

SHARIAH AUDIT REPORT TO THE BOARD OF DIRECTORS

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 2009.

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 participants and stakeholders are in compliance with the requirements of Shariah rules and principles, and that it is the responsibility of the management of the Company to ensure that the rules and principles, as well as, the guidelines set by the Shariah Advisory Board are complied with and all products and services offered 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 2009.

Members of the Shariah Advisory Board visit the premises from time to time and observe 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 held with the management and the management was directed for its implementation.

During the year following approvals/guidelines were issued by the SAB:

- Halal / Haram Business Guidelines for Takaful Membership
- Investment Criteria and Guidelines
- Re-Takaful Guidelines
- New Products like Banka Takaful Saving Products, Salary Saving Takaful Plan, Limited Cover Takaful Plan and Takaful Shield Decreasing Term Plan, etc.

Furthermore, we have reviewed the external Shariah audit report for the year ended 31 December 2009. The audit was conducted and its report prepared by Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants. In our opinion and the best of our information and belief according to the explanations given to us by Shariah Compliance Department of the Company:

- (i) The transactions undertaken by the Company, during the year ended 31 December 2009, (Except those few that had some irregularities from the Shariah point of view, however the same have duly been resolved properly) were in accordance with the guidelines prescribed by the Shariah Advisory Board and conform with the requirements of Takaful Rules, 2005; and
- (ii) We are aware that of certain documentation discrepancies, including those identified by external Shariah Auditors, but the same don’t result in any material violation of requirements of Shariah Advisory Board instructions.

(iii) 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.

We are glad to observe that the management is working on starting a nationwide compliance set up in which qualified personnel will be employed to ensure compliance, deal with wrong selling 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.

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 the Shariah Advisory Board



Dr. Ismatullah
Shariah Advisory Board Member



Mufti Muhammad Hassaan Kaleem
Shariah Advisory Board Member

KARACHI
09 April, 2010