



Annual Report 2011



DAWOOD FAMILY TAKAFUL LIMITED

CONTENTS	PAGES
Vision and Mission Statements.....	01
Core Values.....	02
Individual Takaful Plans.....	03
Group Takaful Plans.....	04
Corporate Information.....	05
Director's Report to the Shareholders.....	07
Shariah Audit Report	11
Auditor's Report to the Members.....	12
Financial Statements	14
Statement of Directors.....	61
Certificate under section 52(2) of Insurance Ordinance, 2000.....	62
Pattern of Shareholders	63
Notice of Annual General Meeting.....	65
Proxy Form.....	

VISION:

- The Company will strive to become the Takaful partner of choice in Pakistan catering to the financial protection, long term savings, retirement and financial planning needs of individuals, businesses and the public sector, in full conformity with Shariah principles.

MISSION:

- To be recognized as a reputable, profitable, Shariah driven Family Takaful operator offering innovative financial solutions to its clients through best in class talent, technology and distribution power.

CORE VALUES

Our values transcend throughout the entire organization. These principles will guide us to succeed in our business and will serve us well ahead into the future, from day-to-day business operation to product development and customer service.

Islamic Values

We are establishing a fully moral and ethical Company whose people are strong in religious values and live by the highest ethical standards.

Our Company

We are building a Team that takes personal responsibility for the delivery of our services and promises to our participants and business partners. We shall consciously seek to develop our staff and consultants in their chosen careers and install in them a sense of pride and ownership in the Company.

Financial Strength

We strive to earn the confidence of our participants by building a reputation for fair and prompt claims services and ensuring the financial stability of the Company. We believe that these form the foundation of their security.

Customer centric

We believe that by being pro-active and meeting the changing needs of our participants through value-added products and services, we will meet the aspirations of all stakeholders.

Quality Culture

We believe in doing the right things right the first time and every time. Quality and continuous improvements shall be the key drivers in all our management processes.

INDIVIDUAL TAKAFUL PLANS

These are investment - linked products participated on individual basis with regular contributions either monthly, quarterly, half yearly or yearly and payable for a period of 10 - 30 years but subject to maximum age 65 or 70 at maturity (according to types of products).

The contributions paid are allocated into Participant Investment Account (PIA) and Participant Takaful Fund (PTF). The PIA shall be invested in any SHARIAH funds of choice managed by the Company, and payable to the participant upon surrender or at maturity. The amount allocated into PTF (Waqf fund) is considered as Tabarru' (donation) for the purpose of providing Takaful benefits in case of death/disablement of any participant.

There are five different types of products available to suit the various needs of each participant. Each product is competitively designed to meet the demands of present market.

Sukoon

The term of contribution payment is limited to either 10 or 15 years, and maturity age at either 60 or 65. It provides you with endowment benefit at maturity or in case of earlier death/disablement, pays such benefits to your dependents. It may be enhanced by attaching optional rider benefits. This product is suitable for planning of retirement.

Salamti

The term of contribution payment is at least 10 years and up to maturity age of 70. It pays such financial benefits to your dependents in case of your earlier death/disablement. It may be enhanced by attaching optional rider benefits. Upon maturity you will entitle to payment of your accumulated investments from the SHARIAH funds. This product is suited for family financial protection plan. It is also sold through corporate channel.

Samar

It is a unique plan where the benefits are assigned to a named child for the purpose of education/marriage. The contribution term is at least 10 years up to maturity age of 65. In case of earlier death/disablement the assigned benefits will be payable in favor of the child after attaining the age of 18. It is a comprehensive product with necessary built-in rider benefits. Upon survival to maturity you will entitle to payment of your accumulated investments from the SHARIAH funds.

Sahulat Plan

It is a unit linked multi-purpose saving & financial protection vehicle available to customers in a Shariah compliant manner. This product provides capital protection as well as highest cash value in the local industry. Customers have complete flexibility of choosing various terms or contribution amount as per their needs. The \ plan provides flexibility of earlier maturity without any additional charges.

Single Contribution Plan

This plan is suitable for customers interested in lump-sum investment with flexible financial protection. The Plan provides coverage ranging from one year up to maturity age of 80. The coverage is available in case of Natural or Accidental Death and pays such benefits to the participants' dependents. This plan allows flexibility to the participant by keeping the amount of coverage low to ensure maximum returns at maturity.

GROUP TAKAFUL PLANS

This refers to participation of Takaful on group basis where the participant is a bona-fide legal entity (e.g. companies, organizations etc.) representing its members under whose lives is being covered. The term of coverage is limited to one year only and subject to renewal.

The contribution paid by the participant is fully allocated into the Waqf fund as Tabarru' (donation) from which payment of defined benefits will be made in case of death/disablement of any member. Unlike Individual Takaful plans it carries no cash value.

The distinctive features are affordable contribution per person and minimal underwriting for members. Optional riders are also available for coverage enhancements.

Group Term

This plan is normally availed by an employer for the protection of its employees or by an organization for the benefits of its member in the event of death. The amount of sum covered per person is determined either according to categories of employment / membership or may be level across the board.

Group Credit

This product protects a financial institution on the facilities provided to its customer. In the event of death or disability of a customer, the financial institution will be indemnified on the amount of outstanding balance (including profit) without the hassle of recovery from deceased family.

Group Accident

This product has been developed to provide economical coverage to participants where the scope of cover is only accidental death / disablement. Under this cover if any person covered dies due to accidental means within ninety (90) days of such accident and sustained injuries are solely and independently caused by external, violent and purely accidental means, compensation will be paid to the participant for benefit of his/her beneficiaries.

Corporate Information

Board of Directors	Mr. Muhammad Rizwan-ul Haque Mr. Rizwan Ahmed Farid Mr. Syed Ishtiaq Hussain Mr. Abbas Qurban Mr. Mir Javed Hashmat Mr. Tahir Mehmood Mr. Muhammad Munir	Chairman Chief Executive Officer
Shariah Supervisory Board	Professor Mufti Munib-ur-Rehman Mufti Syed Zahid Siraj Mufti Syed Sabir Hussain	Chairman
Audit Committee	Mr. Abbas Qurban Mr. Syed Ishtiaq Hussain Mr. Muhammad Munir	Chairman
Investment Committee	Mr. Muhammad Rizwan-ul Haque Mr. Mir Javed Hashmat Mr. Tahir Mehmood Mr. Rizwan Ahmed Farid Mr. Ghazanfar ul Islam Mr. Syed Nayyar Hussain	
Chief Financial Officer	Mr. Ghazanfar ul Islam	
Company Secretary	Mr. Fahad Alam	
Statutory Auditors	KPMG Taseer Hadi & Co Chartered Accountants	
Internal Auditors	BDO Ebrahim & Co Chartered Accountants	
Appointed Actuary	Mr. Shujat Siddiqui, MA, FIA, FPSA Akhtar & Hassan (Pvt.) Limited	
Legal Advisor	Nishtar & Zafar Advocates and Legal Consultants	
Share Registrar	FD Registrar Services (SMC-Pvt) Limited 1108, 11th Floor, Trade Centre I.I. Chundrigar Road, Karachi 74000	
Bankers	Burj Bank Limited Dubai Islamic Bank Limited Al Baraka Bank Limited Meezan Bank Limited Bank Al-Falah Limited - Islamic Division Faysal Bank Limited - Islamic Division	

DAWOOD FAMILY TAKAFUL LIMITED

Registered and Head Office

17th Floor, Saima Trade Towers A
I.I. Chundrigar Road, Karachi 74000

Website

www.dawoodtakaful.com

Management Committee

Mr. Rizwan Ahmed Farid
Dr. Bakht Jamal Shaikh
Mr. Ghazanfar ul Islam
Mr. Fahad Alam
Mr. Nasir Mahmood
Mr. Syed Nayyar Hussain
Mr. Muhammad Asif Haq
Ms. Shahana Shaikh
Mr. Noman Ali
Mr. Muhammad Khalid
Mr. Tasawar Ali

Chief Executive Officer
Chief Operating Officer
Chief Financial Officer
Company Secretary and AVP Finance
Head of Marketing Individual
Head of Actuarial
Head of Information Technology
AVP - Operations
Manager Human Resource
Manager Administration
Manager Training

Underwriting Committee

Mr. Rizwan Ahmed Farid
Dr. Bakht Jamal Shaikh
Mr. Syed Nayyar Hussain
Mr. Ghazanfar ul Islam
Ms. Shahana Shaikh

Claim Settlement Committee

Mr. Rizwan Ahmed Farid
Dr. Bakht Jamal Shaikh
Mr. Syed Nayyar Hussain
Mr. Ghazanfar ul Islam

Re-takaful Committee

Mr. Rizwan Ahmed Farid
Dr. Bakht Jamal Shaikh
Mr. Syed Nayyar Hussain
Mr. Ghazanfar ul Islam
Appointed Actuary

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

DIRECTOR'S REPORT TO THE SHAREHOLDERS

Dear Shareholders,

Directors of your Company are pleased to present fifth Annual Report of Dawood Family Takaful Limited (DFT) for the year ended December 31, 2011.

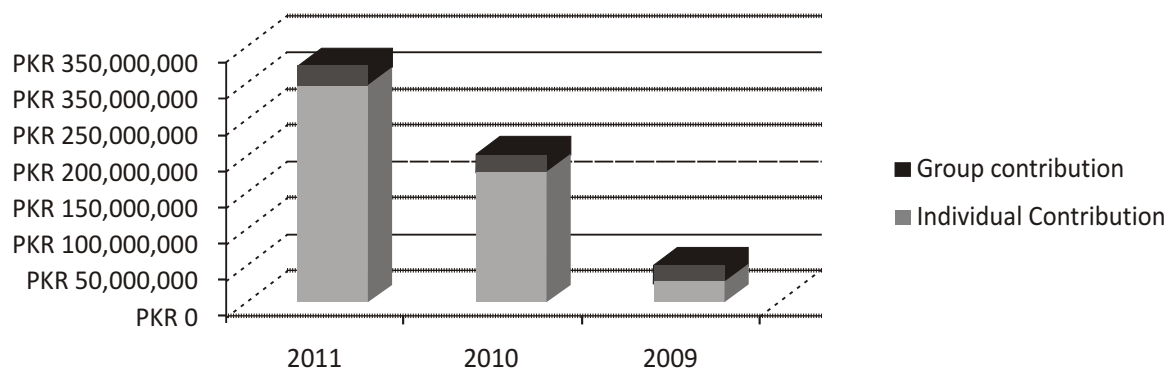
BUSINESS PERFORMANCE

Year 2011 was yet again a year of excellent growth for DFT. The Company has earned total gross contributions of Rs. 326.25 million during the year as compared to Rs. 203.62 million in the last year reflecting more than sixty percent (60%) annual growth.

Gross contribution earned:

Gross contributions earned during last three years is as follows,

	2011	2010	2009
	----- Rupees -----		
Individual Takaful	298,721,386	180,202,774	29,453,906
Group Takaful	27,532,529	23,449,969	20,369,003
Total	<u><u>326,253,915</u></u>	<u><u>203,625,743</u></u>	<u><u>49,822,909</u></u>



Financial Performance:

DFT has incurred a loss before tax amounting to Rs. 115 million as compared to Rs. 105 million an increase in loss before tax of Rs.10 million, however on the other hand gross revenue of the Company for the same period have grown to Rs. 218 million from Rs. 169 million last year, contributed mainly by fantastic growth of 53% in the takaful income. Loss in early years of the Company is due to heavy investments in the infrastructure and new business acquisition costs. DFT is poised to achieve break-even in next few years.

	2011	2010
	----- Rupees -----	
Takaful Income	175,513,725	114,785,356
Investment Income	41,088,784	54,150,649
Other income	1,664,508	417,644
	218,267,017	169,353,649
Management Expenses	206,364,142	181,525,722
Commission Expense	116,174,453	86,348,191
	322,538,595	267,873,913
Impairment	11,260,775	6,750,182
	333,799,370	274,624,095
Loss before tax	(115,532,353)	(105,270,446)
Taxation	25,156,712	39,709,258
Loss after tax	(90,375,641)	(65,561,188)

Takaful Coverage:

At the balance sheet date DFT was providing takaful coverage of Rs. 14.186 billion to approximately 40,000 lives, through its participant's takaful fund (PTF) and strong re-takaful arrangements.

Credit Rating:

During the year Pakistan Credit Rating Agency (PACRA) has retained "A-" (Single A minus) Insurer Financial Strength (IFS) rating to DFT. The rating denotes our strong capacity to meet our financial liabilities.

Re-Takaful Arrangements:

To enhance the customers confidence and to secure the risk of takaful arrangements DFT has comprehensive re-takaful arrangements with best international re-takaful companies "Munich Re-takaful" and "Hannover Re-takaful", having strong credit rating "AA -"(Double A minus) and "A" (Single A) respectively.

DAWOOD FAMILY TAKAFUL LIMITED

Claim Settlements:

DFT strive to be most efficient in claims processing, since inception DFT has successfully paid total claims of Rs. 47.8 million.

Surplus Distribution:

DFT is the first family takaful operator in Pakistan to declare Surplus on Group Takaful Contracts for the year 2010. DFT have comprehensive surplus distribution mechanism for both Group Takaful and Individual Takaful contracts.

Information technology:

Excellence in Information technology is one of our core values. DFT has invested considerable resources in the development of state of the art information systems. We have one of kind distributed and decentralized business processing facility available in our online branched across the country. DFT accounting software PREMIA is among the best specialized software available for the insurance/takaful industry.

Human Resource:

The management of DFT comprise of qualified and well experienced professionals which includes Actuaries, Chartered Accountants, Doctors, and MBA's.

New Products

During the year the DFT have introduced two new innovative Individual Takaful products to add to its already successful array of products, namely Sahulat plan and Salary Saving Plan.

RELATED PARTY TRANSACTIONS

All related party transactions during the year have been executed on an arm's length basis. All such transactions have been approved by the Board of Directors in their meeting.

INTERNAL CONTROL AND AUDIT FUNCTION

The Board is responsible for the effective implementation of sound internal controls systems including compliance with the control procedures. The Audit Committee is assisted by the Internal Audit function which is outsourced to a reputable Chartered Accountants firm which review both adequacy and operational effectiveness of the internal controls.

MEETINGS OF THE BOARD

During the year, five meetings of the Board of Directors have been held. The number of meeting attended by each Director is as follows,

DAWOOD FAMILY TAKAFUL LIMITED

Name of Directors	Attendance
Mr. Muhammad Rizwan-ul Haque	4 out of 4
Mr. Mir Javed Hashmat	5 out of 5
Mr. Abbas Qurban	4 out of 5
Mr. Tahir Mehmood	5 out of 5
Mr. Rizwan Ahmed Farid	3 out of 3
Mr. Syed Ishtiaq Hussain	5 out of 5
Mr. Muhammad Munir	3 out of 3
Dr. Bakht Jamal Shaikh	2 out of 2
Mr. Muhammad Jamil Ahmed Qureshi	2 out of 2

EXTERNAL AUDITORS

KPMG Taseer Hadi & Co. Chartered Accountants have been retired, in their place Ernst & Young Ford Rhodes Sidat Hyder & Co. Chartered Accountants proposed to be appointed as Auditors of the Company for the year 2012 by the Board of Directors on recommendation of the Audit Committee.

PATTERN OF SHAREHOLDING

A statement showing the pattern of shareholding is attached with this report.

EVENTS AFTER BALANCE SHEET DATE

There have been no material changes since December 31, 2011 to date of this report and the Company has not entered into any material commitment during this period which would adversely affect the financial position of the Company.

EARNINGS PER SHARE

The loss per share of the Company, for the year 2011 is Rs.1.2 (2010: Rs.0.87) per ordinary share of Rs. 10 each.

ACKNOWLEDGEMENT

We wish to recognize and acknowledge valuable support of our Directors, employee and clients. We would also like to take this opportunity to appreciate the role of Securities and Exchange Commission of Pakistan (SECP) and State Bank of Pakistan (SBP) for their guidance.

On behalf of the Board

Rizwan Ahmed Farid
Chief Executive Office
Karachi April 05, 2012



DAWOOD FAMILY TAKAFUL LIMITED

1701-A, Saima Trade Towers, I.I. Chundrigar Road, Karachi-74000.
UAN: 111-DFT-786 (111-338-786) Fax (92-21) 3227-7188
www.dawoodtakaful.com

SHARIAH AUDIT REPORT

We have conducted the Shariah Compliance Audit of Dawood Family Takaful Limited ("the Company") for the year ended December 31, 2011, as per the requirements of the Takaful Rules, 2005 (the Rules).

The Shariah Compliance Audit principally involves review of the Company's compliance with the Shariah principles and the Rules throughout the year including examination of annual financial statements prepared by the management of the Company.

In our opinion and to the best of our knowledge and belief, the transactions undertaken and the policies followed by the Company during the year and the financial statements of the Company for the year ended December 31, 2011 were in compliance with Shariah principles and the Rules.

Prof. Mufti Munib-ur-Rehman
Chairman

Mufti Syed Sabir Hussain
Member

Mufti Syed Zahid Siraj
Member

Date: 05 April 2012
Karachi



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2
Beaumont Road
Karachi, 75530 Pakistan

Telephone + 92 (21) 3568 5847
Fax + 92 (21) 3568 5095
Internet www.kpmg.com.pk

Auditors' Report to the Members

We have audited the annexed financial statements comprising of:

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

of **Dawood Family Takaful Limited** ("the Company") as at 31 December 2011 together with the notes forming part thereof, for the year then ended.

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

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

In our opinion:

- a) proper books of accounts have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied;



- c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at 31 December 2011 and of the loss, its cash flows and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- d) the apportionment of assets, liabilities, revenue and expenses between two or more funds has been performed in accordance with the advice of the appointed actuary; and
- e) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Date:

Karachi

**KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Taufiq**

DAWOOD FAMILY TAKAFUL LIMITED

Balance Sheet

As at 31 December 2011

Note	Share Holders' Fund	Takaful Business Statutory Funds		Aggregate	
		Individual Family Takaful	Group Family Takaful	2011	2010
----- (Rupees) -----					
Share capital and reserves					
Authorized share capital					
	80,000,000 (2010: 80,000,000)				
	Ordinary shares of Rs. 10 each	<u>800,000,000</u>	-	<u>800,000,000</u>	<u>800,000,000</u>
	Issued, subscribed and paid-up share capital	6 750,000,000	-	750,000,000	750,000,000
	Accumulated deficit	(187,529,711)	-	(187,529,711)	(97,154,070)
	Contribution to takaful business statutory funds	(10,090,000)	-	(10,090,000)	(10,090,000)
	Net shareholders' equity	<u>552,380,289</u>	-	<u>552,380,289</u>	<u>642,755,930</u>
Balance of Takaful business statutory funds					
	Cede money-Waqf	-	100,000	100,000	100,000
	Participant Investment Fund	7 -	148,839,955	148,839,955	74,359,105
	Participant Takaful Fund	-	51,366,637	4,862,053	22,953,987
		-	200,206,592	4,962,053	97,413,092
Creditors and accruals					
	Outstanding claims	-	4,284,096	3,750,000	4,460,000
	Contributions received in advance	-	14,013,169	-	6,752,153
	Amount due to retakaful companies	-	4,467,410	5,702,543	5,246,518
	Amount due to agents	21,997,070	-	21,997,070	17,833,191
	Provision for taxation	1,715,431	-	1,715,431	1,126,186
	Other creditors and accruals	8 23,896,509	35,250,661	978,173	42,541,849
		47,609,010	58,015,336	10,430,716	77,959,897
	Total liabilities	<u>47,609,010</u>	<u>258,221,928</u>	<u>15,392,769</u>	<u>175,372,989</u>
	Total equity and liabilities	<u>599,989,299</u>	<u>258,221,928</u>	<u>873,603,996</u>	<u>818,128,919</u>
	Contingencies and commitments	9			

The annexed notes from 1 to 34 form an integral part of these financial statements.

Chairman

Chief Executive Officer

Director

Director

DAWOOD FAMILY TAKAFUL LIMITED

Balance Sheet As at 31 December 2011

Note	Share Holders' Fund	Takaful Business Statutory Funds		Aggregate	
		Individual Family Takaful	Group Family Takaful	2011	2010
------(Rupees)-----					
Cash and bank deposits					
	255,752	-	-	255,752	1,077,281
10	20,018,597	104,618,533	4,927,846	129,564,976	97,709,487
11	65,000,000	50,000,000	-	115,000,000	25,000,000
12	-	-	-	-	40,000,000
	85,274,349	154,618,533	4,927,846	244,820,728	163,786,768
Investments					
13					
	14,128,910	67,106,581	3,120,631	84,356,122	98,935,535
	200,758,177	3,749,999	-	204,508,176	255,624,994
	39,382,588	-	-	39,382,588	39,382,588
	-	4,910,586	-	4,910,586	-
	254,269,675	75,767,166	3,120,631	333,157,472	393,943,117
Current assets - others					
	-	-	1,005,311	1,005,311	712,442
	-	4,594,820	5,956,878	10,551,698	6,094,263
14	56,029,335	-	-	56,029,335	56,287,443
15	18,332,091	5,670,702	382,103	24,384,896	16,553,941
16	31,948,428	17,570,707	-	49,519,135	38,807,667
	106,309,854	27,836,229	7,344,292	141,490,375	118,455,756
17	84,828,442	-	-	84,828,442	57,905,348
Fixed assets					
Tangible and intangible assets					
18	952,247	-	-	952,247	854,049
19	53,221,008	-	-	53,221,008	61,877,389
20	15,133,724	-	-	15,133,724	21,306,492
	69,306,979	-	-	69,306,979	84,037,930
	599,989,299	258,221,928	15,392,769	873,603,996	818,128,919

The annexed notes from 1 to 34 form an integral part of these financial statements.

Chairman

Chief Executive Officer

Director

Director

DAWOOD FAMILY TAKAFUL LIMITED

Profit and Loss Account

For the year ended 31 December 2011

	Note	2011	2010
		(Rupees)	
Takaful operator fee			
Wakala fee		169,035,236	111,810,876
Mudarib fee		899,145	360,496
Tharawat fee		1,607,148	608,344
Total takaful operator fee		171,541,529	112,779,716
Investment income not attributable to Takaful Business			
Statutory Funds			
Income from non-trading investment			
Profit on investment in sukuk		27,095,290	45,857,020
Profit on term deposits		8,480,134	4,099,169
Profit on saving accounts		3,210,515	8,998,433
Dividend income		2,348,554	-
Total income from non-trading investment		41,134,493	58,954,622
Gain on redemption of investment		150,000	-
Loss on sale of investment		(158,893)	(4,752,429)
Impairment in respect of advance against shares		(3,542,026)	(2,791,850)
Impairment in available-for-sale investment		(7,718,749)	(3,958,332)
Total investment income		29,864,825	47,452,011
Investment related expenses		(36,816)	(51,544)
Net investment income		29,828,009	47,400,467
Exchange gain		-	2,090
Other income	21	5,636,704	2,421,194
Total income		207,006,242	162,603,467
Less: Expenses not attributable to Takaful Business			
Statutory Funds			
Management expenses	22	206,364,142	181,525,722
Commission expense		116,174,453	86,348,191
Total expenditure		322,538,595	267,873,913
Loss before tax		(115,532,353)	(105,270,446)
Taxation	24	25,156,712	39,709,258
Loss after tax		(90,375,641)	(65,561,188)
Loss per share - basic and diluted	31	(1.21)	(0.87)

The annexed notes from 1 to 34 form an integral part of these financial statements.

Chairman

Chief Executive Officer

Director

Director

DAWOOD FAMILY TAKAFUL LIMITED

Statement of Comprehensive Income For the year ended 31 December 2011

	2011	2010
	(Rupees)	
Loss after tax for the year	(90,375,641)	(65,561,188)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>(90,375,641)</u>	<u>(65,561,188)</u>

The annexed notes from 1 to 34 form an integral part of these financial statements.

Chairman

Chief Executive Officer

Director

Director

DAWOOD FAMILY TAKAFUL LIMITED

Statement of Changes in Equity For the year ended 31 December 2011

	Issued, subscribed and paid-up share capital	Accumulated (deficit) / surplus	Reserves		Total
			Capital contributions to Takaful Business Statutory Funds (Rupees)	Net reserves	
Balance as at 1 January 2010	750,000,000	(31,592,882)	(10,090,000)	(41,682,882)	708,317,118
Changes in equity 2010:					
<i>Transactions directly related to owner's equity</i>	-	-	-	-	-
Total comprehensive income for the year					
Loss for the year	-	(65,561,188)	-	(65,561,188)	(65,561,188)
Balance as at 31 December 2010	<u>750,000,000</u>	<u>(97,154,070)</u>	<u>(10,090,000)</u>	<u>(107,244,070)</u>	<u>642,755,930</u>
Balance as at 1 January 2011	750,000,000	(97,154,070)	(10,090,000)	(107,244,070)	642,755,930
Changes in equity 2011:					
<i>Transactions directly related to owner's equity</i>					
Capital contributed to participant investment fund - Islamic Aggressive Fund	-	-	(5,000,000)	(5,000,000)	(5,000,000)
Capital redemption from participant investment fund - Islamic Balanced Fund	-	-	5,000,000	5,000,000	5,000,000
Total comprehensive income for the year					
Loss for the year	-	(90,375,641)	-	(90,375,641)	(90,375,641)
Balance as at 31 December 2011	<u>750,000,000</u>	<u>(187,529,711)</u>	<u>(10,090,000)</u>	<u>(197,619,711)</u>	<u>552,380,289</u>

The annexed notes from 1 to 34 form an integral part of these financial statements.

Chairman

Chief Executive Officer

Director

Director

DAWOOD FAMILY TAKAFUL LIMITED

Statement of Cash Flows For the year ended 31 December 2011

Share Holders' Fund	Takaful Business Statutory Funds		Aggregate		
	Individual Family Takaful	Group Family Takaful	2011	2010	
------(Rupees)-----					
Operating cash flows					
Cash flow from takaful activities					
Contributions received	-	275,200,326	28,310,824	303,511,150	206,073,844
Claims paid	-	(787,945)	(16,586,724)	(17,374,669)	(16,235,786)
Retakaful ceded	-	(5,217,246)	(16,252,587)	(21,469,833)	(19,451,997)
Retakaful recoveries	-	1,235,958	10,011,445	11,247,403	12,723,615
Wakala fee	162,305,118	(158,533,995)	(3,771,123)	-	-
Tharawat fee	1,581,813	(1,581,813)	-	-	-
Commission paid to agents	(112,010,574)	-	-	(112,010,574)	(73,499,170)
Net cash flows from takaful activities	51,876,357	110,315,285	1,711,835	163,903,477	109,610,506
Other operating cash flows					
Income tax paid	(4,580,998)	-	-	(4,580,998)	(3,952,396)
General management expenses paid	(179,877,655)	-	-	(179,877,655)	(155,879,022)
Other operating payments	-	(781,793)	-	(781,793)	-
Sundry receivables	6,134,802	(637,559)	-	5,497,243	3,462,235
Advances, deposits and prepayments	(2,655,316)	-	-	(2,655,316)	346,063
Net cash flows from other operating activities	(180,979,167)	(1,419,352)	-	(182,398,519)	(156,023,120)
Net cash flows from / (used in) all operating activities	(129,102,810)	108,895,933	1,711,835	(18,495,042)	(46,412,614)
Investment activities					
Profit on investment received	36,089,316	13,309,976	402,824	49,802,116	66,490,102
Proceeds from disposal of units of mutual fund	-	-	-	-	5,000,000
Dividend received on units of mutual fund	2,348,554	-	-	2,348,554	-
Redemption of sukuk bonds	47,548,069	-	-	47,548,069	60,660,721
Proceeds from disposal of sukuk bonds	25,100,000	2,012,000	-	27,112,000	55,200,000
Receipt against short term musharika	-	-	-	-	10,000,000
Payment against short term musharika	-	(50,000,000)	-	(50,000,000)	-
Maturity against term deposits	-	-	-	-	14,500,000
Payment against purchase of listed shariah compliant shares	-	(5,902,663)	-	(5,902,663)	-
Receipts against sale of listed shariah compliant shares	-	501,809	-	501,809	-
Dividend received from listed shariah compliant shares	-	124,718	-	124,718	-
Payment against purchase of sukuk bonds	-	(15,060,000)	(2,012,000)	(17,072,000)	(85,985,214)
Proceeds from disposal of fixed assets	6,845,410	-	-	6,845,410	-
Payment against fixed capital expenditure	(11,779,011)	-	-	(11,779,011)	(33,289,674)
Net cash flows from / (used in) investing activities	106,152,338	(55,014,160)	(1,609,176)	49,529,002	92,575,935
Financing activities					
Capital contribution from shareholders fund	(5,000,000)	-	-	(5,000,000)	-
Capital contribution redeemed from PIF fund	5,000,000	-	-	5,000,000	-
Waqf money ceded	-	-	-	-	-
Net cash flows from financing activities	-	-	-	-	-
Net cash flows from / (used in) all activities	(22,950,472)	53,881,773	102,659	31,033,960	46,163,321
Cash and cash equivalents at the beginning of the year	43,224,821	50,736,760	4,825,187	98,786,768	52,623,447
Cash and cash equivalents at the end of the year	20,274,349	104,618,533	4,927,846	129,820,728	98,786,768
Cash and cash equivalents					
Cash and stamps	255,752	-	-	255,752	1,077,281
Current and other accounts	20,018,597	104,618,533	4,927,846	129,564,976	97,709,487
	20,274,349	104,618,533	4,927,846	129,820,728	98,786,768

The annexed notes from 1 to 34 form an integral part of these financial statements.

Chairman

Chief Executive Officer

Director

Director

DAWOOD FAMILY TAKAFUL LIMITED

Revenue Account

For the year ended 31 December 2011

Note	Takaful Business Statutory Funds		Aggregate	
	Individual Family Takaful	Group Family Takaful	2011	2010
----- (Rupees) -----				
Income				
Contribution net off retakaful	194,612,621	9,102,721	203,715,342	129,974,720
Investment income	4,701,930	612,789	5,314,719	1,453,985
Surplus from retakaful operator	1,079,450	-	1,079,450	2,273,921
Total net income	200,394,001	9,715,510	210,109,511	133,702,626
Less: Claims and expenditures				
Claims net off retakaful recoveries	1,837,428	4,485,949	6,323,377	5,287,286
Wakala fee	165,533,862	4,078,423	169,612,285	110,796,193
Mudarib fee	470,193	428,952	899,145	360,496
Total claims and expenditures	167,841,483	8,993,324	176,834,807	116,443,975
Excess of income over expenditure	32,552,518	722,186	33,274,704	17,258,651
Technical reserve at the beginning of the year	12,511,378	2,214,171	14,725,549	4,634,165
Less: Technical reserve at the end of the year	23 44,737,729	2,847,978	47,585,707	14,725,549
Surplus before distribution	326,167	88,379	414,546	7,167,267
Net movement in technical reserves	32,226,351	633,807	32,860,158	10,091,384
Balance of Takaful Business Statutory Fund at the beginning of the year	18,814,120	4,139,867	22,953,987	5,695,336
Balance of Takaful Business Statutory Fund at the end of the year	51,366,638	4,862,053	56,228,691	22,953,987

The annexed notes from 1 to 34 form an integral part of these financial statements.

Chairman

Chief Executive Officer

Director

Director

DAWOOD FAMILY TAKAFUL LIMITED

Statement of Contributions For the year ended 31 December 2011

	Takaful Business		Aggregate	
	Individual Family Takaful	Group Family Takaful	2011	2010
	------(Rupees)-----			
Gross Contributions				
Regular contributions on individual policies				
- first year contribution	191,764,088	-	191,764,088	135,577,284
- second year contribution	72,118,434	-	72,118,434	9,726,146
- third year contribution	7,903,047	-	7,903,047	-
Top up contributions	26,935,817	-	26,935,817	34,899,344
Group policies without cash values	-	27,532,529	27,532,529	23,449,969
Total gross contributions	298,721,386	27,532,529	326,253,915	203,652,743
Gross contributions allocated as follows:				
Participants' Investment Fund (PIF)				
Regular contributions on individual policies	69,209,488	-	69,209,488	23,933,191
Top up contributions on individual policies	26,935,817	-	26,935,817	34,899,344
Total contributions allocated to PIF	96,145,305	-	96,145,305	58,832,535
Participants' Takaful Fund (PTF)				
Regular contributions on individual policies	202,576,081	-	202,576,081	125,281,525
Group policies without cash values	-	27,532,529	27,532,529	23,449,969
Total gross contributions allocated to PTF	202,576,081	27,532,529	230,108,610	148,731,494
Less: Retakaful contributions ceded				
Regular individual policies	(7,963,460)	-	(7,963,460)	(4,404,214)
Group policies without cash values	-	(18,429,808)	(18,429,808)	(14,352,560)
Total retakaful ceded	(7,963,460)	(18,429,808)	(26,393,268)	(18,756,774)
Net risk contributed to PTF	194,612,621	9,102,721	203,715,342	129,974,720
Contributions allocation to shareholders' fund				
Regular individual policies	165,533,862	-	165,533,862	106,798,931
Group policies without cash values	-	4,078,423	4,078,423	3,997,262
Total contributions allocated to shareholders' fund	165,533,862	4,078,423	169,612,285	110,796,193
Net risk contributed to PTF	29,078,759	5,024,298	34,103,057	19,178,527

The annexed notes from 1 to 34 form an integral part of these financial statements.

Chairman

Chief Executive Officer

Director

Director

DAWOOD FAMILY TAKAFUL LIMITED

Statement of Claims

For the year ended 31 December 2011

	Takaful Business Statutory Funds		Aggregate	
	Individual Family Takaful	Group Family Takaful	2011	2010
	------(Rupees)-----			
Gross claims				
- by death	3,122,041	14,700,000	17,822,041	19,129,653
- by event other than death	1,950,000	1,176,724	3,126,724	586,333
Total gross claims	5,072,041	15,876,724	20,948,765	19,715,986
Less: Retakaful recoveries	(3,234,613)	(11,390,775)	(14,625,388)	(14,428,700)
Net claims	1,837,428	4,485,949	6,323,377	5,287,286

The annexed notes from 1 to 34 form an integral part of these financial statements.

Chairman

Chief Executive Officer

Director

Director

DAWOOD FAMILY TAKAFUL LIMITED

Statement of Expenses

For the year ended 31 December 2011

	Takaful Business		Aggregate	
	Individual Family Takaful	Group Family Takaful	2011	2010
	----- (Rupees) -----			
Wakala fee	165,533,862	4,078,423	169,612,285	110,796,193
Mudarib fee	470,193	428,952	899,145	360,496
	<u>166,004,055</u>	<u>4,507,375</u>	<u>170,511,430</u>	<u>111,156,689</u>

The annexed notes from 1 to 34 form an integral part of these financial statements.

Chairman

Chief Executive Officer

Director

Director

DAWOOD FAMILY TAKAFUL LIMITED

Statement of Investment Income

For the year ended 31 December 2011

	Takaful Business Statutory Funds		Aggregate	
	Individual Family Takaful	Group Family Takaful	2011	2010
	----- (Rupees) -----			
Income from non-trading investment				
Return on sukuk bonds	1,029,545	133,045	1,162,590	892,623
Return on term deposits	9,658	-	9,658	48,628
Return on saving accounts	3,713,700	487,129	4,200,829	562,041
Amortization of premium on sukuk bonds	(40,377)	(7,385)	(47,762)	(49,307)
Loss on sale of investment	(10,596)	-	(10,596)	-
Net investment income	4,701,930	612,789	5,314,719	1,453,985

The annexed notes from 1 to 34 form an integral part of these financial statements.

Chairman

Chief Executive Officer

Director

Director

DAWOOD FAMILY TAKAFUL LIMITED

Notes to the Financial Statements

For the year ended 31 December 2011

1. STATUS AND NATURE OF BUSINESS

Dawood Family Takaful Limited ("the Company") was incorporated in Pakistan as an unquoted public limited company on 4 May 2007 under the Companies Ordinance, 1984. The Company received the certificate of registration on 16 May 2008 under the provision of Section 6 of the Insurance Ordinance, 2000. The registered office of the Company is situated at 1701-A, Saima Trade Towers, I.I. Chundrigar Road, Karachi. The principal business activity of the Company is to undertake family takaful business in accordance with the Insurance Ordinance 2000, Securities and Exchange Commission (Insurance) Rules, 2002 and Takaful Rules, 2005.

To carry out the family takaful business, the Company has established the Takaful Business Statutory Fund with effect from 01 December 2008 as per Rule 8 of the Takaful Rules, 2005 and Section 15 of the Insurance Ordinance, 2000. The Takaful Business Statutory Fund has the following components in accordance with the Waqf-Wakala Model adopted by the Company.

- i) Participant Takaful Fund (PTF i.e. DFTL Waqf): The Company has formed a Waqf on 30 May 2008 to manage the risk related contributions and payment of Takaful benefits. The Waqf shall support the following:
 - a) Group Family Takaful Business (both term and credit takaful).
 - b) Risk related contributions of Individual Takaful Products (mortality and morbidity charges) including supplementary rider contributions.
- ii) Participant Investment Fund (PIF): Investment component of the participants contributions are managed in PIF which represents the aggregate of the individual Participant's Investment Accounts (PIA). The Company has established three sub-investment under PIF with cede money of Rs. 5 million for each fund having different investment objectives. During the year, the Company has withdrawn cede money from Islamic Balanced Fund as per the written advice of the appointed actuary.

Name of sub-funds	Effective dates
a) Islamic Income Fund	1-Dec-08
b) Islamic Balanced Fund	1-Dec-08
c) Islamic Aggressive Fund	29-Apr-11

As per Section 21 of the Insurance Ordinance, 2000 capital contribution to a statutory fund is distributable back to the shareholders' fund subject to the written advice of the appointed actuary.

2. 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 (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, Insurance Ordinance, 2000, Securities and Exchange Commission (Insurance) Rules, 2002 and Takaful Rules, 2005. In case the requirements differ with the standards, the provisions or directives of the Companies Ordinance, 1984, Insurance Ordinance, 2000, Securities and Exchange Commission (Insurance) Rules, 2002 and Takaful Rules 2005 shall prevail.

3. BASIS OF PREPARATION

These financial statements have been prepared on the format of financial statements issued by Securities and Exchange Commission of Pakistan (SECP) through Securities and Exchange Commission (Insurance) Rules, 2002 with appropriate modifications based on the advice of the Shariah Board of the Company.

3.1 Basis of measurement

These financial statements have been prepared on the basis of historical cost convention, except for certain investments (Note 13).

3.2 Functional and presentation currency

These financial statement are presented in Pak Rupees which is also the Company's functional currency.

DAWOOD FAMILY TAKAFUL LIMITED

Notes to the Financial Statements

For the year ended 31 December 2011

3.3 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that effect the application of policies and reported amount of assets and liabilities, income and expenses. These 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 the judgments about the 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. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only the period of the revision and future period if the revision affects both current and future periods.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements or judgments were exercised in application of accounting policies, are as follows:

a) Technical reserves

Technical reserves required to be setup in the Participants Takaful Fund as determined by the appointed actuary of the Takaful Operator. Technical reserves may consist of any or combination of the following reserves:

Group Family Takaful

Individual Family Takaful

- | | |
|--|--|
| i) unearned contribution reserves | i) net technical reserve |
| ii) incurred but not reported reserves | ii) incurred but not reported reserves |
| iii) deficiency reserves | iii) deficiency reserves |
| iv) contingency reserves | iv) contingency reserves |
| v) reserve for qard-e-hasna | v) reserve for qard-e-hasna |
| vi) surplus equalization reserve | vi) surplus equalization reserve |

b) Waqf participants' liabilities

Waqf participants' liabilities are calculated by the appointed actuary using appropriate discount rate and mortality assumptions. Actual investment returns and mortality charge is, by its nature, expected to be different from estimates.

Changes in the above would affect the technical reserve balance at the year end.

c) Claims

Calculation for claims incurred but not reported (IBNR) is made on the assumption that the claim lag pattern will follow the historical trend experience.

d) Fixed assets

The Company reviews the rate of depreciation, useful life and value of assets for possible impairment on an annual basis. Any change in the estimates in future years might effect the carrying amounts of respective items of fixed assets with a corresponding affect on the depreciation charge and impairment.

e) Deferred Taxation

In recognizing the deferred tax assets the management has carried out detailed review of projections of taxable profit for foreseeable future based upon information considered to be most reliable in the circumstances.

f) Impairment of available for sale investments

The Company recognizes that available for sale investments are impaired when there has been a significant or prolonged decline in the fair value below the cost. In making this judgment the Company consider various market factors including projected interest rate and capital market performance.

DAWOOD FAMILY TAKAFUL LIMITED

Notes to the Financial Statements For the year ended 31 December 2011

4. Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2012:

- Amendments to IAS 12 – deferred tax on investment property (effective for annual periods beginning on or after 1 January 2012). The 2010 amendment provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property. The measurement of deferred tax assets and liabilities, in this limited circumstance, is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset. The amendment has no impact on financial statements of the Company.
- IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective 1 January 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on financial statements of the Company.
- IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments have no impact on financial statements of the Company.
- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognised immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognised in profit or loss is calculated based on the rate used to discount the defined benefit obligation.
- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) - (effective for annual periods beginning on or after 1 July 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard. The amendments have no impact on financial statements of the Company.
- Disclosures – Transfers of Financial Assets (Amendments to IFRS 7) - (effective for annual periods beginning on or after 1 July 2011). The amendments introduce new disclosure requirements about transfers of financial assets, including disclosures for financial assets that are not derecognised in their entirety; and financial assets that are derecognised in their entirety but for which the entity retains continuing involvement. The amendments have no impact on financial statements of the Company.
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement.
- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.
- IFRIC 20 - Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after 1 January 2013). The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The amendments have no impact on financial statements of the Company.

DAWOOD FAMILY TAKAFUL LIMITED

Notes to the Financial Statements

For the year ended 31 December 2011

5. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of financial statements are set out below:

5.1 Takaful contracts

The takaful contracts are based on the principles of Waqf Wakala Model. Takaful is a programme based on shariah compliant, approved concept founded on the principles of mutual cooperation, solidarity and brotherhood.

The Company maintains Takaful Business Statutory Funds for all classes of family takaful business. Assets, liabilities, revenues and expenses are recorded in respective funds, if referable or, on the basis of actuarial advice if not referable. Other assets, liabilities, revenues and expenses are allocated to shareholders' fund.

Technical reserves included in the takaful business statutory funds are determined based on appointed actuary's valuation conducted at the balance sheet date, in accordance with section 50 of the Insurance Ordinance, 2000.

The obligation of Waqf for Waqf participants' liabilities is limited to the amount available in the waqf fund. In the event where there is insufficient funds in waqf to meet their current payments less receipts, the deficit is funded by way of an interest free loan (Qard-e-Hasna) from the Shareholders fund to the statutory fund (Takaful Business Statutory Funds). The amount of Qard-e-Hasna is refundable to the shareholders' fund in event of the surplus balance in the statutory funds.

Principal actuarial assumptions used in computing technical reserves are:

- a) the liability in respect of Group Family Takaful Business and riders of all types was set using the unearned premium method. Due provision was made for claims incurred but not reported (IBNR) and contingencies over the term of coverage.
- b) the liability was calculated by summing up individual mathematical reserves for the policies. The mathematical reserves as at the valuation date were calculated individually.

Group Takaful

The group family takaful contracts are issued typically on yearly renewable term basis (YRT). The Company offers group term life and group credit plans to its clients. For one or more of the takaful contracts following risks may be covered:

- Death due to any cause
- Accidental Death benefit
- Accidental Permanent Total Disability (PTD-A)
- Accidental Permanent Partial Disability (PPD-A)
- Accidental Temporary Disability (TTD-A)
- Natural Disability
- Accidental Hospitalization (AH) - Reimbursement of hospital expense due to accident with limits
- Accidental Medical Expense Reimbursement (AMER) - Reimbursement of medical expense due to accident with limits

Individual Takaful Contracts – unit-linked

The Company offers Unit Linked Takaful Plans which provide Shariah compliant financial protection and investment vehicle to individual participants. These plans carry cash value. The death benefit design is based on Constant Sum at Risk approach i.e. the sum cover is paid in addition to the cash value. The plans offer investment choices to the customer to direct their investment related contributions based on their risk / return objectives. No investment guarantees are offered. The investment risk is borne by the participants.

The following riders are offered by the Company which can be added to the basic Unit Linked Takaful Plans.

DAWOOD FAMILY TAKAFUL LIMITED

Notes to the Financial Statements For the year ended 31 December 2011

Type of Contract	Benefit Type
Accidental Death Benefit (ADB)	Lump Sum
Accidental Death and Disability Benefit (ADDB)	Lump Sum
Family Income Benefit (FIB)	Annuity
Additional Takaful Benefit (ATB)	Lump Sum
Funeral Expense Benefit (FEB)	Lump Sum
Total & Permanent Disability (TPD)	Lump Sum
Waiver of Contribution (WOC)	Annuity
Family Protection Benefit (FPB)	Lump Sum
Critical Illness (CI)	Lump Sum

Technical Reserve

Provision for outstanding claims including incurred but not reported (IBNR)

A liability for outstanding claims is recognized in respect of all claims incurred at the balance sheet date which represents the estimates of the claims intimated or assessed before the end of the accounting year and measured at the undiscounted value of expected future payments. Provision for outstanding claims include amounts in relation to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

Provision for IBNR is made for the cost of settling claims incurred but not reported at the balance sheet date at a value determined by the appointed actuary which takes into account the expected future patterns of claims and the claims of current period reported subsequent to the balance sheet date.

Retakaful recoveries against outstanding claims and salvage recoveries are recognized as assets and measured at the amount expected to be received.

Contribution deficiency reserve

The Company is required as per Takaful Rules, 2005 to maintain a provision in respect of contribution deficiency for the class of business where the unearned contribution reserve is not adequate to meet the expected future liability, after retakaful 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. The movement in the contribution deficiency reserve is recorded as an expense / income in the revenue account.

No provision has been made as the unearned contribution reserve for each class of business as at the year end is adequate to meet the expected future liability after retakaful from claims and other expenses, expected to be incurred after the balance sheet date in respect of policies in force at balance sheet date as per the advice of appointed actuary.

Commission

Commission expense incurred in obtaining and recording policies is deferred and recognized as an expense in accordance with the pattern of recognition of contribution revenue.

5.1.1 Provision for claims

A liability for outstanding claims is recognized in respect of all claims incurred up to the balance sheet date and includes expected settlement cost, except for accident and health claims which are recognized as soon as reliable estimates of the claims amount can be made.

Claims where intimation of the event giving rise to the claim is received or in respect of investment linked business when the policy ceases to participate in the earnings of the statutory funds are reported as claims in the revenue account. The liability for claims incurred but not reported at the year end is determined by the appointed actuary and are included in technical reserves.

Claims recoveries receivable from the retakaful operator are recognized at the same time as the claim which gave rise to the right of recovery and are measured at the amount expected to be recovered.

DAWOOD FAMILY TAKAFUL LIMITED

Notes to the Financial Statements

For the year ended 31 December 2011

5.2 Retakaful

These contracts entered into by the Company with retakaful operator under which the Waqf cedes takaful risks assumed during normal course of its business and according to which the Waqf is compensated for losses on contracts issued by it are classified as retakaful contracts held.

Retakaful contribution

Retakaful contributions is recorded at the time the retakaful is ceded. Surplus from retakaful operator is recognised in the revenue account.

Retakaful assets and liabilities

Retakaful assets represent balances due from retakaful operator. Recoverable amounts are estimated in a manner consistent with the outstanding claims provision and are in accordance with the retakaful treaties.

Retakaful liabilities represent balances due to retakaful companies. Amounts payable are calculated in a manner consistent with the associated retakaful treaties.

Retakaful assets are not offset against related takaful liabilities. Income or expenses from retakaful contract are not offset against expenses or income from related takaful assets as required by Insurance Ordinance, 2000.

Retakaful assets or liabilities are derecognized when the contractual rights are extinguished or expired.

Impairment of retakaful assets

An impairment review of retakaful assets is performed at each balance sheet date. If there is an objective evidence exists that the asset is impaired, the Company reduces the carrying amount of the retakaful asset to its recoverable amount and recognises that impairment loss in the revenue account.

Retakaful expense is recognized as a liability in accordance with the pattern of recognition of related contribution.

5.3 Business segment

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. The Company accounts for segment reporting using the classes or sub classes of business (Takaful Business Statutory Funds) as specified under the Insurance Ordinance, 2000 and Securities and Exchange Commission (Insurance) Rules, 2002 as the primary reporting format.

The Company has two primary business segments for reporting purposes; Individual Family Takaful (Unit linked), Group Family Takaful:

- a) The Individual Family Takaful (unit linked) segment provides family takaful coverage to individuals under unit based policies issued by the Company.
- b) The Group Family Takaful business segment provides family takaful coverage to member of business enterprises, corporate entities and common interest groups under group family takaful schemes issued by the Company.

5.4 Investments

Investments are being categorised as follows:

5.4.1 Held to maturity

Investments with fixed maturity, where management has both the intent and the ability to hold to maturity, are classified as held to maturity.

Investments classified as held to maturity are recognized initially at fair value being the cost, plus attributable transaction costs.

DAWOOD FAMILY TAKAFUL LIMITED

Notes to the Financial Statements

For the year ended 31 December 2011

Subsequently, these are measured at amortized cost less impairment loss, if any. Any premium paid or discount availed on acquisition of held to maturity investment is deferred and amortized over the term of investment using the effective yield.

Profit on held to maturity instruments is recognized on a time proportion basis.

These are reviewed for impairment and any losses arising from impairment in values are charged to the profit and loss account.

5.4.2 Available for sale (AFS)

Investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity, changes in interest rates, equity prices or exchange rates are classified as available for sale.

Quoted

Subsequent to initial recognition at cost, quoted investments are stated at the lower of cost or market value (market value on an individual investment basis being taken as lower if the fall is other than temporary) in accordance with the requirements of the SECP (Insurance) Rules, 2002 dated December 2002. The Company uses stock exchange quotations at the balance sheet date to determine the market value.

Available for sale investments relating to the units assigned to policies of investment linked business are subsequently measured at their fair values and difference taken to respective revenue account.

Unquoted

Unquoted investments are recorded at cost less impairment, if any.

5.4.3 Financial instruments at fair value through profit or loss

An instrument is classified at fair value through profit or loss if it is held-for-trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Financial assets which are acquired principally for the purpose of generating profit from short term price fluctuation or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading or a derivative.

Upon initial recognition, attributable transaction cost is recognised in profit and loss account when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit and loss account.

5.4.4 Date of recognition

All 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 investments.

5.4.5 Derecognition

All investments are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

5.5 Revenue recognition

Group Family Takaful contributions are recognized when due. A provision for unearned contribution is included in the technical reserves.

First year Individual Family Takaful contributions are recognized once the related policies have been issued and the contributions received. Renewal contributions are recognized upon receipt provided the policy is still in force. Single contributions recognized once the related policies are issued against the receipts of contribution.

DAWOOD FAMILY TAKAFUL LIMITED

Notes to the Financial Statements

For the year ended 31 December 2011

Return on bank deposits and income on Islamic investment products is recorded on a time proportion basis taking into account the effective yield on such investments.

Gain / loss on sale of AFS investment are included in profit and loss account in the period of sale.

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

Takaful operator fee (Wakala Fee) is recognized once the contribution is recognized in the books. The Company acts as Wakeel of the Waqf Fund. As such the Company is entitled for the wakala fee for the management of Takaful operation under Waqf Fund to meet its general and administrative expenses. For group, it is recognised over the period of policy and in case of individual takaful, it is recognised on the initiation of the policy as it represents cost of acquiring the policy. Mudarib fee is recognized on the basis of share of the investment profit of the Waqf.

Tharawat fee is recognized on time proportion basis on the net asset value of the participant investment fund.

5.6 Waqf participants' liabilities

Waqf Participants' liabilities are stated at a value determined by the appointed actuary through an actuarial valuation carried out as at each balance sheet date. No valuation basis has been prescribed by the Commission under Sub-Section (5) of Section 50 of the Ordinance. Hence, in pursuance of Sub-Rule (2) of Rule 20 of the Insurance Rules, 2002, the valuation was carried out on the minimum valuation basis prescribed by the relevant rules made under the repealed Act.

5.7 Qard-e-Hasna

When the PTF including reserves are insufficient to meet the current payments less receipt the deficit, is funded by way of interest free loan (qard-e-hasna) from the shareholder's fund.

5.8 Staff retirement benefits - Defined Contribution Plan

The Company operates a defined contribution plan for all permanent employees. Monthly contributions to the fund are made in accordance with the employment rules by the employee and the Company. Contributions made to this fund are recognized as an expense.

5.9 Provision for leave encashment

Liability in respect of provision for leave encashment is accounted for in the year in which these are earned on the basis of actuarial valuation carried out using the Projected Unit Credit Method. Actuarial gain or losses if any, are recognized immediately.

5.10 Fixed assets and depreciation

Tangible

These are stated at cost less accumulated depreciation and impairment loss, if any. Depreciation is charged over the estimated useful life of the asset on a systematic basis to income applying the straight line method, using the following rates:

	Rates of Depreciation
Furniture and fixtures	10.00%
Office equipments	10.00%
Vehicles	20.00%
Computer equipments	33.33%
Leasehold improvements	10.00%

Depreciation on additions is charged from the month in which the asset is available for use where as no depreciation is charged from the month the asset is disposed off.

DAWOOD FAMILY TAKAFUL LIMITED

Notes to the Financial Statements

For the year ended 31 December 2011

Subsequent cost are included in the assets' carrying amount or recognized as a separate asset, as appropriate, only when it is possible that the future economic benefits associated with the items will flow to the Company and the cost of the item can be measured reliably. Maintenance and normal repairs are charged to profit and loss account currently.

An item of tangible asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss in the year the asset is derecognized.

Intangible

These are stated at cost less accumulated amortisation and impairment loss, if any. Amortisation is charged over the estimated useful life of the asset on a systematic basis to income applying the straight line method at the rates specified in note 20 to the financial statements.

Amortisation on additions is charged from the month in which the asset is acquired or capitalised whereas no amortisation is charged from the month the asset is disposed off.

Capital work-in-progress

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

5.11 Ijarah

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

5.12 Taxation

Current

Provision for current taxation is based on taxable income at the rates enacted or substantively enacted at the balance sheet date after taking into account available tax credits and rebates, if any.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences at the balance sheet date between the tax bases and carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized 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. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

5.13 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 expire 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 gain or loss on derecognition of the financial asset and liabilities are recognized in the profit and loss account of the current period.

DAWOOD FAMILY TAKAFUL LIMITED

Notes to the Financial Statements For the year ended 31 December 2011

5.14 Off setting the financial assets and liabilities

Financial assets and liabilities are only offset and the net amount is reported in the financial statements when the Company has a legally enforceable right to set off the recognized amounts and it intends either to settle on the net basis or to realize the asset and settle the liability simultaneously.

5.15 Foreign currency translations

Foreign currency transactions are translated into Pak Rupees (functional currency) using the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees using the rate of exchange ruling at the balance sheet date. Exchange differences, if any, are transferred to profit and loss account.

5.16 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents consist of cash and stamps in hand, balances with banks, short term deposits maturing within three months of the year end, highly liquid short-term investments that are convertible to known amount of cash and are subject to insignificant risk of change in value.

5.17 Dividend and appropriation of reserves

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

5.18 Impairment

The carrying amount of assets (other than deferred tax asset) are reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account/revenue account as appropriate.

5.19 Creditors and accruals

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.

5.20 Provisions

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

5.21 Earnings per share

Earnings per share is calculated by dividing the profit / (loss) after tax attributable to ordinary shareholders for the year by the weighted average number of shares outstanding during the year.

6. ISSUED SUBSCRIBED AND PAID UP SHARE CAPITAL

	2011 (Number of shares)	2010		2011 (Rupees)	2010
	<u>75,000,000</u>	<u>75,000,000</u>	Ordinary shares of Rs. 10 each fully paid in cash	<u>750,000,000</u>	<u>750,000,000</u>

6.1 Reconciliation of number of ordinary shares of Rs. 10 each

At the beginning of the year		75,000,000	75,000,000
Add: Issued during the year		-	-
At the end of the year		<u>75,000,000</u>	<u>75,000,000</u>

DAWOOD FAMILY TAKAFUL LIMITED

Notes to the Financial Statements

For the year ended 31 December 2011

7. PARTICIPANTS' INVESTMENT FUND (PIF)	Aggregate	
	2011	2010
	(Rupees)	
Opening balance	74,359,105	18,546,275
Allocated contributions	96,145,305	58,832,535
Withdrawals / refunds	(26,689,537)	(3,911,286)
	143,814,873	73,467,524
Investment income		
Profit on sukuk bonds (Balanced fund)	6,594,933	2,469,028
Profit on sukuk bonds (Income fund)	1,140,541	-
Return on bank balances (Balanced fund)	2,658,742	1,376,569
Return on bank balances (Income fund)	765,243	414,597
Return on bank balances (Aggressive fund)	262,397	-
Return on term deposits (Balanced fund)	19,315	-
Return on term deposits (Income fund)	3,219	-
Unrealised loss on listed shares (Aggressive fund)	(484,589)	-
Dividend income (Aggressive fund)	128,924	-
	11,088,725	4,260,194
Expenditure		
Bid offer expenses	(4,456,495)	(2,760,269)
Tharawat fee (on net assets related to participants)	(1,607,148)	(608,344)
	(6,063,643)	(3,368,613)
Net surplus for the year	5,025,082	891,581
Closing balance	148,839,955	74,359,105
Net asset value per units:		
Income Fund: (Rs. 135.363 per unit / 187,795 units)		
Balance Fund: (Rs. 138.027 per unit / 825,686 units)		
Aggressive Fund: (Rs. 97.876 per unit / 96,593 units)		

DAWOOD FAMILY TAKAFUL LIMITED

Notes to the Financial Statements For the year ended 31 December 2011

8. OTHER CREDITORS AND ACCRUALS

	Share holders' Fund	Takaful Business Statutory Funds		Aggregate	
		Individual Family Takaful	Group Family Takaful	2011	2010
		----- (Rupees) -----			
Wakala fee payable to shareholders' fund	-	19,767,079	307,300	20,074,379	12,767,212
Mudarib fee payable to shareholders' fund	-	517,306	670,873	1,188,179	289,034
Unearned Wakala fee	1,478,063	-	-	1,478,063	901,014
Tharawat fee payable to shareholders' fund	-	46,734	-	46,734	21,399
Payable to participant investment fund	-	13,431,005	-	13,431,005	11,453,271
Bid offer liability	-	671,722	-	671,722	545,349
Interfund payable	4,092,539	-	-	4,092,539	6,100,679
Trade creditors	581,250	-	-	581,250	640,431
Salary payable	3,177,300	-	-	3,177,300	1,740,655
Provident fund payable	654,847	-	-	654,847	485,280
EOBI payable	151,800	-	-	151,800	124,920
Provision for bonus	193,307	-	-	193,307	191,490
Provision for leave encashment	4,003,000	-	-	4,003,000	3,036,000
Accrued expenses	2,995,428	-	-	2,995,428	2,087,080
Audit fee payable	760,000	-	-	760,000	1,058,180
Withholding tax payable	1,440,181	-	-	1,440,181	448,101
Rent payable	453,750	-	-	453,750	-
Other payables	3,915,044	816,815	-	4,731,859	651,754
	<u>23,896,509</u>	<u>35,250,661</u>	<u>978,173</u>	<u>60,125,343</u>	<u>42,541,849</u>

9. CONTINGENCIES AND COMMITMENTS

9.1 Ijarah lease rentals		Principal	Profit allocated to future years	Total Ijarah rentals
Not later than one year		1,714,292	680,440	2,394,732
Later than one year and not later than five years		3,401,348	475,387	3,876,735
		<u>5,115,640</u>	<u>1,155,827</u>	<u>6,271,467</u>

The Company has entered into Ijarah arrangements with its related parties B.R.R Guardian Modaraba and Crescent Standard Modaraba in respect of motor vehicles for permanent employees of the Company. These arrangements carry finance charges at rate 6 months KIBOR + 2.5%.

10. CURRENT AND OTHER ACCOUNTS

	Share holders' Fund	Takaful Business Statutory Funds		Aggregate	
		Individual Family Takaful	Group Family Takaful	2011	2010
		----- (Rupees) -----			
Current accounts	3,068	9,240,534	-	9,243,602	8,935,921
Saving accounts	10.1 20,015,529	64,824,073	-	84,839,602	77,146,073
Waqf					
Saving accounts	10.1 -	30,553,926	4,927,846	35,481,772	11,627,493
		<u>20,018,597</u>	<u>104,618,533</u>	<u>4,927,846</u>	<u>129,564,976</u>

10.1 These represents bank deposits maintained with Islamic commercial banks under profit and loss sharing basis carrying profit rates ranging from 6% to 11.25%. (2010: 5% to 10.75%).

11. DEPOSITS MATURING WITHIN TWELVE MONTHS

	Share holders' Fund	Takaful Business Statutory Funds		Aggregate	
		Individual Family Takaful	Group Family Takaful	2011	2010
		----- (Rupees) -----			
Burj Bank Limited (formerly Dawood Islamic Bank Limited)	11.1 45,000,000	-	-	45,000,000	25,000,000
Dubai Islamic Bank Limited	11.2 -	50,000,000	-	50,000,000	-
Al Baraka Bank (Pakistan) Limited	11.1 20,000,000	-	-	20,000,000	-
		<u>65,000,000</u>	<u>50,000,000</u>	<u>115,000,000</u>	<u>25,000,000</u>

DAWOOD FAMILY TAKAFUL LIMITED

Notes to the Financial Statements For the year ended 31 December 2011

- 11.1** These represent term deposit receipts maintained with Islamic commercial bank under profit and loss sharing basis having maturity upto 1 year and marked as lien in favour of State Bank of Pakistan in compliance of section 29 of Insurance Ordinance, 2000 and Rule 21 of Takaful Rules, 2005. The Company intends to rollover these deposits on maturity. It carries profit rates ranging from of 11% to 15% per annum (2010: 12% to 15%)
- 11.2** These represent term deposit receipt maintained with Islamic commercial bank under profit and loss sharing basis having maturity upto 1 year and carrying profit rate of 12% per annum.

12. FIXED DEPOSITS MATURING AFTER TWELVE MONTHS

	Term	Maturity	Takaful Business Statutory Funds			Aggregate	
			Share holders' Fund	Individual Family Takaful	Group Family Takaful	2011	2010
------(Rupees)-----							
Burj Bank Limited (Formerly Dawood Islamic Bank Limited)	5 years	7-Dec-12	-	-	-	-	20,000,000
Al Baraka Bank Pakistan Limited	5 years	5-Nov-12	-	-	-	-	20,000,000
			<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,000,000</u>

- 12.1** These represent term deposits receipts maintained with Islamic commercial banks under profit and loss sharing basis and marked lien in favour of State Bank of Pakistan in compliance of section 29 of Insurance Ordinance, 2000 and Rule 21 of Takaful Rules, 2005. The Company intends to rollover these deposits on maturity. It carries profit rates ranging from 13.75% to 15% per annum (2010: 13.75% to 15%).

13. INVESTMENTS

	Note	No. of certificates	Takaful Business Statutory Funds			Aggregate	
			Share holders' Fund	Individual Family Takaful	Group Family Takaful	2011	2010
------(Rupees)-----							
Available for sale investments							
Government securities	13.1		14,128,910	67,106,581	3,120,631	84,356,122	98,935,535
Other Sukuk bonds	13.2		200,758,177	3,749,999	-	204,508,176	255,624,994
Open ended mutual fund	13.3		39,382,588	-	-	39,382,588	39,382,588
			<u>254,269,675</u>	<u>70,856,580</u>	<u>3,120,631</u>	<u>328,246,886</u>	<u>393,943,117</u>
Held for trading investments							
Listed shariah compliant shares	13.4		-	4,910,586	-	4,910,586	-
			<u>254,269,675</u>	<u>75,767,166</u>	<u>3,120,631</u>	<u>333,157,472</u>	<u>393,943,117</u>

13.1 Government securities

Government of Pakistan ijara sukuk bonds	13.1.1		10,128,910	67,106,581	3,120,631	80,356,122	90,935,535
Sui Southern Gas Company Limited	13.1.2	2,000	4,000,000	-	-	4,000,000	8,000,000
			<u>14,128,910</u>	<u>67,106,581</u>	<u>3,120,631</u>	<u>84,356,122</u>	<u>98,935,535</u>

- 13.1.1** These represents Government of Pakistan Sukuk having maturity period of 3 years and carrying profit rate of 11.79% to 13.21% per annum (2010: 12.25% to 13.38%) out of which Rs. 10 million (2010: 10 million) marked as lien in favour of State Bank of Pakistan in compliance of section 29 of Insurance Ordinance, 2000 and Rule 21 of Takaful Rules, 2005.

- 13.1.2** These represents Sui Southern Gas Company Limited Sukuk having maturity period of 6 years and carrying profit rate of 3 months KIBOR + 0.2% per annum (2010: 3 months KIBOR + 0.2%).

13.2 Other sukuk bonds	Note	No. of certificates	Takaful Business Statutory Funds			Aggregate	
			Share holders' Fund	Individual Family Takaful	Group Family Takaful	2011	2010
------(Rupees)-----							
Amtex Limited	13.2.1	10,000	33,750,000	3,749,999	-	37,499,999	37,499,999
Eden Housing Limited I		12,000	37,656,000	-	-	37,656,000	45,000,000
Eden Housing Limited II		3,000	10,125,000	-	-	10,125,000	11,250,000
Pak Electron Limited I		10,000	21,428,567	-	-	21,428,567	24,999,997
Pak Electron Limited II		5,000	25,000,000	-	-	25,000,000	25,000,000
New Allied Electronics Industries (Pvt.) Ltd. I		32,000	20,000,000	-	-	20,000,000	20,000,000
New Allied Electronics Industries (Pvt.) Ltd. II		4,000	9,375,000	-	-	9,375,000	9,375,000
Shahmurad Sugar Mills Limited		-	-	-	-	-	30,000,000
B.R.R. Guardian Modaraba - (related party)		14,000	68,906,250	-	-	68,906,250	70,000,000
Al-Zamin Invest Bank Limited		4,000	15,569,441	-	-	15,569,441	15,833,330
			<u>241,810,258</u>	<u>3,749,999</u>	<u>-</u>	<u>245,560,257</u>	<u>288,958,326</u>
Less: Provision for impairment	13.2.2		(41,052,081)	-	-	(41,052,081)	(33,333,332)
			<u>200,758,177</u>	<u>3,749,999</u>	<u>-</u>	<u>204,508,176</u>	<u>255,624,994</u>

DAWOOD FAMILY TAKAFUL LIMITED

Notes to the Financial Statements For the year ended 31 December 2011

13.2.1 These Sukuks are fully secured against bank guarantee issued by Bank of Punjab. During the year, Amtex Limited has defaulted in repayment of instalment of the Sukuk. The guarantee has been called by the investors through their trustee Bank Islami Pakistan Limited. However, the matter is currently under litigation and pending in Lahore High Court and management is confident to receive the full amount.

13.2.2 Movement in provision for impairment on investments are as follows:

	2011	2010
	(Rupees)	
Opening balance	33,333,332	29,375,000
Charge for the year	<u>7,718,749</u>	<u>3,958,332</u>
Closing balance	<u>41,052,081</u>	<u>33,333,332</u>

These includes the amount of provision for impairment of Rs. 29.375 million (2010: 29.375 million) against the New Allied Electronics Industries (Private) Limited I and II and Rs. 11.677 million (2010: Rs. 3.958 million) against the Al-Zamin Invest Bank Limited.

13.3 Open ended mutual fund units

Note	Share holders' Fund	Takaful Business Statutory Funds		Aggregate	
		Individual Family Takaful	Group Family Takaful	2011	2010
----- (Rupees) -----					
Dawood Islamic Fund - (related party)	13.3.1	<u>39,382,588</u>	-	<u>39,382,588</u>	39,382,588
		<u>39,382,588</u>	-	<u>39,382,588</u>	<u>39,382,588</u>

13.3.1 The market value of investment in open ended mutual fund as on 31 December 2011 is Rs.49.137 million (2010: Rs.50.024 million)

13.4 Listed shariah compliant shares

Number of shares		Face value per share (Rupees)	Name of the investee entity	2011	2010
2011	2010				
Oil and Gas					
2,800	-	10	Attock Refinery Limited	301,420	-
4,193	-	10	Mari Gas Company Limited	339,714	-
2,800	-	10	Oil and Gas Development Company Limited	424,536	-
3,025	-	10	Pakistan Petroleum Limited	509,168	-
7,000	-	10	Pakistan State Oil Company Limited	1,590,470	-
1,850	-	10	Shell (Pakistan) Limited	352,017	-
Chemicals					
1,050	-	10	Fauji Fertilizer Company Limited	157,017	-
22,000	-	10	Lotte Pakistan PTA Limited	203,940	-
Construction and Materials					
5,000	-	10	Lucky Cement Limited	375,200	-
General Industrials					
1,000	-	10	Tripack Films Limited	160,300	-
Personal Goods					
4,500	-	10	Nishat Mills Limited	182,025	-
Pharma and Bio Tech					
2,277	-	10	Glaxosmithkline Pakistan Limited	152,742	-
Gas Water and Multiutilities					
8,400	-	10	Sui Southern Gas Company Limited	<u>162,037</u>	-
				<u>4,910,586</u>	-

DAWOOD FAMILY TAKAFUL LIMITED

Notes to the Financial Statements For the year ended 31 December 2011

13.5 Terms of sukuk certificates

	Issue date	Tenor	Rating	Principal payment	Principal redemption starting from	Coupon rate	Coupon payment
Amtext Limited	12-Oct-07	5 years	N/A	Quarterly	10-Jan-10	3K+2%	Quarterly
Eden Housing Limited I	31-Dec-07	7 years	N/A	Quarterly	30-Jun-09	3K+2.5%	Quarterly
Eden Housing Limited II	3-Mar-08	7 years	N/A	Quarterly	30-Sep-09	3K+2.5%	Quarterly
Pak Electron Limited I	28-Sep-07	7 years	BBB+	Quarterly	28-Jun-09	3K+1.75%	Quarterly
Pak Electron Limited II	31-Mar-08	9 years	BBB+	Quarterly	30-Jun-13	3K+1%	Quarterly
New Allied Electronics Industries (Pvt.) Ltd. I	3-Dec-07	5 years	N/A	Semi annually	2-Dec-10	3K+2.2%	Semi annually
New Allied Electronics Industries (Pvt.) Ltd. II	27-Jul-07	5 years	N/A	Quarterly	30-Oct-08	3K+2.25% to 2.60%	Quarterly
Sui Southern Gas Company Limited	31-Dec-07	5 years	AA	Quarterly	2-Oct-10	3K+0.20%	Quarterly
B.R.R Guardian Modaraba - (related party)	7-Jul-08	6 years	N/A	Monthly	7-Aug-11	1K	Semi annually
Al Zamin Invest Bank Limited	12-May-08	5 years	N/A	Monthly	12-Dec-09	N/A	N/A
Government of Pakistan Ijara Sukuk- IV	17-Sep-09	3 years	N/A	Maturity	17-Sep-12	13.21%	Semi annually
Government of Pakistan Ijara Sukuk- V	15-Nov-10	3 years	N/A	Maturity	15-Nov-13	11.79%	Semi annually
Government of Pakistan Ijara Sukuk- VI	20-Dec-10	3 years	N/A	Maturity	20-Dec-13	11.87%	Semi annually

13.5.1 The market value of these Sukuks as on 31 December 2011 is Rs. 288.523 million (2010: Rs. 329.461 million).

14. ADVANCES, DEPOSITS AND PREPAYMENTS

Note	Share holders' Fund	Takaful Business		Aggregate	
		Statutory Funds		2011	2010
		Individual Family Takaful	Group Family Takaful		
		----- (Rupees) -----			
Advance against expenses	2,473,591	-	-	2,473,591	890,167
Advance against purchase of assets	1,459,930	-	-	1,459,930	27,015
Advance for purchase of shares	59,780,000	-	-	59,780,000	59,780,000
Prepaid rent	3,119,462	-	-	3,119,462	4,384,478
Prepaid takaful coverage	624	-	-	624	122,735
Prepaid computers expenses	1,295,571	-	-	1,295,571	361,449
Prepaid commission	18,435	-	-	18,435	398,553
Advance tax	4,580,998	-	-	4,580,998	3,952,396
Security deposits	1,508,100	-	-	1,508,100	1,036,000
	74,236,711	-	-	74,236,711	70,952,793
Provision for impairment	(18,207,376)	-	-	(18,207,376)	(14,665,350)
	56,029,335	-	-	56,029,335	56,287,443

14.1 This represent advance against purchase of five million sponsor shares of Burj Bank Limited (formerly Dawood Islamic Bank Limited), subsequent to the balance sheet date on 09 February 2012 these shares have been transferred in the name of the Company and marked as freeze in the CDC account as per the requirement issued by the State Bank of Pakistan to the Company. The Company maintains a provision for impairment against the advance.

Movement in provision for impairment against the advance is as follows:

	2011	2010
	(Rupees)	
Opening balance	14,665,350	11,873,500
Charge for the year	3,542,026	2,791,850
Closing balance	18,207,376	14,665,350

DAWOOD FAMILY TAKAFUL LIMITED

Notes to the Financial Statements For the year ended 31 December 2011

15. INVESTMENTS INCOME ACCRUED

	Share holders' Fund	Takaful Business Statutory Funds		Aggregate	
		Individual Family Takaful	Group Family Takaful	2011	2010
----- (Rupees) -----					
Accrued profit on Sukuk Bonds					
Amtex Limited	1,603,000	178,583	-	1,781,583	1,381,272
Eden Housing Limited	1,911,453	-	-	1,911,453	3,566,016
Pak Electron Limited	3,465,632	-	-	3,465,632	31,192
Shahmurad Sugar Mills Limited	-	-	-	-	1,200,131
B.R.R Guardian Modaraba	9,665,422	-	-	9,665,422	4,636,857
Government securities	383,723	1,246,955	118,231	1,748,909	2,273,188
Accrued profit on saving accounts	849,436	4,212,972	263,872	5,326,280	2,976,244
Accrued profit on term deposits					
Burj Bank Limited (Formerly Dawood Islamic Bank Limited)	280,137	-	-	280,137	308,219
Al Baraka Bank (Pakistan) Limited	173,288	-	-	173,288	180,822
Dubai Islamic Bank Limited	-	32,192	-	32,192	-
	<u>18,332,091</u>	<u>5,670,702</u>	<u>382,103</u>	<u>24,384,896</u>	<u>16,553,941</u>

16. SUNDRY RECEIVABLES

	Share holders' Fund	Takaful Business Statutory Funds		Aggregate	
		Individual Family Takaful	Group Family Takaful	2011	2010
----- (Rupees) -----					
Receivable from employees	828,228	-	-	828,228	621,826
Takaful claim receivable	-	-	-	-	625,695
Wakala fee receivable	20,074,379	-	-	20,074,379	12,767,212
Mudarib fee receivable	1,188,179	-	-	1,188,179	289,034
Tharawat fee receivable	46,734	-	-	46,734	21,399
Bid offer receivable	671,722	-	-	671,722	545,349
Allocated Contribution receivable from individual - PTF	-	13,431,005	-	13,431,005	11,453,271
Income tax refundable - net	8,497,210	-	-	8,497,210	5,721,952
Interfund receivable	-	4,092,539	-	4,092,539	6,100,679
Other receivables	641,976	47,163	-	689,139	661,250
	<u>31,948,428</u>	<u>17,570,707</u>	<u>-</u>	<u>49,519,135</u>	<u>38,807,667</u>

DAWOOD FAMILY TAKAFUL LIMITED

Notes to the Financial Statements For the year ended 31 December 2011

17. DEFERRED TAX ASSET	2011	2010
	(Rupees)	
Deferred taxation - net	<u>84,828,442</u>	<u>57,905,348</u>
17.1 This comprises of the following		
<i>Taxable temporary differences:</i>		
Tax depreciation allowance	(4,750,080)	(6,181,450)
<i>Deductible temporary differences:</i>		
Provision for impairment against advance for purchase of shares	6,372,581	5,132,873
Provision for impairment sukuk	14,368,228	11,666,666
Pre-commencement expenditure	-	952,075
Provision for leave encashment	1,401,050	1,062,600
Unused tax losses	<u>67,436,663</u>	<u>45,272,584</u>
	<u>84,828,442</u>	<u>57,905,348</u>
18 CAPITAL WORK IN PROGRESS		
Renovation work of branches	<u>952,247</u>	<u>854,049</u>
19. FIXED ASSETS-TANGIBLES		

	2011						Net Book Value	Rate
	C O S T			ACCUMULATED DEPRECIATION				
	Opening Balance	Addition / (Deletion)	Closing Balance	Opening Balance	Addition / (Deletion)	Closing Balance		
	(Rupees)							
Lease hold improvements	11,271,797	2,856,847	14,128,644	1,030,031	1,272,184	2,302,215	11,826,429	10%
Vehicles	25,916,736	5,013,088 (7,048,000)	23,881,824	7,686,414	5,459,491 (1,484,352)	11,661,553	12,220,271	20%
Computer equipments	17,425,410	891,795 (194,000)	18,123,205	9,709,527	4,796,024 (88,713)	14,416,838	3,706,367	33.33%
Furniture and fixtures	12,213,094	691,299 (32,400)	12,871,993	1,412,564	1,251,157 (7,020)	2,656,701	10,215,292	10%
Office equipments	16,610,273	2,174,502 (53,617)	18,731,158	1,721,385	1,762,933 (5,809)	3,478,509	15,252,649	10%
	<u>83,437,310</u>	<u>11,627,531</u> <u>(7,328,017)</u>	<u>87,736,824</u>	<u>21,559,921</u>	<u>14,541,789</u> <u>(1,585,894)</u>	<u>34,515,816</u>	<u>53,221,008</u>	

	2010						Net Book Value	Rate
	C O S T			ACCUMULATED DEPRECIATION				
	Opening Balance	Addition / (Deletion)	Closing Balance	Opening Balance	Addition / (Deletion)	Closing Balance		
	(Rupees)							
Lease hold improvements	4,435,250	6,836,547	11,271,797	143,514	886,517	1,030,031	10,241,766	10%
Vehicles	23,090,809	6,778,637 (3,952,710)	25,916,736	4,160,926	4,704,035 (1,178,547)	7,686,414	18,230,322	20%
Computer equipments	14,585,610	3,059,300 (219,500)	17,425,410	4,205,846	5,573,342 (69,661)	9,709,527	7,715,883	33.33%
Furniture and fixtures	6,787,759	5,425,335	12,213,094	362,718	1,049,846	1,412,564	10,800,530	10%
Office equipments	7,524,233	9,170,771 (84,731)	16,610,273	323,447	1,409,942 (12,004)	1,721,385	14,888,888	10%
	<u>56,423,661</u>	<u>31,270,590</u> <u>(4,256,941)</u>	<u>83,437,310</u>	<u>9,196,451</u>	<u>13,623,682</u> <u>(1,260,212)</u>	<u>21,559,921</u>	<u>61,877,389</u>	

20. COMPUTER SOFTWARE	2011						Net Book Value	Rate
	C O S T			ACCUMULATED AMORTIZATION				
	Opening Balance	Addition / (Deletion)	Closing Balance	Opening Balance	Addition / (Deletion)	Closing Balance		
	(Rupees)							
Computer software	31,079,104	53,282	31,132,386	9,772,612	6,226,050	15,998,662	15,133,724	20%
	<u>31,079,104</u>	<u>53,282</u>	<u>31,132,386</u>	<u>9,772,612</u>	<u>6,226,050</u>	<u>15,998,662</u>	<u>15,133,724</u>	
20. COMPUTER SOFTWARE	2010						Net Book Value	Rate
	C O S T			ACCUMULATED AMORTIZATION				
	Opening Balance	Addition / (Deletion)	Closing Balance	Opening Balance	Addition / (Deletion)	Closing Balance		
	(Rupees)							
Computer software	29,914,069	1,165,035	31,079,104	3,652,486	6,120,126	9,772,612	21,306,492	20%
	<u>29,914,069</u>	<u>1,165,035</u>	<u>31,079,104</u>	<u>3,652,486</u>	<u>6,120,126</u>	<u>9,772,612</u>	<u>21,306,492</u>	

DAWOOD FAMILY TAKAFUL LIMITED

Notes to the Financial Statements For the year ended 31 December 2011

21. OTHER INCOME	2011	2010
	(Rupees)	
Gain on disposals	1,103,287	316,996
Bid offer income- net	3,972,196	2,005,640
Other recoveries	561,221	98,558
	<u>5,636,704</u>	<u>2,421,194</u>
22. MANAGEMENT EXPENSES		
Salaries and other benefits	89,612,949	74,469,423
Ex gratia paid to Chief Executive	-	4,357,500
Provident fund contributions	3,790,840	3,259,631
Provision for leave encashment	1,328,996	1,440,274
Employee old age contribution	891,170	674,410
Directors meeting fees	300,000	220,000
Actuarial services charges	2,376,000	2,376,000
Legal and professional	1,310,823	1,278,367
Advertisement and publicity	5,005,170	1,837,123
Vehicle running	12,113,662	10,016,165
Ijara rentals	1,123,978	505,921
Shariah advisor fee	1,680,000	1,440,000
Accommodation charges	609,245	552,020
Printing and stationary	3,012,129	3,190,372
Training and development	395,607	458,861
Depreciation	19 14,541,789	13,623,682
Amortization	20 6,226,049	6,120,126
Rent	16,196,004	14,760,015
Auditor's remuneration	22.1 400,000	350,000
Consultancy fees	704,320	1,088,015
Takaful coverage	3,876,347	2,529,545
Utilities	6,717,103	6,477,826
Travelling	1,004,969	1,677,650
Medical	1,966,166	1,425,294
Fees and subscriptions	937,746	883,322
Computer expenses	9,309,250	8,060,806
Communication	7,840,909	8,375,266
Entertainment	3,670,929	2,942,273
Repair and maintenance	2,640,129	3,840,352
Rates and taxes	632,689	324,540
Revenue stamps	3,814,001	2,311,588
Others	2,335,173	659,355
	<u>206,364,142</u>	<u>181,525,722</u>
22.1 Auditor's remuneration		
Audit fee	300,000	250,000
Other certifications	100,000	100,000
	<u>400,000</u>	<u>350,000</u>

DAWOOD FAMILY TAKAFUL LIMITED

Notes to the Financial Statements For the year ended 31 December 2011

23. MOVEMENT IN TECHNICAL RESERVES

	Takaful Business Statutory Funds		Aggregate	
	Individual Family Takaful	Group Family Takaful	2011	2010
------(Rupees)-----				
Technical reserves at beginning of the year				
- net technical reserves	12,016,382	1,079,649	13,096,031	3,066,978
- incurred but not reported reserves	494,996	244,522	739,518	677,187
- surplus equalisation reserves	-	390,000	390,000	390,000
- contingency reserves	-	500,000	500,000	500,000
	<u>12,511,378</u>	<u>2,214,171</u>	<u>14,725,549</u>	<u>4,634,165</u>
Technical reserves incurred during the year				
- net technical reserves	28,203,711	728,329	28,932,040	10,029,053
- incurred but not reported reserves	399,790	(94,522)	305,268	62,331
- surplus equalisation reserves	3,622,850	-	3,622,850	-
- contingency reserves	-	-	-	-
	<u>32,226,351</u>	<u>633,807</u>	<u>32,860,158</u>	<u>10,091,384</u>
Technical reserves at the end of the year				
- net technical reserves	40,220,093	1,807,978	42,028,071	13,096,031
- incurred but not reported reserves	894,786	150,000	1,044,786	739,518
- surplus equalisation reserves	3,622,850	390,000	4,012,850	390,000
- contingency reserves	-	500,000	500,000	500,000
	<u>44,737,729</u>	<u>2,847,978</u>	<u>47,585,707</u>	<u>14,725,549</u>
Net movement in technical reserves	<u>32,226,351</u>	<u>633,807</u>	<u>32,860,158</u>	<u>10,091,384</u>

24. TAXATION

	Aggregate	
	2011	2010
(Rupees)		
Current	1,715,431	1,126,186
Prior	50,952	(410,259)
Deferred	(26,923,095)	(40,425,185)
	<u>(25,156,712)</u>	<u>(39,709,258)</u>

24.1 Relationship between tax expense and accounting profit

Accounting loss before tax		(115,532,353)	(105,270,446)
Tax rate in percentage		35%	35%
Tax on accounting loss		(40,436,323)	(36,844,656)
Turnover tax charge		1,715,431	1,126,186
Prior year tax charge / (reversal)		50,952	(410,259)
Provision for impairment		-	(4,155,725)
Deferred tax asset on unused tax losses not recognised	24.3	12,756,476	-
Others		756,752	575,196
Tax charge for the year		<u>(25,156,712)</u>	<u>(39,709,258)</u>

24.2 Income tax assessment of the Company has been finalised upto and including tax year 2011 (income year ended 31 December 2010). The return for the tax years 2010-2011 are being finalised under Universal Self Assessment Scheme which provides the return filed deems to be an assessment order under section 120 of the Income Tax Ordinance, 2001.

24.3 Deferred tax asset amounting to Rs. 12.756 million (2010: Rs. Nil) arising on unused tax losses has not been recognised in these financial statements. A deferred tax asset is recognised only to the extent that it is probable that sufficient future taxable profits will be available in the short term against which the asset can be utilised.

DAWOOD FAMILY TAKAFUL LIMITED

Notes to the Financial Statements For the year ended 31 December 2011

25. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives		Aggregate	
	* 2011	2010	2011	2010	2011	2010	2011	2010
	(Rupees)							
Remuneration	5,679,414	12,015,600	-	-	35,878,340	16,790,004	41,557,754	28,805,604
Motor vehicle and medical expenses	299,744	609,406	-	-	6,801,747	5,426,688	7,101,491	6,036,094
Meeting fee	-	-	300,000	165,000	-	-	300,000	165,000
Bonus	661,623	-	-	-	-	-	661,623	-
Provident fund contribution by employer	379,186	576,560	-	-	2,384,668	1,679,000	2,763,854	2,255,560
Others	-	-	-	-	-	441,951	-	441,951
	<u>7,019,967</u>	<u>13,201,566</u>	<u>300,000</u>	<u>165,000</u>	<u>45,064,755</u>	<u>24,337,643</u>	<u>52,384,722</u>	<u>37,704,209</u>
Number of persons	1	1	7	7	22	19		

25.1 * This includes Rs 0.687 million pertaining to remuneration of Ex Chief Executive who was employed until February 2011.

25.2 Directors are provided a fee of Rs. 5,000 upto April 2011 and Rs. 10,000 from May 2011 for attending the Board meetings during the year.

25.3 In addition, the Chief Executive and Executives are provided with free use of Company maintained car for personal and business use.

26. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

These related parties comprises of group companies, entities under common management, directors, major shareholders and key management personnel and employees retirement benefits fund. Transactions with related parties are entered into at rates negotiated with them.

Details of the balances and transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

Name of related party	Relationship	Contribution received	Investments	Salary	Commission paid and due	Security deposits	Investment income	Term deposits	Purchase of assets	Expenses
		(Rupees)								
B.R.R Guardian Modaraba	Significant influence through intermediaries	147,957	68,906,250	-	-	477,000	875,000	-	-	5,103,770
Crescent Standard Modaraba	Significant influence through intermediaries	-	-	-	-	472,100	-	-	-	441,660
Dawood Capital Management	Significant influence through intermediaries	18,465	-	-	-	-	-	-	-	-
First Dawood Investment Bank	Significant influence through intermediaries	91,260	-	-	-	-	-	-	-	-
Key management personnel - note 26.1		-	-	7,846,240	-	-	-	-	-	-
31 December 2011		<u>257,682</u>	<u>68,906,250</u>	<u>7,846,240</u>	<u>-</u>	<u>949,100</u>	<u>875,000</u>	<u>-</u>	<u>-</u>	<u>5,545,430</u>
31 December 2010		2,695,722	70,000,000	7,700,000	-	-	18,737,247	45,000,000	59,823,150	6,143,508

26.1 This include advance against salary of Rs. 130,000 (2010: Rs.100,000)

27. SEGMENT INFORMATION

Class of business wise assets and liabilities have been disclosed in the balance sheet prepared in accordance with the requirement of Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002. The following table presents information regarding segment assets, liabilities as at 31 December 2011 and 31 December 2010

DAWOOD FAMILY TAKAFUL LIMITED

Notes to the Financial Statements For the year ended 31 December 2011

	Individual Family Takaful		Group Family Takaful		Total	
	2011	2010	2011	2010	2011	2010
----- (Rupees) -----						
SEGMENT ASSETS						
Segment assets	<u>258,221,928</u>	<u>128,079,526</u>	<u>15,392,769</u>	<u>12,467,110</u>	<u>273,614,697</u>	140,546,636
Unallocated corporate assets					<u>599,989,299</u>	677,582,283
Total assets					<u>873,603,996</u>	<u>818,128,919</u>
SEGMENT LIABILITIES						
Segment liabilities	<u>258,221,928</u>	<u>128,079,526</u>	<u>15,392,769</u>	<u>12,467,110</u>	<u>273,614,697</u>	140,546,636
Unallocated corporate liabilities					<u>599,989,299</u>	677,582,283
Total liabilities					<u>873,603,996</u>	<u>818,128,919</u>

28. MANAGEMENT OF TAKAFUL AND FINANCIAL RISK

The Company issues contracts that transfer Takaful risk or financial risk or both. This section summarises these risks and the way the Company manages them.

28.1 Takaful risk

The principal risk the Company faces under Takaful contracts is the possibility that the risk event occurs and the uncertainty of the amount of the resulting claims i.e. the frequency and severity of claims. By the very nature of a Takaful contract, this risk is random and therefore unpredictable. The objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The Company strictly follows the underwriting policies as specified by Re Takaful Operators. The focus is on issuing contracts to people having moderate risk of mortality, and morbidity and having appropriate economic worth and source of earned income. The Company has designed procedures to promote objective reporting of medical information and qualitative as well as quantitative risk selection criterion.

In case of Group Family Takaful, special care is exercised while granting free cover limit. The Company has developed criterion for minimum size and level of sophistication for the group clients to avoid moral hazard.

The Company has obtained Re Takaful arrangements with prominent international Re Takaful operators having high credit rating. The risks exceeding reasonably low level of retention limits are transferred to Re-Takaful Operators. The Company has also obtained catastrophic cover to minimize risk accumulation in any one loss event.

The Company claims strategy is to settle all genuine claims promptly and fairly as per laid down rules and regulations. The Company believes in helping claimants and participants through quick response and empathic behaviour. To identify the fraudulent claims and to protect the interest of genuine participants, all early claims are bound to pass through claims investigation process.

28.1.1 Categories of takaful contracts

Takaful contracts issued by the Company are divided into

- i) Long term takaful contracts
- ii) Short term takaful contracts

i) Long-term takaful contracts

(a) Frequency and severity of claims

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency of claims are epidemics or widespread changes in lifestyle, such as eating, smoking and exercise habits, resulting in earlier or more claims than expected.

In individual life business, the frequency and severity of claims is restricted because of underwriting strategies which do not permit higher sums covered to higher age groups. Secondly, high sums covered are shared with Re Takaful Operators.

The mortality risk is well diversified because the lives covered are spread all over Pakistan where the Company has established branches.

In Group Family Takaful business, the number of groups and number of lives covered are enough to treat the business as well diversified. Hence frequency of claims is controlled through diversification. The severity of claims is restricted due to retakaful and requirement of medical underwriting for high sums covered in the groups.

The table below presents the concentration of benefits across five bands of insured benefits per individual life assured. The benefit figures are shown gross and net of the retakaful contracts described below. At year-end, none of these takaful contracts had triggered a recovery under the retakaful held by the Company.

DAWOOD FAMILY TAKAFUL LIMITED

Notes to the Financial Statements For the year ended 31 December 2011

Benefits (Individual Family Takaful) Amount of Sum Covered	Number of policies	2011			
		Before retakaful		After retakaful	
		Rupees		Rupees	
0-200,000	1,792	274,809,000	7%	137,404,000	8%
200,000-400,000	2,402	700,703,000	17%	350,352,000	21%
400,000-800,000	2,016	1,098,034,000	26%	549,017,000	33%
800,000-1,000,000	468	436,510,000	11%	218,255,000	13%
More than 1,000,000	852	1,635,418,000	39%	426,000,000	25%
Total	7,530	4,145,474,000	100%	1,681,028,000	100%

Benefits (Individual Family Takaful) Amount of Sum Covered	Number of policies	2010			
		Before retakaful		After retakaful	
		Rupees		Rupees	
0-200,000	1,128	173,365,000	8%	86,682,000	8%
200,000-400,000	1,665	479,349,000	19%	239,675,000	23%
400,000-800,000	1,209	659,199,000	26%	329,599,000	32%
800,000-1,000,000	302	281,097,000	11%	140,549,000	15%
More than 1,000,000	454	894,724,000	36%	227,000,000	22%
Total	4,758	2,487,734,000	100%	1,023,505,000	100%

The following tables disclose the concentration of liabilities of the short term contracts by the industry sector in which the participant operates and by the maximum covered loss limit included in the terms of the contract. The amounts are the carrying amount of the liabilities (gross and net of the terms of the contract. The amounts are the carrying amount of the liabilities (gross and net of retakaful) arising from short term contracts.

Group Family Takaful Industry Sector	2011				
	Gross Claims Rupees	% age	ReTakaful Ceded Rupees	% age	Net Claims Rupees
	Agriculture and farming	200,000	1%	150,000	1%
Chemical	3,475,200	22%	2,675,000	23%	800,200
Clothing	1,475,481	9%	916,640	8%	558,841
Financial and professional	608,000	4%	450,000	4%	158,000
Food and Housekeeping Industries	352,000	2%	262,500	2%	89,500
Metal industries	51,600	0%	24,000	0%	27,600
Trade and Services	2,768,531	17%	1,993,966	18%	774,565
Transportation and public utilities	2,347,000	15%	1,575,000	14%	772,000
Educational services	3,075,287	19%	2,284,669	20%	790,618
Others	1,523,625	10%	1,059,000	9%	464,625
Total	15,876,724	100%	11,390,775	100%	4,485,949

Group Family Takaful Industry Sector	2010				
	Gross Claims Rupees	% age	ReTakaful Ceded Rupees	% age	Net Claims Rupees
	Agriculture and farming	900,000	5%	675,000	5%
Chemical	3,200,000	16%	2,400,000	17%	800,000
Clothing	1,410,000	7%	975,000	7%	435,000
Financial and professional	1,335,000	7%	1,000,000	7%	335,000
Metal industries	5,724,000	29%	3,975,000	28%	1,749,000
Trade and services	2,601,000	13%	1,975,000	14%	626,000
Transportation and public utilities	2,223,000	11%	1,643,000	11%	580,000
Educational services	1,119,000	6%	825,000	6%	294,000
Others	964,333	6%	842,500	5%	121,833
Total	19,476,333	100%	14,310,500	100%	5,165,833

DAWOOD FAMILY TAKAFUL LIMITED

Notes to the Financial Statements

For the year ended 31 December 2011

b) Sources of uncertainty in the estimation of future benefit payments and contribution receipts.

Uncertainty in the estimation of future benefit payments and contribution receipts for long-term contracts arises from the unpredictability of long-term changes in overall levels of mortality and the variability in contract holder behaviour.

The Company uses appropriate base tables of standard mortality according to the type of contract being written and the territory in which the insured person resides. An investigation into the actual experience of the Company over the few years is carried out and statistical methods are used to adjust the crude mortality rates to produce a best estimate of expected mortality for the future. Where data is sufficient to be statistically credible, the statistics generated by the data are used without reference to an industry table. Where this is not based on standard industry tables adjusted for the Company's overall experience. For contracts that insure survival, an adjustment is made for future mortality improvements based on trends identified in the data and in the continuous mortality investigation bodies. The impact of any historical evidence of selective termination behaviour will be reflected in this experience. The Company maintains voluntary termination statistics to investigate the deviation of actual termination experience against assumptions. Statistical methods are used to determine appropriate termination rates. An allowance is then made for any trends in the data to arrive at a best estimate of future termination rates.

c) Process used to decide on assumptions

Mortality and morbidity experience:

Mortality / Morbidity tables are based on the risk rates being charged by the Re Takaful Operators supporting individual and group lines of business. These rates vary due to the age, sex, occupation and the nature of industry.

Persistency rates for long term individual policies:

The valuation method does not take into account persistency of individual policies because of the prescribed bases.

Expense levels and inflation

The administrative charges (Wakala Fee, Tharawat Fee and Mudarib Fee) are fixed for each contract. All expenses are charged to Share Holders' Fund. Hence, the inflationary risk is borne by the Share Holders' Fund.

DAWOOD FAMILY TAKAFUL LIMITED

Notes to the Financial Statements For the year ended 31 December 2011

Investment returns

The valuation of risk related benefits of Individual Family Takaful plans has been carried out using 3.75% discount rate assumption in accordance with valuation regulations.

The participant account values of these plans depend upon actual investment returns earned on these policies. No investment guarantees are offered by the Company. Investment risk is borne by the policy holders.

Tax

There is no major impact of taxes on valuation of liabilities, future benefit payments and contribution receipts.

d) Change in assumptions

The Company did not change its assumptions for the takaful contracts disclosed in this note.

e) Sensitivity analysis

The Company believes that the liabilities under the contracts provided for at the year end are adequate. The sensitivity to changes in claim liabilities is determined separately for each class of business while keeping all assumptions constant.

The following tables present the sensitivity of the value of takaful liabilities disclosed in this note to movements in the assumptions used in the estimation of takaful liabilities. For liabilities under long-term takaful contracts changes in assumptions will not cause a change to the amount of the liability, unless the change is severe enough to trigger a liability adequacy test adjustment. No losses arose in either 2011 or 2010, based on the results of the liability adequacy test. The table below indicates the level of the respective variable that will trigger an adjustment and then indicates the liability adjustment required as a result of a further deterioration in the variable.

Long Term Individual Unit Linked Takaful Plans (Participants' Liability in the Individual Family Takaful PTF)

	Change in variable	Change in liability 2011	Change in liability 2010
Variables	+ 5%	515,744	262,698
Worsening of mortality and / or morbidity rates for risk policies	+ 10%	1,038,647	525,924
Improvement of mortality rates for annuities	N/A	N/A	N/A
Worsening of persistency rates for long term individual policies		No assumption of persistency in estimating Policyholder's liability	
Increase in expense levels and inflation		No assumption of expenses in estimating Policyholder's liability	
Decrease in investment returns	- 1%	3,866,245	1,432,262
	- 2%	8,637,968	3,153,890

- The process for estimation of IBNR and its provisioning mechanism:

DAWOOD FAMILY TAKAFUL LIMITED

Notes to the Financial Statements For the year ended 31 December 2011

Due provision was made for claims Incurred But Not Reported (“IBNR”) by analyzing claims incurred after the valuation date till the reporting date. The claims actually intimated in January 2012 and February 2012 which pertains to calendar year 2011 were taken as IBNR reserve after adjusting the amount for unreported claims pertaining to 2011. Provision for claims not reported up to the reporting date was based on standard actuarial methods.

The assumptions are used only to value risk related components of the Unit Linked Individual Family Takaful Plans. These assumptions are fixed according to the valuation regulations.

Mortality assumption: EFU (1961-1966) Table

Interest rate: 3.75% per annum

Expenses and Persistency: No explicit assumptions

Short-duration family takaful contracts

a) Frequency and severity of claims

For contracts where death is the covered risk, the most significant factors that could increase the overall frequency of claims are epidemics or widespread changes in lifestyle, such as eating, smoking and exercise habits, resulting in earlier or more claims than expected.

The following table reports the year-end aggregated insured benefits for the in-force short-duration life takaful contracts by industry sector. The analysis of such contractual exposures is deemed to be the best indicator of the takaful risk concentration by industry for these contracts.

Schedule of Concentration of Risk - Short Term Contracts

Industry	2011			
	Total Sum Covered before retakaful (Rupees)	%age	Net of Retakaful (Rupees)	%age
Agriculture and Farming	47,200,000	0.47%	11,800,000	0.56%
Chemical Industries	1,157,700,000	11.53%	271,875,000	12.81%
Clothing	2,697,300,000	26.86%	647,900,000	30.53%
Electrical Equipment and Supplies	3,400,000	0.03%	850,000	0.04%
Financial and Professional	1,082,925,798	10.79%	161,807,118	7.62%
Food and Housekeeping Industries	150,075,393	1.49%	35,564,363	1.68%
Metal Industries	80,900,000	0.81%	17,800,000	0.84%
Mining and Quarrying	19,825,000	0.20%	4,956,250	0.23%
Trade and Services	2,221,945,000	22.13%	351,037,750	16.54%
Transportation and Public Utilities	677,800,000	6.75%	154,775,000	7.29%
Educational Services	808,820,000	8.06%	200,605,000	9.45%
Other	1,092,752,636	10.88%	263,341,305	12.41%
Total	10,040,643,827	100%	2,122,311,786	100%

Industry	2010			
	Total Sum Covered before retakaful (Rupees)	%age	Net of Retakaful (Rupees)	%age
Agriculture and farming	47,200,000	0.61%	11,800,000	0.61%
Chemical	1,779,650,000	23.04%	444,913,000	23.04%
Clothing	1,821,500,000	23.58%	455,375,000	23.58%
Electrical equipment and supplies	8,400,000	0.11%	2,100,000	0.11%
Financial and professional	1,471,491,000	19.05%	367,873,000	19.05%
Food and house keeping	15,400,000	0.20%	3,850,000	0.20%
Metal industries	18,300,000	0.24%	4,575,000	0.24%
Trade and services	386,400,000	5.00%	96,600,000	5.00%
Transportation and public utilities	513,000,000	6.64%	128,250,000	6.64%
Educational services	782,920,000	10.13%	195,730,000	10.13%
Others	880,780,000	11.40%	220,195,000	11.40%
Total	7,725,041,000	100%	1,931,261,000	100%

DAWOOD FAMILY TAKAFUL LIMITED

Notes to the Financial Statements For the year ended 31 December 2011

b) Sources of uncertainty in the estimation of future claim payments

Other than for the testing of the adequacy of the liability representing the unexpired risk at the end of the reporting period, there is no need to estimate mortality rates or morbidity rates for future years because these contracts have short duration. However, for incurred disability income claims, it is necessary to estimate the rates of recovery from disability for future years. Standard recovery tables produced by reinsurers are used as well as the actual experience of the Company. The influence of economic circumstances on the actual recovery rate for individual contracts is the key source of uncertainty for these estimates.

c) Process used to decide on assumptions

The assumptions used for these contracts are the same as for long term contracts.

d) Change in assumptions

The Company did not change its assumptions during the year.

Break-up of Total Sum Cover and Risk Ceded

	Gross Sum Covered		ReTakaful		Net	
	2011	2010	2011	2010	2011	2010
	----- (Rupees) -----					
Group Family						
Takaful	10,040,643,827	7,725,041,000	7,918,332,041	5,793,780,000	2,122,311,786	1,931,261,000
Individual Family						
Takaful	4,145,474,000	2,487,734,000	2,464,446,000	1,464,229,000	1,681,028,000	1,023,505,000
	<u>14,186,117,827</u>	<u>10,212,775,000</u>	<u>10,382,778,041</u>	<u>7,258,009,000</u>	<u>3,803,339,786</u>	<u>2,954,766,000</u>

28.1.2 Claim development

The following table shows the development of claims over a period of time on gross basis. 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.

Aging of outstanding claims	2011	2010
	(Rupees)	
Upto one year	7,174,096	4,290,000
1-2 years	860,000	170,000
	<u>8,034,096</u>	<u>4,460,000</u>

DAWOOD FAMILY TAKAFUL LIMITED

Notes to the Financial Statements For the year ended 31 December 2011

29. ASSETS LIABILITIES MATCHING

	2011						
	Total	Unit linked contracts		Group contracts		Corporate	
		Takaful contracts	Investment contracts	Takaful contracts	Investment contracts	Other financial assets	Other assets
----- (Rupees) -----							
Assets							
-Listed securities	4,910,586	-	4,910,586	-	-	-	
-Unlisted securities	288,864,298	5,941,959	64,914,621	3,120,631	-	214,887,087	
Mutual funds	39,382,588	-	-	-	-	39,382,588	
Amount due from retakaful	10,551,698	4,594,820	-	5,956,878	-	-	
Cash and bank deposits	244,820,728	90,505,113	64,113,420	4,927,846	-	85,274,349	
Contributions due but unpaid	1,005,311	-	-	1,005,311	-	-	
Investments income accrued	24,384,896	2,669,309	3,001,393	382,103	-	18,332,091	
Advance deposits and prepayments	56,029,335	-	-	-	-	43,080,724	
Sundry receivables	49,519,135	4,135,502	13,435,205	-	-	23,451,218	
Fixed assets	69,306,979	-	-	-	-	69,306,979	
Deferred tax	84,828,442	-	-	-	-	84,828,442	
	873,603,996	107,846,703	150,375,225	15,392,769	-	424,408,057	
						175,581,242	
Creditors and accruals							
Outstanding claims	8,034,096	4,284,096	-	3,750,000	-	-	
Contribution received in advance	14,013,169	14,013,169	-	-	-	-	
Amount due to retakaful	10,169,953	4,467,410	-	5,702,543	-	-	
Amount due to agents	21,997,070	-	-	-	-	21,997,070	
Taxation	1,715,431	-	-	-	-	1,715,431	
Other creditors and accruals	60,125,343	33,715,391	1,535,270	978,173	-	20,826,465	
	116,055,062	56,480,066	1,535,270	10,430,716	-	42,823,535	
						4,785,475	
Net	757,548,934	51,366,637	148,839,955	4,962,053	-	381,584,522	
						170,795,767	
----- (Rupees) -----							
2010							
	Total	Unit linked contracts		Group contracts		Corporate	
		Takaful contracts	Investment contracts	Takaful contracts	Investment contracts	Other financial assets	Other assets
----- (Rupees) -----							
Assets							
-Listed securities	-	-	-	-	-	-	
-Unlisted securities	354,560,529	8,004,208	50,047,596	1,116,016	-	295,392,709	
Mutual funds	39,382,588	-	-	-	-	39,382,588	
Amount due from retakaful	6,094,263	1,516,715	-	4,577,548	-	-	
Cash and bank deposits	163,786,768	39,389,600	11,347,160	4,825,187	-	108,224,821	
Contributions due but unpaid	712,442	-	-	712,442	-	-	
Investments income accrued	16,553,941	477,499	2,102,955	164,753	-	13,808,734	
Advance deposits and prepayments	56,287,443	-	-	-	-	46,150,650	
Sundry receivables	38,807,667	3,709,740	11,484,053	1,071,164	-	16,820,758	
Fixed assets	84,037,930	-	-	-	-	84,037,930	
Deferred tax	57,905,348	-	-	-	-	57,905,348	
	818,128,919	53,097,762	74,981,764	12,467,110	-	519,780,260	
						157,802,023	
Creditors and accruals							
Outstanding claims	4,460,000	-	-	4,460,000	-	-	
Contribution received in advance	6,752,152	6,752,152	-	-	-	-	
Amount due to retakaful	5,246,519	1,721,197	-	3,525,322	-	-	
Amount due to agents	17,833,191	-	-	-	-	17,833,191	
Taxation	1,126,186	-	-	-	-	1,126,186	
Other creditors and accruals	42,541,849	25,810,293	622,659	241,921	-	14,392,941	
	77,959,897	34,283,642	622,659	8,227,243	-	32,226,132	
						2,600,221	
Net	740,169,022	18,814,120	74,359,105	4,239,867	-	487,554,128	
						155,201,802	

DAWOOD FAMILY TAKAFUL LIMITED

Notes to the Financial Statements

For the year ended 31 December 2011

30. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and 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. In particular, the key financial risk is that in the long-term its investment proceeds are not sufficient to fund the obligations arising from its takaful and investment contracts.

30.1 Risk management framework

The Board of Directors has overall responsibility for establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

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

The audit committee oversees compliance by management with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Audit Committee is assisted in its oversight role by an outsourced Internal Audit function. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

30.2 Credit risk

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

Exposure to credit risk

The Company structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, 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 by category and territory are approved quarterly by the Board of Directors.

Retakaful is used to manage takaful risk. This does not, however, discharge the Company's liability as primary takaful operator. If a retakaful 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 prior to finalisation of any contract.

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 equivalent to that conducted for retakaful operators is carried out by the Company risk department.

DAWOOD FAMILY TAKAFUL LIMITED

Notes to the Financial Statements For the year ended 31 December 2011

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

Financial assets	2011	2010
	(Rupees)	
Cash and bank deposit	244,820,728	163,786,768
Investments	333,157,472	393,943,117
Contributions due but unpaid	1,005,311	712,442
Amount due from retakaful companies	10,551,698	6,094,263
Investment income accrued	24,384,896	16,553,941
Advance and deposits	43,080,724	46,150,650
Sundry receivables	23,451,218	33,085,715
	<u>680,452,047</u>	<u>660,326,896</u>
Financial assets		
Secured	288,864,298	354,560,529
Unsecured	391,587,749	305,766,367
	<u>680,452,047</u>	<u>660,326,896</u>
Not past due	598,007,607	620,345,367
Past due	82,444,440	39,981,529
	<u>680,452,047</u>	<u>660,326,896</u>

The age analysis of financial assets that are as follows:

	2011		2010	
	Carrying value	Impairment	Carrying value	Impairment
	------(Rupees)-----			
Not past due	598,007,607	-	620,345,367	(14,665,350)
<i>Past due</i>				
Upto 1 year	37,499,999	-	10,606,529	(3,958,332.00)
1-2 year	44,944,441	(41,052,081)	29,375,000	(29,375,000)
Total	<u>680,452,047</u>	<u>(41,052,081)</u>	<u>660,326,896</u>	<u>(47,998,682)</u>

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

DAWOOD FAMILY TAKAFUL LIMITED

Notes to the Financial Statements For the year ended 31 December 2011

2011	Rating		Rating Agency	Rupees
	Short term	Long term		
Burj Bank Limited (Formerly Dawood Islamic Bank Limited)	A-2	A	JCR VIS	135,669,623
Al Baraka Bank (Pakistan) Limited	A-1	A	JCR VIS	47,086,060
Dubai Islamic Bank Limited	A-1	A	JCR VIS	54,912,974
Meezan Bank Limited	A-1+	AA-	JCR VIS	6,351,323
Faysal Bank Limited (Islamic Division)	A-1 +	AA	JCR VIS	11,627
Bank Al Falah Limited	A-1 +	AA	PACRA	533,369
				244,564,976

2010	Rating		Rating Agency	Rupees
	Short term	Long term		
Dawood Islamic Bank Limited	A-3	BBB+	JCR VIS	100,027,674
Al Baraka Bank (Pakistan) Limited	A-2	A	PACRA	60,214,144
Dubai Islamic Bank Limited	A-1	A	JCR VIS	1,198,186
Meezan Bank Limited	A-1	AA-	JCR VIS	610,522
Faysal Bank Limited (Islamic Division)	A-1 +	AA	JCR VIS	372,245
Bank Al Falah Limited	A-1 +	AA	PACRA	286,716
				162,709,487

Concentration of credit risk

Concentration of credit risk occurs when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would effect their ability to meet contractual obligations in similar manner. Sector-wise analysis of contributions due but unpaid, amounts due from other retakaful operators, retakaful recovery against outstanding claims and prepaid retakaful contributions ceded at the reporting date was:

	2011		2010	
	Rupees	%	Rupees	%
Textile	515,189	51%	90,980	13%
Sugar	-	0%	99,474	14%
Cement	230,121	23%	184,057	26%
Financial	40,722	4%	109,737	15%
Others	219,279	22%	228,194	32%
	1,005,311	100%	712,442	100%

The management monitors exposure to credit risk through regular review of credit exposure, assessing credit worthiness of counter parties and prudent estimates of provision for doubtful debts.

Amount due from retakaful operators in respect of retakaful recoveries against outstanding claims

The Company enters into re-takaful arrangements with retakaful operators having sound credit ratings accorded by reputed credit rating agencies. The Company is required to comply with the requirements of circular no. 32 / 2009 dated 27 October 2009 issued by SECP which requires a takaful company to place at least 80% of their outward treaty cessions with retakaful rated 'A' or above by Standard & Poors with the balance being placed with entities rated at least 'BBB' by reputable ratings agency. An analysis of all retakaful assets relating to outward treaty cessions recognised by the rating of the entity from which it is due is as follows:

DAWOOD FAMILY TAKAFUL LIMITED

Notes to the Financial Statements For the year ended 31 December 2011

The credit quality of amount due from retakaful operators can be assessed with reference to external credit ratings as follows:

Rating	2011		
	Amounts due from retakaful operators	Retakaful recoveries against outstanding claims (Rupees)	Prepaid retakaful contribution
A or above	10,551,698	14,625,388	-
BBB	-	-	-
Others	-	-	-
	10,551,698	14,625,388	-

Rating	2010		
	Amounts due from retakaful operators	Retakaful recoveries against outstanding claims (Rupees)	Prepaid retakaful contribution
A or above	6,094,263	4,095,500	-
BBB	-	-	-
Others	-	-	-
	6,094,263	4,095,500	-

30.3 Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its obligations when they fall due as a result of participants benefit payments, cash requirements from contractual commitments, or other cash outflows. Such outflows would deplete available cash resources for operational, trading and investments activities. In extreme circumstances, lack of liquidity could result in an inability to fulfill participant commitments. The risk that the Company will be unable to do so is inherent in all takaful operations and can be affected by a range of institution-specific and market-wide events including, but not limited to, credit events, systemic shocks and natural disasters.

The Company's liquidity management process includes day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met, maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow and monitoring the liquidity ratios against internal and regulatory requirements.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

DAWOOD FAMILY TAKAFUL LIMITED

Notes to the Financial Statements For the year ended 31 December 2011

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the maturity date.

	2011					
	Carrying amount	Contractual cash flows	Less than one year	1-2 years	2-3 years	3-5 years
	(Rupees)					
Financial Assets						
Cash and bank deposits	244,820,728	244,820,728	244,820,728	-	-	-
Investments	333,157,472	374,209,553	152,231,340	93,741,658	42,361,555	85,875,000
Contributions due but unpaid	1,005,311	1,005,311	1,005,311	-	-	-
Amount due from retakaful companies	10,551,698	10,551,698	10,551,698	-	-	-
Investment income accrued	24,384,896	24,384,896	24,384,896	-	-	-
Advance and deposits	56,029,335	14,602,866	-	13,094,766	-	1,508,100
Sundry receivables	49,519,135	49,519,135	49,519,135	-	-	-
	719,468,575	719,094,187	482,513,108	106,836,424	42,361,555	87,383,100
Financial Liabilities						
Outstanding claims	8,034,096	8,034,096	8,034,096	-	-	-
Contribution received in advance	14,013,169	14,013,169	14,013,169	-	-	-
Amount due to retakaful companies	10,169,953	10,169,953	10,169,953	-	-	-
Amount due to agents	21,997,070	21,997,070	21,997,070	-	-	-
Other creditors and accruals	60,125,343	60,125,343	56,122,343	-	4,003,000	-
	114,339,631	114,339,631	110,336,631	-	4,003,000	-
	605,128,945	604,754,556	372,176,477	106,836,424	38,358,555	87,383,100
	2010					
	Carrying amount	Contractual cash flows	Less than one year	1-2 years	2-3 years	3-5 years
	(Rupees)					
Financial Assets						
Cash and bank deposits	163,786,768	163,786,768	123,786,768	40,000,000	-	-
Investments	393,943,117	491,176,826	194,832,941	150,197,714	101,010,021	45,136,150
Contributions due but unpaid	712,442	712,442	712,442	-	-	-
Amount due from retakaful companies	6,094,263	6,094,263	6,094,263	-	-	-
Investment income accrued	16,553,941	16,553,941	16,553,941	-	-	-
Advance and deposits	46,150,650	46,150,650	-	45,114,650	-	1,036,000
Sundry receivables	33,085,715	33,085,715	33,085,715	-	-	-
	660,326,896	757,560,605	375,066,070	235,312,364	101,010,021	46,172,150
Financial Liabilities						
Outstanding claims	4,460,000	4,460,000	4,460,000	-	-	-
Contribution received in advance	6,752,152	6,752,152	6,752,152	-	-	-
Amount due to retakaful companies	5,246,518	5,246,518	5,246,518	-	-	-
Amount due to agents	17,833,191	17,833,191	17,833,191	-	-	-
Other creditors and accruals	41,067,814	41,067,814	38,031,814	-	3,036,000	-
	75,359,675	75,359,675	72,323,675	-	3,036,000	-
	584,967,221	682,200,930	302,742,395	235,312,364	97,974,021	46,172,150

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

The Company manages liquidity risk by maintaining sufficient cash in bank accounts. At 31 December 2011, the Company had financial assets of Rs. 680.452 million (2010: Rs. 660.327 million), which include Rs. 244.820 million (2010: Rs. 163.786 million) of cash in hand and deposits placed with banks.

30.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or value of its financial instruments. The objective of market risk management is to manage and control market risk exposures with acceptable parameters, while optimising the return. The Company is exposed to currency risk, interest rate risk and other price risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly where receivables and payables exist due to transactions based on currencies other than Pakistan Rupees. The Company is not exposed to currency risk.

Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

DAWOOD FAMILY TAKAFUL LIMITED

Notes to the Financial Statements For the year ended 31 December 2011

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

	Carrying amount		Effective interest rate in %	
	2011	2010	2011	2010
Variable rate instruments	Rupees			
Financial assets				
Term deposits	115,000,000	65,000,000	11-15	12.5-15
PLS savings accounts	120,321,374	88,773,566	6-11.25	5-10.75
Sukuk bond	288,864,298	354,560,529	3K+0.2 - 3K+2.50	3K+0.2 - 3K+2.50
Financial liabilities	-	-		
	<u>524,185,672</u>	<u>508,334,095</u>		

Cash flow sensitivity analysis for variable rate instruments

Shareholders' fund

The Company is exposed to cash flow profit rate risk in respect of its deposits with banks and investment in Sukuk bonds. In case of 100 basis points (bp) increase / decrease in profit rates at year end, assuming that all other variables remain constant, the net income and equity would have been higher / lower by Rs. 2,999,026 (2010: Rs. 4,019,098).

Participant takaful fund

The Company is exposed to cash flow profit rate risk in respect of its deposits with banks. In case 100 basis points (bp) increase / decrease in profit rates at year end, assuming that all other variables remain constant, the net income and balance of Waqf would have been higher / lower by Rs. 928,569 (2010: Rs. 1,064,243).

Cash flow sensitivity analysis for fixed rate instruments

The Company does not have any fixed rate financial assets and liabilities at fair value through profit or loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

The sensitivity analysis prepared is not necessarily indicative of the effects on loss for the year and assets / liabilities of the Company.

Mismatch of Interest Rate Sensitive Assets and Liabilities / Yield / Interest Rate Risk

Effective rate % per annum	2011							Non profit bearing	Total
	Profit bearing								
	Upto one month	Over one month to three months	Over three months to six months	Over six months to one year	Over one year to five years	Over five years	Sub Total		
	(Rupees)								
Financial assets									
Cash and bank deposits	6 to 15	120,321,374	-	50,000,000	65,000,000	-	235,321,374	9,499,354	244,820,728
Investments	3K + 0.2 to 3K+2.50	27,004,326	4,781,958	10,583,375	61,610,175	183,321,965	1,562,500	288,864,299	333,157,473
Amount due from retakaful companies		-	-	-	-	-	-	10,551,698	10,551,698
Contribution due but unpaid		-	-	-	-	-	-	1,005,311	1,005,311
Investment income accrued		-	-	-	-	-	-	24,384,896	24,384,896
Advance and deposits		-	-	-	-	-	-	43,080,724	43,080,724
Sundry receivables		-	-	-	-	-	-	41,021,925	41,021,925
Total		<u>147,325,700</u>	<u>4,781,958</u>	<u>60,583,375</u>	<u>126,610,175</u>	<u>183,321,965</u>	<u>1,562,500</u>	<u>524,185,673</u>	<u>698,022,755</u>
Financial liabilities									
Outstanding claims		-	-	-	-	-	-	8,034,096	8,034,096
Contribution received in advance		-	-	-	-	-	-	14,013,169	14,013,169
Amount due to retakaful		-	-	-	-	-	-	10,169,953	10,169,953
Amount due to agents		-	-	-	-	-	-	21,997,070	21,997,070
Other creditors and accruals		-	-	-	-	-	-	60,125,343	60,125,343
Total		-	-	-	-	-	-	114,339,631	114,339,631
Halal profit risk sensitivity gap		<u>147,325,700</u>	<u>4,781,958</u>	<u>60,583,375</u>	<u>126,610,175</u>	<u>183,321,965</u>	<u>1,562,500</u>	<u>524,185,673</u>	<u>583,683,124</u>

Effective rate % per annum	2010							Non profit bearing	Total
	Profit bearing								
	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		
Financial assets									
Cash and bank deposits	5 to 15	-	88,773,566	-	25,000,000	40,000,000	-	153,773,566	10,013,202
Investments	3K + 0.2 to 6K+2.25	18,260,136	14,242,454	8,790,842	65,118,225	252,107,204	-	354,560,529	393,943,117
Amount due from retakaful companies		-	-	-	-	-	-	-	6,094,263
Contribution due but unpaid		-	-	-	-	-	-	-	712,442
Investment income accrued		-	-	-	-	-	-	-	16,553,941
Advance and deposits		-	-	-	-	-	-	-	46,150,650
Sundry receivables		-	-	-	-	-	-	-	33,085,715
Total		<u>18,260,136</u>	<u>103,016,020</u>	<u>8,790,842</u>	<u>90,118,225</u>	<u>292,107,204</u>	<u>-</u>	<u>508,334,095</u>	<u>660,326,896</u>
Financial liabilities									
Outstanding claims		-	-	-	-	-	-	-	4,460,000
Contribution received in advance		-	-	-	-	-	-	-	6,752,153
Amount due to retakaful		-	-	-	-	-	-	-	5,246,518
Amount due to agents		-	-	-	-	-	-	-	17,833,191
Other creditors and accruals		-	-	-	-	-	-	-	41,067,814
Total		-	-	-	-	-	-	-	75,359,676
Halal profit risk sensitivity gap		<u>18,260,136</u>	<u>103,016,020</u>	<u>8,790,842</u>	<u>90,118,225</u>	<u>292,107,204</u>	<u>-</u>	<u>508,334,095</u>	<u>584,967,220</u>

DAWOOD FAMILY TAKAFUL LIMITED

Notes to the Financial Statements For the year ended 31 December 2011

Other price risk

Other price risk is the risk of changes in the fair value of securities as the result of changes in the levels of net asset value of units and market value of shares and certificates listed on Karachi Stock Exchange (KSE) held by the Company. The equity price risk exposure arises from the investment in equity securities. This arises from investments held by the Company for which prices in the future are uncertain.

The table below summarises the sensitivity of the net assets attributable value of units held by the Company as at December 31, 2011. The analysis is based on the assumption that net asset value of units held by the Company increased / decreased by 5% (2010: 5%) with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the net asset value of units held by the Company.

At 31 December 2011, the market value of equity securities exposed to other price risk were disclosed in note 13.

The impact below arises from the reasonable possible change in the fair value of listed equity securities.

Effect on income statement, assets of the Company of an increase / decrease in KSE Index / Net Asset Value	2011	2010
	(Rupees)	
Investments	<u><u>1,969,129</u></u>	<u><u>1,969,129</u></u>

The sensitivity analysis presented is based upon the portfolio position as at 31 December 2011. Accordingly, the sensitivity analysis prepared as at 31 December is not necessarily indicative of the effect on the Company's assets of future movements in the net asset value of units held by the Company.

Investment in open ended mutual funds units

Dawood Islamic Fund	<u><u>39,382,588</u></u>	<u><u>39,382,588</u></u>
---------------------	--------------------------	--------------------------

30.5 Fair value of financial instruments

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

The fair values of all the financial instruments are estimated to be not significantly different from their carrying values except for quoted investments, fair value of which have been stated in note 13.

The Company's accounting policy on fair value measurements of its investments is discussed in note 5.4 to these financial statements.

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 asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

DAWOOD FAMILY TAKAFUL LIMITED

Notes to the Financial Statements

For the year ended 31 December 2011

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

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

Financial assets	Level 1	Level 2	Level 3	Total
	----- (Rupees) -----			
Units of open ended mutual fund	39,382,588	-	-	39,382,588
Listed shariah compliant shares	4,910,586	-	-	4,910,586
	<u>44,293,174</u>	<u>-</u>	<u>-</u>	<u>44,293,174</u>
Debt securities	-	288,864,298	-	288,864,298
	<u>-</u>	<u>288,864,298</u>	<u>-</u>	<u>288,864,298</u>

30.6 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 behaviour. 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 stakeholders.

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 risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

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

Capital risk 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.

DAWOOD FAMILY TAKAFUL LIMITED

Notes to the Financial Statements For the year ended 31 December 2011

In accordance with SECP Circular no. 03 of 2007 of Securities and Exchange Commission of Pakistan (SECP), minimum paid-up capital requirement to be complied with by Insurance Companies/Takaful operators at the end of each year are as follows:

	2011	2010	2009	2008	2007
	----- (Rupees) -----				
Minimum paid up capital	<u>500,000,000</u>	<u>500,000,000</u>	<u>450,000,000</u>	<u>400,000,000</u>	<u>350,000,000</u>

The Company currently meets the externally imposed capital limit.

31. EARNING PER SHARE - Basic and diluted	2011	2010
Loss after tax	<i>Rupees</i> <u>(90,375,641)</u>	<u>(65,561,188)</u>
Weighted average number of shares	<i>Number</i> <u>75,000,000</u>	<u>75,000,000</u>
Loss per share	<i>Rupees</i> <u>(1.21)</u>	<u>(0.87)</u>

32. NUMBER OF EMPLOYEES

Number of employees as at 31 December 2011 are 291 (2010: 213).

33. CORRESPONDING FIGURES

Prior year's figures have been rearranged / reclassified wherever necessary for better presentation and comparison.

34. DATE OF AUTHORIZATION

These financial statements were authorized for issue on **April 05, 2012** by the Board of Directors of the Company.

Chairman

Chief Executive Officer

Director

Director

STATEMENT OF DIRECTORS

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

Section 46(6)

- a) In our opinion the annual statutory accounts of Dawood Family Takaful Limited, set out in the forms attached to the statement have been drawn up in accordance with the Ordinance and any rules made there under;
- b) Dawood Family Takaful Limited has at all times in the year complied with the provisions of the Ordinance and the rules made there under relating to paid-up capital, solvency and reinsurance arrangements; and
- c) As at December 31, 2011 Dawood Family Takaful Limited continues to be in compliance with provisions of the Ordinance and the rules made there under relating to paid-up capital, solvency and reinsurance arrangements.

Section 52(2) (c)

- d) In our opinion, each statutory fund of Dawood Family Takaful Limited complies with the Solvency requirements of the Insurance Ordinance, 2000, and the Insurance Rules, 2002.

Chairman

Chief Executive Officer

Director

Director

Σ *Akhtar & Hasan (Pvt) Ltd*
Actuaries

3rd Floor (Annexe), State Life No 1 Building, Chundrigar Road, Karachi 74000, Pakistan
UAN (021) 111-000-053 Phone (021)3242-0154 Fax (021)3241-7810 E-Mail actuaries@akhasan.com

05 April 2012

Certificate under section 52(2)
of the Insurance Ordinance, 2000

I, Shujat Siddiqui, of Akhtar & Hassan (Private) Limited, being an Actuary duly qualified under the terms of Insurance Ordinance, 2000, and being the Appointed Actuary of Dawood Family Takaful Limited, do hereby certify as under:

- (a) That in my opinion, the policyholders' liability included in the Company's balance sheet as at 31st December 2011 has been determined in accordance with the provisions of the Insurance Ordinance,
- (b) That the statutory funds of Dawood Family Takaful Limited comply with the solvency requirements of the Insurance Ordinance as at 31st December 2011.

Shujat Siddiqui, MA, FIA, FPSA
Appointed Actuary

PATTERN OF SHAREHOLDERS AS ON DECEMBER 31, 2011

Number of Shareholders	Shareholdings			Total Number of Shares Held
	From		To	
3	101	-	500	1,500
11	501	-	1,000	11,000
21	1,001	-	5,000	61,000
9	5,001	-	10,000	77,500
2	10,001	-	15,000	28,000
3	15,001	-	20,000	60,000
1	25,001	-	30,000	30,000
1	35,001	-	40,000	40,000
9	45,001	-	50,000	450,000
1	65,001	-	70,000	70,000
1	70,001	-	75,000	75,000
1	90,001	-	95,000	95,000
10	95,001	-	100,000	999,990
3	120,001	-	125,000	371,000
2	145,001	-	150,000	300,000
6	195,001	-	200,000	1,200,000
1	225,001	-	230,000	230,000
3	245,001	-	250,000	750,000
1	255,001	-	260,000	257,000
4	295,001	-	300,000	1,200,000
1	320,001	-	325,000	325,000
8	495,001	-	500,000	4,000,000
1	695,001	-	700,000	700,000
1	700,001	-	705,000	705,000
1	735,001	-	740,000	736,000
1	745,001	-	750,000	749,000
2	995,001	-	1,000,000	2,000,000
1	1,245,001	-	1,250,000	1,250,000
1	1,995,001	-	2,000,000	2,000,000
1	2,720,001	-	2,725,000	2,722,500
2	3,495,001	-	3,500,000	7,000,000
1	3,825,001	-	3,830,000	3,825,500
1	4,495,001	-	4,500,000	4,500,000
1	6,060,001	-	6,065,000	6,064,000
1	6,465,001	-	6,470,000	6,466,010
1	6,995,001	-	7,000,000	7,000,000
1	7,395,001	-	7,400,000	7,400,000
1	11,245,001	-	11,250,000	11,250,000
120				75,000,000

Categories of Shareholders as on December 31, 2011

Shareholder's Category	Number of Shareholders	Number of Shares Held	Percentage
Financial Institutions	7	28,972,500	38.63%
Associated Company	1	11,250,000	15.00%
Foreign Company	1	6,064,000	8.09%
Joint Stock Companies	11	7,670,500	10.23%
Individuals	95	14,477,000	19.30%
Others	2	6,566,000	8.75%
	117	75,000,000	100.00%

NOTICE OF 5TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that 5th Annual General Meeting of the shareholders of Dawood Family Takaful Limited “the Company” will be held at 2:00 p.m. on Saturday, April 28, 2012 at 17th Floor, Saima Trade Towers A, I.I. Chundrigar Road, Karachi to transact the following business;

ORDINARY BUSINESS:

1. To confirm the minutes of the last Annual General Meeting of the Company held on March 31, 2011.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended December 31, 2011 together with the Directors' and Auditors' Report thereon.
3. To appoint auditors and fix their remuneration for the year ending December 31, 2012.
4. To transact any other business as may be placed before the meeting with the permission of the Chair.

By Order of the Board

Karachi
April 07, 2012

Fahad Alam
Company Secretary

PROXY FORM

Folio/CDC Account No.

I/We _____ of
_____ being member(s) of
Dawood Family Takaful Limited (“the Company”) holding _____ ordinary
shares, hereby appoint _____
of _____ or failing
him/her _____
of _____
member of the Company, as my/our proxy to vote for me/us, and on my/our behalf at the 5th
Annual General Meeting of the Company to be held on April 28, 2012 and at any adjournment
thereof.

Witness:

Signature: _____

Name: _____

CNIC No: _____

Address: _____

Signature: _____

Name: _____

CNIC No: _____

Address: _____

(Member’s signature on
Rs.10/- Revenue Stamp)



DAWOOD FAMILY TAKAFUL LIMITED

SOUTH REGION

Head Office:

1701-A, Saima Trade Towers, I.I. Chundrigar Road, Karachi - 74200.
Tel: (92-21) 111-DFT-786 (111-338-786) Fax: (92-21) 32277188

Hyderi (Karachi)

1st Floor, A-2/L-2A & 2B, Building -A, Al-Burhan Circle, St-4, Block-E, North Nazimabad,
Main Hyderi, Karachi. Tel: 021-36725309-12, 36725315-18 Fax: 021-36725319

Hyderabad

Plot No, 325-D,2 Floor Block-C Unit No,VII, Latifabad Hyderabad
Tel: 022-3865326-27, 3865330-31 Fax: 022-3865318

Hyderabad Market

1st Floor, Subhan Centre, Prince Ali Road, Survey # 1274, Anaj Market,
Opp. Nawabad Road, Hyderabad. Tel: (022) 263 4976-7 Fax: 022-2634974

Mirpurkhas

1st Floor, Plot No.864/5, Adam Town, Main Umerkot Road,
Mirpurkhas. Tel: 023-3876126-28, (3 Lines) Fax: 023-3876129

Nawabshah

2nd Floor, Plot # B-599, Above Askari Bank, Katchery Road, Nawabshah.
Tel: 0244-366296, (3 Lines)

Tando Adam

1st Floor, Al-Rahim Plaza, above Bank- Alfalah, Hyderabad Road, Tando Adam.
Tel: 023-5576112 -15,

NORTH REGION

Islamabad

1st Floor, Shalimar Plaza, 99-West Blue Area, Islamabad.
Tel: 051-2278371-76 (6 Lines) 2278378 Fax: 051-2807081

Rawalpindi

1st Floor, Suit No1, Corner Allied Commercial Plaza, Chandni Chowk, Rawalpindi.
051-4851643-45, 4851647, 4851650 Fax: 051-4851649

Peshawar

1st Floor, Jasmin's Arcade, Fakhar-e-Alam Road, Peshawar Cantt. Peshawar.
Tel: 091-5250533, 5250535-39 (5Lines), Fax: 091- 5284682

Peshawar Cantt

2nd Floor, Jasmin's Arcade, Fakhar-e-Alam Road, Peshawar Cantt. Peshawar.
Ph: 091-5250533, 5250535-39 (5Lines), Fax: 091- 5284682

Mardan

Poshak Centre Shaheen Market, Bank Road, Mardan.
Tel: 0937-870300-1 (2Lines) Fax: 0937-8703002

Abbotabad

1st Floor, Haidri Plaza, Near Army Burn Hall College for Boys, Mandian,
Mansehra Road, Abbotabad. Tel: 0992-383178 383072, 383216 Fax: 0992-383191

Sawat

2nd Floor, Shahzad Plaza, Makan Bagh, Saidu Sharif Road, Mingora, Sawat
Tel: 091-5250533

CENTRAL REGION

Gulberg (Lahore)

1st Floor, Dawood
Islamic Bank Building,
57-B, Hussain Chowk,
Gulberg-III, Lahore.
Tel: 042-111-338-786
Fax: 042-35772618

Shaheen (Lahore)

2nd Floor,
Dawood Islamic Bank Building,
57-B, Hussain Chowk,
Gulberg-III, Lahore.
Tel: 042-111-338-786
Fax: 042-35772618

Gujrat

Dawood Centre, Opp. UBL,
G.T. Road, Gujrat.
Tel: 053-3538073-76,
3538078-79,
Fax: 053-3538088

Kharian

1st Floor, Al-Bilal Plaza,
Opp. Civil Hospital,
Jinnah Colony,
G.T. Road, Kharian.
Tel: 053-7534347-48,
7534564-5
Fax: 053-7536271

Faisalabad

2nd Floor, Hasan Arcade,
871-B, Peoples Colony No. 1,
Chen One Road, Faisalabad
Tel: 041-8554112-16
Fax: 041-8554117

Layllpur

1st Floor, Hasan Arcade,
871-B, Peoples Colony No. 1,
Chen One Road, Faisalabad.
Tel: 041-8554112-16
Fax: 041-8554117

Jhang

1st Floor, Sunny Heights,
Church Road, Jhang Saddar.
Tel: 047-7626648-49
Fax: 047-7626691

Mandi Bahauddin

2nd Floor, Qasim Plaza,
Phalia Road,
Mandi Bahauddin.
054-6502311-13 (3Lines)
Fax: 054-6502314

Sargodha

1st Floor, Nizami Centre,
Club Road, Shama Chowk,
Sargodha.
Tel: 048-3768774-5
Fax 048-3768773

Sahiwal

3rd Floor, Saeed Centre,
Fareed Town Road,
Sahiwal.
Tel: 040-4221531-32
Fax 040-4221534

Multan

1st Floor, Khawar Centre,
92-Nusrat Road, SP Chowk,
Multan Cantt. Multan.
Tel: 061-4581102-03,
4571104
Fax: 061-4541104

Haronnabad

Ground Floor, 140/A,
Timber Market, Haroonabad.
Tel: 063-2250100-2 (3Lines)
Fax: 063-2250104