

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 Family Takaful Limited (“the Company”) for the year ended 31 December 2010.

We acknowledge that, as Shariah Advisory Board members of the Company (the Shariah Advisory Board), 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, and that is the responsibility of the management of the Company 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. An audit includes examining the appropriate evidence of the transactions undertaken by the Company during the year 2010.

Members of the Shariah Advisory Board visit 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 the meetings with the management and management was 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
- Shariah Approvals of Investments on regular basis
- Charity Guidelines for the company
- Surplus Distribution Guidelines
- New Products and Riders, like; “Sarparast Family Takaful Plan”, “Al-Islami Saving Takaful Plan”, “Mustaqbil Takaful Plan”, “MCB Kafalah Plan”, “Hannover Re for Group Family Takaful”, and “Takaful Critical Illness”.

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

The Shariah Advisory Board is responsible to express its opinion on the submitted financial statements. In our opinion and to the best of our information, belief and according to the explanations given to us:

- (i) The financial transactions undertaken by the Company, during the year ended 31 December 2010, (Except those few related to the that had some irregularities from the Shariah point of view, however, the same have been duly resolved properly) were in accordance with the guidelines prescribed by the Shariah 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 both Group and Individual takaful. Cases were sampled randomly from both wings, and it was heartening to note that not a single case had violated the Shariah 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. Further, we also concur with the accounting policies adopted for incorporation of Participant Takaful Fund (Waqf Fund) into the accompanying financial statements.

اللَّهُمَّ ارِنَا الْحَقَّ حَقًّا وَارْزُقْنَا اتِّبَاعَهُ وَارِنَا 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 Hassaan Kaleem
Shariah Advisory Board Member

KARACHI
07 April, 2011