

SHARIAH AUDIT REPORT TO THE BOARD OF DIRECTORS

for the year ended 31 December 2011

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

We have examined the accompanying financial statements of **Pak-Qatar General Takaful Limited** (hereafter referred to as "the Company") for the year ended 31 December 2011.

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 clients and stakeholders are in compliance with the requirements of Shariah rules and principles. It is the responsibility of the Company's management to ensure that the rules, principles and guidelines set by the Shariah Advisory Board are complied with, and that all policies and services being offered are duly approved by the Shariah Advisory Board. The primary scope of our audit is to review the Company's compliance with Shariah Guidelines, and include the examination of the appropriate evidence of transactions undertaken by the Company during the year 2011.

The Shariah Advisory Board with the coordination of Shariah Compliance Department of the Company has decided to conduct internal Shariah audit on a quarterly basis, as the exercise is directly related to the Company's future growth, sustainability and alignment with the original vision.

Members of the Shariah Advisory Board visited the premises frequently and observed different transactions and activities. Any surfacing issues were resolved during meetings with the management, which was then directed to implement the suggested course of action.

We are glad to observe that the management is working diligently to ensure compliance in all respects including misspellings and fraud, as well as working towards developing an atmosphere consistent with our vision in the Company's branches. We have also observed and increased emphasis on Takaful and Ethics in the training for new recruits.

The Shariah Department has worked tirelessly in order to prepare a work force that believes in the philosophy of Takaful. In that regard, the Department has always gone out of its way to train new personnel as well as could be hoped, and also transfer and share this knowledge with other companies in order to help them better understand Takaful's inherent Islamic values and economic benefits and practicality. The Shariah Department remains easily accessible to all members of the organisation as well as individual or corporate entities through all channels of communication, and plays an active role in laying misconceptions to rest.

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) Financial transactions undertaken by the Company, during the year ended 31 December 2011 (except those few which had some irregularities from the Shariah point of view and were duly resolved) were in accordance with SAB's guidelines as well as the requirements of Takaful Rules, 2005;
- (ii) The Operations Department has performed much better in 2011 than it did in 2010, 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. Alhamdulillah! We did not find any unfairly rejected claims or other transgressions against the Shariah, and
- (iii) Consequently, we found the Company to be in accordance with the Shariah principles in all transactional respects. 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



Mufti Muhammad Zubair Ashraf Usmani
Shariah Advisory Board Member

KARACHI
07 April 2012