

# Shariah Audit Report to the Board of Directors for the year ended 31 December 2012

الحمد لله رب العالمين والصلاة والسلام على سيد الأنبياء والمرسلين محمد النبي  
الأمي وعلى آله وأصحابه 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 2012.

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' 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 includes the examination of the appropriate evidence of transactions undertaken by the Company during the year 2012.

It is noteworthy that the Company, since its very beginning, has made efforts to ensure compliance with the instructions issued by the Shariah Advisory Board, and that all policies and services being offered are duly approved.

In that regard, a permanent Shariah Compliance Department has been instituted, comprising of scholars who are working in close concert with the Shariah Advisory Board to ensure overall Shariah compliance. To date, Shariah Advisory Board has issued guidelines dealing with the following areas:

- i. Shariah Guidelines regarding Halal & Haram Business Venues
- ii. Shariah Guidelines regarding Re-Takaful Arrangements
- iii. Shariah Guidelines regarding Investments
- iv. Shariah Guidelines regarding Charity Fund
- v. Shariah Guidelines regarding Advertising & Marketing
- vi. Shariah Guidelines regarding Surplus Distribution
- vii. Shariah Guidelines regarding Co-Takaful, and etc.

During the year, different issues were presented to Shariah Advisory Board for guidance, the solutions for which were duly implemented. On that basis, Shariah compliance at the Company level is declared as being satisfactory.

It is also commendable that the Company has, throughout the year and with assistance from Shariah Department, worked continuously to spread Takaful by arranging for Shariah training sessions as well as training courses in the Head Office as well as different branches. These courses were also held for

Company employees as well as business communities and Chambers of Commerce. These efforts were very timely and played an important role in broadening the reach and understanding of Takaful.

None of the various funds were in any way invested in any conventional commercial bank or conventional mutual fund. Waqf Funds were invested in *sukuk*, different Islamic banks and share on the basis of *wakalat-ul-istismar and Mudharabah*.

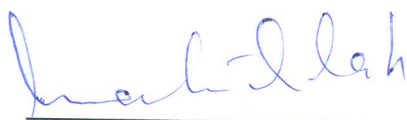
All transactions in shares were undertaken according to the issued instructions, and not a single instance of non-compliance transaction has been found. A paltry sum of Rs.543 will be given in charity to purify the dividends received on shares. All such money for charity is promptly channeled towards a dedicated charity fund especially instituted for this purpose, from which the available charity funds are utilized under Shariah Advisory Board's approval.

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 2012 were in accordance with guidelines issued by Shariah Advisory Board as well as the requirements of Takaful Rules 2005. Performance of Finance Department in this regard is appreciated;
- (ii) The Operations Department has performed much better in 2012 and has discharged its duties responsibly, except those few cases which had some irregularities from the Shariah point of view and these issues have been discussed with the Management and duly resolved. Furthermore, the company management has been strictly instructed not to repeat any slight non-compliance instance in future at all.
- (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.

*"And Allah Knows Best"*

On Behalf Of Chairman of Shariah Advisory Board



**Dr. Mufti Ismatullah**  
Shariah Advisory Board Member



**Dr. Mufti Muhammad Zubair Usmani**  
Shariah Advisory Board Member