

SHARIAH AUDIT REPORT TO THE BOARD OF DIRECTORS

for the year ended 31 December 2010

الحمد لله رب العلمين والصلاة والسلام على سيد الأنبياء والمرسلين

محمد النبي الأمي وعلى آله وصحبه أجمعين ، وبعد؛

We have examined the accompanying financial statements of Pak-Qatar General Takaful Limited for the year ended 31 December 2010.

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

The scope of our audit primarily involves the review of Company's compliance with the Shariah Guidelines. The audit includes examining the appropriate evidence of the transactions undertaken by the Company during the year 2010.

Members of the Shariah Advisory Board visited the premises frequently and observed different transactions and activities. The Shariah Department of the Company actively coordinated with the Shariah Advisory Board throughout the year and extended full support. Any issues of concern which surfaced were resolved during meetings with the management, which was then duly directed for its implementation.

Following approvals/guidelines have been issued by the SAB up till now

- Halal / Haram Business Guidelines for Takaful Membership
- Investment Criteria and Guidelines
- Re-Takaful Guidelines
- Charity Guidelines for the company
- Co-Takaful Guidelines
- Surplus Distribution Guidelines
- Shariah Approvals of Investments on regular basis
- New Products and Riders, like; Erection All Risk Takaful Policy, Money Takaful Coverage (ATM/Counter withdrawal), Terrorism Takaful Policy, Various Agreements and M.O.U.s with different Tracker companies and banks as well.

We are glad to observe that the management is working on compliance set up to ensure compliance; dealing with misspelling and fraud; and working towards developing an atmosphere consistent with our vision in the Company's branches. An increased emphasis on Takaful and Ethics has also been observed in the training for new recruits.

It is the responsibility of the Shariah Advisory Board to express its opinion on the submitted financial statements. In our opinion, and to the best of our understanding based on provided information and explanations:

- (i) The financial transactions undertaken by the Company, during the year ended 31 December 2010 (except those few which had some irregularities from the Shariah point of view but have been duly resolved) were in accordance with the guidelines prescribed by the Shariah Advisory Board and conform with the requirements of Takaful Rules, 2005; and
- (ii) "Operations Department" has performed much better in 2010 than it did in 2009, with respect to underwriting and claims. Cases were sampled randomly, and it was heartening to note that not a single case had violated the Shariah Guidelines in any respect. Moreover, rejected claims were also sampled to see if there had been malpractice. No case of unfairly rejected claims, transgressing against the Shariah, was found. Alhamdulillah!
- (iii) In short, the Company was, in all transactional respects, in compliance with the Shariah principles. Moreover, we also concur with the accounting policies adopted for incorporation of Participant Takaful Fund (Waqf Fund) into the accompanying financial statements.

اللَّهُمَّ ارْنَا الْحَقَّ حَقًّا وَارْزُقْنَا اتِّبَاعَهُ وَارْنَا الْبَاطِلَ بَاطِلًا وَارْزُقْنَا اجْتِنَابَهُ

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

On behalf of Chairman of Shariah Advisory Board



Dr. Mufti Ismatullah
Shariah Advisory Board Member



Dr. Mufti Zubair Ashraf Usmani
Shariah Advisory Board Member

KARACHI
07 April, 2011