TO THE BOARD OF DIRECTORS

for the year ended 31 December 2018

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

We have reviewed the accompanying financial statements of **Pak-Qatar General Takaful Limited** (hereafter referred to as "the Company") for the year ended 31 December 2018.

We acknowledge that as Shariah Advisory Board members of the Company, it is our responsibility to ensure that the financial arrangements, contracts and transactions undertaken by the Company with its participants and stakeholders are in compliance with the requirements of Shariah rules and principles. It is the responsibility of the Company's management to ensure that the rules, principles and guidelines set by the Shariah Advisory Board are complied with, and that all policies and services being offered are duly approved by the Shariah Advisory Board.

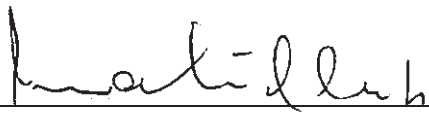
We have reviewed all types of business concerns of the Company and in our opinion, and to the best of our understanding based on the provided information and explanations, below are our findings:

- (i) Financial transactions and relevant documentations & procedures, undertaken by the Company for the year ended 31 December 2018 were in accordance with guidelines issued by Shariah Advisory Board as well as the requirements of Takaful Rules 2012 and Shariah Governance Regulation (SGR) 2018.
- (ii) As per requirement of Rule 11 of Shariah Governance Regulation (SGR) 2018, the given Shariah Screening Criteria has been fulfilled properly in all kind of investment & financial transactions.
- (iii) We have realized the amount 00.00 as non Shariah Compliant income which has been credited to the relevant charity account.
- (i) In the year 2018, more than 183 courses were held successfully across Pakistan on awareness of Takaful. These courses proved fruitful and helped a lot in spreading the concept of Takaful including corporate sector, Ulema & Muftian e kaaram, educational institutions and public sector.

- (ii) The company performed its duties to its level best by following Shariah guidelines. Few cases which were required to be consulted in accordance with the Shariah rules and market practices have been discussed and duly resolved.
- (iii) Consequently, we have found that the Company is in accordance with the Shariah principles with respect to all transactions.

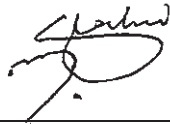
"And Allah Knows Best"

On Behalf Of the Chairman of Shariah Advisory Board



Dr. Mufti Ismatullah

Shariah Advisory Board Member



Mufti Muhammad Shakir Siddiqui

Shariah Advisor & Shariah Advisory Board Member



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INDEPENDENT REASONABLE ASSURANCE REPORT TO THE BOARD OF DIRECTORS ON THE STATEMENT OF MANAGEMENT'S ASSESSMENT OF COMPLIANCE WITH THE TAKAFUL RULES, 2012

1. Introduction

We were engaged by the Board of Directors of Pak Qatar General Takaful Limited (the Company) to report on the management's assessment of compliance, as set out in the annexed Statement of Compliance (the Statement) prepared by the management for the year ended 31 December 2018, with the Takaful Rules, 2012, in the form of an independent reasonable assurance conclusion about whether the annexed statement presents fairly the status of compliance with the Takaful Rules, 2012, in all material respects.

2. Applicable Criteria

The criteria against which the subject matter information (the Statement) is assessed is the Takaful Rules, 2012.

3. Responsibilities of Management

The management of the Company is responsible for preparation of the annexed Statement that is free from material misstatement. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of the annexed Statement that is free from material misstatement, whether due to fraud or error. It also includes ensuring the overall compliance with the Takaful Rules, 2012.

4. Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Chartered Accountants* issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1 "Quality Control for firms that perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

This engagement was conducted by a multidisciplinary team including assurance practitioners and Shari'ah expert.

5. Our Responsibility and Summary of Work Performed

Our responsibility is to carry out an independent reasonable assurance engagement to express a conclusion as to whether the Statement is prepared in accordance with the applicable criteria, based on our work performed and the evidences obtained.

We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), 'Assurance Engagements other than audits or reviews of historical financial statements' (ISAE 3000) (Revised) issued by the International Auditing and Assurance Standards Board. ISAE 3000 (Revised) requires that we plan and perform this engagement to obtain reasonable level of assurance about whether the Statement presents fairly the status of compliance with the Takaful Rules 2012, in all material respects.

The procedures selected by us for the engagement depended on our judgment, including the assessment of the, risks of the Company's material non-compliance with the Takaful Rules 2012, whether due to fraud or error. In making those risk assessments, we considered internal control relevant to the Company's compliance with the Takaful Rules, 2012, in order to design assurance procedures that are appropriate in the circumstances but not for the purpose of expressing a conclusion as to the effectiveness of the Company's internal control over the compliance with the Takaful Rules, 2012. A system of internal control, because of its nature, may not prevent or detect all instances of non-compliance with the Takaful Rules, 2012, and consequently cannot provide absolute assurance that the objective of compliance with the Takaful Rules, 2012 will be met. Further, projection of any evaluation of effectiveness to future periods is subject to the risk that the controls may become inadequate or fail.

We have designed and performed necessary verification procedures on various financial arrangements, contracts, classes of transactions and related policies and procedures based on judgmental and systematic samples with regard to the compliance with Takaful Rules, 2012.

In performing our audit procedures necessary guidance on Shari'ah matters was provided by the Shari'ah expert referred above.

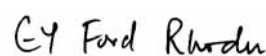
We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

6. Conclusion

In our opinion, the Statement for the year ended 31 December 2018 present fairly the status of compliance of the Company with the Takaful Rules, 2012, in all material respects.

Date: 30 April 2019
Karachi

Signature
Chartered Accountants



Shaikh Ahmed Salman
Assurance Engagement Partner



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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF PAK-QATAR GENERAL TAKAFUL LIMITED (THE COMPANY)

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the Code of Corporate Governance prepared by the Board of Directors of Pak-Qatar General Takaful Limited for the year ended 31 December 2018 in accordance with the requirements of the Code of Corporate Governance for Insurers, 2016 (the Code).

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Code as applicable to the Company for the year ended 31 December 2018.

EY Ford Rhodes

Chartered Accountants

Place: Karachi

Date: 30 April, 2019



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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PAK-QATAR GENERAL TAKAFUL LIMITED REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of **Pak-Qatar General Takaful Limited** (the Company), which comprise the statement of financial position as at 31 December 2018, and the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of Company's affairs as at 31 December 2018 and of the profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Directors' Report, but does not include the financial statements and our auditor's report thereon.



Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan and the requirements of Insurance Ordinance, 2000 and, Companies Act, 2017 (XIX of 2017), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XXI of 2017), and are in agreement with the books of account;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Omer Chughtai.

EY Fird Rhodin
Chartered Accountants
 Karachi
 Date: 30 April 2019

STATEMENT OF FINANCIAL POSITION

As at December 31, 2018

		2018			2017	2016
	Notes	Shareholders' Fund	Participants' Takaful Fund	Aggregate	Aggregate (restated)	Aggregate (restated)
		----- (Rupees) -----				
Property and equipment	8	25,348,755	-	25,348,755	27,914,501	73,529,151
Intangible assets	9	43,694,920	-	43,694,920	43,297,643	7,125,205
		69,043,675	-	69,043,675	71,212,144	80,654,356
Investments	11					
Equity securities - mutual funds		52,181,810	52,517,153	104,698,963	150,435,820	90,558,029
Debt securities - sukuks		103,376,650	27,157,250	130,533,900	142,917,100	146,006,300
Term deposits		25,000,000	50,000,000	75,000,000	75,000,000	110,000,000
		180,558,460	129,674,403	310,232,863	368,352,920	346,564,329
Qard-e-Hasna provided to PTF	10	200,000,000	-	200,000,000	240,000,000	127,976,333
Loans and other receivables	12	10,289,358	2,381,076	12,670,434	10,570,341	12,401,389
Takaful / retakaful receivables	13	-	277,780,953	277,780,953	258,422,913	299,874,721
Retakaful recoveries against outstanding claims	23	-	131,238,805	131,238,805	361,318,450	113,018,550
Deferred commission expense	25	23,728,501	-	23,728,501	21,491,245	22,678,041
Deferred tax asset	18	-	-	-	166,730	-
Taxation - payment less provisions		3,786,160	4,884,191	8,670,351	8,333,618	8,699,129
Prepayments	14	3,209,818	73,137,965	76,347,783	79,404,191	107,477,467
Wakala & modarib receivable	15	23,984,412	-	23,984,412	5,399,019	16,518,924
Cash and Bank	16	96,624,244	106,642,533	203,266,777	84,521,556	58,951,794
Total Assets		611,224,628	725,739,926	1,336,964,554	1,509,193,127	1,194,815,033

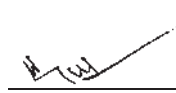
STATEMENT OF FINANCIAL POSITION

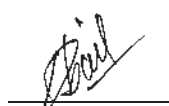
As at December 31, 2018

Notes	2018			2017	2016
	Shareholders' Fund	Participants' Takaful Fund	Aggregate	Aggregate (restated)	Aggregate (restated)
----- (Rupees) -----					
EQUITY AND LIABILITIES					
Shareholders' Fund (SHF) Equity					
Capital and Reserves	17				
Ordinary share capital		509,226,010	-	509,226,010	471,342,580
Unappropriated Profit		58,307,915	-	45,962,650	42,919,388
Revaluation reserve		(7,589,953)	-	(3,358,889)	11,700,290
Total Equity		559,943,972	-	551,829,771	525,962,258
Advance against issue of share capital		-	-	-	25,105,899
WAQF/PARTICIPANTS' TAKAFUL FUND (PTF)					
Participants' Equity					
Cede money		-	500,000	500,000	500,000
Accumulated deficit		-	(108,278,428)	(120,265,169)	(127,976,333)
Revaluation reserve		-	(10,635,816)	403,094	2,396
		-	(118,414,244)	(119,362,075)	(127,473,937)
Qard-e-Hasna contributed from SHF	10	-	200,000,000	240,000,000	127,976,333
Liabilities					
Underwriting Provisions - PTF					
Outstanding claims including IBNR	23	-	231,746,780	479,864,111	190,483,326
Unearned contribution reserve	22	-	192,508,493	193,032,467	219,151,486
Contribution deficiency reserve		-	2,400,000	2,400,000	2,400,000
Unearned retakaful rebate	24	-	22,664,030	22,464,019	30,490,276
		-	449,319,303	697,760,597	442,525,088
Deferred tax liability	18	1,144,567	-	-	5,712,338
Takaful / retakaful payables	19	-	125,540,757	57,561,285	97,750,836
Other creditors & accruals	20	50,136,089	45,309,698	76,004,529	80,737,294
Wakala & modarib payable	15	-	23,984,412	5,399,020	16,518,924
Total Liabilities		51,280,656	844,154,170	1,076,725,431	771,220,813
Total Equity and Liabilities		611,224,628	725,739,926	1,509,193,127	1,194,815,033
Contingencies and Commitments					
	21				

The annexed notes from 1 to 45 form an integral part of these financial statements


 Chief Executive


 Director


 Director


 Chairman

PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2018

	Note	2018 ----- (Rupees) -----	2017 ----- (Rupees) -----
PARTICIPANTS' TAKAFUL FUND (PTF)			
Net takaful contribution	22	192,481,462	168,462,931
Net takaful claims	23	(231,631,711)	(211,234,445)
Direct expenses	26	(14,565,168)	(10,342,738)
Retakaful rebate	24	59,076,599	59,473,555
Underwriting result		5,361,182	6,359,303
Investment income	27	7,359,796	789,291
Other income	28	3,682,804	1,463,811
Less: Modarib's share	29	(4,417,041)	(901,241)
Surplus for the year		11,986,741	7,711,164
SHAREHOLDERS' FUND (SHF)			
Wakala fee income	30	258,267,329	233,379,173
Commission expense	25	(56,834,826)	(49,533,749)
Management expenses	31	(191,027,197)	(195,648,704)
		10,405,306	(11,803,280)
Other expenses	32	(8,665,820)	(4,643,180)
Investment income	27	7,700,676	19,793,598
Other income	28	4,811,096	1,995,251
Modarib share from PTF	29	4,417,041	901,241
Profit before tax		18,668,299	6,243,630
Provision for taxation	33	(6,323,034)	(3,200,368)
Profit after tax		12,345,265	3,043,262
Earnings per share - Rupees	34	0.24	0.06

The annexed notes from 1 to 45 form an integral part of these financial statements


 Chief Executive


 Director


 Director


 Chairman

STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2018

	2018	2017
	----- (Rupees) -----	
PARTICIPANTS' TAKAFUL FUND (PTF)		
Surplus for the year	11,986,741	7,711,164
Other comprehensive income		
- Unrealized gain/(loss) on available for sale investments during the year	(11,209,537)	(274,421)
- Reclassification adjustment on available for sale investments disposed off included in profit and loss account	170,627	675,119
	(11,038,910)	400,698
Total comprehensive income for the year	947,831	8,111,862
SHAREHOLDERS' FUND (SHF)		
Profit after taxation	12,345,265	3,043,262
Other comprehensive income		
- Unrealized gain/(loss) on available for sale investments during the period	(7,821,046)	(13,274,751)
- Reclassification adjustment on available for sale investments disposed off included in profit and loss account	1,861,800	(7,935,359)
	(5,959,246)	(21,210,110)
Related tax effect	1,728,182	6,150,931
	(4,231,064)	(15,059,179)
Total comprehensive income for the year	8,114,201	(12,015,917)

The annexed notes from 1 to 45 form an integral part of these financial statements


 Chief Executive


 Director


 Director


 Chairman

STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2018

	Shareholders Fund (SHF)			
	Issued, subscribed and paid-up capital	Revenue Reserve Unappropriated profit	Revaluation reserve	Total
	(Rupees)			
Balance as at January 01, 2017 as previously reported	471,342,580	42,919,388	-	514,261,968
Effect of change in accounting policy (refer note 7)	-	-	11,700,290	11,700,290
Balance as at January 01, 2017 - (restated)	471,342,580	42,919,388	11,700,290	525,962,258
Total comprehensive income for the year ended December 31, 2017				
Profit for the year	-	3,043,262	-	3,043,262
Other comprehensive income for the year	-	-	(15,059,179)	(15,059,179)
Total comprehensive income for the year	-	3,043,262	(15,059,179)	(12,015,917)
Transactions with the owners recorded directly in equity				
Issue of right shares at Rs. 10 per share	37,883,430	-	-	37,883,430
Balance as at December 31, 2017	509,226,010	45,962,650	(3,358,889)	551,829,771
Total comprehensive income for the year ended December 31, 2018				
Profit for the year	-	12,345,265	-	12,345,265
Other comprehensive income for the year	-	-	(4,231,064)	(4,231,064)
Total comprehensive income for the year	-	12,345,265	(4,231,064)	8,114,201
Balance as at December 31, 2018	509,226,010	58,307,915	(7,589,953)	559,943,972

	Participants Takaful Fund (PTF)			
	Cede money	Revenue Reserve Accumulated deficit	Revaluation reserve	Total
	(Rupees)			
Balance as at January 01, 2017 as previously reported	500,000	(127,976,333)	-	(127,476,333)
Effect of change in accounting policy (refer note 7)	-	-	2,396	2,396
Balance as at January 01, 2017 - (restated)	500,000	(127,976,333)	2,396	(127,473,937)
Total comprehensive income for the year ended December 31, 2017				
Surplus for the year	-	7,711,164	-	7,711,164
Other comprehensive income for the year	-	-	400,698	400,698
Total comprehensive income for the year	-	7,711,164	400,698	8,111,862
Balance as at December 31, 2017	500,000	(120,265,169)	403,094	(119,362,075)
Total comprehensive income for the year ended December 31, 2018				
Surplus for the year	-	11,986,741	-	11,986,741
Other comprehensive income for the year	-	-	(11,038,910)	(11,038,910)
Total comprehensive income for the year	-	11,986,741	(11,038,910)	947,831
Balance as at December 31, 2018	500,000	(108,278,428)	(10,635,816)	(118,414,244)

The annexed notes from 1 to 45 form an integral part of these financial statements


 Chief Executive


 Director


 Director


 Chairman

STATEMENT OF CASH FLOWS

For the year ended December 31, 2018

	Note	2018	2017
		----- (Rupees) -----	
Operating Cash Flows			
(a) Takaful activities			
Contributions received		741,900,300	638,273,262
Claims paid		(636,224,965)	(303,994,639)
Proceed from / (payment to) takaful/retakaful operators		133,035,592	(108,846,701)
Commission net-off retakaful rebate received/(paid)		12,775,384	(5,378,532)
Other takaful payments		(4,962,697)	(3,487,280)
Net cash flow from takaful activities		246,523,614	216,566,110
(b) Other Operating activities			
Income tax paid		(3,620,288)	(2,562,994)
Management and other expenses paid		(177,125,567)	(182,046,986)
Advances and deposits		(2,356,623)	4,271,136
		-	-
Net cash flow in other operating activities		(183,102,478)	(180,338,844)
Total cash flow from all operating activities		63,421,136	36,227,266
Investment activities			
Profit / return received		22,756,351	23,627,304
Payment for investments		(711,351,733)	(821,612,142)
Proceeds from investments		752,473,634	775,458,915
Receipt on disposal of fixed assets		1,278,398	4,149,031
Fixed capital expenditure		(9,832,565)	(5,058,143)
Total cash flow from all investing activities		55,324,085	(23,435,035)
Financing activities			
Proceeds from issuance of right shares		-	12,777,531
Total cash flow from financing activities		-	12,777,531
Net cash flows from all activities		118,745,221	25,569,762
Cash at beginning of the year		84,521,556	58,951,794
Cash at end of the year	16.2	203,266,777	84,521,556

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STATEMENT OF CASH FLOWS

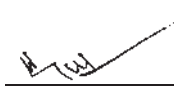
For the year ended December 31, 2018

	2018	2017
	----- (Rupees) -----	-----
Reconciliation to profit and loss account		
Operating cash flows	63,421,136	36,227,266
Depreciation and amortisation expenses	(11,608,805)	(11,828,039)
Exchange gain/(loss)	168,382	53,068
Gain on disposal of fixed assets	886,169	1,476,715
Provision for doubtful contribution	(13,535,319)	(10,016,559)
Investment income	22,499,821	22,512,168
Increase in liabilities	142,435,172	(199,193,289)
Increase in assets	(177,231,804)	172,160,470
Income tax paid	3,620,288	2,562,994
Profit before taxation	30,655,040	13,954,794
Surplus in PTF	11,986,741	7,711,164
Profit before tax in SHF	18,668,299	6,243,630
	30,655,040	13,954,794

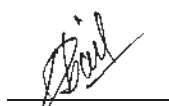
The annexed notes from 1 to 45 form an integral part of these financial statements



Chief Executive



Director



Director



Chairman

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

1. STATUS AND NATURE OF BUSINESS

Pak-Qatar General Takaful Limited (the Company) was incorporated in Pakistan as an unquoted public company limited by shares on March 15, 2006 under the Companies Ordinance, 1984 (now the Companies Act 2017). The Company received Certificate of Registration on August 16, 2007 under Section 6 of the Insurance Ordinance, 2000. The registered office of the Company is situated at Suite # 402-403, Business Arcade, Block 6, P.E.C.H.S., Sharah-e- Faisal, Karachi. The main activity of the Company is to undertake general takaful business. The Company operates with 08 (2017: 08) branches in Pakistan.

For the purpose of carrying on the takaful business, the Company has formed a Waqf for Participants' Equity. The Waqf namely Pak-Qatar General Takaful Limited Waqf [hereafter referred to as the Participant Takaful Fund (PTF)] was formed on August 17, 2007 under a trust deed executed by the Company with a cede money of Rs. 500,000. Waqf deed also governs the relationship of Shareholders Fund (SHF) and participants of PTF for management of takaful operations & investment of funds Approved by Shariah Advisor.

2. BASIS OF PREPARATION

These financial statements have been prepared in line with the format issued by the Securities and Exchange Commission of Pakistan (SECP) through Insurance Rules, 2017 (the Rules) vide SRO 89(I)/2017 and Insurance Accounting Regulations, 2017 (the Regulations) vide SRO 88(I)/2017 of even dated 09 February 2017, with appropriate modifications based on the advice of Shariah Adviser of the Company.

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

3. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB), as are notified under the Companies Act, 2017, and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP), the requirements of Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, Insurance Accounting Regulations, 2017, Takaful Rules, 2012 and directives issued by the SECP. Wherever the requirements of Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, Insurance Accounting Regulations, 2017, Takaful Rules, 2012 and directives issued by the SECP differ with the requirement of IFRS/IFAS, the requirements of Companies Act, 2017, the Insurance Ordinance 2000, the Insurance Rules, 2017, Insurance Accounting Regulations, 2017, Takaful Rules, 2012 or said directives shall prevail.

The SECP has issued Insurance Accounting Regulations, 2017 (the Regulations) and Insurance Rules, 2017 (the Rules) through SRO 88(I)/2017 and SRO 89(I)/2017 of even dated 09 February 2017 which were applicable with effect from 09 February 2017. However, the Company applied for the extension relating to the applicability of the said regulations and the rules upto 31 December 2017, which was allowed by SECP vide letter ID/OSM/Pak Qatar/2017/12413 dated 23 October 2017. Therefore, the application of Rules and Accounting Regulations 2017 became effective from the accounting period commencing from 01 January 2018.

The company has prepared its financial statements on the new format prescribed by Insurance Rules, 2017 with appropriate modifications in the light of Takaful Rules, 2012 and based on the advice of Shariah Adviser of the Company. Except for the necessary modification in new Format as disclosed above, the Company has adopted Insurance Rules, 2017 and Accounting Regulations 2017 and accordingly has changed its accounting policies as disclosed in note 07.

4. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention, except for the available-for-sale investments that have been measured at fair value.

5. FUNCTIONAL AND PRESENTATION CURRENCY

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

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

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

Standard or Interpretation	Effective date (annual periods beginning)
IFRS 3 - Definition of a Business (Amendments)	01 January, 2020
IFRS 9 – Financial Instruments: Classification and Measurement	
Refer note 6.2	01 July, 2018
IFRS 9 Prepayment Features with Negative Compensation – (Amendments)	01 January, 2019
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 15 – Revenue from Contracts with Customers	01 July, 2018
IFRS 16 – Leases	01 January, 2019
IFRIC 23 - Uncertainty over Income Tax Treatments	01 January, 2019
IAS 1/ IAS 8 - Definition of Material (Amendments)	01 January, 2020
IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)	01 January, 2019
IAS 28 - Long-term Interests in Associates and Joint Ventures (Amendments)	01 January, 2019

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

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

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

IFRS 14 – Regulatory Deferral Accounts

01 January, 2016

IFRS 17 – Insurance Contracts Refer note 6.2

01 January, 2021

6.2 IFRS 9 Financial Instruments and IFRS 17 Insurance Contracts

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement. As notified by the SECP, IFRS 9 is applicable for annual periods beginning on or after 01 July 2018.

In September 2016, the IASB issued amendments to IFRS 4 '**Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts**' to address issues arising from the different effective dates of IFRS 9 and the new insurance contracts standard (IFRS 17).

The amendments introduce two alternative options of applying IFRS 9 for entities issuing contracts within the scope of IFRS 4: a temporary exemption; and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9 for annual periods beginning before 1 January 2021 and continue to apply IAS 39 to financial assets and liabilities.

In May 2017, the IASB issued **IFRS 17 Insurance Contracts**, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure, which replaces IFRS 4 Insurance Contracts. IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2021, however, IFRS 17 is yet to be notified by SECP for adoption in Pakistan.

The Company considers itself eligible for the temporary exemption and therefore, expects to adopt IFRS 9 until the effective date of the new insurance contracts standard (IFRS 17) and therefore, continue to apply IAS 39 to its financial assets and liabilities in its reporting period starting on 1 January 2019.

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND JUDGEMENTS AND ESTIMATES

The significant accounting policies adopted in the preparation of these financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended 31 December 2018, except for changes in accounting policies resulting from application of the Insurance Rules, 2017 & Insurance Regulations, 2017 as disclosed in note 7.2.

7.1 Significant Accounting Judgements and Estimates

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

	Note
- Useful lives of assets, residual value & method of depreciation/ amortization	7.3
- Classification of investments	7.4
- Classification of takaful contracts	7.7
- Provision for doubtful contribution receivable	7.8
- Contribution deficiency reserve	7.10
- Provision for outstanding claims including IBNR	7.13
- Provision for retakaful recoveries against outstanding claims	7.17
- Allocation of expenses	7.21
- Segment reporting	7.22
- Impairment	7.23
- Taxation	7.27

7.2 Changes in Accounting Policies

7.2.1 Available for sale investments

Up to 31 December 2017, the available for sale investments subsequent to initial recognition had been stated at the lower of cost or market value (market value on an individual investment basis being taken lower as if the fall is other than temporary) as the application of International Accounting Standard-39 (IAS-39) Financial Instruments: Recognition and Measurement in respect of valuation of available for sale investments was deferred in accordance with repealed SEC (Insurance) Rules, 2002.

According to the Insurance Rules and Accounting Regulations 2017, the Company has changed its accounting policy for subsequent measurement of investments classified as available for sale from lower of cost or market value (market value on an individual investment basis being taken lower as if the fall is other than temporary) to fair value as per the requirements of IAS-39 and any unrealised gains or losses arising on re-measurement on of available-for-sale investments are taken to revaluation reserve through other comprehensive income. On de-recognition or impairment of available-for-sale investments, the cumulative gains or losses previously reported in revaluation reserves are reclassified to profit and loss account for the period.

Had the accounting policy not been changed, available for sale investments would have been higher by Rs10.69 million in SHF and Rs. 10.635 million in PTF respectively.

7.2.2 Financial impact of change in accounting policy

The significant effects of changes in accounting policies as stated above has been applied retrospectively in accordance with the requirement of IAS - 8 'Accounting Policy, Change in Accounting Estimates and Error' and comparatives have been restated accordingly. The summary of the effects are as follows:

31 December 2017 (Audited)			31 December 2016 (Audited)		
Balance previously reported	Adjustment	Balance Restated	Balance previously reported	Adjustment	Balance Restated
----- (Rupees) -----					

Effect on Statement of Financial Position

Available for sale (AFS) Investments

- Shareholders Fund (SHF)	202,443,831	(4,730,829)	197,713,002	220,054,473	16,479,281	236,533,754
- Participant Takaful Fund (PTF)	95,236,824	403,094	95,639,918	28,179	2,396	30,575

31 December 2017 (Audited)		
As previously reported	Adjustment	As restated

Effect on Other Statement of Comprehensive Income

Unrealized (loss)/gain arised on revaluation of AFS investments

- Shareholders Fund (SHF)	-	(21,210,110)	(21,210,110)
- Related deferred tax effect (SHF)	-	6,150,931	6,150,931
- Participant Takaful Fund (PTF)	-	400,698	400,698

7.2.3 Certain changes in Presentation of Financial Statements

The Company has adopted format for preparation and presentation of its financial information in line with the requirements of the Insurance Rules and Accounting Regulations 2017 with some necessary modifications in the light of Takaful Rules, 2012 as disclosed in note 03. Significant changes in presentation are rearrangements in sequence of assets / liabilities in the statement of financial position; presentation of single profit or loss account instead of segment wise (classes of business) presentation and discontinuation of separate statements of Contribution, Claims, Expense and Investment Income. The segment wise contribution, claims and expenses and investment income, where required, are now included in notes to the financial statements.

7.2.4 Accounting Standards, IFRIC Interpretations and amendments that are effective for the current year

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

IFRS 2 - Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)

IFRS 4 - Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)

IFRIC Interpretation 22 - Foreign Currency Transactions and Advance Consideration

Improvements to Accounting Standards Issued by the IASB in September 2016

IAS 28 - Investments in Associates and Joint Ventures: Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

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

7.3 Tangible and Intangible fixed assets**Tangible assets - Property & equipment**

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

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

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

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

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

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

Intangible assets

These are stated at cost less accumulated amortization and any provision for impairment loss. Amortisation on intangible assets is charged to income applying the reducing balance method at the rates specified in note 9 to the financial statements after taking into account residual value, if any. However, ERP software is amortized on straight line method.

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

Capital work-in-progress

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

7.4 Investments

It includes investments in equity securities (shares & mutual funds), in debt securities (sukuks) and in term deposits.

Classification

Investments with fixed or determinable payments and fixed maturity, where the Company has positive intent and ability to hold to maturity, are classified as Held-to-Maturity. Investments which are intended to be held for an indefinite period but may be sold in response to the need for liquidity or change in mark-up / interest rates are classified as Available for Sale. Investments which are acquired with the intention to trade by taking advantage of short term market / interest rate movements are considered as Held-for-Trading.

Date of recognition

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

Initial recognition

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

Subsequent measurement

Held to maturity: subsequently, these are measured at amortized cost less provision for impairment, if any. Any premium paid or discount availed on acquisition of held to maturity investment is amortised uniformly over the date of acquisition and date of maturity.

Available for sale: subsequently, these are measured at fair value. Any unrealised gain or loss arising on re-measurement of available-for-sale investments are taken to revaluation reserve through other comprehensive income. On de-recognition or impairment of available-for-sale investments, the cumulative gains or losses previously reported in revaluation reserves are reclassified to profit and loss account for the period.

Held for trading: subsequently, these are measured at fair value. Any unrealised gain or loss arising on re-measurement of held-for-trading investments are taken directly to profit & loss account.

Fair / market value measurement

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

The SECP through SRO 229 (I)/2019 dated 14 February 2019 has allowed the companies to defer the application of International Financial Reporting Standard (IFRS 9) Financial Instruments. Accordingly, the requirements of International Accounting Standard (IAS-39) Financial Instruments: Recognition and Measurement have been considered in the preparation of these financial statements.

Impairment

Impairment loss in respect of investments categorized as available-for-sale is recognized based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. When such impairment arises, the cumulative loss that has been recognized directly in equity is transferred to statement of profit and loss account. For listed securities, a significant or prolonged decline in fair value below cost is also considered to be an objective evidence of impairment.

7.5 Qard-e-Hasna

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

7.6 Cash and cash equivalents

Cash and cash equivalents consist of cash, cheque and stamps in hand, cash at bank, deposits readily convertible to cash, and are used in the cash management function on a day to day basis and which are subject to insignificant risk of change in value. Term deposits with banks are now classified as investments.

7.7 Takaful contracts

In all takaful models, the takaful contracts so agreed inspire concept of Tabarru' (to donate for benefit of others) and mutual sharing of losses with the overall objective of eliminating the element of uncertainty, and the model adopted by the company is Wakala Waqf model.

Contracts under which the Participant Takaful Fund (PTF) accepts significant Takaful risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the takaful event) adversely affects the policyholder are classified as takaful contracts. Takaful risk is significant if a takaful event could cause the PTF to pay significant benefits due to the happening of the takaful event compared to its non happening. Once a contract has been classified as a takaful contract, it remains a takaful contract for the remainder of its period of takaful, even if the takaful risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

The non-life takaful contracts are underwritten in PTF, that can be categorised into Fire and Property, Marine, Aviation and Transport, Motor and Miscellaneous contracts. Contracts may be concluded for a fixed term of one year, and in some cases for less than one year or for more than one year. However, most of the contracts are for twelve months duration. Takaful contracts entered into by the PTF under which the contract holder is another takaful operator (inward retakaful of a facultative nature) are included within the individual category of takaful contracts, other than those which fall under the Treaty. Takaful contracts issued by PTF do not include investment contracts or Discretionary Participation Features.

Fire & property takaful provides coverage against damages suffered to property caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and other related perils. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the covered properties in their business activities (business interruption cover).

Marine, aviation and transport takaful provides coverage against cargo risk, terminals, damages occurred in between the points of origin and final destination and other related perils.

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

Miscellaneous takaful provides cover against all other risk like burglary, loss of cash in safe and cash in transit, engineering losses, travel, health, crop, live stock, professional indemnity, workers compensation and other coverage.

7.8 Contributions

Contributions including administrative surcharge received / receivable under a takaful policy are recognised as written from date of attachment of risk to the policy / cover note. Where contributions for a policy are payable in installments, full contribution for the duration of policy is recognised as written from date of attachment of risk to the policy. Contributions are stated gross of commission or wakala payable to intermediaries and exclusive of taxes and duties levied on contributions. For contribution earned, contribution written after deducting wakala & admin surcharge is spread over the period of takaful contract and earned contribution amount is calculated according to the ratio of the expired period of the policy and the total period, both measured to the nearest day. Administrative surcharge & wakala is recognised on upfront basis.

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

7.9 Provision for unearned contribution

The unearned portion of contribution written net-off wakala & admin surcharge is set aside as a reserve and is recognized as a liability. This relates to the business in force at balance sheet date. Unearned contribution is calculated according to the ratio of the unexpired period of the policy and the total period, both measured to the nearest day.

7.10 Contribution deficiency reserve

According to the requirements of the Insurance Rules, 2017, a contribution deficiency reserve (liability adequacy) needs to be created for each class of business, where the unearned contribution & related income for any class of business is not adequate to meet the expected liability (after re-takaful recovery) from claims, and other supplementary expenses expected to be incurred after the balance sheet date in respect of the unexpired policies in that class of business at the balance sheet date. Any deficiency is recognized by establishing a provision for contribution deficiency to meet the deficit. Movement in the reserve is to be charged to the profit and loss account. Judgment is used in assessing the extent to which past trends may not apply in future or the effects of one-off significant claims which are not expected to recur.

For this purpose, loss ratios for each class are estimated based on historical claim development, and the expected future liability is estimated with reference to the experience during the expired periods of contracts, adjusted for one-off & significant individual losses. The expected net-off retakaful claim ratios against net contribution earned gross up of wakala for the unexpired periods of policies in force at balance sheet date for each class of business is disclosed in note 40.5.

7.11 Commission

Commission expense incurred in obtaining and recording takaful business are deferred and recognised as an expense in accordance with the pattern of recognition of contribution revenue.

7.12 Claims

Claims expense include all claims incurred during the year, whether reported or not, based on estimated liability for compensation under takaful contract, related claim handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

7.13 Provision for outstanding claims

PTF maintains provision in respect of outstanding claims against losses incurred up to the balance sheet date which is measured at the undiscounted value of expected future claim settlement cost. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in a takaful contract. The provision for outstanding claims also includes amounts in relation to claims reported but not settled and claims incurred but not reported (IBNR).

- Provision for claims reported but not settled

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

- Provision for claims incurred but not reported (IBNR)

The provision for claims incurred but not reported (IBNR) is estimated annually at the balance sheet date. Estimation may be effected by past reporting trends, expected future pattern of reporting of claims and the claims actually reported subsequent to the balance sheet date. In accordance with the SECP Circular no. 9 of 2016, the Company has changed its method of estimation of IBNR. IBNR claim have been estimated using Chain Ladder (CL) methodology. The Chain Ladder (CL) method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the expected extent of future development of claims to reach their ultimate level.

7.14 Retakaful contracts

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

7.15 Prepaid retakaful

Retakaful contribution ceded is recognised as expense evenly in the period of indemnity of policy to which it relates. The portion of retakaful contribution not recognised as an expense is shown as a prepayment.

7.16 Rebate from retakaful

At the time of retakaful contribution ceding, rebate from retakaful operators under the terms of retakaful arrangements is recognised when the PTF's right to receive the same is established. Rebate commission from retakaful is deferred and recognised as an income in accordance with the pattern of recognition of retakaful contribution ceded to which it relates.

7.17 Retakaful recoveries against outstanding claims

Retakaful recoveries are estimated in a manner consistent with the outstanding claims provision and are in accordance with the retakaful contracts. Receivable against claims from the retakaful operators are 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.

7.18 Receivable and payables related to takaful contracts

Amounts due to / from other takaful and retakaful operators are recognised when due at cost less provision for impairment, if any. Cost represents the fair value of the consideration to be received / paid in the future for services rendered. Retakaful assets or liabilities are derecognized when the contractual rights are extinguished or expired. Provision for doubtful balance in contribution receivable is estimated on a systematic basis after analysing the receivables as per their ageing.

Receivable & payable related to takaful contracts pertains to customers, agents, brokers, other takaful operators, and retakaful operators. Retakaful assets primarily represent retakaful recoveries against claims & rebate commission, and retakaful liabilities primarily represent retakaful contribution ceded. Amount due to and due from other takaful operators is primarily on account of co-takaful business, whereby receivable and payable are recognised against claims, rebate commission, & contribution.

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

7.19 Takaful surplus

Takaful surplus attributable to the participants is assessed after charging all direct cost, setting aside various provisions, reserves, charity, qard-e-hasna and evaluating the assets and liabilities of PTF. Distribution of surplus to participants, if applicable, is made with the approval of the Operator and is recognized in the period in which it is approved.

7.20 Revenue recognition**PTF**

- The revenue recognition of Contribution is given under note 7.7
- The revenue recognition of Rebate from retakaful operators is given under note 7.16

SHF

- The Takaful operator (SHF) manages the general takaful operations for the participants takaful fund (PTF). Wakala fee is charged from PTF as a percentage of the gross contribution written net of administrative surcharge. It is recognized upfront on the issuance of takaful policy.
- The Takaful operator (SHF) also manages the PTF's bank balances & investments as Modarib. Modarib fee is charged as percentage on aggregate of income on bank balances and investment income earned by the PTF. It is recognized on the same basis on which related revenue is recognised.

PTF and SHF

- Profit on sukuks and bank deposits are recognised on accrual basis.
- Dividend income and entitlement of bonus shares is recognised when the right to receive such dividend or bonus shares is established.
- Gain / loss on sale of investments are included in profit and loss account in the period of sale.

7.21 Expenses**PTF**

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

SHF

- Expenses not directly allocable to PTF are charged to SHF. Allocation between management expenses and other expenses are performed by management as deemed equitable. For segment reporting, management expenses are allocated to class of business on the basis of gross contribution written during the year.

7.22 Operating segment

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expense that relate to transaction with any of the Company's other component. The Company accounts for segment reporting using the classes of business as specified under the Insurance Ordinance, 2000 and Insurance Rules, 2017.

The Company's operating businesses are recognised and managed separately according to the nature of services provided with each segment representing a strategic business unit that serves different market needs. All the company's business segment operate in Pakistan only. The Company has four primary business segments for reporting purposes namely fire & property, marine, aviation & transport, motor and miscellaneous. The nature and business activities of these segments are disclosed in note 7.7

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

7.23 Impairment

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

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

7.24 Financial instruments

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

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

7.25 Offsetting

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

7.26 Creditors, accruals and provisions

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

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

7.27 Taxation

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

Current

Provision for current taxation is based on taxability of certain income streams of the company under final tax regime at the applicable tax rates and the remaining income streams chargeable at current rate of taxation under the normal tax regime and / or minimum tax liability on turnover, whichever is applicable, after taking into account tax credits and rebates available. The charge for the current taxation also includes adjustments where considered necessary, relating to prior years which arise from assessments framed / finalized during the year or required by any other reason.

Deferred

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

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

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

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

7.28 Ijarah

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

7.29 Appropriations

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

7.30 Staff retirement benefits**Defined contribution plan**

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

7.31 Foreign currency transaction and translation

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

7.32 Earning per share

The company presents basic & diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss of Shareholders fund attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by adjusting the profit or loss of Shareholders fund attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of dilutive potential ordinary shares.

7.33 Dividend and bonus shares

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

	Note	2018 ————(Rupees)————	2017 ————
8. PROPERTY AND EQUIPMENT			
- Tangible assets	8.1	24,328,741	25,071,761
- Capital work in progress	8.2	1,020,014	2,842,740
		<u>25,348,755</u>	<u>27,914,501</u>

8.1 TANGIBLE ASSETS

Particulars				2018			Carrying value at December 31, 2018	Depreciation rate
	Cost			Accumulated depreciation				
	As at January 01, 2018	Additions / (disposals)	As at December 31, 2018	As at January 01, 2018	For the year / (adjustment for disposals)	As at December 31, 2018		
	----- (Rupees) -----							
Office improvements	14,749,323	675,000	15,424,323	9,354,651	868,262	10,222,913	5,201,410	15
Furniture and fixtures	9,923,033	204,600	10,127,633	5,446,942	675,096	6,122,038	4,005,595	15
Office equipment	13,838,866	662,348 (32,500)	14,468,714	7,760,994	958,702 (14,761)	8,704,935	5,763,779	15
Motor vehicles	5,825,357	238,900 (1,749,000)	4,315,257	4,296,795	274,306 (1,374,510)	3,196,591	1,118,666	20
Computer equipment	31,849,977	3,500,975	35,350,952	24,255,413	2,856,248	27,111,661	8,239,291	30
	76,186,556	5,281,823 (1,781,500)	79,686,879	51,114,795	5,632,614 (1,389,271)	55,358,138	24,328,741	
Particulars				2017			Carrying value at December 31, 2017	Depreciation rate
	Cost			Accumulated depreciation				
	As at January 01, 2017	Additions / (disposals)	As at December 31, 2017	As at January 01, 2017	For the year / (adjustment for disposals)	As at December 31, 2017		
	----- (Rupees) -----							
Office improvements	14,514,073	235,250	14,749,323	8,433,786	920,865	9,354,651	5,394,672	15
Furniture and fixtures	9,881,783	41,250	9,923,033	4,657,043	789,899	5,446,942	4,476,091	15
Office equipment	13,307,242	531,624	13,838,866	6,752,966	1,008,028	7,760,994	6,077,872	15
Motor vehicles	11,284,251	364,500 (5,823,394)	5,825,357	6,895,872	559,275 (3,158,352)	4,296,795	1,528,562	20
Computer equipment	30,913,634	975,343 (39,000)	31,849,977	21,265,559	3,021,580 (31,726)	24,255,413	7,594,564	30
	79,900,983	2,147,967 (5,862,394)	76,186,556	48,005,226	6,299,647 (3,190,078)	51,114,795	25,071,761	

8.2 Capital work in progress

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

8.3 Details of tangible assets disposed off during the year are as follows:

Category of assets	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Sold to
Office equipment	32,500	14761	17,739	10,000	company policy	Mr. Altaf - employee
Vehicle	1,650,000	1361640	288,360	648,398	company policy	Mr. Mehmood - employee
Vehicle	99,000	12870	86,130	620,000		Mr. Moinuddin - employee
	<u>1,781,500</u>	<u>1,389,271</u>	<u>392,229</u>	<u>1,278,398</u>		

9. INTANGIBLE ASSETS

				2018					
Particulars	Cost			Accumulated Amortisation					
	As at January 01, 2018	Additions/ transfer	As at December 31, 2018	As at January 01, 2018	For the year	As at December 31, 2018	Carrying value at December 31, 2018	Amortization rate	
	(Rupees)								%
	Computer softwares	66,177,719	6,373,467	72,551,186	22,880,076	5,976,190	28,856,266	43,694,920	10-20
				2017					
Particulars	Cost			Accumulated Amortisation					
	As at January 01, 2017	Additions/ transfer	As at December 31, 2017	As at January 01, 2017	For the year	As at December 31, 2017	Carrying value at December 31, 2017	Amortization rate	
	(Rupees)								%
	Computer softwares	24,476,889	41,700,830	66,177,719	17,351,684	5,528,392	22,880,076	43,297,643	10-20

Note **2018** **2017**
 ----- SHF -----
 ----- (Rupees) -----

10. QARD-E-HASNA RECEIVABLE FROM PTF

Balance as at the beginning of the year	240,000,000	127,976,333
Qard-e-Hasna (refunded to SHF) / provided by SHF during the year	(40,000,000)	112,023,667
Balance as at the end of the year	<u>200,000,000</u>	<u>240,000,000</u>

In compliance with Takaful Rules, 2012, Qard-e-Hasna is provided by SHF to PTF, if there is deficit in admissible assets of PTF over its liabilities. SHF is allowed to recover this qard without charging profit in the event of surplus of admissible assets over liabilities in PTF.

11. INVESTMENTS

Note	2018			2017		
	SHF	PTF	Total	SHF	PTF	Total
	Carrying Value					
	(Rupees)					

11.1 Available for sale**Investment in:**

Equity securities

- mutual funds

11.5	52,181,810	52,517,153	104,698,963	89,135,902	61,299,918	150,435,820
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Debt securities

- sukuks

11.5	103,376,650	27,157,250	130,533,900	108,577,100	34,340,000	142,917,100
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	155,558,460	79,674,403	235,232,863	197,713,002	95,639,918	293,352,920
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11.2 Held to maturity**Investment in:**

Term deposits maturing

within 12 months

11.3	25,000,000	50,000,000	75,000,000	-	75,000,000	75,000,000
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Total

	180,558,460	129,674,403	310,232,863	197,713,002	170,639,918	368,352,920
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11.3 The expected rate of return on term deposit certificates ranges from 5% to 9.6% per annum (2017: 5.3% to 5.9% per annum) depending on tenure and size of deposits.

11.4 GOP Ijara XVII sukuk amounting to Rs. 55,000,000/- face value (2017: GoP XV sukuk: 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.

11.5 Available-for-sale (AFS) Investments

Note	2018				2017			
	Cost	Impairment / provision	Revaluation surplus / (deficit)	Carrying value	Cost	Impairment / provision	Revaluation surplus / (deficit)	Carrying value
	----- Rupees -----				----- Rupees -----			
<u>Debt securities (Sukuk certificates)</u>								
- Shareholders Fund	103,338,422	-	38,228	103,376,650	106,720,000	-	1,857,100	108,577,100
- Participant Takaful Fund	27,216,428	-	(59,178)	27,157,250	34,000,000	-	340,000	34,340,000
11.5.1	130,554,850	-	(20,950)	130,533,900	140,720,000	-	2,197,100	142,917,100
<u>Equity securities (Mutual fund units)</u>								
- Shareholders Fund	62,910,113	-	(10,728,303)	52,181,810	99,279,055	(3,555,224)	(6,587,929)	89,135,902
- Participant Takaful Fund	63,093,791	-	(10,576,638)	52,517,153	61,236,824	-	63,094	61,299,918
11.5.2	126,003,904	-	(21,304,941)	104,698,963	160,515,879	(3,555,224)	(6,524,835)	150,435,820
TOTAL	256,558,754	-	(21,325,891)	235,232,863	301,235,879	(3,555,224)	(4,327,735)	293,352,920

11.5.1 Details of investments in Debt securities (Sukuks)

Name of Investment	Profit rate	Maturity Year	Face value per certificate	2018 Number of certificates	2017	2018			2017		
						SHF	PTF	Total	SHF	PTF	Total
						----- Carrying value in Rupees-----					
GoP Ijarah sukuk - XVII	6.10%	2019	100,000	644	644	64,400,000	-	64,400,000	30,704,000	34,340,000	65,044,000
K-Electric AZM - 3	3 month Kibor plus 2.7%	2019	5,000	3,080	3,080	15,492,400	-	15,492,400	16,193,100	-	16,193,100
K-Electric 7	3 month Kibor plus 1%	2022	3,500	1,500	-	5,334,000	-	5,334,000	-	-	-
Fatima Fertilizer sukuk	6 month Kibor plus 1.1%	2021	3,000	5,700	-	8,656,500	8,700,000	17,356,500	-	-	-
AGPL sukuk	3 month Kibor plus 1.3%	2022	70,000	180	-	4,418,750	8,307,250	12,726,000	-	-	-
DIB Tier II capital sukuk	6 month Kibor plus 0.5%	2027	1,000,000	15	60	5,075,000	10,150,000	15,225,000	61,680,000	-	61,680,000
						103,376,650	27,157,250	130,533,900	108,577,100	34,340,000	142,917,100

11.5.2 Details of investments in Equity securities (Mutual fund)

Name of Investment	Face value per unit	2018 Number of units	2017	2018			2017		
				SHF	PTF	Total	SHF	PTF	Total
				----- Carrying value in Rupees-----					
Meezan Islamic Fund	50	379,227	87,756	13,659,966	7,379,149	21,039,115	5,532,113	-	5,532,113
Al Ameen Shariah Stock Fund	100	32,968	47,663	4,051,469	-	4,051,469	6,317,229	-	6,317,229
Meezan Islamic Income Fund	50	-	823,837	-	-	-	31,884,666	11,152,573	43,037,239
ABL Islamic Income Fund	10	-	4,822,205	-	-	-	-	50,058,831	50,058,831
ABL Islamic Stock Fund	10	3,007,448	274,725	21,021,623	18,465,273	39,486,896	3,904,308	-	3,904,308
NAFA Islamic Aggressive Income Fund	10	-	104,647	-	-	-	930,392	88,514	1,018,906
NAFA Islamic Stock Fund	10	2,804,284	3,224,794	11,390,868	17,331,167	28,722,035	36,004,826	-	36,004,826
Meezan Energy Fund	50	290,149	96,395	2,057,884	9,341,564	11,399,448	4,562,368	-	4,562,368
				52,181,810	52,517,153	104,698,963	89,135,902	61,299,918	150,435,820

12. LOANS AND OTHER RECEIVABLES - considered good

	2018			2017		
	SHF	PTF	Total	SHF	PTF	Total
----- (Rupees) -----						
Accrued income						
on sukuks & term deposits	1,889,323	1,234,525	3,123,848	4,658,580	181,392	4,839,972
on bank balances	567,566	892,028	1,459,594	-	-	-
	<u>2,456,889</u>	<u>2,126,553</u>	<u>4,583,442</u>	<u>4,658,580</u>	<u>181,392</u>	<u>4,839,972</u>
Sundry receivable						
Security deposits	4,378,381	254,523	4,632,904	3,886,889	254,523	4,141,412
Advance to employees	1,509,676	-	1,509,676	663,690	-	663,690
Tender deposit	642,931	-	642,931	702,214	-	702,214
Sales tax	272,731	-	272,731	120,953	-	120,953
Advance to vendors	1,008,750	-	1,008,750	102,100	-	102,100
Others	20,000	-	20,000	-	-	-
	<u>7,832,469</u>	<u>254,523</u>	<u>8,086,992</u>	<u>5,475,846</u>	<u>254,523</u>	<u>5,730,369</u>
	<u>10,289,358</u>	<u>2,381,076</u>	<u>12,670,434</u>	<u>10,134,426</u>	<u>435,915</u>	<u>10,570,341</u>

	Note	2018 —————(Rupees)—————	2017
13. TAKAFUL AND RETAKAFUL RECEIVABLES - unsecured and considered good			
13.1 Due from takaful contract holders			
Related party		-	375,161
Others		<u>256,730,703</u>	<u>320,541,590</u>
		256,730,703	320,916,751
Provision for doubtful balances	13.3	<u>(83,830,487)</u>	<u>(70,295,168)</u>
Considered good		172,900,216	250,621,583
13.2 Due from other takaful/ retakaful			
Considered good		<u>104,880,737</u>	<u>7,801,330</u>
		277,780,953	258,422,913
13.3 Provision for doubtful balances			
At beginning of the year		70,295,168	60,278,609
Provision made during the year		13,535,319	10,016,559
At end of the year		<u>83,830,487</u>	<u>70,295,168</u>

14. PREPAYMENTS

	2018			2017		
	SHF	PTF	Total	SHF	PTF	Total
	—————(Rupees)—————					
Prepaid retakaful ceded	-	73,137,965	73,137,965	-	76,207,359	76,207,359
Prepaid rent	553,857	-	553,857	193,857	-	193,857
Prepayment - services contract	2,458,307	-	2,458,307	2,791,287	-	2,791,287
Prepaid takaful contribution	197,654	-	197,654	211,688	-	211,688
	<u>3,209,818</u>	<u>73,137,965</u>	<u>76,347,783</u>	<u>3,196,832</u>	<u>76,207,359</u>	<u>79,404,191</u>

	Note	2018 —————SHF————— —————(Rupees)—————	2017
15. WAKALA AND MODARIB RECEIVABLE FROM PTF			
Wakala fee receivable		43,719,872	25,618,672
Modarib fee receivable		<u>6,126,221</u>	<u>1,709,180</u>
		49,846,093	27,327,852
Less: provision for refund of wakala against doubtful balances	15.1	<u>(25,861,681)</u>	<u>(21,928,833)</u>
		23,984,412	5,399,019
15.1 Provision for refund of wakala against doubtful balances			
At beginning of the year		21,928,833	18,767,732
Provision made during the year		3,932,848	3,161,101
At end of the year		<u>25,861,681</u>	<u>21,928,833</u>

16. CASH AND BANK

Note	2018			2017		
	SHF	PTF	Total	SHF	PTF	Total
	----- Carrying Value -----					
	----- (Rupees) -----					
Cash and other equivalents						
- Cash in hand	872,168	-	872,168	679,200	-	679,200
- Stamps in hand	-	623,795	623,795	-	861,207	861,207
	<u>872,168</u>	<u>623,795</u>	<u>1,495,963</u>	<u>679,200</u>	<u>861,207</u>	<u>1,540,407</u>
Cash at bank						
- Current accounts	675,304	466,389	1,141,693	45,370	19,935,668	19,981,038
- Saving accounts	95,076,772	105,552,349	200,629,121	35,314,564	27,685,547	63,000,111
	<u>95,752,076</u>	<u>106,018,738</u>	<u>201,770,814</u>	<u>35,359,934</u>	<u>47,621,215</u>	<u>82,981,149</u>
	<u>96,624,244</u>	<u>106,642,533</u>	<u>203,266,777</u>	<u>36,039,134</u>	<u>48,482,422</u>	<u>84,521,556</u>

16.1 The expected rate of return on saving accounts ranges from 4% to 7.5% per annum (2017: 2% to 4.2% per annum).

16.2 For the purpose of statement of cash flows, cash and cash equivalent comprises of cash and bank only.

17. SHARE CAPITAL AND RESERVES

			2018	2017
			----- (Rupees) -----	
17.1 Authorised capital				
Ordinary share of Rs. 10 /- each			<u>600,000,000</u>	<u>600,000,000</u>
17.2 Issued, subscribed and paid-up share capital				
	2018	2017		
	Number of shares			
50,922,601	47,134,258	At beginning of the year	509,226,010	471,342,580
-	3,788,343	Add : Issued during the year as right shares	-	37,883,430
<u>50,922,601</u>	<u>50,922,601</u>	At end of the year	<u>509,226,010</u>	<u>509,226,010</u>

17.3 Major share holders of the Company are:

	2018		2017	
	Number of shares	Percentage	Number of shares	Percentage
Fawad Yousuf Securities (Private) Limited	3,077,999	6.04	3,077,999	6.04
Qatar Islamic Insurance Company	5,923,946	11.63	5,923,946	11.63
Masraf Al Rayan	-	-	6,000,000	11.78
H.E. Sheikh Ali bin Abdullah	7,969,556	15.65	6,937,102	13.62
Qatar International Islamic Bank	7,370,474	14.47	7,370,474	14.47
Pak-Qatar Investment (Private) Limited	21,633,944	42.48	19,760,565	38.81

	Note	2018	2017
		(Rupees)	
17.4 Reserves			
Capital reserve		-	-
Revenue reserve			
- Unappropriated profit		58,307,915	45,962,650
- Revaluation reserve		(7,589,953)	(3,358,889)
		50,717,962	42,603,761
		50,717,962	42,603,761

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

Minimum tax on turnover	(1,229,397)	(3,485,909)
Unrealized loss on AFS (available for sale) investments	(3,100,122)	(1,371,940)

Taxable temporary difference arising in respect of

Accelerated depreciation	5,474,086	4,691,119
	1,144,567	(166,730)

18.1 Reconciliation of deferred tax

	Balance at December 31, 2017	Recognized in profit and loss	Recognized in OCI	Balance at December 31, 2018
Deductible temporary difference				
Minimum turnover taxes	(3,485,909)	2,256,512	-	(1,229,397)
Unrealized loss on AFS investment	(1,371,940)	-	(1,728,182)	(3,100,122)
Taxable temporary difference				
Accelerated depreciation allowance	4,691,119	782,967	-	5,474,086
	(166,730)	3,039,479	(1,728,182)	1,144,567

19. TAKAFUL / RETAKAFUL PAYABLE

These amounts represent amount payable to other takaful and retakaful operators.

20. OTHER CREDITORS AND ACCRUALS

Note	2018			2017		
	SHF	PTF	Total	SHF	PTF	Total
(Rupees)						
Creditors & accruals						
Agent Commission payable	46,072,075	-	46,072,075	33,501,219	-	33,501,219
Tracker charges	-	27,571,837	27,571,837	-	21,961,648	21,961,648
FED & sales tax	30,804	10,928,951	10,959,755	47,014	13,029,255	13,076,269
Stale cheques	339,982	1,075,266	1,415,248	975,439	816,118	1,791,557
Car ijarah	174,274	-	174,274	133,019	-	133,019
Charity	545	-	545	513	-	513
EOBI	18,420	-	18,420	18,420	-	18,420
Tax deducted at source	40,658	177,594	218,252	68,225	38,057	106,282
Margin deposit	-	4,341,115	4,341,115	-	835,500	835,500
Federal insurance fee	-	714,935	714,935	-	972,798	972,798
Payable to vendors	1,115,053	1,115,053	977,210	-	977,210	-
Other	28,051	500,000	528,051	27,566	499,991	527,557
	47,819,862	45,309,698	93,129,560	35,748,625	38,153,367	73,901,992
Accrued expenses						
Rent, rates and electricity	-	-	-	161,000	-	161,000
Communication	409,227	-	409,227	222,500	-	222,500
Auditors' remuneration	1,320,000	-	1,320,000	940,000	-	940,000
Consultancy	480,000	-	480,000	145,000	-	145,000
Printing and stationery	107,000	-	107,000	42,037	-	42,037
Fee & subscription	-	-	-	592,000	-	592,000
	2,316,227	-	2,316,227	2,102,537	-	2,102,537
	50,136,089	45,309,698	95,445,787	37,851,162	38,153,367	76,004,529

20.1 This includes cheques issued by PTF aggregating to Rs 0.66 million against claims settlement, which have not been encashed by claimants and have become over due six months. The following is the ageing as required by SECP circular 11 of 2014 dated 19 May 2014.

PTF	Total Amount	Age wise breakup (in months)				
		1 to 6	7 to 12	13 to 24	25 to 36	over 36
Claims not encashed	669,313	-	45,767	591,605	31,941	-

21. CONTINGENCIES AND COMMITMENTS

- 21.1** In 2015, the Additional Commissioner Inland Revenue (ACIR) issued an Order under Section 122(5A) of the Income Tax Ordinance, 2001 (the Ordinance) and raised demand of Rs. 31,009,647 by making certain disallowances. The Company has filed appeal against the said Order before the Commissioner Inland Revenue (Appeals) which is pending adjudication. Based on the opinion of tax advisors of the Company, the management is confident that the matter will ultimately be decided in its favor and accordingly no provision is required to be made in these financial statements.
- 21.2** Commitments under ijarah arrangements and the period in which these payments will become due are:

	2018	2017
	----- (Rupees) -----	
Not later than one year	-	48,029
Later than one year but not later than five years	-	-
	<u>-</u>	<u>48,029</u>

22. Net Takaful Contribution - PTF

Written gross contribution	677,714,252	614,990,905
Wakala fee	(258,267,329)	(233,379,173)
Net written contribution	419,446,923	381,611,732
Unearned contribution reserve - opening	193,032,467	219,151,486
Unearned contribution reserve - closing	(192,508,493)	(193,032,467)
Contribution earned	419,970,897	407,730,751
Less:		
Retakaful contribution ceded	224,420,041	210,651,121
Prepaid retakaful ceded - opening	76,207,359	104,824,058
Prepaid retakaful ceded - closing	(73,137,965)	(76,207,359)
Retakaful expense	227,489,435	239,267,820
	<u>192,481,462</u>	<u>168,462,931</u>

23. Net Takaful Claims Expense - PTF

Claims paid	636,224,965	303,994,639
Outstanding claims including IBNR - closing	231,746,780	479,864,111
Outstanding claims including IBNR - opening	(479,864,111)	(190,483,326)
Claims expense	388,107,634	593,375,424
Less:		
Retakaful & other recoveries received	386,555,568	133,841,079
Retakaful & other recoveries in respect of outstanding claims - closing	131,238,805	361,318,450
Retakaful & other recoveries in respect of outstanding claims - opening	(361,318,450)	(113,018,550)
Retakaful & other recoveries revenue	156,475,923	382,140,979
	<u>231,631,711</u>	<u>211,234,445</u>

23.1 The Claim Development table is included in note 40.7 to the financial statements. It includes claim payable to related party Rs. 138,442 (2017: Rs. 906,801)

	Note	2018 ————(Rupees)————	2017
24. Retakaful Rebate - PTF			
Rebate/commission received or recoverable		59,276,610	51,447,298
Unearned retakaful rebate/commission - opening		22,464,019	30,490,276
Unearned retakaful rebate/commission - closing		(22,664,030)	(22,464,019)
Rebate/commission from retakaful		59,076,599	59,473,555
25. Commission Expense - SHF			
Commission expense paid or payable		59,072,082	48,346,953
Deferred commission expense - opening		21,491,245	22,678,041
Deferred commission expense - closing		(23,728,501)	(21,491,245)
Commission expense		56,834,826	49,533,749
26. DIRECT EXPENSES - PTF			
Bank charges		593,212	224,102
Survey & inspection fee		1,175,328	701,451
Policy related expense & service charges		1,400,530	1,598,119
Retakaful brokerage & third party service fee		1,790,362	843,880
Provision for doubtful balances net-off wakala refund	26.1	9,602,471	6,855,458
Others		3,265	119,728
		14,565,168	10,342,738
26.1 Provision for doubtful balances net-off wakala			
Provision for doubtful balances	13.3	13,535,319	10,016,559
Less: provision for refund of wakala fee	15.1	(3,932,848)	(3,161,101)
		9,602,471	6,855,458

27. Investment Income

	PTF		SHF	
	2018	2017	2018	2017
	(Rupees)			
Profit from bank placements				
- on term deposits	4,996,566	110,840	41,810	4,570,942
Profit from equity securities - available for sale				
- Dividend income	-	3,332	-	93,506
Profit from debt securities - available for sale				
- on sukuku	2,192,603	-	7,438,492	7,193,791
Net Realised gain / (loss) - available for sale				
Realized gains on:				
- debt securities (sukuku)	-	-	175,000	550,000
- equity securities (mutual funds)	2,192,934	675,119	4,873,914	13,313,960
Realized loss on:				
- equity securities (mutual funds)	(2,022,307)	-	(4,828,540)	(2,373,377)
	170,627	675,119	220,374	11,490,583
Total investment income	7,359,796	789,291	7,700,676	23,348,822
Less:				
Impairment in securities - available for sale				
- in equity securities (mutual funds)	-	-	-	(3,555,224)
Net investment income	7,359,796	789,291	7,700,676	19,793,598

28. Other Income

28.1 Profit from bank placements				
- on bank balances	3,682,804	1,463,811	3,756,545	465,468
28.2 Miscellaneous income				
- gain on disposal of fixed assets	-	-	886,169	1,476,715
- exchange gain / (loss)	-	-	168,382	53,068
	-	-	1,054,551	1,529,783
	3,682,804	1,463,811	4,811,096	1,995,251

29. MODARIB FEE

The takaful operator (SHF) also manages the PTF's bank balances & investments as Modarib. Modarib fee is charged at 40% (2017: 40%) on aggregate of income on bank balances and investment income earned by the PTF.

	Note	PTF		SHF	
		2018	2017	2018	2017
		(Rupees)			
Modarib fee (expense) / income		(4,417,041)	(901,241)	4,417,041	901,241
Modarib fee is charged on aggregate of:					
- investment income	27	7,359,796	789,291		
- profit from bank balances	28.1	3,682,804	1,463,811		
		11,042,600	2,253,102		

30. WAKALA FEE

The Takaful operator (SHF) manages the general takaful operations for the PTF and charge 30% (2017: 30%) for fire and property, 30% (2017: 30%) for marine, aviation and transport, 41% (2017: 41%) for motor, 35% (2017: 35%) for engineering, 60% (2017: 60%) for cash withdrawal, and 45% (2017: 45%) for other miscellaneous, of 'the gross contribution written net of administrative surcharge' as wakala fee against the services.

	Note	2018	2017
		(Rupees)	
31. MANAGEMENT EXPENSES - SHF			
Employees salaries & benefits cost	31.1	118,591,107	127,776,815
Shariah advisors' fee		1,770,000	1,770,000
Consultancy fee		1,689,269	1,941,644
Rent, rates and taxes		15,984,756	13,979,828
Utilities - electricity, gas & water		5,638,187	4,974,115
Communication - postage, internet & telephone		5,031,489	4,537,175
Printing and stationery		3,353,082	2,883,361
Traveling and entertainment		4,154,888	3,504,815
Depreciation	8.1	5,632,616	6,299,647
Amortisation	9	5,976,189	5,528,392
Repairs and maintenance		2,018,228	1,148,957
Vehicles running		4,625,413	3,643,562
Car ijarah		1,050,728	1,877,432
Advertisement and sales promotion		1,484,109	5,162,053
Takaful contribution		3,566,867	2,701,258
Training		314,372	193,201
SECP annual supervision fee		1,305,497	1,403,444
Bank charges and brokerage		9,167	12,120
Office expenses		260,709	366,724
Conference and seminar		7,000	140,346
Janitorial services		191,226	173,360
Staff welfare		1,539,904	1,468,624
Computer expenses		6,319,710	3,953,076
Others		512,684	208,755
		191,027,197	195,648,704

	Note	2018 ————(Rupees)————	2017 ————(Rupees)————
31.1 Employee benefits cost			
Salaries allowances and other benefits		114,472,339	124,031,628
Contribution to employee provident fund		4,118,768	3,745,187
		118,591,107	127,776,815
32. OTHER EXPENSES - SHF			
Legal and professional		2,442,570	1,299,645
Fees and subscription		507,906	828,134
Auditors' remuneration	32.1	1,782,496	1,246,362
Provision for wakala refund	26.1	3,932,848	3,161,101
Penalty		-	400,000
Reversal of Workers welfare fund		-	(2,292,062)
		8,665,820	4,643,180
32.1 Auditors' remuneration			
Audit fee		400,000	400,000
Interim review fee		200,000	200,000
Shariah Audit		150,000	150,000
Other certifications, reports & advisory service		761,200	342,000
Out of pocket expenses		271,296	154,362
		1,782,496	1,246,362
33. TAXATION			
Current		3,283,555	2,928,505
Deferred	33.1	3,039,479	271,863
		6,323,034	3,200,368
33.1	The Company has filed returns upto and including tax year 2018 which are deemed to have been assessed under Section 120 of the Income Tax Ordinance, 2001, unless selected for audit.		
33.2	The relationship between tax expense and accounting profit has not been presented in these financial statements as the income of the Company is subject to tax under section 113 of Income Tax Ordinance, 2001.		
		2018	2017
		————(Rupees)————	————(Rupees)————
34. EARNINGS PER SHARE			
34.1 Basic earnings per share			
Profit after tax - SHF	(Rupees)	12,345,265	3,043,262
Weighted average number of ordinary shares	(Numbers)	50,922,601	50,922,601
Earnings per share	(Rupees)	0.24	0.06

34.2 Diluted earnings per share

No figure for diluted earnings per share has been presented as the Company has not issued any instrument which would have an impact on earnings per share when exercised.

35. REMUNERATION OF EXECUTIVES

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

	2018		2017	
	Chief Executive Officer	Executives	Chief Executive Officer	Executives
	----- (Rupees) -----			
Managerial remuneration	1,170,000	26,575,851	924,048	24,498,089
House rent	526,500	11,959,133	415,822	11,024,141
Utilities	103,500	2,350,941	81,743	2,167,135
Medical expenses	-	700,647	85,967	2,041,507
Conveyance & vehicle allowance	-	8,904,385	-	9,281,614
Staff retirement benefit (contribution plan)	117,000	1,958,969	103,161	2,112,168
Others	918,000	3,633,636	852,968	948,000
	<u>2,835,000</u>	<u>56,083,562</u>	<u>2,463,709</u>	<u>52,072,654</u>
Number of persons	1	29	1	28

35.1 Chief Executive Officer and some executives are provided free use of Company maintained cars, takaful cover and certain benefits in accordance with their entitlements. New CEO took the charge of his office effective April 2017, and no remuneration was paid to him for year 2017. Effective April 2018, remuneration has been provided to CEO as approved by the board of directors.

35.2 Certain directors including CEO have been provided boarding and lodging amounting to Rs. 245,712 (2017: Rs. 76,255) to attend Board meetings of the Company as per the Company's policy. No other remuneration or meeting attending fee was paid to directors.

35.3 Executives mean employees other than Chief Executive and Directors, whose basic salary exceeds five hundred thousand rupees in a financial year.

36. PROVIDENT FUND

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

	2018 —————(Rupees)————— un-audited	2017 ————— audited
Size of the fund - Total assets	24,544,434	25,716,398
Cost of the investments made	24,201,992	25,304,888
Percentage of the investments made	99%	98%
Fair value of the investments	24,201,992	25,304,888

The break up of fair value of the investments is :

	2018 Rupees	%	2017 Rupees	%
Bank balances	5,849,359	24	4,024,212	16
Government securities - sukuku	9,500,000	39	9,500,000	38
Mutual funds units	8,852,633	37	11,780,295	47
	<u>24,201,992</u>		<u>25,304,507</u>	

The investments have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

37. RELATED PARTIES DISCLOSURES

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

Transactions for the period

Relationship	Nature of transactions	2018 ————— (Rupees) —————	2017 —————
Entity with common directorship	Net shared expenses paid	16,235,505	33,167,868
	Claims paid against general takaful	330,257	977,509
	Claims received against group takaful	1,732,967	1,451,454
	Contribution paid against group takaful	2,823,404	1,223,127
	Contribution received against general takaful	2,877,661	4,570,110
Key management personnel	Claims paid	106,390	16,000
	Contribution received	65,777	149,481
Employees provident fund	Contribution paid	4,130,469	4,540,639

Balances

Relationship	Nature of transactions	2018 ----- (Rupees) -----	2017 -----
Entity with common directorship	Claim payable against general takaful	138,442	906,801
	Claim receivable against group takaful	31,958	70,680
	Contribution receivable against general takaful	-	375,161
Key management personnel	Claims payable	-	105,000
	Contribution receivable	6,412	2,175

38. MOVEMENT IN INVESTMENTS

	Held to maturity	Available for sale	Total
	----- (Rupees) -----		
At beginning of previous year - cost	110,000,000	220,082,652	330,082,652
Addition	230,000,000	591,612,142	821,612,142
Disposal (sale & redemption)	(265,000,000)	(510,458,915)	(775,458,915)
Impairment loss	-	(3,555,224)	(3,555,224)
At end of previous year - cost	75,000,000	297,680,655	372,680,655
Fair value gain / (loss)	-	(4,327,735)	(4,327,735)
At end of previous year - carrying value	<u>75,000,000</u>	<u>293,352,920</u>	<u>368,352,920</u>
At beginning of current year - cost	75,000,000	297,680,655	372,680,655
Addition	100,000,000	611,351,733	711,351,733
Disposal (sale & redemption)	(100,000,000)	(652,473,634)	(752,473,634)
Impairment loss	-	-	-
At end of current year - cost	75,000,000	256,558,754	331,558,754
Fair value gain / (loss)	-	(21,325,891)	(21,325,891)
At end of current year - carrying value	<u>75,000,000</u>	<u>235,232,863</u>	<u>310,232,863</u>

39. SEGMENT INFORMATION**39.1 Year 2018**

	Fire and Property	Marine, Aviation and Transport	Motor	Miscellaneous	Total
	-----Rupees-----				
PARTICIPANTS' TAKAFUL FUND (PTF)					
Contribution receivable (inclusive of FED, FIF & admin surcharge)	158,025,387	51,656,944	446,865,726	116,880,624	773,428,681
Less: Federal excise duty - FED	(17,859,917)	(5,298,870)	(51,506,513)	(11,921,236)	(86,586,536)
Federal insurance fee - FIF	(1,246,872)	(416,322)	(3,850,267)	(892,030)	(6,405,491)
Stamp duty	(132,520)	(2,345,147)	(215,640)	(29,095)	(2,722,402)
Gross written Contribution (inclusive of admin surcharge)	<u>138,786,078</u>	<u>43,596,605</u>	<u>391,293,306</u>	<u>104,038,263</u>	<u>677,714,252</u>
Gross direct contribution	121,974,089	41,559,840	378,590,428	88,881,094	631,005,451
Facultative inward contribution	16,369,141	1,996,812	12,677,830	15,090,640	46,134,423
Administrative surcharge	442,848	39,953	25,048	66,529	574,378
Gross written Contribution (inclusive of admin surcharge)	138,786,078	43,596,605	391,293,306	104,038,263	677,714,252
Less: Wakala fee	(41,502,969)	(13,066,996)	(160,419,986)	(43,277,378)	(258,267,329)
Contribution net-off wakala	<u>97,283,109</u>	<u>30,529,609</u>	<u>230,873,320</u>	<u>60,760,885</u>	<u>419,446,923</u>
Unearned contribution - opening	47,679,379	2,187,556	109,986,669	33,178,863	193,032,467
Unearned contribution - closing	(41,161,252)	(2,548,931)	(122,865,810)	(25,932,500)	(192,508,493)
Contribution earned	<u>103,801,236</u>	<u>30,168,234</u>	<u>217,994,179</u>	<u>68,007,248</u>	<u>419,970,897</u>
Retakaful ceded	(113,075,870)	(25,911,001)	(33,828,065)	(51,605,105)	(224,420,041)
Prepaid retakaful - opening	(54,513,130)	(1,777,370)	-	(19,916,859)	(76,207,359)
Prepaid retakaful - closing	48,016,699	1,628,663	-	23,492,603	73,137,965
Retakaful expense	(119,572,301)	(26,059,708)	(33,828,065)	(48,029,361)	(227,489,435)
Net Contribution earned	<u>(15,771,065)</u>	<u>4,108,526</u>	<u>184,166,114</u>	<u>19,977,887</u>	<u>192,481,462</u>
Retakaful rebate received or receivable	35,868,063	7,771,533	-	15,637,014	59,276,610
Unearned rebate - opening	16,910,547	533,252	-	5,020,220	22,464,019
Unearned rebate - closing	(15,217,363)	(488,621)	-	(6,958,046)	(22,664,030)
Retakaful rebate/income	37,561,247	7,816,164	-	13,699,188	59,076,599
Net Underwriting income	<u>21,790,182</u>	<u>11,924,690</u>	<u>184,166,114</u>	<u>33,677,075</u>	<u>251,558,061</u>
Takaful claims expense	(109,701,228)	(7,363,216)	(221,224,654)	(49,818,536)	(388,107,634)
Retakaful recovery on claims	101,406,631	3,758,600	26,942,540	24,368,152	156,475,923
Net claims expense	(8,294,597)	(3,604,616)	(194,282,114)	(25,450,384)	(231,631,711)
Contribution deficiency expense	-	-	-	-	-
Direct expenses	(2,982,736)	(936,961)	(8,409,522)	(2,235,949)	(14,565,168)
Net takaful claims and expense	<u>(11,277,333)</u>	<u>(4,541,577)</u>	<u>(202,691,636)</u>	<u>(27,686,333)</u>	<u>(246,196,879)</u>
Underwriting result	<u>10,512,849</u>	<u>7,383,113</u>	<u>(18,525,522)</u>	<u>5,990,742</u>	<u>5,361,182</u>

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	Fire and Property	Marine, Aviation and Transport	Motor	Miscellaneous	Total
	-----Rupees-----				
Investment income & other income					11,042,600
Less: Modarib's Share					(4,417,041)
Net investment income					6,625,559
Surplus for the year					11,986,741
Segment assets	261,363,112	23,258,220	82,354,290	115,436,630	482,412,252
Unallocated assets					243,327,674
					725,739,926
Segment liabilities	263,522,800	18,427,084	246,911,002	108,104,905	636,965,791
Unallocated liabilities					207,188,379
					844,154,170
SHAREHOLDERS' FUND (SHF)					
Wakala income	41,502,969	13,066,996	160,419,986	43,277,378	258,267,329
Commission paid or payable	(24,348,148)	(6,343,404)	(14,505,082)	(13,875,448)	(59,072,082)
Deferred commission - opening	(11,705,260)	(472,488)	(5,670,365)	(3,643,132)	(21,491,245)
Deferred commission - closing	10,366,051	538,597	7,273,182	5,550,671	23,728,501
Commission expense	(25,687,357)	(6,277,295)	(12,902,265)	(11,967,909)	(56,834,826)
Management expenses	(39,119,607)	(12,288,567)	(110,293,776)	(29,325,247)	(191,027,197)
	(23,303,995)	(5,498,866)	37,223,945	1,984,222	10,405,306
Other expenses					(8,665,820)
Investment income					7,700,676
Modarib share of PTF investment income					4,417,041
Other income					4,811,096
Profit before tax					18,668,299
Provision for Taxation					(6,323,034)
Profit after tax					12,345,265
Segment assets					-
Unallocated assets					611,224,628
					611,224,628
Segment liabilities					-
Unallocated liabilities					51,280,656
					51,280,656

39.2 Year 2017

	Fire and Property	Marine, Aviation and Transport	Motor	Miscellaneous	Total
	-----Rupees-----				
PARTICIPANTS' TAKAFUL FUND (PTF)					
Contribution receivable (inclusive of FED, FIF & admin surcharge)	159,859,588	47,281,311	390,714,640	108,371,713	706,227,252
Less: Federal excise duty - FED	(19,422,075)	(4,755,640)	(45,675,651)	(12,687,330)	(82,540,696)
Federal insurance fee - FIF	(1,368,916)	(397,177)	(3,413,932)	(954,862)	(6,134,887)
Stamp duty	(108,450)	(2,232,104)	(204,050)	(16,160)	(2,560,764)
Gross written Contribution (inclusive of admin surcharge)	138,960,147	39,896,390	341,421,007	94,713,361	614,990,905
Gross direct contribution	135,487,999	39,689,015	340,896,334	94,594,789	610,668,137
Facultative inward contribution	3,198,493	176,195	491,070	58,745	3,924,503
Administrative surcharge	273,655	31,180	33,603	59,827	398,265
Gross written Contribution (inclusive of admin surcharge)	138,960,147	39,896,390	341,421,007	94,713,361	614,990,905
Less: Wakala fee	(41,605,947)	(11,959,562)	(139,968,836)	(39,844,828)	(233,379,173)
Contribution net-off wakala	97,354,200	27,936,828	201,452,171	54,868,533	381,611,732
Unearned contribution - opening	66,942,729	2,192,659	114,834,994	35,181,104	219,151,486
Unearned contribution - closing	(47,679,379)	(2,187,556)	(109,986,669)	(33,178,863)	(193,032,467)
Contribution earned	116,617,550	27,941,931	206,300,496	56,870,774	407,730,751
Retakaful ceded	(111,034,425)	(24,273,457)	(36,448,876)	(38,894,363)	(210,651,121)
Prepaid retakaful - opening	(79,554,031)	(2,367,738)	-	(22,902,289)	(104,824,058)
Prepaid retakaful - closing	54,513,130	1,777,370	-	19,916,859	76,207,359
Retakaful expense	(136,075,326)	(24,863,825)	(36,448,876)	(41,879,793)	(239,267,820)
Net Contribution earned	(19,457,776)	3,078,106	169,851,620	14,990,981	168,462,931
Retakaful rebate received or receivable	34,750,661	7,282,729	26,320	9,387,588	51,447,298
Unearned rebate - opening	24,199,625	704,706	-	5,585,944	30,490,276
Unearned rebate - closing	(16,910,547)	(533,252)	-	(5,020,220)	(22,464,019)
Retakaful rebate/income	42,039,739	7,454,183	26,320	9,953,312	59,473,555
Net Underwriting income	22,581,963	10,532,289	169,877,940	24,944,293	227,936,486
Takaful claims expense	(363,609,840)	(21,666,036)	(182,824,264)	(25,275,284)	(593,375,424)
Retakaful recovery on claims	341,566,493	13,123,488	19,780,135	7,670,863	382,140,979
Net calims expense	(22,043,347)	(8,542,548)	(163,044,129)	(17,604,421)	(211,234,445)
Contribution deficiency expense	-	-	-	-	-
Direct expenses	(2,336,991)	(670,966)	(5,741,919)	(1,592,862)	(10,342,738)
Net takaful claims and expense	(24,380,338)	(9,213,514)	(168,786,048)	(19,197,283)	(221,577,183)
Underwriting result	(1,798,375)	1,318,775	1,091,892	5,747,011	6,359,303

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	Fire and Property	Marine, Aviation and Transport	Motor	Miscellaneous	Total
	-----Rupees-----				
Investment income & other income					2,253,102
Less: Modarib's Share					(901,241)
Net investment income					1,351,861
Surplus for the year					7,711,164
Segment assets	464,689,281	30,598,868	99,436,155	122,970,185	717,694,489
Unallocated assets					222,968,950
					940,663,439
Segment liabilities	496,368,093	29,372,657	183,875,865	86,736,959	796,353,575
Unallocated liabilities					242,520,693
					1,038,874,268
SHAREHOLDERS' FUND (SHF)					
Wakala income	41,605,947	11,959,562	139,968,836	39,844,828	233,379,173
Commission paid or payable	(23,408,680)	(6,116,176)	(10,825,831)	(7,996,266)	(48,346,953)
Deferred commission - opening	(13,472,815)	(514,557)	(5,315,788)	(3,374,881)	(22,678,041)
Deferred commission - closing	11,705,260	472,488	5,670,365	3,643,132	21,491,245
Commission expense	(25,176,235)	(6,158,245)	(10,471,254)	(7,728,015)	(49,533,749)
Management expenses	(44,207,764)	(12,692,345)	(108,617,180)	(30,131,415)	(195,648,704)
	(27,778,052)	(6,891,028)	20,880,402	1,985,398	(11,803,280)
Other expenses					(4,643,180)
Investment income					20,259,066
Modarib share of PTF investment income					901,241
Other income					1,529,783
Profit before tax					6,243,630
Provision for Taxation					(3,200,368)
Profit after tax					3,043,262
Segment assets					-
Unallocated assets					568,529,688
					568,529,688
Segment liabilities					-
Unallocated liabilities					37,851,163
					37,851,163

39.3 Fund wise segregation of cash flow statement

	PTF	SHF	2018 Total
	----- Rupees -----		
Operating Cash flows			
(a) Takaful activities			
Contributions received	741,900,300	-	741,900,300
Claims paid	(636,224,965)	-	(636,224,965)
Proceed from / (payment to) takaful/ retakaful operators	133,035,592	-	133,035,592
Commission paid	-	(46,501,226)	(46,501,226)
Commission received	59,276,610	-	59,276,610
Other takaful payments	2,193,634	-	2,193,634
Net cash flow from takaful activities	300,181,171	(46,501,226)	253,679,945
(b) Other operating activities			
Income tax paid	(878,974)	(2,741,314)	(3,620,288)
Management & other expenses paid	-	(184,281,898)	(184,281,898)
Advances and deposits	-	(2,356,623)	(2,356,623)
Wakala & modarib fee (paid)/received	(240,166,129)	240,166,129	-
Net cash flow in other operating activities	(241,045,103)	50,786,294	(190,258,809)
Total cash flow from all operating activities	59,136,068	4,285,068	63,421,136
Investment activities			
Profit / return received	9,097,438	13,658,913	22,756,351
Payment for investments	(293,314,887)	(418,036,846)	(711,351,733)
Proceeds from disposal of investments	323,241,492	429,232,142	752,473,634
Receipt on disposal of fixed assets	-	1,278,398	1,278,398
Fixed capital expenditure	-	(9,832,565)	(9,832,565)
Qard-hasna (paid)/received	(40,000,000)	40,000,000	-
Total cash flow from all investing activities	(975,957)	56,300,042	55,324,085
Financing activities			
Proceeds from issuance of right shares	-	-	-
Total cash flow from financing activities	-	-	-
Net cash flows from all activities	58,160,111	60,585,110	118,745,221
Cash at beginning of the year	48,482,422	36,039,134	84,521,556
Cash at end of the year	106,642,533	96,624,244	203,266,777

40. TAKAFUL RISK MANAGEMENT

40.1 Takaful risk

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

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

The risk under any takaful contract is the possibility of occurrence of takaful event and there is an uncertainty of the amount of claim resulting from occurrence of the event. PTF also faces a risk under takaful contracts that the actual claims payments or timing thereof differs from expectations. This is influenced by frequency of claims, severity of claims, actual claim paid, litigation and subsequent adverse development of long-term claims. In general takaful contracts, the most significant risks arise from climate changes, natural disasters, terrorism and other catastrophes. By the vary nature of a takaful contract, this risk is random and therefore unpredictable. The objective is to ensure that sufficient reserves are available to cover these liabilities.

Board recognises the critical importance of having efficient and effective risk management systems in place. For this, underwriting, claim, retakaful, cotakaful, and risk management & compliance committees are formed to monitor the core business activities. This is further supplemented with a clear organisational structure which has delegated authorities and responsibilities from the Board to executive management. The Audit Committee is assisted in its oversight role by an Internal Audit function. Internal Audit undertakes review of risk management controls and procedures, the results of which are reported to the Audit Committee.

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

The PTF's risk exposure is mitigated by employing a comprehensive framework to identify, assess, manage, diversify, and monitoring of risk. PTF has limited its exposure by imposing limits to the maximum risk exposure in a single takaful contract in each class of business and also by limiting maximum risk exposure for particular segment / industry. This framework includes implementation of underwriting strategies which aim to ensure the careful selection of takaful contracts and the diversification in terms of portfolio, type and amount of the risk. Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Company has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. For large risks, particularly in property segment of business, risk inspections are carried out before accepting the risks. Similarly, in case of large risks, annual renewals are also preceded by on-site surveys. Where needed, risk mitigation measures are identified and communicated to the clients to improve the risk to an acceptable level. Adequate retakaful is arranged to mitigate the effect of the potential loss from individual and large or catastrophic events covered under takaful contracts.

Retakaful arrangements in place include facultative and treaty arrangements, on proportional and non-proportional basis and also include catastrophe & terrorism cover. The effect of such retakaful arrangements is that the Company may not suffer ultimate net takaful losses beyond the Company's risk appetite in any one year. The Company's arrangement of retakaful is diversified such that it is neither dependent on a single retakaful operator nor the operations of the Company are substantially dependent upon any single retakaful contract. The Company obtains retakaful cover from companies with good financial health. Further, in order to reduce the risk exposure of the PTF, the Company adopts proactive claim handling procedures and strict claim review policies including active management and prompt pursuing of the claims, periodic detailed review of claim handling procedures and frequent investigation of possible false claims.

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

	2018	2017
	—————(Rupees)—————	
Gross retakaful ceded	(224,420,041)	(210,651,121)
Add:		
Retakaful recovery in claims	386,555,568	382,140,979
Gross rebate on ceding	59,276,610	51,447,298
Gross gain	<u>221,412,137</u>	<u>222,937,156</u>

40.2 Concentration of takaful risk

Concentration of risk may arise from a significant single takaful risk coverage of a particular participant within a same geographical location or may arise from multiple risk covered in same geographical locations or may also arise from multiple risk coverage of significant amount pertaining to same industry. In order to minimize the financial exposure arising from large claims, the Company, in the normal course of business, enters into agreement with other re-takaful operators, who are dispersed over several geographical regions.

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

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

Class	2018		2017	
	Gross claim liability	Net claim liability	Gross claim liability	Net claim liability
	Percentage (%)	Percentage (%)	Percentage (%)	Percentage (%)
Fire and property	35	9	72	18
Marine	4	4	3	5
Motor	39	68	15	58
Miscellaneous	22	19	10	19
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

40.3 Frequency and severity of claims

Political, environmental, economical and climatic changes give rise to more frequent and severe extreme events (for example, fire, theft, steal, riot, violence, strike, explosion, earthquake, atmospheric damage, hurricanes / cyclone, typhoons, river flooding, electric fluctuation, terrorism, war risk, damages occurring in inland transit, burglary, loss of cash in safe and cash in transit, travel and personal accident, money losses, engineering losses and other events) and their consequences (for example, subsidence claims). The tables in above para prescribe severity & concentration with respect to class of business and the Company risk management measures have also been described above.

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

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

	2018			2017		
	Maximum Gross Risk Exposure	Maximum Retakaful Cover	Highest Net Risk Retention	Maximum Gross Risk Exposure	Maximum Retakaful Cover	Highest Net Risk Retention
	Rupees			Rupees		
Class						
Fire and property	1,000,000,000	985,000,000	15,000,000	926,340,679	911,340,679	15,000,000
Marine	235,261,515	227,261,515	8,000,000	171,554,711	163,554,711	8,000,000
Motor	30,000,000	29,250,000	750,000	30,000,000	29,250,000	750,000
Miscellaneous	192,650,000	187,650,000	5,000,000	1,358,272,264	1,351,072,264	7,200,000

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

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

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

40.4 Sources of uncertainty in the estimation of future claims payment

The key source of estimation uncertainty at the balance sheet date relates to valuation of outstanding claims, whether reported or not, and includes expected claims settlement costs. Considerable judgment by management is required in the estimation of amounts due to policyholders arising from claims made under takaful contracts. Such estimates are necessarily based on assumptions about several factors involving varying and possibly significant degrees of judgment and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities. Qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example one-off occurrence, changes in market factors such as public attitude to claiming and economic conditions. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates. In particular, estimates have to be made for the expected ultimate cost of claims reported & claims incurred but not enough reported (IBNER) at the balance sheet date, and for the expected ultimate cost of claims incurred but not reported (IBNR) at the balance sheet date.

Liability in respect of outstanding claims is based on the best estimate of the claims intimated. In calculating the estimated cost of unpaid claims (both reported and not), the Company's estimation techniques are based on management professional judgements, preliminary survey assessments, loss-ratio-based estimates and information of claims with similar characteristics related to previous periods. Reported claims and development of large losses / catastrophes and disputed claims are analyzed separately. The shorter settlement period for claims allows the Company to achieve a higher degree of certainty about the estimated cost of claims including IBNR. However, the longer time needed to assess the emergence of a subsidence claim makes the estimation process more uncertain for these claims. The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value, re-takaful and other recoveries. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome may be different from the original liability established. The liability comprises amount in relations to unpaid reported claims, claims incurred but not reported (IBNR), expected claims settlement costs and a provision for unexpired risks at the end of the reporting period.

40.5 Process used to decide on assumptions

The risks associated with takaful contracts are complex and subject to a number of variables that complicate quantitative sensitivity analysis. This risk exposure is geographically concentrated in Pakistan only. The Company uses assumptions based on a mixture of internal and market data to measure its related claims liabilities. Internal data is derived mostly from the Company's claims reports, surveyor's report for particular claim and screening of the actual takaful contracts carried out to derive data for the contracts held.

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

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

Class	2018 %	2017 %
Fire and property	3	9
Marine	21	57
Motor	56	53
Miscellaneous	40	32

40.6 Sensitivity analysis

The analysis of risk exposure, concentration and severity of outstanding claim liability described in supra paras is also used to test the sensitivity of the selected assumptions to changes in the key underlying factors. Assumptions of different levels have been used to assess the relative severity of subsidence claims given past experience. The key material factor in the Company's exposure to subsidence claims is the risk of more permanent changes in geographical location in which Company is exposed.

The risks associated with the takaful contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Company considers that the liability for takaful claims recognized in the balance sheet is adequate. However, these amounts are not certain and actual payments may differ from the claims liabilities provided in the financial statements.

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

	Effect on Underwriting Results	
	2018	2017
	————(Rupees)————	
10% increase in gross outstanding claims liability	<u>23,174,678</u>	<u>47,986,411</u>
10% decrease in gross outstanding claims liability	<u>(23,174,678)</u>	<u>(47,986,411)</u>

40.7 Claim development table - 2018

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

The following table shows the development of gross claims over a period of time. The disclosure goes back to the period when the outstanding claim arose for which there was uncertainty about the amount and timing of the claims payments.

Accident year	2010	2011	2012	2013	2014	2015	2016	2017	2018
	----- (Rupees) -----								
Estimate of ultimate claim cost									
At the end of:									
Accident year	162,400,594	187,397,677	251,812,157	556,369,336	645,191,655	365,107,578	389,120,624	614,784,231	448,263,297
One year later	160,113,370	172,935,642	242,572,781	550,138,621	691,246,296	362,565,240	376,034,975	573,550,119	
Two years later	153,590,939	168,024,293	235,869,401	552,680,947	691,180,103	368,303,117	368,597,230		
Three years later	152,130,882	169,148,723	236,259,962	551,908,604	686,275,848	364,125,975			
Four years later	151,995,482	168,764,919	234,356,583	550,322,284	683,935,441				
Five years later	156,067,877	168,764,919	234,270,123	549,113,388					
Six years later	156,067,877	168,764,919	233,815,017						
Seven years later	154,983,877	165,558,556							
Eight years later	154,887,985								
Current estimate of cumulative claims	154,887,985	165,558,556	233,815,017	549,113,388	683,935,441	364,125,975	368,597,230	573,550,119	448,263,297
Cumulative payments to date	(154,887,985)	(165,558,556)	(233,361,017)	(549,113,388)	(683,485,032)	(360,927,295)	(316,094,130)	(562,186,215)	(284,486,610)
Liability recognized in balance sheet	-	-	454,000	-	450,409	3,198,680	52,503,100	11,363,904	163,776,687

Claim development table - 2017

Accident year	2010	2011	2012	2013	2014	2015	2016	2017
	----- (Rupees) -----							
Estimate of ultimate claim cost								
At the end of:								
Accident year	162,400,594	187,397,677	251,812,157	556,369,336	645,191,655	365,107,578	389,120,624	614,784,231
One year later	160,113,370	172,935,642	242,572,781	550,138,621	691,246,296	362,565,240	376,034,975	
Two years later	153,590,939	168,024,293	235,869,401	552,680,947	691,180,103	368,303,117		
Three years later	152,130,882	169,148,723	236,259,962	551,908,604	686,275,848			
Four years later	151,995,482	168,764,919	234,356,583	550,322,284				
Five years later	156,067,877	168,764,919	234,270,123					
Six years later	156,067,877	168,764,919						
Seven years later	154,983,877							
Current estimate of cumulative claims	154,983,877	168,764,919	234,270,123	550,322,284	686,275,848	368,303,117	376,034,975	614,784,231
Cumulative payments to date	(154,887,985)	(165,509,723)	(232,318,127)	(549,028,928)	(681,868,487)	(359,335,852)	(307,694,659)	(223,231,502)
Liability recognized in balance sheet	95,892	3,255,196	1,951,996	1,293,356	4,407,361	8,967,265	68,340,316	391,552,729

40.8 Retakaful risk

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

The credit quality of amount due from other takaful and retakaful including recovery from retakaful against outstanding claims is presented in credit risk note 41.5.

41. FINANCIAL RISK MANAGEMENT**41.1 Financial risk**

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

- Liquidity risk
- Credit risk
- Market risk

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

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

41.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. In respect of major loss event, there is also a liquidity risk associated with the timing differences between gross cash out flows and expected reinsurance recoveries. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. It includes measuring and monitoring the future cash flows on daily, monthly and quarterly basis. The diversified funding sources and assets of the Company are managed, maintaining a sufficient balance of cash and cash equivalents, readily marketable securities and financial assets that can be easily liquidated in the event of an unforeseen interruption to cash flows.

	2018		2017	
	Carrying Amount	Contractual cash flows upto one year	Carrying Amount	Contractual cash flows upto one year
------(Rupees)-----				
Non-derivative financial liabilities				
Provision for outstanding claims including IBNR	231,746,780	231,746,780	479,864,111	479,864,111
Amount due to other takaful/retakaful operators	125,540,757	125,540,757	57,561,285	57,561,285
Creditors - Accrued expenses	2,316,227	2,316,227	2,102,537	2,102,537
Creditors - Other creditors and accruals	93,129,560	93,129,560	73,901,992	73,901,992
	452,733,324	452,733,324	613,429,925	613,429,925

The maturity profile of financial assets and liabilities is presented as follows:

Maturity profile of financial assets and liabilities:

	2018					
	Profit bearing			Non-Profit bearing		
	Maturity up to one year	Maturity after one year	Sub total	Maturity up to one year	Maturity after one year	Total
------(Rupees)-----						
FINANCIAL ASSETS						
Cash and bank balances	200,629,121	-	200,629,121	2,637,656	-	2,637,656
Investments	75,000,000	130,533,900	205,533,900	104,698,963	-	104,698,963
Amount due from Takaful contract holders	-	-	-	172,900,216	-	172,900,216
Amount due from other takaful / retakaful	-	-	-	104,880,737	-	104,880,737
Retakaful recoveries against outstanding claims	-	-	-	131,238,805	-	131,238,805
Other receivable - Accrued investment income	-	-	-	4,583,442	-	4,583,442
Other receivable - Sundry receivables	-	-	-	8,086,992	-	8,086,992
	275,629,121	130,533,900	406,163,021	529,026,811	-	529,026,811
						935,189,832
FINANCIAL LIABILITIES						
Provision for outstanding claims including IBNR	-	-	-	231,746,780	-	231,746,780
Amount due to other takaful / retakaful	-	-	-	125,540,757	-	125,540,757
Creditors - Accrued expenses	-	-	-	2,316,227	-	2,316,227
Creditors - Other creditors and accruals	-	-	-	93,129,560	-	93,129,560
	-	-	-	452,733,324	-	452,733,324
						452,733,324

	2017						
	Profit bearing			Non-Profit bearing			
	Maturity up to one year	Maturity after one year	Sub total	Maturity up to one year	Maturity after one year	Sub Total	Total
	(Rupees)						
FINANCIAL ASSETS							
Cash and bank balances	63,000,111	-	63,000,111	21,521,445	-	21,521,445	84,521,556
Investments	-	217,917,100	217,917,100	150,435,820	-	150,435,820	368,352,920
Amount due from Takaful contract holders	-	-	-	250,621,583	-	250,621,583	250,621,583
Amount due from other takaful / retakaful	-	-	-	7,801,330	-	7,801,330	7,801,330
Retakaful recoveries against outstanding claims	-	-	-	361,318,450	-	361,318,450	361,318,450
Other receivable - Accrued investment income	-	-	-	4,839,972	-	4,839,972	4,839,972
Other receivable - Sundry receivables	-	-	-	5,730,369	-	5,730,369	5,730,369
	<u>63,000,111</u>	<u>217,917,100</u>	<u>280,917,211</u>	<u>802,268,969</u>	<u>-</u>	<u>802,268,969</u>	<u>1,083,186,180</u>
FINANCIAL LIABILITIES							
Provision for outstanding claims including IBNR	-	-	-	479,864,111	-	479,864,111	479,864,111
Amount due to other takaful / retakaful	-	-	-	57,561,285	-	57,561,285	57,561,285
Creditors - Accrued expenses	-	-	-	2,102,537	-	2,102,537	2,102,537
Creditors - Other creditors and accruals	-	-	-	73,901,992	-	73,901,992	73,901,992
	<u>-</u>	<u>-</u>	<u>-</u>	<u>613,429,925</u>	<u>-</u>	<u>613,429,925</u>	<u>613,429,925</u>

41.3 Profit / mark-up / yield rate risk

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

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

	Cost		Tentative profit rate	
	2018	2017	2018	2017
	(Rupees)		(in Percent)	
Variable rate financial assets				
- Term deposits	75,000,000	75,000,000	5.9-9.16	5.3 - 5.9
- Savings accounts	200,629,121	63,000,111	4 - 7.5	2 - 4.2
- Sukuk certificates	130,554,850	140,720,000	6.1 - 13.28	6.1 - 8.5
	<u>406,183,971</u>	<u>278,720,111</u>		

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

	2018 —————(Rupees)—————	2017 —————(Rupees)—————
1 % Increase in profit rate	<u><u>4,061,840</u></u>	<u><u>2,787,201</u></u>
1 % decrease in profit rate	<u><u>(4,061,840)</u></u>	<u><u>(2,787,201)</u></u>

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

Mismatch of rate of profit sensitivity of assets and liabilities

		2018							Non profit bearing	Total
		Profit bearing								
	Tentative profit % per annum	Upto one month	Over one month to three months	Over three months to six months	Over six months to one year	Over one year to five years	Over five years	Sub Total		
----- (Rupees) -----										
FINANCIAL ASSETS										
Cash and bank balances	4 - 7.5	200,629,121	-	-	-	-	-	200,629,121	2,637,656	203,266,777
Investments	6.1-13.28	-	75,000,000	-	-	130,533,900	-	205,533,900	104,698,963	310,232,863
Amount due from Takaful contract holders	5.9-9.16	-	-	-	-	-	-	-	172,900,216	172,900,216
Amount due from other takaful /retakaful		-	-	-	-	-	-	-	104,880,737	104,880,737
Retakaful recoveries against outstanding claims		-	-	-	-	-	-	-	131,238,805	131,238,805
Other receivable - Accrued investment income		-	-	-	-	-	-	-	4,583,442	4,583,442
Other receivable - Sundry receivables		-	-	-	-	-	-	-	8,086,992	8,086,992
a		200,629,121	75,000,000	-	-	130,533,900	-	406,163,021	529,026,811	935,189,832
FINANCIAL LIABILITIES										
Provision for outstanding claims including IBNR		-	-	-	-	-	-	-	231,746,780	231,746,780
Amount due to other takaful /retakaful		-	-	-	-	-	-	-	125,540,757	125,540,757
Creditors - Accrued expenses		-	-	-	-	-	-	-	2,316,227	2,316,227
Creditors - Other creditors and accruals		-	-	-	-	-	-	-	93,129,560	93,129,560
b		-	-	-	-	-	-	-	452,733,324	452,733,324
Profit rate sensitivity gap	a-b	200,629,121	75,000,000	-	-	130,533,900	-	406,163,021	76,293,487	482,456,508

2017										
	Tentative profit % per annum	Profit bearing							Non profit bearing	Total
		Upto one month	Over one month to three months	Over three months to six months	Over six months to one year	Over one year to five years	Over five years	Sub Total		
		------(Rupees)-----								
FINANCIAL ASSETS										
Cash and bank balances	2 - 4.2 , 5.3 - 5.9	63,000,111	-	-	-	-	-	63,000,111	21,521,445	84,521,556
Investments	6.1 - 8.5	-	75,000,000	-	-	142,917,100	-	217,917,100	150,435,820	368,352,920
Amount due from Takaful contract holders		-	-	-	-	-	-	-	250,621,583	250,621,583
Amount due from other takaful /retakaful		-	-	-	-	-	-	-	7,801,330	7,801,330
Retakaful recoveries against outstanding claims		-	-	-	-	-	-	-	361,318,450	361,318,450
Other receivable - Accrued investment income		-	-	-	-	-	-	-	4,839,972	4,839,972
Other receivable - Sundry receivables		-	-	-	-	-	-	-	5,730,369	5,730,369
a		63,000,111	75,000,000	-	-	142,917,100	-	280,917,211	802,268,969	1,083,186,180
FINANCIAL LIABILITIES										
Provision for outstanding claims including IBNR		-	-	-	-	-	-	-	479,864,111	479,864,111
Amount due to other takaful /retakaful		-	-	-	-	-	-	-	57,561,285	57,561,285
Creditors - Accrued expenses		-	-	-	-	-	-	-	2,102,537	2,102,537
Creditors - Other creditors and accruals		-	-	-	-	-	-	-	73,901,992	73,901,992
b		-	-	-	-	-	-	-	613,429,925	613,429,925
Profit rate sensitivity gap	a-b	63,000,111	75,000,000	-	-	142,917,100	-	280,917,211	188,839,044	469,756,255

41.4 Price risk

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

41.5 Credit risk and concentration of credit risk

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

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

Exposure to credit risk

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

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

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

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

	2018	2017
	—————(Rupees)—————	
Financial assets		
Cash and bank balances	201,770,814	82,981,149
Investments	310,232,863	368,352,920
Amount due from Takaful contract holders	172,900,216	250,621,583
Amount due from other takaful /retakaful	104,880,737	7,801,330
Retakaful recoveries against outstanding claims	131,238,805	361,318,450
Other receivable - Accrued investment income	4,583,442	4,839,972
Other receivable - Sundry receivables	8,086,992	5,730,369
	<u>933,693,869</u>	<u>1,081,645,773</u>

The management monitors exposure to credit risk in contribution receivable from customers through regular review of credit exposure and prudent estimates of provisions for doubtful receivables. As at 31 December 2018, the contribution due but unpaid (net-off provision for doubtful debts) includes amount receivable within one year and above one year amounting to Rs. 136 million (2017: Rs.190 million) and Rs. 36 million (2017: Rs. 60 million) respectively.

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

	2018	2017
	—————(Rupees)—————	
Rating		
AAA	5,143,834	3,468,094
AA+	90,850,674	1,027,066
AA-	3,770,454	2,746,251
AA	21,788	150,630,059
A+	76,605,731	83,879
A-	100,353,338	2,130
A	24,995	23,670
	<u>276,770,814</u>	<u>157,981,149</u>

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

	2018			2017		
Rating	Retakaful recoveries against outstanding claims	Amount due from other takaful / retakaful operators	Prepaid retakaful	Retakaful recoveries against outstanding claims	Amount due from other takaful / retakaful operators	Prepaid retakaful
A-	91,867,164	25,499,478	51,196,576	198,725,148	5,097,919	41,914,047
BBB+	39,371,642	79,381,259	21,941,390	162,593,303	2,703,411	34,293,312
	131,238,806	104,880,737	73,137,966	361,318,451	7,801,330	76,207,359

As at 31 December 2018, the aggregate of amounts due from other takaful/retakaful and retakaful recoveries against outstanding claims include amount receivable within one year and above one year amounting to Rs. 163 million (2017: Rs. 297 million) and Rs. 66 million (2017: Rs. 72 million) respectively.

41.6 Foreign exchange risk / currency risk

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

41.7 Operational risk

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

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

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

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

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

41.8 Fair value of financial instruments

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

The fair values of all the financial instruments are estimated to be not significantly different from their carrying values except for available for sale investments whose fair values have been disclosed in note 16 to the financial statements.

Fair Value Hierarchy

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

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

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

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

Assets which are not measured at fair values hierarchy are as follows:

Following are the assets which are not measured at fair value

December 31, 2018	Carrying amount					Fair value			
	Available for Sale	Loans and receivables	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
----- Rupees -----									
Financial assets - not measured at fair value									
Cash and bank balances*	-	-	203,266,777	-	203,266,777	-	-	-	-
Investments - TDRs*	-	-	75,000,000	-	75,000,000	-	-	-	-
Investments - Sukuks	130,533,900	-	-	-	130,533,900	-	130,533,900	-	130,533,900
Investments - Open-end mutual fund units	104,698,963	-	-	-	104,698,963	104,698,963	-	-	104,698,963
Amount due from Takaful contract holders*	-	172,900,216	-	-	172,900,216	-	-	-	-
Amount due from other takaful/retakaful*	-	104,880,737	-	-	104,880,737	-	-	-	-
Retakaful recoveries against outstanding claims*	-	131,238,805	-	-	131,238,805	-	-	-	-
Other receivable - Accrued investment income*	-	4,583,442	-	-	4,583,442	-	-	-	-
Other receivable - Sundry receivables*	-	8,086,992	-	-	8,086,992	-	-	-	-
	<u>235,232,863</u>	<u>421,690,192</u>	<u>278,266,777</u>	<u>-</u>	<u>935,189,832</u>	<u>104,698,963</u>	<u>130,533,900</u>	<u>-</u>	<u>235,232,863</u>
Financial liabilities - not measured at fair value									
Provision for outstanding claims including IBNR*	-	-	-	231,746,780	231,746,780	-	-	-	-
Amount due to other takaful/retakaful operator*	-	-	-	125,540,757	125,540,757	-	-	-	-
Creditors - Accrued expenses*	-	-	-	2,316,227	2,316,227	-	-	-	-
Creditors - Other creditors and accruals*	-	-	-	93,129,560	93,129,560	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>452,733,324</u>	<u>452,733,324</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

	Carrying amount					Fair value			
December 31, 2017	Available for Sale	Loans and receivables	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	Rupees								
Financial assets - not measured at fair value									
Cash and bank balances*	-	-	84,521,556	-	84,521,556	-	-	-	-
Investments - TDRs*	-	-	75,000,000	-	75,000,000	-	-	-	-
Investments - Sukuks	142,917,100	-	-	-	142,917,100	-	142,917,100	-	142,917,100
Investments - Open-end mutual fund units	150,435,820	-	-	-	150,435,820	150,435,820	-	-	150,435,820
Amount due from Takaful contract holders*	-	250,621,583	-	-	250,621,583	-	-	-	-
Amount due from other takaful/retakaful*	-	7,801,330	-	-	7,801,330	-	-	-	-
Retakaful recoveries against outstanding claims*	-	361,318,450	-	-	361,318,450	-	-	-	-
Other receivable - Accrued investment income*	-	4,839,972	-	-	4,839,972	-	-	-	-
Other receivable - Sundry receivables*	-	5,730,369	-	-	5,730,369	-	-	-	-
	<u>293,352,920</u>	<u>630,311,704</u>	<u>159,521,556</u>	<u>-</u>	<u>1,083,186,180</u>	<u>150,435,820</u>	<u>142,917,100</u>	<u>-</u>	<u>293,352,920</u>
Financial liabilities - not measured at fair value									
Provision for outstanding claims including IBNR*	-	-	-	479,864,111	479,864,111	-	-	-	-
Amount due from other takaful/retakaful*	-	-	-	57,561,285	57,561,285	-	-	-	-
Creditors - Accrued expenses*	-	-	-	2,102,537	2,102,537	-	-	-	-
Creditors - Other creditors and accruals*	-	-	-	73,901,992	73,901,992	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>613,429,925</u>	<u>613,429,925</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

(a) Financial instruments in level 1

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

(b) Financial instruments in level 2

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

(c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3.

Valuation techniques and inputs used in determination of fair values

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

41.9 Capital Management

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

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

Currently, Company has a paid-up capital of Rs. 509,226,010/- against the minimum required paid-up capital of Rs. 500,000,000/- set by the SECP for the insurance companies / takaful operators for the year ended December 31, 2018.

42. SUBSEQUENT EVENTS - NON ADJUSTING

Subsequent to year end, the Board of Directors in its meeting have recommended five percent cash dividend. These financial statements do not include its effect, which will be accounted for subsequent to year end.

43. NUMBER OF EMPLOYEES

The average number of employees during the year ended December 31, 2018 were 104 (2017: 103) and number of employees as at December 31, 2018 were 104 (2017: 104).

44. GENERAL

44.1 As disclosed in note 3 and note 7 to the financial statements, the Company has changed its accounting policies and has also accounted for changes in presentation of financial statements as per requirements of Insurance Rules, 2017 and Accounting Regulations 2017 with appropriate modifications as per Takaful Rules, 2012. Significant changes in presentation are rearrangements in sequence of assets / liabilities in the statement of financial position; presentation of single profit or loss account instead of segment wise presentation (classes of business) and discontinuation of separate statements of contribution, claims, expense and investment income.

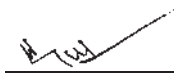
44.2 These are the first set of financial statements on new format for the year ended 2018 and accordingly corresponding & comparative figures have been rearranged and reclassified, where necessary, to facilitate better comparison.

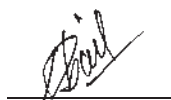
44.3 Figures in these financial statements have been rounded off to the nearest Rupee, unless otherwise stated.

45. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on 30 April 2019 by the Board of Directors of the Company.


 Chief Executive


 Director


 Director


 Chairman

PATTERN OF SHAREHOLDING

As at December 31, 2018

Number of shareholders	Shareholdings	Total shares held
4	shareholding from 1 to 100 shares	4
0	shareholding from 101 to 500 shares	-
1	shareholding from 501 to 1000 shares	1,000
8	shareholding from 1001 to 5000 shares	29,885
12	shareholding from 5001 to 10000 shares	75,339
16	shareholding from 10001 to 200000 shares	855,654
4	shareholding from 200001 to 3000000 shares	984,798
2	shareholding from 3000001 to 4000000 shares	6,078,001
4	shareholding from 4000001 to 22000000 shares	42,897,920
51	Total	50,922,601

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

2.1.1. Sheikh Ali Bin Abdullah	7,969,556	15.65%
2.1.2. Said Gul	3,000,002	5.89%
2.1.3. Zahid Hussain Awan	232,498	0.46%
2.1.4. Abdul Basit Ahmad Al-Shaibei	1	0.00%
2.1.5. Owais Ahmed Yusuf	1	0.00%
2.1.6. Abdullah	1	0.00%
2.1.7. Ali Ibrahim Al Abdul Ghani	1	0.00%

2.2 Associated Companies, undertakings and related parties.

2.2.1. Pak-Qatar Investment (Pvt.) Ltd.	21,633,944	42.48%
2.2.2. Qatar International Islamic Bank	7,370,474	14.47%
2.2.3. Qatar Islamic Insurance Company	5,923,946	11.63%
2.2.4. Fawad Yusuf Securities (Pvt.) Limited	3,077,999	6.04%

Categories of shareholders	Shares held	Percentage
2.3 NIT and ICP		0.00%
2.4 Banks, Development Financial Institutions, Non-Banking Financial Institutions.		
2.4.1. Qatar International Islamic Bank	7,370,474	14.47%
2.4.2. Qatar Islamic Insurance Company	5,923,946	11.63%
2.4.3. Fawad Yusuf Securities (Pvt.) Limited	3,077,999	6.04%
2.5 Insurance Companies		
2.5.1. Qatar Islamic Insurance Company	5,923,946	11.63%
2.6 Modarabas and Mutual Funds	-	0.00%
2.7 Share holders holding 10%		
2.7.1. Pak-Qatar Investment (Private) Limited	21,633,944	42.48%
2.7.2. Sheikh Ali Bin Abdullah	7,969,556	15.65%
2.7.3. Qatar International Islamic Bank	7,370,474	14.47%
2.7.4. Qatar Islamic Insurance Company	5,923,946	11.63%
2.8 General Public		
2.8.1. Local	635,178	1.25%
2.8.2. Foreign	1,079,000	2.12%
2.9 Total Local & Foreign		
2.9.1. Local	28,579,623	56.12%
2.9.2. Foreign	22,342,978	43.88%

NOTICE OF THE 13th ANNUAL GENERAL MEETING

Notice is hereby given that the 13th Annual General Meeting of **Pak-Qatar General Takaful Limited** (the Company) will be held on Tuesday, 23rd April 2019 at 1500 hours at the Registered Office of the Company, to transact the following business:

Ordinary Business:

1. To confirm the minutes of 12th Annual General Meeting (AGM) of the Company held on 30th April 2018.
2. To receive, consider and approve the Audited Financial Statements for the year ended December 31, 2018 together with the Chairman's review, Directors' and Auditors' reports thereon.
3. To consider and approve the payment of Cash Dividend of 5% for the year ended December 31, 2018 as recommended by the Board of Directors to shareholders for the year ended December 31, 2018.
4. To elect eight directors of the company, as fixed by the board of directors, in accordance with the provision of section 159 of the Companies Act, 2017. The name of retiring directors are as follows:
 - H.E. Sheikh Ali Bin Abdullah Thani J. Al-Thani
 - Mr. Abdul Basit Ahmad Al Shaibei
 - Mr. Ali Ibrahim Al Abdul Ghani
 - Mr. Said Gul
 - Mr. Zahid Hussain Awan
 - Mr. Abdullah
 - Mr. Owais Ahmed Yusuf
5. To appoint External Auditors and fix their remuneration. The Audit Committee and the Board of Directors have recommended the name of M/s. EY Ford Rhodes (Chartered Accountants) for re-appointment as Statutory auditors and Shariah Compliance auditors.
6. To transact any other business as may be placed before the meeting with the permission of the Chair.

By order of the Board



Muhammad Kamran Saleem
Company Secretary

03 April 2019
Karachi

Notes:

1. In case of individuals, the shareholder shall authenticate his/her original valid Computerized National Identity Card (CNIC) or the original Passport at the time of attending the meeting. In case of corporate entity, the Board of Directors' resolution / Power of Attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.
2. A member entitled to attend and vote at the General Meeting is entitled to appoint another member as a proxy to attend and vote in respect of him. Form of proxy must be deposited at the Company's Registered Office not later than 48 hours before the time appointed for the meeting. In case of corporate entity, the Board of Directors' resolution/ power of attorney with the specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting. The proxy shall produce his/her original CNIC or original passport at the time of the Meeting.
3. Members are requested to immediately notify/submit the following, if not earlier provided;
 - Change in their Addresses, if any.
 - Valid & legible photocopy of Computerized Nation Identity Cards (CNIC)/Passport for individuals and National Tax Number (NTN) for both Individuals & Corporate entities.
4. SECP through its Notification SRO 787 (I)/2014 dated September 8, 2014 has allowed the circulation of Audited Financial Statements along with Notice to members of the Company through e-mail. Therefore, all members of the Company who wish to opt this facility are requested to send their e-mail addresses. The consent form for electronic transmission could be downloaded from the Company's website. The Company shall, however, provide hard copy of the Audited Financial Statements to its shareholders, on request, free of cost, within seven days of receipt of such request.
5. Pursuant to Section 223(7) of the Companies Act, 2017, the Company has placed the Annual Financial Statements of the Company for the year ended December 31, 2018 along with the Directors' and Auditors' reports on its website: www.pakqatar.com.pk.
6. Members can also avail video conference facility, in this regard, please fill the following and submit to registered address of the Company [10] days before holding of the Annual General Meeting. If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of the meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.

The Company will intimate members regarding venue of video conference facility at least [5] days before the date of the Annual General Meeting along with complete information necessary to enable them to access the facility.

I/We, _____ of _____, being a member of Pak-Qatar General Takaful Limited, holder of _____ ordinary share(s) as per Registered Folio/CDC Account No. _____ hereby opt for video link facility at _____.

7. The Share Transfer Books of the Company shall remain closed from April 15, 2019 to April 22, 2019 (both days inclusive). Transfer received at the Share Registrar of the Company, by the close of business on April 15, 2019 will be treated in time.
8. Please further note that the rates for deduction of withholding tax on the amount of dividend paid by the companies are @ 15% for filers of income tax returns and @ 20% for non-filers of income tax returns. All members are advised to ensure their names are on Active Tax-Payers List (ATL) provided on the website of Federal Board of Revenue (FBR), otherwise tax on dividend will be deducted @20% instead of 15%.

A valid tax exemption certificate is necessary for exemption from the deduction of withholding tax under Section 150 of the Income Tax Ordinance, 2001. Members who qualify under Income Tax Ordinance, 2001 and wish to seek exemption must provide a copy of their valid tax exemption certificate to the Company prior to the date of book closure otherwise tax will be deducted according to applicable law.

9. Under section 242 of Companies Act, 2017, Companies requires to pay cash dividend to its shareholders through electronic mode directly into the bank account designated by the entitled shareholders.

In order to receive dividend directly into their bank account, shareholders are requested (if not already provided) to fill in Bank Mandate Form for Electronic Credit of Cash Dividend available on the Company's website and send it duly signed along with a copy of CNIC/Passport to the registered office of the Company.

10. The un-initialed Financial Statements for the year ended 31 December 2018 prepared in accordance with the New Accounting Format as prescribed by SECP via SRO 89(I)/2017 with modification as necessary for Takaful Rules 2012 are also enclosed herewith for members' better understanding, clarity & decision making. Furthermore, for significant area, the reconciliation of two separate statements are also provided. The members can observe that there would be no affect on financial results, contribution/claim/retakaful figures, operating results, profit before & after tax, EPS, Balance sheet footing & decision making of members.

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PROXY FORM

The Company Secretary

Pak-Qatar General Takaful Limited

Suite # 402-404, Business Arcade

Sharea Faisal, Karachi-75400

Pakistan

I / We _____ of _____ being the member(s) of **Pak-Qatar General Takaful Limited** and holder of _____ ordinary shares as per share register **Folio No.** _____ appoint _____ of _____ or failing him/her _____ of _____ as my/our proxy to vote and act for me/us on my/our behalf at the **13th Annual General Meeting** of **Pak-Qatar General Takaful Limited** to be held on 23 April 2019 and at any adjournment thereof.

Signed this _____ day of April 2019

(Witnesses)

1. _____ (Signature)

_____ (Name)

_____ (Address)

_____ (CNIC / Passport No.)

Please affix
Rupees five
revenue
stamp

Signature of
member(s)

2. _____ (Signature)

_____ (Name)

_____ (Address)

_____ (CNIC / Passport No.)

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

نیا بت نامہ

کمپنی ریکریٹری

پاک قطر جنرل تکافل لمیٹڈ

402-404، بزنس آرکیڈ

شاہراہ فیصل، کراچی 75400

پاکستان

میں رہم..... ساکن..... پاک قطر جنرل تکافل لمیٹڈ کے رکن اور بھارتی شہر رجسٹر
فولیو نمبر..... حامل..... عام حصص ہونے کی حیثیت سے
محترم محترمہ..... ساکن..... اور ان کی غیر موجودگی کی صورت میں
محترم محترمہ..... ساکن..... کو 23 اپریل 2019 کو منعقد ہونے والے پاک قطر جنرل تکافل لمیٹڈ کے
تیرہواں سالانہ عام اجلاس میں حق رائے دہی استعمال کرنے یا اس کے التوا کی صورت میں اپنا ہمارا نائب مقرر کرتا ہوں کرتی ہوں کرتے ہیں۔

تاریخ..... اپریل 2019 کو اس پر دستخط کیے گئے۔

(گواہان)

1.

..... (دستخط)

..... (نام)

..... (پتہ)

..... (شناختی کارڈ / پاسپورٹ نمبر)

2.

..... (دستخط)

..... (نام)

..... (پتہ)

..... (شناختی کارڈ / پاسپورٹ نمبر)

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



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Karachi, Pakistan

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