

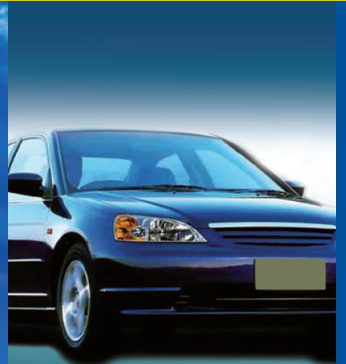


GENERAL

EFU GENERAL INSURANCE LTD.

ANNUAL REPORT

2010



Vision and Mission Statements	2
Company Information	3
Management	4
Notice of Meeting	8
Report of the Directors	11
Key Financial Data	17
Balance Sheet and Profit & Loss Analysis	18
Cash Flow Summary and Ratio Analysis	20
Statement of Compliance with Code of Corporate Governance	21
Review Report by Auditors on Corporate Governance.....	22
Auditors' Report	23
Balance Sheet	24
Profit and Loss Account	26
Statement of Comprehensive Income.....	27
Statement of Changes in Equity.....	28
Statement of Cash Flows	29
Statement of Premiums	30
Statement of Claims	31
Statement of Expenses	32
Statement of Investment Income.....	33
Notes to the Financial Statements.....	34
Pattern of Shareholding.....	66
Offices	68
 Form of Proxy	



Vision

Our vision is to be the first choice company for our customers, shareholders and employees. To achieve this we will be driven by an obsession to be better than the best in a continuous journey, not a destination.

At EFU first choice means a sustained commitment to meet and exceed stakeholder expectations. A will to go the “Extra Mile” to delight our customers with products and services that exceed their expectations.

Mission

We will manage our affairs through modern technology, collective wisdom and institutionalised leadership. We will be a respected, cultured and an educated company with a strong market position.

Together with our customers, reinsurers and employees we will achieve world class quality standards through continuous quality improvement.

Achieve zero defects in everything we do.

We will do good business, with good clients and of the highest integrity. We will not compromise our principles and we will like to be known as a responsible corporate citizen aware of our obligation to the Government and the society we serve.



GENERAL

Company Information

Chairman

Rafique R. Bhimjee

Managing Director & Chief Executive

Saifuddin N. Zoomkawala

Directors

Sultan Ahmad
Abdul Rehman Haji Habib
Jahangir Siddiqui
Wolfram W. Karnowski
Muneer R. Bhimjee
Hasanali Abdullah
Taher G. Sachak

Chief Financial Officer & Corporate Secretary

Altaf Qamruddin Gokal, F.C.A.

Legal Advisor

Mohammad Ali Sayeed

Senior Advisor

S.C. (Hamid) Subjally, A.C.I.I.

Advisors

Akhtar K. Alavi, A.C.I.I.
Naqi Zamin Ali
Salim Rafik Sidiki, B.A. (Hons), M.A.
Syed Mehdi Imam, M.A.

Audit Committee

Muneer R. Bhimjee
Taher G. Sachak
Abdul Rehman Haji Habib

Rating Agency: JCR-VIS

Insurer Financial Strength Rating: AA
Outlook : Stable

Auditors

Hyder Bhimji & Co.
Chartered Accountants
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Karachi

Registrar

Technology Trade (Pvt.) Ltd.
Dagia House 241-C
Block-2, P.E.C.H.S.
Off Shakra-e-Quaideen
Karachi

Website

www.efuinsurance.com

Registered Office

11/4, Shakrah-e-Pehlavi, Peshawar

Main Offices

EFU House
M. A. Jinnah Road, Karachi

Co-operative Insurance Building
23, Shakrah-e-Quaid-e-Azam, Lahore

Managing Director

Saifuddin N. Zoomkawala

Joint Managing Director

Hasanali Abdullah, F.C.A.

Senior Deputy Managing Director

Mahmood Lotia, A.C.I.I.

Deputy Managing Director

Qamber Hamid, LL.B., LL.M.

Senior Executive Directors

Abdul Rehman Khandia, A.C.I.I.

Jaffer Dossa

Khurram Ali Khan, B.E.

Malik Akbar Awan

Muhammad Iqbal Lodhia

Nudrat Ali

S. M. Haider, M.Sc.

S. Salman Rashid

Shaukat Saeed Ahmed

Executive Directors

Altaf Qamruddin Gokal, F.C.A.

K. M. Anwar Pasha

Syed Kamran Rashid

Syed Rizwan Hussain

Deputy Executive Directors

Aftab Fakhruddin, B.E., Dip C.I.I.

Darius H. Sidhwa, F.C.I.I.

Imran Ahmed, M.B.A., B.E., A.C.I.I.

Kamran Arshad Inam, M.B.A., B.E.

Khurram Nasim

Mahmood Ali Khan, M.A.

M. Shehzad Habib

Muhammad Iqbal Dada, M.A., A.C.I.I.

Salim Razzak Bramchari

Thomas Leo Fernandez

Assistant Executive Directors

Abdul Sattar Baloch

Bashir Seja

Jehanzeb Karamat

Khalid Usman

Khawaja Khalid Mustafa, M.A.

M. Shoaib Razzak Bramchari

S. Aftab Hussain Zaidi, M.A., M.B.A.

Syed Amir Aftab

Syed Asim Iqbal

Syed Basit Hussain

Talib Abbas Shigri

Senior Executive Vice Presidents

Abdul Hameed Qureshi, M.Sc.

Ali Kausar

Baqar Aneel Jafari

Iftikhar A. Khan, M.A.

Javed Akhtar Shaikh, B.B.A.

Javed Iqbal Barry, M.B.A., LL.B., F.C.I.I.

Jawahar Ali Kassim

Kausar Ali Zuberi

Khalid Mahmood Mirza

Khozema T. Haider Mota

Mir Babar Ali

Muhammad Asif Arif, M.B.A., A.C.I.I.

Muhammad Naeem Hanif

Muhammad Sohail Nazir, M.Sc., A.C.I.I.

Musakhar-uz-Zaman, B.E.

Ross Masood M.B.E.

Shaharyar Jalees, M. A.

Yawar Aminuddin

Executive Vice Presidents

Aamir Ahmad

Abdul Razzak A. Sattar

Abdul Qadir Memon, M.Sc.

Abdul Wahid

Adam Dur Mohammad Baloch

Aslam A. Ghole, F.C.I.S.

Babar A. Sheikh

Badar Amin Sissodia

Khalid Ashfaq Ahmed

Liaquat Ali Khan, F.C.I.I., A.M.P.I.M.

Mansoor Abbas Abbasi, B.E.

Masroor Hussain

Mazhar H. Qureshi

Muhammad Arif Bhatti

Muhammad Haji Hashim

Muhammad Kamil Khan, M.A.

Muhammad Nasir

Muhammad Rizwanul Haq

Muhammad Shoaib, M.A.

Muhammad Arif Khan

Muhammad Arshad Khan

Muhammad Ilyas Khan, A.C.I.I.

Muhammad Rashid Akmal, M.B.A.

Muhammad Sohail

Munawar Salemwala, A.C.A.

Pervez Ahmad

Qasim Ali Mohammad

Shamim Pervez, M.B.A.

Syed Abid Raza Rizvi, M.Com

Syed Ahmad Hassan, M.B.A.

Syed Sadiq Ali Jafri

Syed Shahid Hussain
Zafar Ali Khokhar, M.A.
Zakaria Suleman
Zarar Ibn Zahoor Bandey
Zia-ul-Islam. B.E.

Senior Vice Presidents

Aamer Ali Khan, M.B.A.
Abdul Majeed
A. Ghaffar A. Kareem
Faisal Gulzar
Farman Ali Afridi
Iftikharuddin
Kashif Gul, B.E.
Malik Firdaus Alam
Mohammad Afzal Khan, E.M.B.A.
Mohammad Amin Sattar, M.Com
Mohammad Naeem Shaikh, A.C.I.I.
Mohammad Pervaiz
Muhammad Azhar Ali
Muhammad Razzaq Chaudhry
Muhammad Shakil Khan, M.B.A.
Muhammad Tawheed Alam, M.B.A., B.E.
Muhammad Zeeshan
M. Hussain Khatri
Nadeem Ahmad Khan
Nadir Hussain
Rao Abdul Hafeez Khan
Rashid Mohammad Iqbal
Riaz Ahmad
S. M. Shamim
Shahzad Zakaria
Shazim Altaf Kothawala
Syed Abdul Quddus, M.A.
Tayyab Hussain Gardezi, M.Sc.
Usman Ali, B.A., L.L.B.
Wasim Tasawwar, M.B.A.
Zahid Hussain, A.C.I.I.
Zia Mahmood, M.B.A.
Zohair Sharif

Vice Presidents

Abdul Bari
Abdul Hameed
Abdul Mateen Farooqui, M.Sc.
Abdul Rashid
Abdul Shakoor Piracha
Agha Ali Khan
Ali Raza
Amanullah Khan
Arshad Ali Khan, A.C.M.A.
Asghar Ali
Asif Mehmood
Atif Anwar, A.C.C.A.
Dr. Ghulam Jaffar, Ph.D.
Fakhruddin Saifee
Farhat Iqbal

Fatima Bano, M.B.A., A.C.I.I.
Ghulam Haider, M.Sc.
Imran Saleem, M.B.A., M.C.S.
Imranul Haq
Imran Yasin, M.B.A., A.C.I.I.
Inayatullah Chaudhry
Inayatullah Khalil
Irshad Zamir Hashmi
Javed Iqbal Khan
Kaleem Imtiaz, M.A.
Liaquat Imran
M. A. Qayum, M.Com
Moaz Nabi, A.C.I.I.
Muhammad Ilyas
Muhammad Naseem
Muhammad Rashid Awan, M.B.A., A.C.I.I.
Muhammad Salahuddin
Muhammad Shahjahan Khan
Muhammad Siddique
Murtaza Noorani, A.C.C.A, C.A.T.
Qasim Ayub
Rana Zafar Iqbal
Rizwan Ahmed, M.B.A.
S. Anwar Hasnain
S. M. Aamir Kazmi
S. M. Adnan Ashraf Jelani, A.C.I.I.
Saghirul Hasan
Shah Asghar Abbas
Shahab Khan
Shahid Abdullah Godil, M.B.A.
Sohail Shaukat Ali, A.C.A., A.C.M.A.
Waqar Hasan Qureshi
Zia Ur Rehman
Zulfqar Ali Khan, M.Sc., A.C.I.I.

Assistant Vice Presidents

Abdul Aziz
Abdul Rashid Yaqoob
Ali Ghulam Ali
Altaf Baig Chughtai
Ansa Azhar
Asadullah Khan
Ashfaque Ahmed
Aziz Ahmed
Farnazia Khatri, M.B.A.
Farrukh Ahmad Qureshi
Fawad Maseel Jafri, M.B.A.
Haider R. Rizvi
Haseeb Ahmad Bajwa
Hassan Aziz, M.Sc.
Ikramul Ghani, M.A.
Imran Ahmad
Imran Naseem
Irfan Ahmad, A.C.M.A.
Kamran Bashir, M.B.A.
Khawaja Samiullah
M. Saghiruddin, M.Com.
Mansoor Ahmed
Mansoor Hassan Khan

Mehdi Asghar, M.B.A.
 Mehwish Abid, B.E.
 Mohammad Adil Khan
 Mohammad Amin Memon
 Mohammad Hanif
 Mohammad Idrees Abbasi
 Mohammad Saleem
 Mohammad Shoaib
 Mohammad Siddique Khan
 Mohsin Ali Baig
 Muhammad Ahmed
 Muhammad Ali
 Muhammad Ali
 Muhammad Asif Hussain, A.P.A, F.C.M.A.
 Muhammad Khalil Khan
 Muhammad Mujtaba
 Muhammad Saleem Gaho
 Muhammad Sirajuddin
 Musarrat Zaman Shah
 Mutahir Hussain
 Nadeem Ahmed
 Nadeemuddin Farooqi
 Naseer Ahmad
 Nausherwan Haji
 Nayyar Sultana
 Noor Asghar Khan
 Quaid Johar
 Quaid Jouhar
 Rahim Khowaja, M.A.
 Rehanuddin Qureshi
 Riaz Hussain Siddiqui
 Riazuddin, M.A.
 S. Asim Ijaz
 S. Ferozuddin Haider
 S. Kamran Shemsher Ali
 S. Khaliluddin
 Saifullah
 Salimullah Khan, M.Com.
 Salma Ghani
 Sarfaraz Muhammad Khan
 Shadab Mohammad Khan
 Shahab Saleem
 Shaikh Mohammad Yousuf
 Sikandar Kasbati
 Sirajuddin
 Syed Ishaq Kamal Hashimi, M.B.A.
 Syed Mohammad Saleem
 Syed Nazish Ali
 Tariq Mahmood
 Tariq Naeem Bajwa
 Umair Ali Khan
 Waqar Ahmad, M.Sc.
 Waseem Ahmed
 Zohra Abdullah

Business Consultant

Maqbool Saeed

Chief Medical Officer

Dr. Mohbat Ali Khowaja

Marketing Executives

Senior Executive Directors

Altaf Kothawala
 Jahangir Anwar Shaikh

Executive Directors

Abdul Wahab Polani
 Ali Safdar
 Muhammad Khalid Saleem
 Saleem Tariq Ahmed

Deputy Executive Directors

Agha S. U. Khan
 Haroon Haji Sattar Dada

Assistant Executive Directors

Abdullah H. Godil
 Akhtar Kothawala
 Syed Jaweed Envor

Senior Executive Vice Presidents

Aamir Ali Khan
 Abdul Wahab
 Anis Mehmood
 Azmat Maqbool, M.B.A.
 Mrs. Nargis Mehmood
 Muhammad Aamir Khadeli
 Muhammad Hussain
 Muhammad Iqbal, M.A.
 Muhammad Sheeraz
 Muhammad Umer Memon
 Muhammad Umer, M.A.
 Muhammad Younus
 Muhammad Younus Khadeli
 Rizwan Siddiqui
 S. Ashad H. Rizvi
 Syed Imran Zaidi
 Syed Saad Jafri
 Tauqir Hussain Abdullah
 Yousuf Alavi

Executive Vice Presidents

Abootalib Dada, LL.B.
 Adeel Ahmed
 Amin Yaqoob, M.A.

Asad Aziz Khan
 Azharul Hassan Chishty
 Imran Ali Khan
 Irfan Raja Jagirani
 M. Yousuf Jagirani, M.A.
 Malik Akhtar Rafique
 Muhammad Javed
 Rashid Habib, M.A.
 Saad Anwar Shaikh
 Saleem Ullah Tahir
 Shahid Younus
 Syed Ali Zaheer
 Syed Baqar Hasan, M.A.
 Syed Iftikhar Haider Zaidi, M.A.

Senior Vice Presidents

Bashir Ahmed Sangi
 Bushra Rizwan
 Ejaz Ahmed
 Faisal Hassan
 Faisal Khalid
 Faisal Mahmood Jaffery
 Farid Khan
 Hina Elahi
 Jameel Masood
 Kh. Zulqarnain Rasheed
 Mian Abdul Razak Raza, B.Ed.
 Ms. Shazia Rahil Razzak
 Muhammad Farooq
 Muhammad Mushtaq Najam Butt
 Muhammad Shamim Siddiqui
 Muneeb Farooq Kothawala
 Naseeruddin Amed
 Ramesh Malraj Bherwani
 Rashid A. Islam
 S. Sohail Haider Abidi
 Saad Wahid
 Shahzeb Lodhi
 Shela Farooq Kothawala
 Tahir Ali Zuberi
 Usman Ali Khan
 Wasif Mubeen, L.L.B.
 Wasim Ahmed

Vice Presidents

Abul Nasar
 Atique H. Patel
 Hamid-Us-Salam
 Imdadullah Awan
 M. Amir Arif Bhatti
 M. Anis-ur-Rehman
 M. Ashraf Samana
 M. Saleem Babar
 M. Zia-ul-Haq
 Ms. Fatima Moiz Shaikh
 Ms. Fauzia Khawja
 Muhammad Aslam Hayat

Muhammad Imran Naeem
 Muhammad Niamatullah
 Muhammad Rehan Iqbal Booti
 Muhammad Siddiq
 Naeem Ullah Jan
 Rashid Umer Burney
 S. Shahid Mahmood
 Ms. Sadia Khanum
 Shakil Wahid
 Syed Abdul Ghaffar Asad
 Syed Abid Raza
 Syed Hasan Ali
 Syed Mobin A. Niazi
 Syed Rashid Ali
 Syed Rizwan Haider
 Syed Shahid Raza
 Zubi Eram Nadeem

Assistant Vice Presidents

Abdul Ghani
 Ali Hasnain Shah
 Arshad Iqbal
 Babar Zeeshan
 H.H. Ansari
 Hassan Abbas Shigri
 Javed Aslam Awan
 Javed Iqbal Cheema
 Khadim Hussain
 M. Murtaza Ispahani
 M. Nadeem Shaikh
 M. Sharif Choudhry
 M.A. Qayyum Khan
 Mrs. Sadia Muneer
 Mrs. Shagufta Asrar Ahmed
 Mrs. Tanveer Khurshid
 Ms. Maria N. Jagirani
 Ms. Shahida Asim
 Mubashir Saleem
 Muhammad Hamid Ali Janjua
 Muhammad Musarat Hussain Siddique, M.Sc.
 Muhammad Owais Jagirani
 Muhammad Tayyab Nazir
 Muhammad Yasir Hussain Choudhry
 Nadeem A. Siddiqui
 Parvez Baig
 Pheroo Mal
 Qamar Aziz
 Qamarul Hasan Ansari
 S. Shakeel Bakhtiar
 Shahid Iqbal
 Syed Mojiz Hasan
 Syed Muhammad Waseem
 Waleed Polani
 Zain Tharia
 Zakauallah Khan

Notice is hereby given that the 78th Annual General Meeting of the Shareholders of E F U General Insurance Ltd. will be held at Dodhy Building, 2nd Floor, 52-E, Jinnah Avenue, (Blue Area) Islamabad on Wednesday April 27, 2011 at 10:00 a.m. to:

A. ORDINARY BUSINESS:

1. confirm the minutes of the 77th Annual General Meeting held on April 30, 2010.
2. receive, consider and approve the Audited Financial Statements for the year ended December 31, 2010 together with the Directors' and Auditors' reports thereon.
3. consider and if thought fit to approve the payment of Dividend at the rate of Rs. 1.25 per share for the year ended December 31, 2010 as recommended by the Board of Directors.
4. appoint Auditors for the year 2011 and fix their remuneration.

B. SPECIAL BUSINESS:

5. consider and if thought fit to pass the following Special Resolutions with or without modification(s) regarding change in the location of Registered Office of the Company:

RESOLVED that subject to approval from Securities & Exchange Commission of Pakistan the Registered Office of the Company be changed from the Province of Khyber Pakhtunkhwa to Islamabad Capital Territory.

RESOLVED that subject to obtaining approval from Securities & Exchange Commission of Pakistan, Clause II of the Memorandum of Association of EFU General Insurance Ltd. be and is hereby changed to read as "The Registered Office of the Company will be situated in the Islamabad Capital Territory."

FURTHER RESOLVED that the Chief Executive and/or Corporate Secretary be and are hereby authorised to do all acts to effect the above Special Resolutions and comply with all the necessary requirements of Companies Ordinance, 1984.

6. transact any other matter with the permission of the Chair.

Attached to this notice of meeting being sent to the members is a statement under Section 160(1)(b) of the Companies Ordinance 1984 setting forth:

- a) All material facts concerning the resolutions contained in item No. 5 of the notice regarding change in location of Registered Office of the Company which will be considered for adoption at the Meeting.
- b) Status of previous approval of investments in associated company.

By Order of the Board

ALTAF QAMRUDDIN GOKAL
Chief Financial Officer
& Corporate Secretary

Karachi 26 March 2011

NOTES

1. A member entitled to attend and vote at the General Meeting is entitled to appoint another member as a proxy to attend and vote in respect of him. Form of proxy must be deposited at the Company's Registered Office not later than 48 hours before the time appointed for the meeting.
2. CDC Account holders are advised to follow the following guidelines of the Securities and Exchange Commission of Pakistan.
 - A. **For attending the meeting:**
 - (i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
 - (ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.
 - B. **For appointing proxies:**
 - (i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
 - (ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
 - (iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - (iv) The proxy shall produce his original CNIC or original passport at the time of the meeting.
 - (v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.
3. The Share Transfer Books of the Company will be closed from April 20, 2011 to April 27, 2011 (both days inclusive). Transfers received in order by our Shares Registrar, Technology Trade (Pvt) Ltd., Dagia House, 241-C, Block-2, P.E.C.H.S., Shahrah-e-Quaideen, Karachi at the close of business on April 19, 2011 will be considered in time to attend and vote at the meeting and for the entitlement of Dividend.
4. Members are requested to communicate to our Shares Registrar of any change in their addresses.

Statement under section 160 of the Companies Ordinance, 1984 pertaining to the Special business:

1. This statement sets out the material facts pertaining to the Special business to be transacted at the Annual General Meeting of the Company to be held on April 27, 2011.

2. Item 5 regarding change of location of the Registered Office:

The Board of Directors of the Company has decided to obtain the approval of the shareholders and the Securities and Exchange Commission of Pakistan, to change the Registered Office of the Company from the Province of Khyber Pakhtunkhwa to Islamabad Capital Territory and amend the Clause-II of the Memorandum of Association of the Company accordingly. The reason for the change is for better Liaison with Federal Government Offices and Agencies which are located in Islamabad and will help in enhancing the corporate image of the Company.

3. Status of approval for investment in associated companies:

As required under the SRO No. 865(1)2000 dated December 6, 2000, the position of investment in associated company against approval is as under:

Against the approval accorded by shareholders of the Company at the 74th Annual General Meeting held on April 27, 2007 of Rs. 300 million for investment in shares of EFU Life Assurance Ltd., the Company has so far invested Rs. 239.41 million and the remaining amount will be invested on availability of shares at a reasonable price as and when the circumstances permit the Company. Since the date of passing of the resolution by the shareholders of the Company on April 27, 2007 the shareholders equity of the investee company has increased to Rs. 1,579 million from Rs. 730 million.



Board of Directors (Sitting Left to Right) Rafique R. Bhimjee, Chairman, Saifuddin N. Zoomkawala, Managing Director & Chief Executive, (Standing Left to Right) Taher G. Sachak, Sultan Ahmad, Abdul Rehman Haji Habib, Wolfram W. Karnowski, Jahangir Siddiqui, Muneer R. Bhimjee, Hasanali Abdullah

The Directors of your Company are pleased to present the Seventy Eighth audited financial statements for the year ended December 31, 2010.

Your Directors are pleased to report that the Company's written premium for the year was Rs. 10.2 billion as compared to Rs. 9.6 billion in 2009 and the net premium revenue was Rs. 5.85 billion as against Rs. 5.57 billion in 2009.

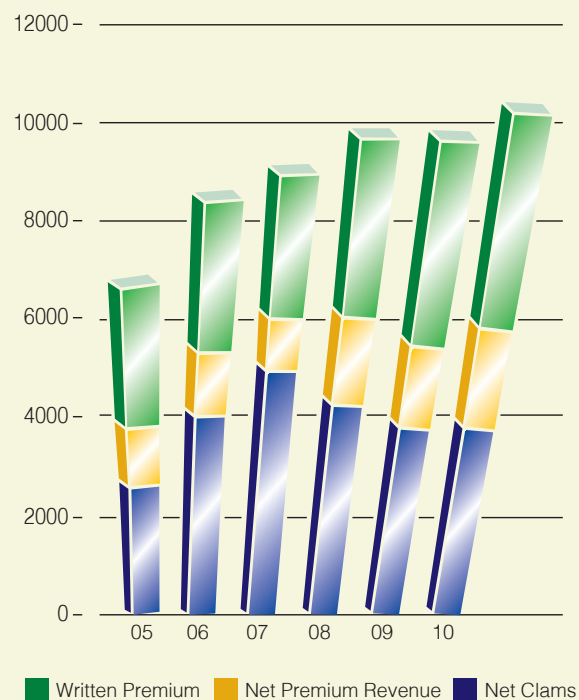
The year 2010 was again a challenging year as the country faced difficult economic conditions, deteriorating law and order situation, acts of terrorism and devastating floods affecting all the provinces. These factors not only reduced the growth of business activities in the country but resulted in higher underwriting losses for the insurance industry particularly in property related losses from floods.

The conditions in the insurance industry continue to be challenging and pricing sufficiency in many classes of business remains under stress with pressures on underwriting profitability. Your company however continues to focus on better underwriting discipline with a view to bringing upon improvement in the core business of the company.

The total Underwriting Profit of the Company for the year under review was Rs. 112 million as against

Rs. 67 million in the previous year. The overall claims ratio was 67% against 71% in 2009.

WRITTEN PREMIUM, NET PREMIUM REVENUE AND NET CLAIMS
(Rupees in Million)



The department wise performance was as follows:

FIRE AND PROPERTY

The written premium increased by 19% to Rs. 4,951 million as compared to Rs. 4,169 million in 2009. The underwriting loss was Rs. 339 million compared to loss of Rs. 380 million last year. The loss in this class of business was mainly due to unprecedented floods which Pakistan experienced in its history.

MARINE, AVIATION AND TRANSPORT

The written premium increased by 14% to Rs. 1,572 million as compared to Rs. 1,376 million in 2009. Claims as a percentage of net premium revenue were 57% as against 49% in 2009. The Underwriting profit for the year was Rs. 95 million compared to Rs. 134 million in 2009 due to several General Average and ship piracy cases.

MOTOR

The written premium was Rs. 2,780 million as compared to Rs. 3,335 million in 2009. Claims as a percentage of net premium revenue were 63% as against 68% in 2009 and the underwriting profit for the year was Rs. 263 million compared to Rs. 187 million in 2009. The increase in profits in Motor business is the result of steps taken by the company to improve underwriting of this class of business despite lower volume of premium income (due to lower credit disbursement by banks, leasing companies and modaraba companies for car financing).

OTHERS

The written premium increased by 28% to Rs. 930 million compared to Rs. 724 million in 2009. Claims as percentage of net premium revenue were 60% as against 51% in 2009. The underwriting profit was Rs. 89 million compared to Rs. 100 million in 2009.

Investment Income

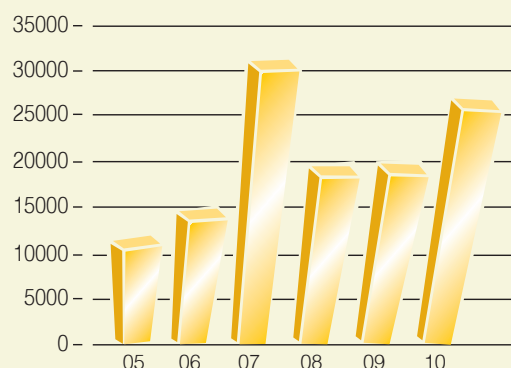
As tax exemption allowed on realised capital gains to the Company was to expire from Tax year 2011 (Accounting year 2010), your company had realised capital gains of Rs. 987 million in 2009 while in the year 2010 only Rs. 27 million was realised as capital gains. The market

value of available for sale investments was Rs. 3.19 billion on 31 December 2010. The company has provided Rs.578 million as impairment charges for decline in prices of some shares in its equity portfolio. The provision for impairment stands at Rs. 2.46 billion (2009: Rs.1.88 billion) in investments that are “available for sale” and Rs. 1.98 billion (2009: Rs. 1.98 billion) in investment in associate (EFU Life Assurance Ltd). The total investments loss for the year was Rs. 358 million as against income of Rs. 674 million last year.

During the period, your Company earned dividend income of Rs. 150 million as against Rs. 144 million last year i.e. increase of 4%. The share of profits from EFU Life Assurance Ltd during the period was Rs. 151 million compared to Rs. 295 million last year.

Your Company’s investments in associated company, EFU Life Assurance Ltd. is being accounted for using equity method of accounting in accordance with the requirements of IAS 28. The carrying amount of investment in EFU Life was tested for impairment based on value in use by independent actuary. No change in impairment has been recognised in the current year as the recoverable amount calculated by the independent actuary is more than the carrying amount.

TOTAL ADJUSTED ASSETS
(Rupees in Million)



Information Technology

Your company acquired state of the art Oracle Technology including World's fastest OLTP machine EXADATA to replace the "General Insurance Management System". This is a new and the most modern technology which will open new avenue of better and quicker analytical tools for decision making. This will further help in providing better services to our customers and partners using B2C solutions.

Earnings per share

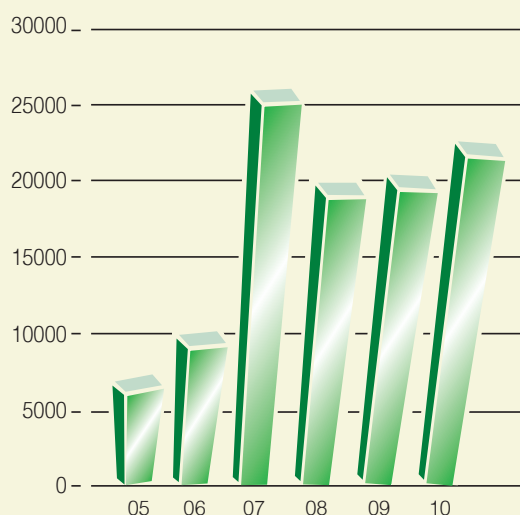
Your company has reported loss per share of Rs. 3.31 in 2010 as compared to earnings per share of Rs. 5.86 in 2009.

Appropriation and Dividend

The Company's loss after tax for the year ended 2010 is Rs. 413 million compared to profit after tax of Rs. 732 million in 2009. Your Directors have pleasure in recommending dividend of Rs. 1.25 per share (12.5%) to the shareholders whose names appear in the share register of the Company at the close of business on April 19, 2011 by utilising part of General Reserve.

RESERVES & FUNDS

(Rupees in Million)



Credit Rating

As reported last year your Company continues to have JCR-VIS as its rating agency. JCR-VIS has reaffirmed the financial strength rating to AA and outlook to 'Stable'.

Human Resource

One of the key factors of the Company's success is the increasing number of our officers equipping themselves with professional qualifications from Chartered Insurance Institute, London. EFU takes pride in its people and holds them as a vital resource in achieving its objectives. Employees are encouraged to excel in their fields by providing them opportunities and are motivated to equip themselves with professional skills by encouraging them to attend various training schemes, workshops and seminars.

Currently, your Company has 23 FCIs and ACIIs, 24 Engineers and 13 Professional Accountants in its team of well qualified and dedicated people.

Prospects for 2011

The management's focus in 2011 both for short and long term objectives as in the past will be continuity in providing best service to its clients and educating clients in improving the risks thereby minimising the probabilities of claims which also helps clients to operate their establishments without interruptions.

The level of economic activities in the country would however be critical factor towards the growth of the company's business in particular and of the insurance industry in general. The stress on underwriting discipline, with aim to improve underwriting profitability will be key factor of Company's operation in 2011.

Reinsurance

Your Company continues to enjoy reinsurance arrangements backed by leading reinsurers of the world i.e. Swiss Reinsurance Company, Switzerland (A+), SCOR Global P & C, France (A), Korean Reinsurance Company, South Korea (A-), Asia Capital Reinsurance Group, Singapore, Hanover Reinsurance Company, Germany (AA), Malaysian Reinsurance Behrad, Malaysia (A-) and some others.

Related Party Transactions

At each board meeting the Board of Directors approves Company's transactions made with Associated Companies/Related parties. All the transactions executed with related parties are on arm's length basis.

Capital Management and Liquidity

The Company has a policy to maintain a strong capital position. In fact, your Company has the highest paid-up capital in the private sector insurance industry.

The Company's liquidity also remained very strong with cash and cash equivalents at the end of 2010 of Rs.1,707 million as against Rs.1,350 million at the end of 2009.

Management and Audit Committees

As part of the Corporate Governance, your Company maintains following four committees which meet at least once every quarter:

Audit Committee

The Board is responsible for effective implementation of a sound internal control system including compliance with control procedures. The Audit Committee is assisted by the Internal Auditors in reviewing the adequacy of operational controls and in monitoring and managing risks so as to provide reasonable assurance that such system continues to operate satisfactorily and effectively in the Company and to add value and improve the Company's operations by providing independent and objective assurance. The principal responsibility of the Internal Auditors is to conduct periodic audits to ensure adequacy in operational controls, consistency in application of policies and procedures, compliance with laws and regulations.

Underwriting Committee

The underwriting committee formulates the underwriting policy of your insurance company. It sets out the criteria for assessing various types of insurance risks and determines the premium policy of different insurance covers. The committee regularly reviews the underwriting and premium policies of the insurance company with due regard to relevant factors such as its business portfolio and the market development.

Claims Settlement Committee

This committee devises the claims settling policy of the Company. It oversees the claims position of your Company and ensures that adequate claims reserves are made. Particular attention is paid to significant claims cases or events, which give rise to a series of claims. The Claims Settlement Committee determines the circumstances under which the claims disputes shall be brought to its attention and decide how to deal with such claims disputes. It also oversees the implementation of the measures for combating fraudulent claims cases.

Reinsurance and Coinsurance Committee

This committee ensures that adequate reinsurance arrangements are made for the insurance company's businesses. It peruses the proposed reinsurance arrangements prior to their execution, reviews the arrangements from time to time and subject to the consent of the participating reinsurers, makes appropriate adjustments to those arrangements in the light of the market development. It also assesses the effectiveness of the reinsurance programme for future reference.

Training and Development

The Human Resource Development (HRD) organizes and conducts training workshops and seminars for the staff development and growth. This year the department organized various technical and soft skills programs, including team building and leadership, life cycle of selling, creativity and innovation in business, communication and presentation skills and others.

Corporate Social Responsibility

Business Ethics and Consumer Protection

The Board has adopted the statement of ethics and business practices. All employees are informed of this statement and are required to observe these rules of conduct in relation to business and regulations. Statement of Ethics and business practices are based on integrity, dignity, culture of excellence and ethical dealing with clients, peers and the public.

Occupational Safety and Health

Fire extinguishers have been installed at various points at working premises all over Pakistan. Further, the Company has a full time Chief Medical Officer at Karachi to take care of employees and their families' health matters and advise on preventive health care.

Scholarship Awards

To encourage academic endeavours within the employees' families, scholarship of Rs. 13,000 per child is awarded to those children of staff who pass matriculation or intermediate examinations with 70% plus marks.

Relationship with other Stakeholders

Your Company tries to maintain good relationship with:

- Its employees by providing good work environment;
- Its clients through building trust and providing quality service;
- The business community through honest and fair dealing;
- The government through promoting free enterprise along with competitive market system and comply with all applicable laws; and
- The society in general through providing safe and healthy workplace and provide employees the opportunity to improve the skills

National-Cause Donations and Welfare spending for under-privileged classes

Your Company, being a responsible corporate citizen donates generously every year. In 2010, the company donated Rs 5.9 million to various charitable organizations including, Memon Health and Education Foundation, Pakistan Centre for Philanthropy, Fakhr-e-Imdad Foundation, Shaukat Khanum Memorial Trust, The Kidney Centre, and Sindh Institute of Urology and Transplantation among others.

Contribution to National Exchequer

Your company contributes substantially to the national economy in terms of taxes and duties and the contribution is increasing as the company

is growing. This year the Company contributed Rs 2 billion to the National Exchequer in the form of Federal Excise Duty, Sales Tax, Custom Duties, Income Tax, etc.

Compliance with Code of Corporate Governance

The requirements of the Code of Corporate Governance set out by the regulatory authorities have been duly complied with. A statement to this effect is annexed with the report.

The Directors of your Company were elected at the Extraordinary General Meeting held on June 20, 2008 for a term of three years expiring on July 9, 2011.

The number of meetings attended by each Director is given hereunder:

Sr. no.	Name of Directors	Number of meetings attended
1	Rafique R. Bhimjee	4 out of 4
2	Saifuddin N. Zoomkawala	4 out of 4
3	Sultan Ahmad	4 out of 4
4	Abdul Rehman Haji Habib	4 out of 4
5	Jahangir Siddiqui	4 out of 4
6	Wolfram W. Karnowski	0 out of 4
7	Muneer R. Bhimjee	4 out of 4
8	Hasanali Abdullah	4 out of 4
9	Taher G. Sachak	4 out of 4

Leave of absence was granted to a Director who could not attend the Board meetings.

Statement of Ethics and Business Practices

The Board has adopted the statement of ethics and business practices. All employees are informed of this statement and are required to observe these rules of conduct in relation to business and regulations.

Corporate and Financial Reporting Framework

- a) The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flow and changes in equity.
- b) Proper books of accounts have been maintained by the Company.

- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgements.
- d) The International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There are no significant doubts upon the Company's ability to continue as a going concern.
- g) There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.
- h) The key operating and financial data for the last six years is annexed.
- i) The value of investments of provident, gratuity and pension funds based on their audited accounts, as on December 31, 2010 were the following:
- | | |
|----------------|-----------------|
| Provident Fund | Rs. 351 million |
| Gratuity Fund | Rs. 190 million |
| Pension Fund | Rs. 147 million |
- The value of investments includes accrued interest.

- j) Trading of shares by Chief Executive, Directors, Chief Financial Officer, Company Secretary, their spouses and minor children were:

<u>Purchase of shares</u>	<u>No. of shares</u>
Mr. Saifuddin N. Zoomkawala	1,200
Mr. Hasanali Abdullah	2,000

Sale of shares

Mrs. Lulua Saifuddin	124,414
Mr. Hasanali Abdullah	550,000

- k) The statement of pattern of shareholding in the Company as at 31 December 2010 is included with the Report.

Messrs Hyder Bhimji & Co. and Messrs KPMG Taseer Hadi & Co. Chartered Accountants retire and being willing to continue as suggested by Audit Committee are recommended for reappointment as Joint Auditors of the Company for the ensuing year.

We would like to thank our valued customers for their continued patronage and support and to Pakistan Reinsurance Company Limited, Securities and Exchange Commission of Pakistan and State Bank of Pakistan for their guidance and assistance.

It is a matter of deep gratification for your Directors to place on record their appreciation of the efforts made by officers, field force and staff who had contributed to the growth of the Company and the continued success of its operations.

MUNEER R. BHIMJEE
Director

HASANALI ABDULLAH
Director

SAIFUDDIN N. ZOOMKAWALA
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Karachi 26 March 2011

Key Financial Data

(Rupees in Million)

	2010	2009	2008	2007	2006	2005
Written Premium	10 232	9 614	9 699	8 961	8 459	6 644
Net Premium Revenue	5 847	5 570	6 137	6 111	5 418	3 862
Investment & Other Income	3	1 157	(5 334)	15 013	814	445
Profit / (loss) before tax	(360)	801	(5 443)	14 457	858	646
Profit / (loss) after tax	(413)	732	(5 471)	14 536	762	506
Paid-up Capital	1 250	1 150	1 150	1 000	500	300
Shareholders Equity	9 591	10 464	10 106	16 177	1 791	1 119
Investments & Properties	11 899	12 886	12 091	18 868	3 964	2 694
Cash & Bank Balances	1 707	1 350	1 304	1 163	1 136	1 193
Total Assets Book Value	24 542	21 939	21 230	27 390	10 628	7 286
Dividend %	12.50	40.00	32.50	60.00	30.00	30.00
Bonus %	–	8.695	–	15.00	100.00	66.67



GENERAL

Balance Sheet and Profit & Loss Analysis

Vertical

	2010		2009	
	Rupees in '000	%	Rupees in '000	%
Balance Sheet				
Cash and Bank Deposits	1 706 571	6.95	1 349 606	6.15
Loans to Employees	3 293	0.01	2 775	0.01
Investments	11 663 731	47.53	12 643 728	57.63
Investment Properties	235 703	0.96	242 110	1.10
Deferred Taxation	115 012	0.47	33 657	0.16
Other Assets	10 108 274	41.19	7 121 599	32.46
Fixed Assets	709 085	2.89	545 475	2.49
Total Assets	24 541 669	100.00	21 938 950	100.00
Total Equity	9 591 171	39.08	10 464 492	47.70
Underwriting Provisions	12 707 217	51.78	9 710 098	44.26
Deferred Liabilities	40 847	0.17	24 379	0.11
Creditors and Accruals	1 830 011	7.45	1 439 213	6.56
Other Liabilities	372 423	1.52	300 768	1.37
Total Equity and Liabilities	24 541 669	100.00	21 938 950	100.00
Profit and Loss Account				
Net Premium Revenue	5 846 591	100.00	5 570 211	100.00
Net Claims	3 941 583	67.42	3 911 444	70.22
Change in premium deficiency reserve	2 129	0.04	54 900	0.99
Management Expenses	1 134 685	19.41	1 076 139	19.32
Net Commission	656 319	11.23	461 193	8.28
Investment Income / (Loss)	(357 955)	(6.12)	673 524	12.09
Rental Income	83 513	1.43	86 079	1.55
Profit on deposits	87 232	1.49	93 133	1.67
Other Income	38 778	0.66	9 068	0.16
Share of Profit / (Loss) of associate	151 114	2.58	295 196	5.30
Exchange Gain / (Loss)	4 342	0.07	5 935	0.11
General and Administration Expenses	478 662	8.19	428 027	7.68
Amount due from State Life Ins. Corp.-Written off	-	-	-	-
Profit / (Loss) before tax	(359 763)	(6.15)	801 443	14.39
Taxation - net	(53 558)	(0.92)	(69 144)	(1.24)
Profit / (Loss) after tax	(413 321)	(7.07)	732 299	13.15

Horizontal

	2010	2009	2008
Balance Sheet			
Cash and Bank Deposits	1 706 571	1 349 606	1 303 684
Loans to Employees	3 293	2 775	2 880
Investments	11 663 731	12 643 728	11 831 998
Investment Properties	235 703	242 110	259 084
Deferred Taxation	115 012	33 657	74 729
Other Assets	10 108 274	7 121 599	7 223 793
Fixed Assets	709 085	545 475	533 524
Total Assets	24 541 669	21 938 950	21 229 692
Total Equity	9 591 171	10 464 492	10 105 943
Underwriting Provisions	12 707 217	9 710 098	9 541 238
Deferred Liabilities	40 847	24 379	42 111
Creditors and Accruals	1 830 011	1 439 213	1 301 638
Other Liabilities	372 423	300 768	238 762
Total Equity and Liabilities	24 541 669	21 938 950	21 229 692
Profit and Loss Account			
Net Premium Revenue	5 846 591	5 570 211	6 136 944
Net Claims	3 941 583	3 911 444	4 369 507
Change in premium deficiency reserve	2 129	54 900	(32 308)
Management Expenses	1 134 685	1 076 139	1 001 268
Net Commission	656 319	461 193	427 044
Investment Income / (Loss)	(357 955)	673 524	(5 299 619)
Rental Income	83 513	86 079	82 895
Profit on Deposits	87 232	93 133	61 163
Other Income	38 778	9 068	10 518
Share of Profit / (Loss) of associate	151 114	295 196	(188 525)
Exchange Gain / (Loss)	4 342	5 935	22 576
General and Administration Expenses	478 662	428 027	503 363
Amount due from State Life Ins. Corp.-Written off	-	-	-
Profit / (Loss) before tax	(359 763)	801 443	(5 442 922)
Taxation - net	(53 558)	(69 144)	(28 304)
Profit / (Loss) after tax	(413 321)	732 299	(5 471 226)

2008		2007		2006		2005	
Rupees in '000	%	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
1 303 684	6.14	1 162 876	4.25	1 135 916	10.69	1 192 906	16.37
2 880	0.01	3 770	0.01	4 972	0.05	5 839	0.08
11 831 998	55.74	18 595 362	67.89	3 675 085	34.57	2 387 155	32.76
259 084	1.22	272 494	0.99	289 437	2.72	306 886	4.21
74 729	0.35	84 183	0.31	-	-	-	-
7 223 793	34.03	6 846 251	25.00	5 178 566	48.73	3 138 787	43.08
533 524	2.51	425 039	1.55	344 020	3.24	254 733	3.50
21 229 692	100.00	27 389 975	100.00	10 627 996	100.00	7 286 306	100.00
10 105 943	47.60	16 177 169	59.06	1 790 860	16.85	1 118 882	15.35
9 541 238	44.95	9 629 743	35.16	7 970 106	74.99	5 368 987	73.69
42 111	0.20	-	-	27 288	0.26	6 561	0.09
1 301 638	6.13	1 429 773	5.22	689 457	6.49	654 304	8.98
238 762	1.12	153 290	0.56	150 285	1.41	137 572	1.89
21 229 692	100.00	27 389 975	100.00	10 627 996	100.00	7 286 306	100.00
6 136 944	100.00	6 110 504	100.00	5 417 952	100.00	3 861 995	100.00
4 369 507	71.20	5 092 241	83.34	4 131 705	76.26	2 694 347	69.77
(32 308)	(0.53)	32 308	0.53	-	-	-	-
1 001 268	16.32	839 731	13.74	660 423	12.19	717 791	18.59
427 044	6.96	323 156	5.29	260 887	4.82	137 590	3.56
(5 299 619)	(86.36)	14 812 295	242.41	696 466	12.85	355 801	9.21
82 895	1.35	75 562	1.24	70 650	1.30	64 317	1.67
61 163	1.00	48 656	0.80	37 146	0.69	16 935	0.44
10 518	0.17	76 057	1.24	9 299	0.17	8 050	0.21
(188 525)	(3.07)	-	-	-	-	-	-
22 576	0.37	(99)	(0.00)	307	0.01	1 035	0.03
503 363	8.20	378 244	6.19	321 232	5.93	109 834	2.84
-	-	-	-	-	-	(2 856)	(0.07)
(5 442 922)	(88.69)	14 457 295	236.60	857 573	15.83	645 715	16.72
(28 304)	(0.46)	79 014	1.29	(95 595)	(1.76)	(139 447)	(3.61)
(5 471 226)	(89.15)	14 536 309	237.89	761 978	14.06	506 268	13.11

Rupees '000

% Increase / (decrease) over preceding year

2007	2006	2005	2010	2009	2008	2007	2006
1 162 876	1 135 916	1 192 906	26.45	3.52	12.11	2.37	(4.78)
3 770	4 972	5 839	18.67	(3.65)	(23.61)	(24.18)	(14.85)
18 595 362	3 675 085	2 387 155	(7.75)	6.86	(36.37)	405.98	53.95
272 494	289 437	306 886	(2.65)	(6.55)	(4.92)	(5.85)	(5.69)
84 183	-	-	241.72	(54.96)	(11.23)	-	-
6 846 251	5 178 566	3 138 787	41.94	(1.41)	5.51	32.20	64.99
425 039	344 020	254 733	29.99	2.24	25.52	23.55	35.05
27 389 975	10 627 996	7 286 306	11.86	3.34	(22.49)	157.72	45.86
16 177 169	1 790 860	1 118 882	(8.35)	3.55	(37.53)	803.32	60.06
9 629 743	7 970 106	5 368 987	30.87	1.77	(0.92)	20.82	48.45
-	27 288	6 561	67.55	(42.11)	-	(100.00)	315.91
1 429 773	689 457	654 304	27.15	10.57	(8.96)	107.38	5.37
153 290	150 285	137 572	23.82	25.97	55.76	2.00	9.24
27 389 975	10 627 996	7 286 306	11.86	3.34	(22.49)	157.72	45.86
6 110 504	5 417 952	3 861 995	4.96	(9.23)	0.43	12.78	40.29
5 092 241	4 131 705	2 694 347	0.77	(10.48)	(14.19)	23.25	53.35
32 308	-	-	(96.12)	269.93	(200.00)	-	-
839 731	660 423	717 791	5.44	7.48	19.24	27.15	(7.99)
323 156	260 887	137 590	42.31	8.00	32.15	23.87	89.61
14 812 295	696 466	355 801	(153.15)	112.71	(135.78)	2 026.78	95.75
75 562	70 650	64 317	(2.98)	3.84	9.70	6.95	9.85
48 656	37 146	16 935	(6.34)	52.27	25.70	30.99	119.34
76 057	9 299	8 050	327.64	(13.79)	(86.17)	717.91	15.52
(99)	-	-	(48.81)	256.58	-	-	-
378 244	307	1 035	(26.84)	(73.71)	22 904.04	(132.25)	(70.34)
-	321 232	109 834	11.83	(14.97)	33.08	17.75	192.47
-	-	2 856	-	-	-	-	100.00
14 457 295	857 573	645 715	(144.89)	114.72	(137.65)	1 585.84	32.81
79 014	(95 595)	(139 447)	22.54	(144.29)	(135.82)	182.65	31.45
14 536 309	761 978	506 268	(156.44)	113.38	(137.64)	1 907.71	50.51

**GENERAL**

Cash Flow Summary and Ratio Analysis

Rupees '000

Cash Flow Summary	2010	2009	2008	2007	2006	2005
Operating Activities	140 124	204 961	(507 154)	252 082	609 277	937 683
Investing Activities	665 075	212 343	1 228 271	(77 962)	(578 396)	(549 183)
Financing Activities	(448 234)	(371 382)	(580 309)	(147 160)	(87 871)	(61 588)
Cash and Cash Equivalents at year end	1 706 571	1 349 606	1 303 684	1 162 876	1 135 916	1 192 906

Ratios

Return on Assets	%	(1.68)	3.34	(25.77)	53.07	7.17	6.95
Return on Equity	%	(4.31)	7.00	(54.14)	89.86	42.55	45.25
Return on Capital Employed	%	(3.75)	7.66	(53.86)	89.37	807.28	57.71
Earnings Per Share	Rs.	(3.31)	5.86	(43.77)	116.29	6.10	4.05
Price to Earnings Ratio	Times	(13.32)	16.66	(3.04)	3.52	36.42	40.28
Cash Dividend	%	12.50	40.00	32.50	60.00	30.00	30.00
Bonus	%	Nil	8.70	Nil	15.00	100.00	66.66
Dividend Yield	%	2.84	4.10	2.44	1.47	1.35	1.84
Payout Ratio	%	(37.76)	68.28	(7.43)	5.16	49.21	74.07
Breakup Value	Rs.	76.73	91.00	87.88	161.77	35.82	37.30
Market Price per share at the end of the year	Rs.	44.04	97.60	133.01	409.40	222.00	163.15
Market Price per share - Highest during the year	Rs.	102.85	144.75	816.90	445.00	289.00	179.00
Market Price per share - Lowest during the year	Rs.	34.76	60.83	133.01	138.75	135.00	98.00

Statement of Compliance with the Code of Corporate Governance



This statement is being presented to comply with the Code of Corporate Governance contained in the listing regulations of Karachi and Lahore Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of non-executive Directors on its Board. At present the Board includes seven non-executive Directors, who were elected on 20 June 2008 for the three years' term effective 10 July 2008.
2. The Directors have confirmed that none of them is serving as a Director in more than ten listed companies.
3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the Board during the year.
5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and employees of the Company.
6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. The significant policies in greater detail are being documented. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions have been taken by the Board including appointment and determination of remuneration and terms and conditions of employment of CEO have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The management of the Company has submitted a paper to the Board of Directors on 28 August 2010 to consider it as an orientation course for its Directors and to apprise them of their duties and responsibilities.
10. There was no new appointment of CFO, Company Secretary or Head of Internal Audit during the year.
11. The Directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises of three non-executive Directors including the Chairman of the Committee.
16. The meetings of underwriting, claims settlement and reinsurance and coinsurance committees were held atleast once every quarter.
17. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
18. The Company has an effective team for internal audit. The team is fully conversant with the policies and procedures of the Company and is involved in the internal audit function on full time basis.
19. All related party transactions entered during the year were on arm's length basis and these have been placed before the Audit Committee and Board of Directors. These transactions are duly reviewed and approved by the Audit committee and Board of Directors alongwith pricing method.
20. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
21. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
22. We confirm that all other material principles contained in the Code have been complied with.

MUNEER R. BHIMJEE
Director

HASANALI ABDULLAH
Director

SAIFUDDIN N. ZOOMKAWALA
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of EFU General Insurance Limited (“the Company”) to comply with the listing regulations of the respective Stock Exchanges, where the Company is listed, and the Code of Corporate Governance applicable to listed insurance companies issued under SRO 68(1)/2003, by the Securities and Exchange Commission of Pakistan.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further sub-regulation (xiii a) of Listing Regulations 35 (previously Regulation No. 37) notified by the Karachi Stock Exchange (Guarantee) Limited vide circular no. KSE/N-269 dated January 19, 2009 requires the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 31 December 2010.

HYDER BHIMJI & CO.
Chartered Accountants

Karachi 26 March 2011

KPMG TASEER HADI & CO.
Chartered Accountants

We have audited the annexed financial statements comprising of:

- (i) balance sheet;
- (ii) profit and loss account;
- (iii) statement of comprehensive income;
- (iv) statement of changes in equity;
- (v) statement of cash flows;
- (vi) statement of premiums;
- (vii) statement of claims;
- (viii) statement of expenses; and
- (ix) statement of investment income

of EFU General Insurance Limited ("the Company") as at 31 December 2010 together with the notes forming part thereof, for the year then ended.

It is the responsibility of the Company's Board of Directors to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Insurance Ordinance, 2000 (XXXIX of 2000) and the Companies Ordinance, 1984 (XLVII of 1984). Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as, evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied;
- c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at 31 December 2010 and of the loss, its cash flows and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and
- d) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

HYDER BHIMJI & CO.
Chartered Accountants
Hyder Ali Bhimji

KPMG TASEER HADI & CO.
Chartered Accountants
Muhammad Taufiq

Balance Sheet
As at 31 December 2010



	Note	2010	2009
Share capital and reserves			
Authorised capital			
150 000 000 (2009: 150 000 000) ordinary shares of Rs. 10 each		1 500 000	1 500 000
Issued, subscribed and paid-up share capital	4	1 250 000	1 150 000
Reserves and retained earnings	5	8 341 171	9 314 492
		9 591 171	10 464 492
Underwriting provisions			
Provision for outstanding claims (including IBNR)		7 950 208	5 508 917
Provision for unearned premium		4 537 413	4 004 955
Premium deficiency reserve		57 029	54 900
Commission income unearned		162 567	141 326
Total underwriting provisions		12 707 217	9 710 098
Deferred liabilities			
Staff retirement benefits	6	40 847	24 379
Creditors and accruals			
Premiums received in advance		10 310	16 562
Amounts due to other insurers / reinsurers		1 131 657	788 955
Accrued expenses		156 505	139 140
Agent balances		387 485	341 408
Unearned rentals		42 912	48 143
Other creditors and accruals	7	101 142	105 005
		1 830 011	1 439 213
Other liabilities			
Other deposits		320 126	260 238
Unclaimed dividends		52 297	40 530
		372 423	300 768
Total liabilities		14 950 498	11 474 458
Total equity and liabilities		24 541 669	21 938 950
Contingencies	8		

		Rupees '000	
	Note	2010	2009
Cash and bank deposits			
Cash and other equivalents	9	2 396	2 734
Current and other accounts	10	870 872	654 639
Deposits maturing within 12 months		833 303	692 233
		1 706 571	1 349 606
Loans - secured considered good			
To employees		3 293	2 775
Investments			
	11	11 663 731	12 643 728
Investment properties			
	12	235 703	242 110
Deferred taxation			
	13	115 012	33 657
Other assets			
Premiums due but unpaid - net	14	1 937 676	1 788 272
Amounts due from other insurers / reinsurers		150 143	98 239
Salvage recoveries accrued		19 703	26 271
Accrued investment income	15	31 296	30 620
Reinsurance recoveries against outstanding claims		5 626 075	3 274 763
Taxation - payments less provision		105 125	199 379
Deferred commission expense		432 111	382 595
Prepayments	16	1 754 648	1 297 074
Security deposits		5 243	5 190
Other receivables	17	46 254	19 196
		10 108 274	7 121 599
Fixed assets - tangible and intangible			
	18		
Land and buildings		214 528	174 515
Furniture, fixtures and office equipments		215 966	197 518
Motor vehicles		131 785	138 330
Computer softwares		42 948	4 068
Capital work-in-progress	18.3	103 858	31 044
		709 085	545 475
Total assets		<u>24 541 669</u>	<u>21 938 950</u>

The annexed notes 1 to 31 form an integral part of these financial statements.

MUNEER R. BHIMJEE
Director

HASANALI ABDULLAH
Director

SAIFUDDIN N. ZOOMKAWALA
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Profit and Loss Account
For the year ended 31 December 2010



Rupees '000

	Note	Fire & property damage	Marine, aviation & transport	Motor	Others	Treaty	Aggregate 2010	Aggregate 2009
Revenue account								
Net premium revenue	19	1 608 846	999 111	3 006 534	234 248	(2 148)	5 846 591	5 570 211
Net claims		(1 340 680)	(567 545)	(1 896 797)	(141 649)	5 088	(3 941 583)	(3 911 444)
Change in premium deficiency reserve		(2 129)	-	-	-	-	(2 129)	(54 900)
Management expenses	20	(276 082)	(171 450)	(646 955)	(40 198)	-	(1 134 685)	(1 076 139)
Net commission		(328 812)	(165 099)	(199 822)	36 980	434	(656 319)	(461 193)
Underwriting result		<u>(338 857)</u>	<u>95 017</u>	<u>262 960</u>	<u>89 381</u>	<u>3 374</u>	111 875	66 535
Investment (loss) / income							(357 955)	673 524
Rental income							83 513	86 079
Profit on deposits							87 232	93 133
Other income	21						38 778	9 068
Share of profit of an associate	11.1.2						151 114	295 196
Exchange gain							4 342	5 935
General and administration expenses	22						(478 662)	(428 027)
							<u>(471 638)</u>	<u>734 908</u>
(Loss) / profit before tax							(359 763)	801 443
Provision for taxation	23						(53 558)	(69 144)
(Loss) / profit after tax							<u>(413 321)</u>	<u>732 299</u>
Profit and loss appropriation account								
Balance at commencement of year							801 590	(5 456 959)
(Loss) / profit after tax for the year							(413 321)	732 299
							<u>388 269</u>	<u>(4 724 660)</u>
Dividend 2009 @ 40 % (2008 @ 32.5 %)							(460 000)	(373 750)
Issue of bonus shares							(100 000)	-
Transfer (to) / from general reserve							(150 000)	5 900 000
							<u>(710 000)</u>	<u>5 526 250</u>
Balance unappropriated (loss) / profit at end of year							<u>(321 731)</u>	<u>801 590</u>
								(Restated)
(Loss) / earnings per share - basic and diluted	24					(Rupees)	<u>(3.31)</u>	<u>5.86</u>

The annexed notes 1 to 31 form an integral part of these financial statements.

MUNEER R. BHIMJEE
Director

HASANALI ABDULLAH
Director

SAIFUDDIN N. ZOOMKAWALA
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Statement of Comprehensive Income
For the year ended 31 December 2010



	2010	Rupees '000 2009
(Loss) / profit for the year	(413 321)	732 299
Other comprehensive income	-	-
Total comprehensive (loss) / income for the year	(413 321)	732 299

The annexed notes 1 to 31 form an integral part of these financial statements.

MUNEER R. BHIMJEE
Director

HASANALI ABDULLAH
Director

SAIFUDDIN N. ZOOMKAWALA
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Statement of Changes in Equity
For the year ended 31 December 2010



Rupees '000

	Share capital	General reserve	Reserve for exceptional losses	Unappropriated profit / (loss)	Total
Balance as at 1 January 2009	1 150 000	14 400 000	12 902	(5 456 959)	10 105 943
Total comprehensive income for the year ended 31 December 2009					
Profit for the year				732 299	732 299
Transactions with owners, recorded directly in equity					
Dividend for the year ended 31 December 2008 @ 32.50%				(373 750)	(373 750)
Transfer from general reserve in respect of 2008 and approved in 2009		(5 900 000)		5 900 000	-
Balance as at 31 December 2009	<u>1 150 000</u>	<u>8 500 000</u>	<u>12 902</u>	<u>801 590</u>	<u>10 464 492</u>
Balance as at 1 January 2010	1 150 000	8 500 000	12 902	801 590	10 464 492
Total comprehensive income for the year ended 31 December 2010					
Loss for the year				(413 321)	(413 321)
Transactions with owners, recorded directly in equity					
Dividend for the year ended 31 December 2009 @ 40%				(460 000)	(460 000)
Issue of bonus shares	100 000			(100 000)	-
Transfer to general reserve in respect of 2009 and approved in 2010		150 000		(150 000)	-
Balance as at 31 December 2010	<u>1 250 000</u>	<u>8 650 000</u>	<u>12 902</u>	<u>(321 731)</u>	<u>9 591 171</u>

The annexed notes 1 to 31 form an integral part of these financial statements.

MUNEER R. BHIMJEE
Director

HASANALI ABDULLAH
Director

SAIFUDDIN N. ZOOMKAWALA
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Statement of Cash Flows
For the year ended 31 December 2010



	Rupees '000	
	2010	2009
Operating activities		
a) Underwriting activities		
Premiums received	10 084 393	9 567 912
Reinsurance premiums paid	(3 973 983)	(3 727 138)
Claims paid	(5 726 960)	(4 825 580)
Reinsurance and other recoveries received	1 827 872	1 077 214
Commissions paid	(967 562)	(889 411)
Commissions received	329 045	310 230
Management expenses paid	(1 043 580)	(988 621)
Net cash flow from underwriting activities	529 225	524 606
b) Other operating activities		
Income tax paid	(40 658)	(54 183)
Other operating payments	(402 038)	(364 705)
Other operating receipts	54 113	99 138
Loans advanced	(1 380)	(973)
Loan repayments received	862	1 078
Net cash flow used in other operating activities	(389 101)	(319 645)
Total cash flow from all operating activities	140 124	204 961
Investment activities		
Profit / return received	153 591	133 242
Dividends received	321 144	281 621
Rentals received	78 282	85 161
Payments for investments	(600 778)	(4 143 679)
Proceeds from disposal of investments	1 010 092	3 972 349
Fixed capital expenditure	(319 966)	(127 724)
Proceeds from disposal of fixed assets	22 710	11 373
Total cash flow from investing activities	665 075	212 343
Financing activities		
Dividends paid	(448 234)	(371 382)
Net cash inflow from all activities	356 965	45 922
Cash at the beginning of the year	1 349 606	1 303 684
Cash at the end of the year	<u>1 706 571</u>	<u>1 349 606</u>
Reconciliation to profit and loss account		
Operating cash flows	140 124	204 961
Depreciation expense	(154 495)	(130 201)
Rental and investment (loss) / income	(274 442)	759 603
Profit on deposits	87 232	93 133
Other Income	38 778	9 068
Share of profit of an associate	151 114	295 196
Increase / (decrease) in assets other than cash	3 067 871	(150 203)
(Increase) in liabilities other than running finance	(3 469 503)	(349 258)
(Loss) / profit after taxation	(413 321)	732 299
Definition of cash		
Cash for the purposes of the statement of cash flows consists of:		
Cash and other equivalent	2 396	2 734
Current and other accounts	870 872	654 639
Deposits maturing within 12 months	833 303	692 233
	<u>1 706 571</u>	<u>1 349 606</u>

The annexed notes 1 to 31 form an integral part of these financial statements.

MUNEER R. BHIMJEE
Director

HASANALI ABDULLAH
Director

SAIFUDDIN N. ZOOMKAWALA
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Statement of Premiums
For the year ended 31 December 2010



Class	Rupees '000									
	Premiums				Reinsurance				Net premium revenue	
	Written	Unearned premium reserve		Earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	2010	2009
		Opening	Closing			Opening	Closing			
Direct and facultative										
Fire and property damage	4 951 285	1 828 651	2 441 474	4 338 462	3 104 059	870 763	1 245 206	2 729 616	1 608 846	936 093
Marine, aviation and transport	1 572 350	335 275	384 018	1 523 607	544 271	155 165	174 940	524 496	999 111	800 071
Motor	2 779 939	1 503 549	1 264 942	3 018 546	11 864	233	85	12 012	3 006 534	3 573 985
Miscellaneous	930 224	337 480	446 979	820 725	656 491	245 033	315 047	586 477	234 248	156 269
Total	10 233 798	4 004 955	4 537 413	9 701 340	4 316 685	1 271 194	1 735 278	3 852 601	5 848 739	5 466 418
Treaty - proportional	(2 148)	-	-	(2 148)	-	-	-	-	(2 148)	103 793
Grand total	10 231 650	4 004 955	4 537 413	9 699 192	4 316 685	1 271 194	1 735 278	3 852 601	5 846 591	5 570 211

The annexed notes 1 to 31 form an integral part of these financial statements.

MUNEER R. BHIMJEE
Director

HASANALI ABDULLAH
Director

SAIFUDDIN N. ZOOMKAWALA
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Statement of Claims
For the year ended 31 December 2010



Class	Rupees '000									
	Claims				Reinsurance				Net claims expense	
	Paid	Outstanding		Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue	Net claims expense	
		Opening	Closing			Opening	Closing		2010	2009
Direct and facultative										
Fire and property damage	2 109 978	2 905 488	4 888 635	4 093 125	1 032 532	2 281 406	4 001 319	2 752 445	1 340 680	941 068
Marine, aviation and transport	1 069 457	915 746	1 676 375	1 830 086	610 207	660 229	1 312 563	1 262 541	567 545	394 556
Motor	2 185 198	1 336 973	1 003 088	1 851 313	1 561	53 144	6 099	(45 484)	1 896 797	2 416 810
Miscellaneous	368 895	339 977	378 514	407 432	239 673	279 984	306 094	265 783	141 649	79 825
Total	5 733 528	5 498 184	7 946 612	8 181 956	1 883 973	3 274 763	5 626 075	4 235 285	3 946 671	3 832 259
Treaty - proportional	2 049	10 733	3 596	(5 088)	-	-	-	-	(5 088)	79 185
Grand total	<u>5 735 577</u>	<u>5 508 917</u>	<u>7 950 208</u>	<u>8 176 868</u>	<u>1 883 973</u>	<u>3 274 763</u>	<u>5 626 075</u>	<u>4 235 285</u>	<u>3 941 583</u>	<u>3 911 444</u>

The annexed notes 1 to 31 form an integral part of these financial statements.

MUNEER R. BHIMJEE
Director

HASANALI ABDULLAH
Director

SAIFUDDIN N. ZOOMKAWALA
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Statement of Expenses
For the year ended 31 December 2010

Class	Rupees '000								
	Paid or payable	Commission		Net expense	Other management expenses	Underwriting expense	Commission from reinsurers	Net underwriting expense	
		Opening	Closing					2010	2009
Direct and facultative									
Fire and property damage	513 034	200 735	246 332	467 437	276 082	743 519	138 625	604 894	320 517
Marine, aviation and transport	202 039	47 610	42 731	206 918	171 450	378 368	41 819	336 549	271 625
Motor	190 978	95 597	86 659	199 916	646 955	846 871	94	846 777	970 484
Miscellaneous	108 022	38 653	56 389	90 286	40 198	130 484	127 266	3 218	(22 805)
Total	1 014 073	382 595	432 111	964 557	1 134 685	2 099 242	307 804	1 791 438	1 539 821
Treaty - proportional	(434)	-	-	(434)	-	(434)	-	(434)	(2 489)
Grand total	1 013 639	382 595	432 111	964 123	1 134 685	2 098 808	307 804	1 791 004	1 537 332

Note: Commission from reinsurers is arrived at after taking impact of opening and closing unearned commission.

The annexed notes 1 to 31 form an integral part of these financial statements.

MUNEER R. BHIMJEE
Director

HASANALI ABDULLAH
Director

SAIFUDDIN N. ZOOMKAWALA
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Statement of Investment Income
For the year ended 31 December 2010



	Rupees '000	
	2010	2009
Income from trading investments		
Gain on sale of trading investments	-	2 357
Return on fixed income securities	-	2 579
	-	4 936
Income from non-trading investments		
Return on government securities	14 485	29 030
Return on other fixed income securities and deposits	34 031	36 492
Amortisation of premium relative to par	(4 087)	(3 864)
Dividend income	149 730	143 543
Gain on sale of non-trading investments	27 231	986 705
	221 390	1 191 906
Provision for impairment - available for sale - net	(577 860)	(521 030)
Investment related expenses	(1 485)	(2 288)
Net investment (loss) / income	<u>(357 955)</u>	<u>673 524</u>

The annexed notes 1 to 31 form an integral part of these financial statements.

MUNEER R. BHIMJEE
Director

HASANALI ABDULLAH
Director

SAIFUDDIN N. ZOOMKAWALA
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

1. Status and nature of business

EFU General Insurance Limited (the Company) was incorporated as a public limited company on 2 September 1932. The Company is listed on the Karachi and Lahore Stock Exchanges and is engaged in non-life insurance business comprising of fire and property, marine, motor, etc.

The registered office of the Company is situated in Peshawar while the principal place of business is located at EFU House, M.A. Jinnah Road, Karachi. The Company operates through 56 (2009: 61) branches in Pakistan including one in Export Processing Zone (EPZ) and Jeddah, Saudi Arabia.

2. Basis of preparation

These financial statements have been prepared in accordance with the format prescribed under Securities and Exchange Commission (Insurance) Rules, 2002 [SEC (Insurance) Rules, 2002].

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984, Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis except held for trading investments which have been measured at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is the Company's functional and presentation currency. All financial information presented in Pakistani Rupees has been rounded to the nearest thousand.

2.4 Use of judgments and estimates

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The judgments, estimates and assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the estimates about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the revision and future periods if the revision affects both current and future periods.

In particular, the matters involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are:

- Provision for unearned premiums (note 3.3)
- Premium deficiency reserve (note 3.4)
- Provision for outstanding claims (including IBNR) (note 3.6)
- Employees' retirement benefits (note 3.10)

- Taxation (note 3.11)
- Impairment in value of investments (note 3.13)
- Useful lives of fixed assets (note 3.16)
- Premium due but unpaid (note 14)

2.5 *Standards, amendments and interpretations to the published standards that are not yet effective*

The following standards, amendments and interpretations of approved accounting standards are effective for accounting periods beginning on or after January 1, 2011:

- Amendment to IAS 32 Financial Instruments: Presentation - Classification of Rights Issues (effective for annual periods beginning on or after February 1, 2010). The IASB amended IAS 32 to allow rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency to be classified as equity instruments provided the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. This interpretation has no impact on the Company's financial statements.
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective for annual periods beginning on or after July 1, 2010). This interpretation provides guidance on the accounting for debt for equity swaps. This interpretation has no impact on Company's financial statements.
- IAS 24 Related Party Disclosures (revised 2009) - effective for annual periods beginning on or after January 1, 2011. The revision amends the definition of a related party and modifies certain related party disclosure requirements for government -related entities. The amendment may result in certain changes in disclosures.
- Amendments to IFRIC 14 IAS 19 - The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after January 1, 2011). These amendments remove unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement. These amendments result in prepayments of contributions in certain circumstances being recognised as an asset rather than an expense. This amendment is not likely to have any impact on Company's financial statements.
- Improvements to IFRSs 2010 - in May 2010, the IASB issued improvements to IFRSs 2010, which comprise of 11 amendments to 7 standards. Effective dates, early application and transitional requirements are addressed on a standard by standard basis. The majority of amendments are effective for annual periods beginning on or after January 1, 2011. The amendments include list of events or transactions that require disclosure in the interim financial statements and fair value of award credits under the customer loyalty programmes to take into account the amount of discounts or incentives that otherwise would be offered to customers that have not earned the award credits. Certain of these amendments may result in increased disclosures in the financial statements.
- Amendments to IAS 12 - deferred tax on investment property (effective for annual periods beginning on or after January 1, 2012). The 2010 amendment provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property. The amendment has no impact on financial statements of the Company.
- Amendments to IFRS 7 - Disclosures - Transfers of Financial Assets (effective for annual periods beginning on or after July 1, 2011). The amendments introduce new disclosure requirements about transfers of financial assets including disclosures for financial assets that are not derecognised in their entirety, and financial assets that are derecognised in their entirety but for which the entity retains continuing involvement. These amendments will result in increased disclosures in the financial statements.

3. Summary of significant accounting policies

The Significant accounting policies adopted in preparation of these financial statements are set out below. These policies have been applied to all the years presented.

3.1 *Insurance contracts*

Insurance contracts are those contracts when the Company (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

The Company underwrites non-life insurance contracts that can be categorised into Fire and Property Damage, Marine, Aviation and Transport, Motor, Miscellaneous and Treaty contracts. Contracts may be concluded for a fixed term of one year, for less than one year and in some cases for more than one year. However, most of the contracts are for twelve months duration.

Insurance contracts entered into by the Company under which the contract holder is another insurer (inwards reinsurance) of a facultative nature are included within the individual category of insurance contracts, other than those which fall under Treaty.

Fire and Property insurance contracts mainly compensate the customers for damage suffered to their property. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover).

Marine, Aviation and Transport class of business provides coverage against loss and damage to goods in transit by any means of conveyance, physical loss or damage to aircraft, ships and liabilities to third parties and passengers arising from their use.

Motor insurance covers physical loss or damage to the vehicle and liabilities to third parties as provided under the requirements of the Motor Vehicle Ordinance, 1965.

All other insurances like cash in hand, cash in transit, personal accident, infidelity, public liabilities, health, crop, livestock, travel, bankers and other financial institutions packages, product liabilities, professional indemnity, bonds, workers compensation etc. are included under Miscellaneous.

3.2 *Premium*

For all the insurance contracts, premiums including administrative surcharge received / receivable under a policy are recognised as written at the time of issuance of policy. Where premiums for a policy are payable in installments, full premium for the duration of the policy is recognised as written at the inception of the policy and related assets set up for premiums receivable at a later date. Premiums are stated gross of commission payable to intermediaries and exclusive of taxes and duties levied on premiums.

3.3 *Provision for unearned premiums*

The unearned premium reserve is the unexpired portion of the premium including administrative surcharge which relates to business in force at the balance sheet date. Unearned premiums have been calculated by applying 1/24th method as specified in the SEC (Insurance) Rules, 2002.

3.4 *Premium deficiency reserve (liability adequacy test)*

At each balance sheet date, liability adequacy tests are performed separately for each class of business to ensure the adequacy of the unearned premium liability for that class is performed by in-house actuary. It is performed by comparing the expected future liability, after reinsurance, from claims and other expenses, including reinsurance expense, commissions and other underwriting expenses, expected to be incurred after balance sheet date in respect of policies in force at balance sheet date with the carrying amount of unearned premium liability. Any deficiency is recognised by establishing a provision (premium deficiency reserve) to meet the deficit.

The expected future liability is estimated by reference to the experience during the expired period of the contracts, adjusted for significant individual losses which are not expected to recur during the remaining period of the policies and expectations of future events that are believed to be reasonable.

The movement in the premium deficiency reserve is recognised as an expense or income in the profit and loss account for the year.

As at 31 December 2010, the Company has created a provision in respect of premium deficiency reserve for fire and property class of business because the Company believes that the unearned premiums for that class will not be sufficient to provide for the expected losses and expenses attributable to the unexpired periods of policies in force at the balance sheet date.

The expected ultimate net claim ratios for the unexpired periods of policies in force at balance sheet date for each class of business is as follows:

– Fire and property damage	80%
– Marine, aviation and transport	48%
– Motor	65%
– Others	52%

3.5 *Claims*

Claims are charged to income as incurred based on estimated liability for compensation owed under the insurance contracts.

3.6 *Provision for outstanding claims (including IBNR)*

A liability for outstanding claims is recognised in respect of all claims incurred up to the balance sheet date which is measured at the undiscounted value of expected future payments. Provision for outstanding claims include amounts in relation to claims reported but not settled, claims incurred but not reported (IBNR) and expected claims settlement costs.

3.6.1 *Claims reported but not settled*

Provision for liability in respect of claims reported but not settled at the balance sheet date is made on the basis of individual case estimates. The case estimates are based on the assessed amounts of individual losses, and where loss assessments have not been carried out, the estimates are established in light of currently available information, past experience of similar claims and in some cases in relation to the sums insured. Case estimates are reviewed periodically to ensure that the recognised outstanding claim amounts are adequate to cover expected future payments including expected claims settlement costs and are updated as and when new information becomes available.

3.6.2 *Claims incurred but not reported*

The provision for claims incurred but not reported at balance sheet date (IBNR) is based on an analysis of the past claims reporting pattern experienced by the Company. The provision for IBNR has been accounted for on the basis whereby all claims incurred before 31 December 2009 but reported up to 31 December 2010 were aggregated and the ratio of such claims to outstanding claims at 31 December 2009 has been applied to outstanding claims except exceptional losses at 31 December 2010 to arrive at liability for IBNR. The analysis was carried out separately for each class of business.

3.7 *Reinsurance contracts*

Contracts entered into by the Company with reinsurers under which the Company cedes insurance risks assumed during normal course of its business and according to which the Company is compensated for losses on insurance contracts issued by the Company are classified as reinsurance contracts held.

Reinsurance premium is recognised as an expense at the time the reinsurance is ceded. Commission on reinsurance cessions are recognised in accordance with the policy of recognising premium revenue.

Reinsurance assets represent balances due from reinsurance companies and reinsurance recoveries against outstanding claims. Reinsurance recoveries are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Reinsurance liabilities represent balances due to reinsurance companies and are primarily premiums payable for reinsurance contracts and are recognised at the same time when reinsurance premiums are recognised as an expense.

Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expired.

An impairment review of reinsurance assets is performed at each balance sheet date. If there is an objective evidence that the asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the profit and loss account.

3.8 Commission

3.8.1 Commission expense

Commission expenses incurred in obtaining and recording policies is deferred and recognised as an expense in accordance with pattern of recognition of premium revenue by applying the 1/24th method.

3.8.2 Commission income

Commission from reinsurers is deferred and recognised as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates. Profit / commission, if any, under the terms of reinsurance arrangements is recognised when the Company's right to receive the same is established.

3.9 Revenue recognition

3.9.1 Premium

The revenue recognition policy for premiums is given under note 3.2.

3.9.2 Investment income

Return on investments, profit and loss sharing accounts and bank deposits are recognised using effective interest rate method.

Profit or loss on sale of investments is recognised at the time of sale.

Dividend income is recognised when right to receive such dividend is established.

3.9.3 Rental income

Rental income on investment properties is recognised on straight line basis over the term of lease.

3.9.4 Commission from reinsurers

The revenue recognition policy for commission from reinsurer is given under note 3.8.

3.10 Employees' retirement benefits

3.10.1 Defined benefit plans

The Company operates the following employee defined benefit plans:

- Funded gratuity scheme

The Company operates an approved gratuity fund for all employees who complete qualifying period of service.

– Funded pension scheme

Defined benefit funded pension for all eligible officers.

These funds are administered by trustees. The pension plan is a career average salary plan and the gratuity plan is a final basic salary plan. The actuarial valuation of both the plans is carried out on a yearly basis using the Projected Unit Credit Method and contributions to the plans are made accordingly. The latest actuarial valuation, at 31 December 2010, uses a discount rate of 14.25% (2009: 12.7%) for defined benefit obligation and plan assets, basic salary and pension increases to average 12% and 5.75% (2009: 10.6% and 4.4%) respectively per annum in the long term.

Actuarial gains and losses are recognised in profit and loss account in the year in which they arise.

3.10.2 Defined contribution plan

The Company contributes to a provident fund scheme which covers all permanent employees. Equal contributions are made both by the Company and the employees to the fund at the rate of 8.33% of basic salary.

3.11 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit and loss account, except to the extent that it relates to items recognised directly in other comprehensive income or below equity, in which case it is recognised in other comprehensive income or below equity.

3.11.1 Current

Provision for current taxation is based on taxable income determined in accordance with the prevailing law for taxation of income and is calculated using enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for current tax also includes adjustments to charge for prior years, if any.

3.11.2 Deferred

Deferred tax is recognised using the balance sheet liability method for all temporary differences between the amounts attributed to assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax recognised is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.12 Creditors, accruals and provisions

For creditors and other amount payable and accruals are carried at the fair value and subsequently measured at amortised cost.

Provisions are recognised when the Company has a legal or constructive obligation as a result of a past event and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. However, the provisions are reviewed at balance sheet date and adjusted to reflect current best estimates.

3.13 Investments

All investments are initially recognised at the fair value of the consideration given and include transaction costs except for held for trading in which case transaction costs are charged to the profit and loss account. All purchases and sales of investments that require delivery within the time frame established by regulations or market convention are accounted for at the trade date. Trade date is the date when the Company commits to purchase or sell the investments.

3.13.1 *Fair value through profit or loss - held for trading*

Investments which are acquired with the intention to trade by taking advantage of short term market / interest rate movements are considered as held for trading. After initial recognition, these are measured at fair values with any resulting gains or losses recognised directly in the profit and loss account.

3.13.2 *Available for sale*

Investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rates are considered as available for sale. After initial recognition, these are stated at lower of cost or market value (if the fall in market value is other than temporary) in accordance with the requirements of SEC (Insurance) Rules, 2002.

A fall in market value is treated as other than temporary if there is a significant or prolonged decline in fair value of security below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the Company evaluates among other factors, the normal volatility in share prices.

In case of fixed income securities where the cost is different from the redemption value, such difference is amortised uniformly between the date of acquisition and the date of maturity in determining "cost".

3.13.3 *Investment in associates*

Entities in which the Company has significant influence but not control and which are neither its subsidiary nor joint ventures are associates and are accounted for by using the equity method of accounting.

Under equity method of accounting, the investments are initially recognised at cost; thereafter its carrying amount is increased or decreased for the Company's share of post acquisition changes in the net assets of the associate and dividend distributions. Goodwill relating to an associate is included in carrying amount of the investment and is not amortised. The Company's share of the profit and loss of the associate is accounted for in the Company's profit and loss account, whereas changes in the associate's equity which has not been recognised in the associates' profit and loss account are recognised directly in the other comprehensive income of the Company.

After application of equity method, the carrying amount of investment in associate is tested for impairment by comparing its recoverable amount (higher of value in use and fair value less cost to sell) with its carrying amount and loss, if any, is recognised in profit and loss account.

3.14 *Investment properties*

The investment properties are accounted for under the cost model in accordance with International Accounting Standard (IAS) 40, Investment Property, where;

- Leasehold land is stated at cost.
- Building on leasehold land is depreciated to its estimated salvage value on straight line basis over its useful life at the rate of 5%.
- Installations forming a part of building on leasehold land but having separate useful lives are depreciated to their estimated salvage values on straight line basis over their useful lives at the rate of 10%.

Subsequent capital expenditures on existing properties and gains or losses on disposals are accounted for in the same manner as operating fixed assets.

3.15 *Receivables and payables related to insurance contracts*

Receivables and payables related to insurance contracts are recognised when due at cost which is the fair value of the consideration given less provision for impairment, if any. If there is objective evidence that the insurance receivable is impaired, as a result of one or more events that occurred after the initial recognition, the Company reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the profit and loss account.

3.16 *Fixed assets*

3.16.1 *Tangibles*

Fixed assets are stated at cost less accumulated depreciation and impairment loss, if any. Depreciation is calculated on the straight line basis using the following rates:

– Buildings	5%
– Furniture, fixtures and office equipments	10%
– Vehicles	20%
– Computers	30%

The assets' residual values, useful lives and method for depreciation are reviewed at each financial year end and adjusted if impact on depreciation is significant.

Depreciation on additions to fixed assets is charged from the month in which an asset is available for use, while no depreciation is charged for the month in which the asset is disposed off.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is possible that the future economic benefit associated with the item will flow to the Company and the cost of the item can be measured reliably. Normal repairs and maintenance are charged to profit and loss account currently.

Gains or losses on disposal of fixed assets are included in income currently.

3.16.2 *Intangibles*

Material computer software licenses acquired are capitalised on the basis of cost incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of three years using the straight line method. Impairment losses, if any, are deducted from the carrying amount of the intangible assets.

Amortisation on additions to intangibles is charged from the month in which an asset is available for use, while no amortisation is charged for the month in which the asset is disposed off.

Cost associated with maintaining computer software programmes are recognised as an expense when incurred.

The assets' residual values, useful lives and method for amortisation are reviewed at each financial year end and adjusted if impact on amortisation is significant.

3.16.3 *Capital work in progress*

Capital work in progress is stated at cost less any impairment in value. It consists of advances made to suppliers in respect of tangible and intangible fixed assets.

3.17 *Expenses of management*

Expenses of management have been allocated to various revenue accounts on equitable basis.

3.18 *Compensated absences*

The liability towards compensated absences accumulated by the employees is provided in the period in which they are earned.

3.19 *Cash and cash equivalents*

For the purpose of cash flow statement, cash and cash equivalents include cash at bank in current and saving accounts, cash and stamps in hand and bank deposits.

3.20 *Foreign currencies*

Revenue transactions in foreign currencies are recorded at the rates prevailing on the date of the transactions. Income and expense amounts relating to foreign branches have been translated at the applicable exchange rates. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange prevailing on the balance sheet date. Exchange gains or losses, if any, are taken into profit and loss account.

3.21 *Impairment*

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if there is objective evidence that one or more events have had a negative effect on the estimated future cash flows of that asset.

The carrying amount of non financial assets is reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or a group of assets. If such indication exists, the recoverable amount of such asset is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount.

All impairment losses are recognised in the profit and loss account. Provisions for impairment are reviewed at each balance sheet date and are adjusted to reflect the current best estimates. Changes in the provisions are recognised as income or expense.

3.22 *Financial instruments*

Financial instruments include cash and bank balances, loans to employees, investments, premiums due but unpaid, amount due from other insurers / reinsurers, accrued investment income, reinsurance recoveries against outstanding claims, security deposits, other receivables, outstanding claim liabilities, amount due to other insurers / reinsurers, accrued expenses, agents balances, other creditors, deposits and unclaimed dividends.

All the financial assets and liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and de-recognised when the Company loses control of contractual rights that comprises the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gains or losses on de-recognition of financial assets and financial liabilities are taken to income directly.

3.23 *Offsetting of financial assets and financial liabilities*

A financial asset and a financial liability is offset and the net amount is reported in the financial statements only when there is legally enforceable right to set off the recognised amount and the Company intends either to settle on a net basis or realise the assets and settle the liabilities simultaneously.

3.24 *Earnings per share*

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.25 *Operating segments*

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. The Company presents segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002 as the primary reporting format.

The Company has four primary business segments for reporting purposes namely, fire & property, marine, motor and miscellaneous. The nature and business activities of these segments are disclosed in note no. 3.1.

Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them while the carrying amount of certain assets used jointly by two or more segments have been allocated to segments on a reasonable basis. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

3.26 Dividend and bonus shares

Dividend to shareholders is recognised as liability in the period in which it is declared. Similarly, reserve for issue of bonus shares is recognised in the year in which such issue is declared.

4. Issued, subscribed and paid-up share capital

Number of Shares '000			Rupees '000	
2010	2009		2010	2009
250	250	Ordinary shares of Rs. 10 each, fully paid in cash	2 500	2 500
		Ordinary shares of Rs. 10 each, issued as fully paid bonus shares		
114 750	114 750	- Opening balance	1 147 500	1 147 500
10 000	-	- Issued during the year	100 000	-
124 750	114 750		1 247 500	1 147 500
<u>125 000</u>	<u>115 000</u>		<u>1 250 000</u>	<u>1 150 000</u>

- 4.1 As at 31 December 2010, EFU Life Assurance Limited, an associated undertaking, held 8 515 316 (31 December 2009: 7 834 091) ordinary shares of Rs.10 each.

5. Reserves and retained earnings

	Note	2010	2009
General reserve		8 650 000	8 500 000
Reserve for exceptional losses	5.1	12 902	12 902
Retained earnings		(321 731)	801 590
		<u>8 341 171</u>	<u>9 314 492</u>

- 5.1 The reserve for exceptional losses was created prior to 1979 and was charged to income in accordance with the provisions of the repealed Income Tax Act, 1922 and has been so retained to date.



GENERAL

6. Staff retirement benefits

Rupees '000

	2010		2009	
	Pension	Gratuity	Pension	Gratuity
Obligation				
Obligation at beginning of year	144 769	209 772	128 800	211 600
Service cost	1 291	11 848	1 608	11 504
Interest cost	17 971	24 970	20 205	32 776
Benefits paid	(7 876)	(28 720)	(5 233)	(14 025)
Change in assumptions	(5 776)	2 802	-	-
Actuarial (gain) / loss	3 922	286	(611)	(32 083)
Obligation at end of year	<u>154 301</u>	<u>220 958</u>	<u>144 769</u>	<u>209 772</u>
Plan assets				
Fair value at beginning of year	150 002	185 393	141 586	169 489
Expected return	19 730	23 097	15 383	22 099
Company contributions	345	24 379	404	20 959
Employee contributions	1 381	-	1 618	-
Benefits paid	(7 876)	(28 720)	(5 233)	(14 025)
Actuarial loss	(18 040)	(15 279)	(3 756)	(13 129)
Fair value at end of year	<u>145 542</u>	<u>188 870</u>	<u>150 002</u>	<u>185 393</u>
Actual return on plan assets	<u>1 690</u>	<u>7 818</u>	<u>11 627</u>	<u>8 970</u>
Reconciliation				
Plan assets	145 542	188 870	150 002	185 393
Obligation	(154 301)	(220 958)	(144 769)	(209 772)
(Liability) / asset	<u>(8 759)</u>	<u>(32 088)</u>	<u>5 233</u>	<u>(24 379)</u>
Expenses				
Service cost	1 291	11 848	1 608	11 504
Interest cost	17 971	24 970	20 205	32 776
Expected return on plan assets	(19 730)	(23 097)	(15 383)	(22 099)
Net loss / (gain)	16 186	18 367	3 145	(18 954)
Employee contributions	(1 381)	-	(1 618)	-
Expense	<u>14 337</u>	<u>32 088</u>	<u>7 957</u>	<u>3 227</u>
(Liability) / asset				
Balance at beginning of year	5 233	(24 379)	12 786	(42 111)
Expense	(14 337)	(32 088)	(7 957)	(3 227)
Company contributions	345	24 379	404	20 959
Balance at end of year	<u>(8 759)</u>	<u>(32 088)</u>	<u>5 233</u>	<u>(24 379)</u>

Fund Investments	Rupees '000			
	2010		2009	
Debt	64%	212 585	45%	150 909
Equity	32%	108 331	26%	86 866
Cash	4%	13 496	29%	97 620
	<u>100%</u>	<u>334 412</u>	<u>100%</u>	<u>335 395</u>

The expected contribution to the pension and gratuity funds for 2011 amount to Rs.15 million. The Company recognises its gains and losses in the year in which they arise. The following table shows obligation at the end of each year and the proportion thereof resulting from experience loss during the year. Similarly, it shows plan assets at the end of the year and proportion resulting from experience gain during the year.

Year	Rupees '000				
	Obligation	Plan assets	(Deficit) / surplus	(Gain) / loss on obligation	(Loss) / gain on plan assets
2010	375 259	334 412	(40 847)	1%	(10%)
2009	354 541	335 395	(19 146)	(9%)	(5%)
2008	340 400	311 075	(29 325)	(11%)	(37%)
2007	345 705	399 678	53 973	7%	27%
2006	271 225	258 194	(13 031)	5%	3%

7. Other creditors and accruals	Rupees '000	
	2010	2009
Federal insurance fee payable	6 744	5 702
Federal excise duty payable	86 522	60 030
Workers' welfare fund payable	-	16 111
Sundry creditors	7 876	23 162
	<u>101 142</u>	<u>105 005</u>

8. Contingencies

The income tax assessments of the Company have been finalised up to and including Tax Year 2007 (Financial year ending 31 December 2006) , Tax Year 2009 (Financial year ended 31 December 2008) and Tax Year 2010 (Financial year ended 31 December 2009) .

For the Tax Year 2008 the Additional Commissioner Audit Division II, Karachi had issued notice under section 122(9) of the Ordinance for passing an amended order on certain issues. However, company has filed a writ petition before the Honourable High Court of Sindh challenging the validity of the notice.

The Company has filed appeal for the Tax Year 2009 and 2010 with Commissioner of Income Tax (appeals) in respect of disallowances for management expenses, provision for IBNR and proration of expenses. There could arise a contingent tax liability of Rs.109 million if the matters are decided against the Company.

The Company has filed appeals with Income Tax Appellate Tribunal (ITAT) in respect of Assessment Years 1999-2000 and 2000-01 in respect of disallowance of management expenses, provision for gratuity and bonus. There could arise a contingent tax liability of Rs.13 million if the matters are decided against the Company.

The department has filed an appeal for the Tax years 2005 to 2007 before Honourable High court of Sindh against the decision of Income Tax Appellate Tribunal and there could arise a contingent tax liability of Rs.37 million if the matters are decided against the Company.

No provision has been made in these financial statements for the above contingency as the management, based on tax adviser's opinion, is confident that the decision in this respect will be received in the favour of the Company.

		Rupees '000	
		2010	2009
9.	Cash and other equivalents		
	Cash in hand	-	2
	Policy stamps in hand	2 396	2 732
		<u>2 396</u>	<u>2 734</u>
10.	Current and other accounts		
	Current accounts	306 314	202 672
	Saving accounts	564 558	451 967
		<u>870 872</u>	<u>654 639</u>
10.1	The balances in saving accounts carry mark-up at the rates ranging from 5% to 11% per annum (2009: 5% to 11.50% per annum).		

		Rupees '000	
		2010	2009
11.	Investments		
	Investment in associate (note 11.1)	8 693 131	8 703 884
	Available for sale (note 11.2)	2 970 600	3 939 844
		<u>11 663 731</u>	<u>12 643 728</u>
11.1	Investment in associate		
	Carrying amount (note 11.1.2)	10 680 131	10 690 884
	Provision for impairment	(1 987 000)	(1 987 000)
		<u>8 693 131</u>	<u>8 703 884</u>
11.1.1	Investment in associate comprises of investment in 35 364 915 (2009: 31 113 292) ordinary shares of EFU Life Assurance Limited. Market value of investment and the percentage of holding as at 31 December 2010 is Rs. 2 668 million and 41.61% (2009: Rs. 4 278 million and 41.48%) respectively.		

	Rupees '000	
	2010	2009
11.1.2 Movement of investment in associate		
Opening balance	10 690 884	10 442 906
Purchases during the year	9 301	89 960
Share in profit of associate	151 114	295 196
Dividend received	(171 168)	(137 178)
Closing balance	<u>10 680 131</u>	<u>10 690 884</u>

11.1.3 Summarised financial information in respect of associate based on its financial statement as at 31 December 2010 (2009: 31 December 2009) is set out below:

	Rupees '000	
	2010	2009
Total assets	1 620 689	1 662 862
Total liabilities	(41 414)	(34 322)
Net assets	<u>1 579 275</u>	<u>1 628 540</u>
Profit after tax	<u>363 235</u>	<u>711 659</u>
Company's share of net assets of its associate	<u>657 070</u>	<u>675 518</u>

11.1.4 The carrying amount of the investment in EFU Life Assurance Limited was tested for impairment based on value in use, in accordance with IAS 36 - Impairment of Assets. The value in use calculations were carried out by an independent actuary and are based on cash flow projections, based on the budget and forecasts approved by the management up to ten years. These are then extrapolated till perpetuity using a steady long term expected growth rate of insurance business of 15% (2009: 15%) and value in use is determined by discounting cash flows using a discount rate of 19.5%. (2009: 18%)

		Rupees '000	
		2010	2009
11.2 Available for sale			
In related parties			
Equity securities	note 11.2.1	2 542 816	2 570 504
Provision for impairment – net of reversals	note 11.2.2	(2 024 420)	(1 609 171)
		518 396	961 333
Fixed income securities	note 11.2.3	65 435	36 685
Others			
Equity securities	note 11.2.1	2 487 299	2 858 788
Provision for impairment – net of reversals	note 11.2.2	(437 110)	(274 499)
		2 050 189	2 584 289
Fixed income securities	note 11.2.3	336 580	357 537
		<u>2 970 600</u>	<u>3 939 844</u>

11.2.1 The market value of available for sale - equity securities as at 31 December 2010 is Rs. 2 796 million (2009: Rs. 3 546 million).

11.2.2 The impairment balance includes a further charge of Rs. 578 million which the Company has provided during the year on its available for sale – equity securities in accordance with the SECP Circular 03/2009 dated 16 February 2009.

11.2.3 Fixed income securities

Name of investment	Maturity year	Effective yield %	Profit payment	Rupees '000	
				2010	2009
Government Securities					
10 Years Pakistan Investment Bonds	2011 - 2013	4.42–13.00	Half yearly	131 389	134 631
06 Months Treasury Bills	2011	13.42	On maturity	9 376	–
Market value of Government Securities amounted to Rs. 131 million (2009: Rs. 122 million).					
The amount of Pakistan Investment Bonds includes Rs. 125 million (2009: Rs. 124 million) deposited with the State Bank of Pakistan as required by Section 29 of the Insurance Ordinance, 2000.					
Commercial Paper					
Pak Electron Ltd.	2011	15.78	On maturity	8 935	–
Term Finance Certificates (TFCs) – quoted					
In related parties					
Jahangir Siddiqui & Co. Ltd. – 3rd Issue	2010	14.16	Half yearly	–	6 209
Jahangir Siddiqui & Co. Ltd. – 5th Issue	2013	14.05	Half yearly	30 463	30 476
Agritech Ltd. – 3rd Issue	2013	16.61	Quarterly	34 972	34 972
Financial Receivable Securitization Co. Ltd.	2014	14.40	Half yearly	5 831	7 497
				71 266	79 154
Others					
New Allied Electronics Ltd.	2012	17.03	Quarterly	4 481	4 722
Pakistan Mobile Comm. Ltd. – 3rd Issue	2013	16.45	Half yearly	20 800	24 965
Pakistan Mobile Comm. Ltd. – 6th Issue	2013	21.91	Half yearly	5 150	–
Askari Commercial Bank Ltd. – 2nd Issue	2013	14.73	Half yearly	35 990	36 022
United Bank Ltd. – 3rd Issue	2014	14.57	Half yearly	39 277	39 293
Allied Bank Ltd.	2014	15.48	Half yearly	30 184	30 250
Engro Chemical Pakistan Ltd.	2016	16.00	Half yearly	45 167	45 185
				181 049	180 437
Market value of TFCs amounted to Rs. 251 million (2009: Rs. 257 million).					
				<u>402 015</u>	<u>394 222</u>

11.2.4 As per the Company's accounting policy, available for sale investments are stated at lower of cost or market value. However, IAS 39 - Financial Instruments: Recognition and Measurement, requires that these instruments should be measured at their fair value. Accordingly, had these investments been measured at fair value, their carrying value as on 31 December 2010 would have been higher by Rs. 216 million (2009: lower by Rs. 15 million).

12. Investment properties

	2010								Rupees '000
	Cost			Rate %	Depreciation			Written down value	
	As at 01 January	Addition	As at 31 December		As at 01 January	For the year	As at 31 December	As at 31 December	
Leasehold land	47 468	-	47 468		-	-	-	47 468	
Buildings	345 370	11 018	356 388	5	154 409	17 581	171 990	184 398	
Lifts and other installations	6 934	901	7 835	10	3 253	745	3 998	3 837	
	<u>399 772</u>	<u>11 919</u>	<u>411 691</u>		<u>157 662</u>	<u>18 326</u>	<u>175 988</u>	<u>235 703</u>	

	2009								Rupees '000
	Cost			Rate %	Depreciation			Written down value	
	As at 01 January	Addition	As at 31 December		As at 01 January	For the year	As at 31 December	As at 31 December	
Leasehold land	47 468	-	47 468		-	-	-	47 468	
Buildings	344 904	466	345 370	5	137 146	17 263	154 409	190 961	
Lifts and other installations	6 425	509	6 934	10	2 567	686	3 253	3 681	
	<u>398 797</u>	<u>975</u>	<u>399 772</u>		<u>139 713</u>	<u>17 949</u>	<u>157 662</u>	<u>242 110</u>	

12.1 The market value of land and buildings is estimated at Rs. 1 242 million (2009: Rs. 1 242 million). The valuations have been carried out by independent valuers.

	Rupees '000	
	2010	2009
13. Deferred taxation		
Deferred tax (liability) / asset arising in respect of:		
– accelerated tax depreciation	(32 000)	(27 638)
– unutilised tax losses carried forward	151 525	91 225
– share of profit / loss from associate	(4 513)	(29 930)
	<u>115 012</u>	<u>33 657</u>
14. Premiums due but unpaid – net – unsecured		
Considered good	1 937 676	1 788 272
Considered doubtful	1 093	1 093
	<u>1 938 769</u>	<u>1 789 365</u>
Provision for doubtful balances	(1 093)	(1 093)
	<u>1 937 676</u>	<u>1 788 272</u>
15. Accrued investment income		
Return accrued on fixed income securities	9 602	9 486
Dividend income	504	750
Return on bank deposits	21 190	20 384
	<u>31 296</u>	<u>30 620</u>
16. Prepayments		
Prepaid reinsurance premium ceded	1 735 278	1 271 194
Prepaid rent	12 517	20 544
Others	6 853	5 336
	<u>1 754 648</u>	<u>1 297 074</u>
17. Other receivables		
Advances to employees	2 464	1 463
Advances to suppliers and contractors	22 220	12 500
Receivable from pension fund	–	5 233
Others	21 570	–
	<u>46 254</u>	<u>19 196</u>

note 6

18. Fixed assets – Tangibles and Intangibles

Rupees '000

	2010									
	Cost				Rate %	Depreciation / Amortisation				Written down value
	As at 01 January	Additions	Disposals	As at 31 December		As at 01 January	For the year	Disposals	As at 31 December	As at 31 December
Tangibles										
Leasehold land	5 580	–	–	5 580	–	–	–	–	–	5 580
Buildings	231 120	52 805	–	283 925	5	62 185	12 792	–	74 977	208 948
Furniture and fixtures	294 026	27 139	186	320 979	10	150 348	22 848	74	173 122	147 857
Office equipments	56 029	8 728	199	64 558	10	19 862	5 520	65	25 317	39 241
Computers	69 793	30 285	221	99 857	30	52 120	19 090	221	70 989	28 868
Vehicles	330 457	55 845	35 745	350 557	20	192 127	54 367	27 722	218 772	131 785
Intangibles										
Computer softwares	13 037	60 431	–	73 468	33	8 969	21 551	–	30 520	42 948
	<u>1 000 042</u>	<u>235 233</u>	<u>36 351</u>	<u>1 198 924</u>		<u>485 611</u>	<u>136 168</u>	<u>28 082</u>	<u>593 697</u>	<u>605 227</u>

Rupees '000

	2009									
	Cost				Rate %	Depreciation / Amortisation				Written down value
	As at 01 January	Additions	Disposals	As at 31 December		As at 01 January	For the year	Disposals	As at 31 December	As at 31 December
Tangibles										
Leasehold land	5 580	–	–	5 580	–	–	–	–	–	5 580
Buildings	215 322	16 226	428	231 120	5	51 420	11 193	428	62 185	168 935
Furniture and fixtures	263 633	30 775	382	294 026	10	130 106	20 576	334	150 348	143 678
Office equipments	48 169	8 004	144	56 029	10	15 168	4 763	69	19 862	36 167
Computers	60 389	9 523	119	69 793	30	38 230	14 009	119	52 120	17 673
Vehicles	316 782	28 468	14 793	330 457	20	145 599	58 898	12 370	192 127	138 330
Intangibles										
Computer softwares	10 328	2 709	–	13 037	33	6 156	2 813	–	8 969	4 068
	<u>920 203</u>	<u>95 705</u>	<u>15 866</u>	<u>1 000 042</u>		<u>386 679</u>	<u>112 252</u>	<u>13 320</u>	<u>485 611</u>	<u>514 431</u>

18.1 The market value of land and buildings is estimated at Rs. 896 million (2009: Rs. 756 million). The valuations have been carried out by independent valuers.

18.2 Details of tangible assets disposed off during the year are as follows:

Mode of disposal	Rupees '000				Sold to
	Original cost	Accumulated depreciation	Book value	Sale proceeds	
Vehicles (Negotiation)	3 200	1 280	1 920	3 200	M. Khalid Saleem (employee), Karachi
	2 238	1 343	895	1 050	Greaves Pakistan (Pvt) Ltd., Karachi
	237	150	87	630	Syed Jawed Envor (employee), Karachi
	296	227	69	500	Muhammad Arif Bhatti (employee), Gujranwalla
	267	205	62	500	Riffat Tayyab Gardezi, Lahore
	2 019	1 009	1 010	500	Tariq Khan, Lahore
	254	175	79	490	Muhammad Amin Sattar (employee), Hyderabad
	1 002	918	84	475	Chaudhary Muhammad Iqbal, Lahore
	85	33	52	450	Muhammad Farooq (employee), Lahore
	182	66	116	400	Shahin Altaf, Karachi
	101	47	54	350	Mahmood Jaffery (employee), Karachi
	83	31	52	350	Muhammad Usman (employee), Lahore
	89	34	55	315	Riaz Ahmed (employee), Lahore
	442	300	142	300	Sarwat Faheem, Karachi
	639	564	75	275	Javed Iqbal, Lahore
	469	352	117	200	Abdul Hameed Qureshi (employee), Karachi
	365	304	61	175	Tayyab Nisar (employee), Karachi
	849	665	184	849	Insurance Claim
	1 933	451	1 482	700	Insurance Claim
	384	205	179	377	Insurance Claim
	379	183	196	373	Insurance Claim
	672	269	403	250	Insurance Claim
Written down value below Rs. 50,000	19 560	18 911	649	9 645	Various
	<u>35 745</u>	<u>27 722</u>	<u>8 023</u>	<u>22 354</u>	
Furniture & fixtures (Negotiation)	99	28	71	58	Insurance Claim
Written down value below Rs. 50,000	87	46	41	48	Various
	<u>186</u>	<u>74</u>	<u>112</u>	<u>106</u>	
Office equipments (Negotiation)	94	-	94	94	Haseeb Habib Corporation, Karachi
Written down value below Rs. 50,000	105	65	40	54	Various
	<u>199</u>	<u>65</u>	<u>134</u>	<u>148</u>	
Computers					
Written down value below Rs. 50,000	221	221	-	103	Various
	<u>221</u>	<u>221</u>	<u>-</u>	<u>103</u>	

18.3 Capital work-in-progress

	2010	2009
Buildings – improvements	68 108	29 585
Advances to suppliers	35 750	1 459
	<u>103 858</u>	<u>31 044</u>

		Rupees '000	
		2010	2009
19. Net premium revenue			
Premium revenue (net of reinsurance)		5 566 506	5 247 302
Administrative surcharge		280 085	322 909
		<u>5 846 591</u>	<u>5 570 211</u>
20. Management expenses			
Salaries, wages and benefits	(note 20.1)	692 696	660 584
Bonus to staff		67 130	68 441
Rent, rates and taxes		39 252	36 712
Telephone		12 641	13 098
Postage		6 965	8 660
Gas and electricity		26 416	22 340
Printing and stationery		24 634	26 237
Travelling and entertainment		45 679	40 262
Depreciation		71 584	72 601
Repairs and maintenance		10 345	11 928
Other expenses		137 343	115 276
		<u>1 134 685</u>	<u>1 076 139</u>
20.1	These include Rs.13.60 million (2009: Rs.13.83 million) being contribution for employees' provident fund.		
21. Other income			
Gain on sale of fixed assets		14 442	8 827
Interest on loan to employees		130	109
Others		24 206	132
		<u>38 778</u>	<u>9 068</u>
22. General and administration expenses			
Salaries, wages and benefits	(note 22.1)	187 410	159 239
Bonus to staff		17 488	18 661
Gratuity	(note 6)	32 088	3 227
Rent, rates and taxes		1 709	2 732
Telephone		1 844	1 574
Postage		1 307	1 474
Gas and electricity		7 772	5 860
Printing and stationery		4 414	3 387
Travelling and entertainment		11 568	14 969
Depreciation		82 911	57 600
Repairs and maintenance		4 928	5 445
Auditors' remuneration	(note 22.2)	1 500	1 500
Legal and professional charges		5 813	6 168
Publicity		32 670	51 526
Property management expenses		47 896	46 434
Donations	(note 22.3)	5 937	5 423
Workers' welfare fund		-	16 111
Other expenses		31 407	26 697
		<u>478 662</u>	<u>428 027</u>
22.1	These Include Rs. 3.52 million (2009: Rs. 3.57 million) being contribution for employees' provident fund.		
22.2 Auditors' remuneration			
Audit fee and other certifications (KPMG Taseer Hadi & Co.)		950	950
Audit fee (Hyder Bhimji & Co.)		475	475
Audit of financial statements of provident, gratuity and pension funds (Hyder Bhimji & Co.)		75	75
		<u>1 500</u>	<u>1 500</u>

22.3 Donations

Donations include the following in whom a director is interested:

Name of director	Interest in donee	Name of donee	Rupees '000	
			2010	2009
Saifuddin N. Zoomkawala	President	Pakistan German Business Forum	30	–
	Board member	Shaukat Khanum Memorial Trust	250	250
	Board member	Sindh Institute of Urology and Transplantation	250	250
Saifuddin N. Zoomkawala and Jahangir Siddiqui	Board member	Fakhr-e-Imdad Foundation	350	–
Hasanali Abdullah	Board Member	Aga Khan Hospital and Medical College Foundation	–	1 150
	Chairman	The Insurance Association of Pakistan	40	–
			2010	2009

23. Taxation

For the year		
Current	95 227	28 072
Prior year	39 686	–
Deferred	(81 355)	41 072
	53 558	69 144

23.1 Reconciliation of tax charge

	%	%
Applicable tax rate	35.00	35.00
Tax effects of amounts that are:		
– minimum tax	16.96	–
– deductions not allowed	(0.58)	0.38
– taxed at reduced rates exempt from tax	(30.46)	(32.41)
– effect of prior period tax charge	(11.03)	–
– others	5.00	5.66
Average effective tax rate charged on income	14.89	8.63

24. (Loss) / earnings per share

		2010	2009 (Restated)
24.1 Basic (loss) / earnings per share			
(Loss) / profit for the year	(Rupees '000)	(413 321)	732 299
Weighted average number of ordinary shares	(Numbers '000)	125 000	125 000
(Loss) / earnings per share	(Rupees)	(3.31)	5.86

24.2 Diluted earnings per share

No figure for diluted earnings per share has been presented as the Company has not issued any instrument which would have an impact on earnings per share when exercised.

25. Remuneration of Chief Executive, Directors and Executives

The aggregate amount charged in the accounts for remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Company are as follows:

	2010				2009				Rupees '000	
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total		
	Managerial remuneration									
- including bonus	19 173	10 653	137 387	167 213	16 958	10 087	135 289	162 334		
Retirement benefits	1800	959	8 325	11 084	1 715	913	9 117	11 745		
Utilities	198	444	10 508	11 150	159	367	7 847	8 373		
Medical expenses	902	1 305	4 185	6 392	553	882	3 641	5 076		
Leave passage	797	-	1 243	2 040	328	201	1 604	2 133		
Total	22 870	13 361	161 648	197 879	19 713	12 450	157 498	189 661		
Number of persons	1	3	87	91	1	3	81	85		

25.1 In addition, the Chief Executive, certain Directors and certain Executives are provided with free use of Company cars and certain items of household furniture and fixtures in accordance with their entitlements. The Chief Executive is not given any rent allowance but is provided with maintained furnished accommodation.

26. Segment reporting

	Fire and property		Marine, aviation and transport		Motor		Others		Treaty		Total		Rupees '000	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009		
	Corporate segment assets	6 458 038	4 180 441	1 934 409	1 155 659	380 850	487 103	1 127 689	1 018 131	-	-	9 900 986	6 841 334	
Corporate unallocated assets											14 640 683	15 097 616		
Total assets											24 541 669	21 938 950		
Corporate segment liabilities	8 442 658	5 595 250	2 289 162	1 435 889	2 306 239	2 881 585	1 515 140	1 193 746	3 596	10 733	14 556 795	11 117 203		
Corporate unallocated liabilities											393 703	357 255		
Total liabilities											14 950 498	11 474 458		
Capital expenditures											319 966	127 724		
Segment depreciation	-	-	-	-	-	-	-	-	-	-	-	-		
Unallocated depreciation											154 494	130 201		
Total depreciation											154 494	130 201		

Location	External premium less reinsurance by geographical segments		Carrying amount of assets by geographical segments		Carrying amount of liabilities excluding branch account by geographical segments		Capital expenditure	
	2010	2009	2010	2009	2010	2009	2010	2009
Pakistan	5 834 984	5 564 456	24 407 978	21 750 994	14 800 184	11 290 967	319 966	127 724
EPZ *	11 607	5 755	102 757	158 605	132 463	166 700	-	-
Saudi Arabia **	-	-	30 934	29 351	17 851	16 791	-	-
Total	5 846 591	5 570 211	24 541 669	21 938 950	14 950 498	11 474 458	319 966	127 724

* This represents US Dollar Equivalent in Pak Rupees

** This represents US Dollar and Saudi Riyal equivalent in Pak Rupees

27. Management of insurance and financial risk

27.1 Insurance risk

The principal risk the Company faces under insurance contracts is the possibility that the insured event occurs, the uncertainty of the amount of the resulting claims i.e. the frequency and severity of claims and that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. By the very nature of an insurance contract, this risk is random and therefore unpredictable. The objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The underwriting strategy aims to minimise insurance risks with a balanced mix and spread of business classes and by observing underwriting guidelines and limits. The Company underwrites mainly property, motor, marine cargo and transportation and other miscellaneous business. These classes of insurance are generally regarded as short-term insurance contracts where claims are normally intimated and settled within a short time span, usually one year. This helps to mitigate insurance risk.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Company has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. For large risks, particularly in property segment of business, risk inspections are carried out before accepting the risks. Similarly, in case of large risks, annual renewals are also preceded by on-site surveys. Where needed, risk mitigation measures are identified and communicated to the clients to improve the risk to an acceptable level.

Reinsurance arrangements in place include treaty and facultative arrangements, on proportional and non-proportional basis and also include catastrophe cover. The effect of such reinsurance arrangements is that the Company may not suffer ultimate net insurance losses beyond the Company's risk appetite in any one year.

The Company's arrangement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor the operations of the Company are substantially dependent upon any single reinsurance contract. The Company obtains reinsurance cover only from companies with sound financial health.

27.1.1 Frequency and severity of claims

The frequency and severity of claims can be affected by several factors like political violence, environmental and economical, atmospheric disturbances, natural disasters, concentration of risks, civil riots etc. The Company manages these risk through the measures described above. The Company has limited its exposure to catastrophic and riot events by use of reinsurance arrangements.

The Company monitors concentration of insurance risks primarily by class of business. The table below sets out the concentration of the claims and premium liabilities (in percentage terms) by class of business at balance sheet date:

Class	2010				2009			
	Gross claims liabilities	Net claims liabilities	Gross premium liabilities	Net premium liabilities	Gross claims liabilities	Net claims liabilities	Gross premium liabilities	Net premium liabilities
	%	%	%	%	%	%	%	%
Fire and property damage	62	38	54	43	53	28	46	35
Marine, aviation & transport	21	16	8	7	17	11	8	7
Motor	13	43	28	45	24	58	38	55
Others	4	3	10	5	6	3	8	3
	100	100	100	100	100	100	100	100

The Company also monitors concentration of risk by evaluating multiple risks covered in the same geographical location. For fire and property risk a particular building and neighbouring buildings, which could be affected by a single claim incident, are considered as a single location. For earthquake risk, a complete city is classified as a single location. Similarly, for marine risk, multiple risks covered in a single vessel voyage are considered as a single risk while assessing concentration of risk.

The Company evaluates the concentration of exposures to individual and cumulative insurance risks and establishes its reinsurance policy to reduce such exposures to levels acceptable to the Company.

The Company's class wise major gross risk exposure is as follows:

Class	Rupees '000	
	2010	2009
Fire and property	26 711 000	25 561 000
Marine, aviation and transport	72 670 000	69 660 000
Motor	29 000	37 000
Others	12 880 000	12 450 000

Since the Company operates in Pakistan only, hence, all the insurance risks relate to policies written in Pakistan.

27.1.2 Sources of uncertainty in estimation of future claim payments

The key source of estimation uncertainty at the balance sheet date relates to valuation of outstanding claims, whether reported or not, and includes expected claims settlement costs. Considerable judgment by management is required in the estimation of amounts due to policyholders arising from claims made under insurance contracts. Such estimates are necessarily based on assumptions about several factors involving varying and possibly significant degrees of judgment and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities. Qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example one-off occurrence, changes in market factors such as public attitude to claiming and economic conditions. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the balance sheet date and for the expected ultimate cost of claims incurred but not reported (IBNR) at the balance sheet date. The details of estimation of outstanding claims (including IBNR) are given under note 3.6.2.

27.1.3 Process used to decide on assumptions

The process used to determine the assumptions for calculating the outstanding claim reserve is intended to result in neutral estimates of the most likely or expected outcome. The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed on a separate, case by case basis with due regard to claim circumstances, information available from surveyors and historical evidence of the size of similar claims. Case estimates are reviewed regularly and are updated as and when new information is available.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, in which case information about the claim event is available. IBNR provisions are initially estimated at a gross level and a separate calculation is carried out to estimate the size of the reinsurance recoveries. The estimation process takes into account the past claims reporting pattern and details of reinsurance programs.

The premium liabilities have been determined such that the total premium liability provisions (unearned premium reserve and premium deficiency reserve) would be sufficient to service the future expected claims and expenses likely to occur on the unexpired policies as of balance sheet date. The expected future liability is determined using estimates and assumptions based on the experience during the expired period of the contracts and expectations of future events that are believed to be reasonable.

27.1.4 Sensitivity analysis

The Company believes that the claim liabilities under insurance contracts outstanding at the year end are adequate. However, these amounts are not certain and actual payments may differ from the claims liabilities provided in the financial statements. The impact on the profit before tax and shareholders' equity of the changes in the claim liabilities net of reinsurance is analysed below. The sensitivity to changes in claim liabilities net of reinsurance is determined separately for each class of business while keeping all other assumptions constant.

	Rupees '000			
	Profit before tax		Shareholders' equity	
	2010	2009	2010	2009
Impact of change in claim liabilities by +10				
Fire and property	(88 732)	(62 408)	(57 676)	(40 565)
Marine, aviation and transport	(36 381)	(25 552)	(23 648)	(16 609)
Motor	(99 699)	(128 383)	(64 804)	(83 449)
Others	(7 242)	(5 999)	(4 707)	(3 899)
	<u>(232 054)</u>	<u>(222 342)</u>	<u>(150 835)</u>	<u>(144 522)</u>
Impact of change in claim liabilities by -10				
Fire and property	88 732	62 408	57 676	40 565
Marine, aviation and transport	36 381	25 552	23 648	16 609
Motor	99 699	128 383	64 804	83 449
Others	7 242	5 999	4 707	3 899
	<u>232 054</u>	<u>222 342</u>	<u>150 835</u>	<u>144 522</u>

27.1.5 Claim development

The Company maintains adequate reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. The uncertainties about the amount and timing of claim payments are normally resolved within one year.

Claims which involve litigation, and in the case of Marine cargo, general average adjustments take longer for the final amounts to be determined which in the last five years are given below:

	Rupees '000				
Accident year	2006	2007	2008	2009	2010
Estimate of ultimate claims costs:					
- At end of accident year	94 066	10 348	89 740	42 228	284 637
- One year later	94 066	8 072	80 696	59 667	-
- Two years later	94 066	8 072	29 982	-	-
- Three years later	94 066	9 724	-	-	-
- Four years later	91 669	-	-	-	-
Current estimate of cumulative claims	91 669	9 724	29 982	59 667	284 637
Cumulative payments to date	220	5 566	23 409	4 032	127
Liability recognised in the balance sheet	91 449	4 158	6 573	55 635	284 510

27.2 Financial risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (comprising of currency risk, interest rate risk and other price risk). The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The Board of Directors has overall responsibility for establishment and over sight of the Company's risk management framework. There are Board Committees and Management Committees for developing and monitoring the risk management policies.

27.2.1 Credit risk

Credit risk is the risk, which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The management monitors exposure to credit risk through regular review of credit exposure, undertaking transactions with a large number of counter parties in various industries and by continually assessing the credit worthiness of counter parties.

Concentration of credit risk arises when a number of counter parties have a similar type of business activities. As a result, any change in economic, political or other conditions would affect their ability to meet contractual obligations in similar manner. Due to the nature of financial assets, the Company believes it is not exposed to any major concentration of credit risk.

The carrying amounts of the following financial assets represent the Company's maximum exposure to credit risk:

	Rupees '000	
Financial assets	2010	2009
Bank balances and deposits	1 704 175	1 346 872
Loan to employees	3 293	2 775
Investments (Term Finance Certificates)	252 315	259 591
Premiums due but unpaid	1 937 676	1 788 272
Amount due from other insurers / reinsurers	150 143	98 239
Accrued investment income	31 296	30 620
Reinsurance recoveries against outstanding claims	5 626 075	3 274 763
Security deposits	5 243	5 190
Other receivables	46 254	19 196
	<u>9 756 470</u>	<u>6 825 518</u>

The credit quality of Company's bank balances and deposits can be assessed with reference to external credit ratings as follows:

Rating	Rupees '000	
	2010	2009
AAA	346 274	68 561
AA	1 211 860	1 127 456
A	146 042	150 855
	<u>1 704 176</u>	<u>1 346 872</u>

The credit quality of Company's investment in term finance certificates and commercial paper can be assessed with reference to external credit ratings as follows:

Rating	Short Term	Rating Agency	Rupees '000	
			2010	2009
Term Finance Certificates				
Jahangir Siddiqui & Co. Limited – 3rd Issue	AA	PACRA	–	6 209
Jahangir Siddiqui & Co. Limited – 5th Issue	AA	PACRA	30 463	30 476
Agritech Limited – 3rd Issue	CCC	PACRA	34 972	34 972
Financial Receivable Securitization Co. Limited	A+	PACRA	5 831	7 497
United Bank Limited – 3rd Issue	AA	JCR-VIS	39 277	39 293
Askari Commercial Bank Limited – 2nd Issue (A)	AA-	PACRA	9 980	36 022
Askari Commercial Bank Limited – 2nd Issue (B)	AA-	PACRA	26 010	–
Pakistan Mobile Communications Limited – TFC VI	A+	PACRA	5 151	24 965
Pakistan Mobile Communications Limited – TFC III	A+	PACRA	20 800	–
Allied Bank Limited	AA-	JCR-VIS	19 968	30 250
Allied Bank Limited 2nd Issue	AA-	JCR-VIS	10 215	–
New Allied Electronics Limited	D	JCR-VIS	4 481	4 722
Engro Chemical Pakistan Limited	AA	PACRA	45 167	45 185
			<u>252 315</u>	<u>259 591</u>
Commercial Paper				
Pak Electron Limited	A	PACRA	8 935	–
			<u>261 250</u>	<u>259 591</u>

The management monitors exposure to credit risk in premium receivable from customers through regular review of credit exposure and prudent estimates of provisions for doubtful receivables. As at 31 December 2010, the premium due but unpaid includes amount receivable within one year and above one year amounting to Rs. 1 655 million (2009: 1 473 million) and Rs. 283 million (2009: 315 million) respectively.

The credit quality of amount due from other insurers / reinsurers and claim recoveries from reinsurers can be assessed with reference to external credit ratings as follows:

Rating	Amounts due from insurers / reinsurers	Reinsurance recoveries against outstanding claims	2010	2009
A or above (including Pakistan Reinsurance Company Limited)	125 413	5 436 021	5 561 434	2 961 072
BBB	11 081	81 742	92 823	227 965
Others	13 649	108 312	121 961	183 965
	<u>150 143</u>	<u>5 626 075</u>	<u>5 776 218</u>	<u>3 373 002</u>

As at 31 December 2010, the amount due from insurers / reinsurers includes amount receivable within one year and above one year amounting to Rs.130 million and Rs.21 million respectively.

27.2.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities. In respect of major loss event, there is also a liquidity risk associated with the timing differences between gross cash out-flows and expected re-insurance recoveries.

The objective of the Company's liquidity management process is to ensure, as far as possible, that it will always have sufficient liquidity to meet its claim and other liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Company's reputation. It includes measuring and monitoring the future cash flows on daily, monthly and quarterly basis, maintaining sufficient cash reserves in bank accounts and a portfolio of highly marketable financial assets that can be easily liquidated in the event of an unforeseen interruption to cash flows.

The table below provides the maturity analysis of the Company's liabilities as at balance sheet date. All liabilities are presented on a contractual cash flow basis except for the outstanding claims, which are presented with their expected cash flows.

	Rupees '000		
	31 December 2010		
	Carrying amount	Up to one year	Greater than one year
Financial liabilities:			
Provision for outstanding claims (including IBNR)	7 950 208	7 950 208	–
Amounts due to other insurers / reinsurers	1 131 657	1 131 657	–
Accrued expenses	156 505	156 505	–
Agent balances	387 485	387 485	–
Other creditors and accruals	7 876	7 876	–
Other deposits	320 126	320 126	–
Unclaimed dividends	52 297	52 297	–
	<u>10 006 154</u>	<u>10 006 154</u>	<u>–</u>

Rupees '000

31 December 2009

	Carrying amount	Up to one year	Greater than one year
Financial liabilities:			
Provision for outstanding claims (including IBNR)	5 508 917	5 508 917	–
Amounts due to other insurers / reinsurers	788 955	788 955	–
Accrued expenses	139 140	139 140	–
Agent balances	341 408	341 408	–
Other creditors and accruals	105 005	105 005	–
Other deposits	260 238	260 238	–
Unclaimed dividends	40 530	40 530	–
	<u>7 184 193</u>	<u>7 184 193</u>	<u>–</u>

27.2.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of change in market prices such as interest rates, foreign exchange rates and equity prices.

The Company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in Government securities, equity and term finance certificates markets. In addition, the Company actively monitors the key factors that affect the underlying value of these securities.

27.2.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Company has securities and deposits that are subject to interest rate risk. The Company limits interest rate risk by monitoring changes in interest rates in the currencies in which its financial assets are denominated.

The information about Company's exposure to interest rate risk based on contractual reprising or maturity dates whichever is earlier is as follows:

Rupees '000

2010

	Interest / mark-up bearing						Total
	Effective yield %	Upto one year	Over one year to five years	Over five years	Sub total	Non-interest / mark-up bearing	
Financial assets							
Cash and other equivalent	4.0-14.0	1 704 175	–	–	1 704 175	2 396	1 706 571
Loans to employees	4.28	749	2 533	–	3 282	11	3 293
Investments	12.93	91 345	268 027	42 643	402 015	11 261 716	11 663 731
Premiums due but unpaid-net	–	–	–	–	–	1 937 676	1 937 673
Premiums due from other insurers / reinsurers	–	–	–	–	–	150 143	150 143
Accrued investment income	–	–	–	–	–	31 296	31 296
Reinsurance recoveries against outstanding claims	–	–	–	–	–	5 626 075	5 626 075
Security deposits	–	–	–	–	–	5 243	5 243
Other receivables	–	–	–	–	–	46 254	46 254
		<u>1 796 269</u>	<u>270 560</u>	<u>42 643</u>	<u>2 109 472</u>	<u>19 060 810</u>	<u>21 170 282</u>

Rupees '000

	2010						
	Interest / mark-up bearing					Non-interest / mark-up bearing	Total
	Effective yield %	Upto one year	Over one year to five years	Over five years	Sub total		
Financial liabilities							
Provision for outstanding claims (including IBNR)		-	-	-	-	7 950 208	7 950 208
Amount due to other insurers / reinsurers		-	-	-	-	1 131 657	1 131 657
Accrued expenses		-	-	-	-	156 505	156 505
Agent balances		-	-	-	-	387 485	387 485
Other creditors and accruals		-	-	-	-	7 876	7 876
Other deposits		-	-	-	-	320 126	320 126
Un-claimed dividends		-	-	-	-	52 297	52 297
		-	-	-	-	10 006 154	10 006 154
On-balance sheet sensitivity gap		1 796 269	270 560	42 643	2 109 472		
Total yield / markup rate risk sensitivity gap		1 796 269	270 560	42 643	2 109 472		

Rupees '000

	2009						
	Interest / mark-up bearing					Non-interest/ mark-up bearing	Total
	Effective yield %	Upto one year	Over one year to five years	Over five years	Sub total		
Financial assets							
Cash and other equivalent	5.0-11.5	1 346 872	-	-	1 346 872	2 734	1 349 606
Loans to employees	5.21	833	1 884	-	2 717	58	2 775
Investments	10.07	38 117	323 572	32 533	394 222	12 249 506	12 643 728
Premiums due but unpaid-net		-	-	-	-	1 788 272	1 788 272
Premiums due from other insurers / reinsurers		-	-	-	-	98 239	98 239
Accrued investment income		-	-	-	-	30 620	30 620
Reinsurance recoveries against outstanding claims		-	-	-	-	3 274 763	3 274 763
Security deposits		-	-	-	-	5 190	5 190
Other receivables		-	-	-	-	19 196	19 196
		1 385 822	325 456	32 533	1 743 811	17 468 578	19 212 389
Financial liabilities							
Provision for outstanding claims (including IBNR)		-	-	-	-	5 508 917	5 508 917
Amount due to other insurers / reinsurers		-	-	-	-	788 955	788 955
Accrued expenses		-	-	-	-	139 140	139 140
Agent balances		-	-	-	-	341 408	341 408
Other creditors and accruals		-	-	-	-	105 005	105 005
Other deposits		-	-	-	-	260 238	260 238
Un-claimed dividends		-	-	-	-	40 530	40 530
		-	-	-	-	7 184 193	7 184 193
On-balance sheet sensitivity gap		1 385 822	325 456	32 533	1 743 811		
Total yield / markup rate risk sensitivity gap		1 385 822	325 456	32 533	1 743 811		

Sensitivity analysis

As on 31 December 2010, the Company had no financial instruments valued at fair value through profit or loss. For cash flow sensitivity analysis of variable rate instruments, a hypothetical change of 100 basis points in interest rates during the year would have decreased / increased profit for the year by the amounts shown below.

It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. Actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

	Change in basis points	Effect on profit and loss before tax	Effect on shareholders' equity
31 December 2010	100	10 973	7 132
	(100)	(10 973)	(7 132)
31 December 2009	100	9 144	5 944
	(100)	(9 144)	(5 944)

27.2.3.2 Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Company, at present is not materially exposed to currency risk as majority of the transactions are carried out in Pakistani Rupees.

27.2.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company's equity investments amounting to Rs. 3 546 million are susceptible to market price risk arising from uncertainty about the future value of investment securities. The Company limits market risk by diversifying its equity investment portfolio and by actively monitoring the developments in equity and money markets.

The Company also has strategic equity investments in its associate amounting to Rs. 8 693 million which is held for long term. The management is not concerned with short term price fluctuations with respect to its strategic investments provided that the underlying business and economic characteristic of the investee remain favourable.

The table below summarises Company's market price risk as of 31 December 2010 and 2009. It shows the effect of a 10% increase and 10% decrease in the market prices of equity investments as on those dates on Company's profit and equity.

Had all equity investments, other than associates, been measured at fair values as required by IAS 39, Financial Instruments: Recognition and Measurement, the impact of hypothetical change would be as follows:

	Fair value	Price change	Estimated fair value	Effect on profit and loss before tax	Effect on shareholders' equity
31 December 2010	2 795 880	10% increase	3 075 468	-	279 588
		10% decrease	2 516 292	-	(279 588)
31 December 2009	3 546 116	10% increase	3 900 728	-	354 612
		10% decrease	3 191 505	-	(354 612)

27.3 Fair value

The fair value of all major financial assets are estimated to be not significantly different from their carrying values except for quoted investments, details of which are given in note no. 11 to these financial statements.

27.4 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development in its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares. The Company currently meets minimum paid up capital requirements as required by Securities and Exchange Commission of Pakistan.

28. Non-adjusting event after the balance sheet date

The Board of Directors in its meeting held on 26 March 2011 have announced a cash dividend in respect of the year ended 31 December 2010 of Rs. 1.25 per share 12.5% (2009: Rs. 4 per share, 40%). In addition, the Board of Directors have also approved the transfer from general reserve to unappropriated profit amounting to Rs. 500 million (2009: Rs. 150 million transfer to general reserve from unappropriated profit). These financial statements for the year ended 31 December 2010 do not include the effect of these appropriations which will be accounted for subsequent to the year end.

29. Related party transactions

Related parties comprise of directors, key management personnel, associated companies, entities with common directors and employee retirement benefit funds. The transactions with related parties are carried out at commercial terms and conditions except for compensation to key management personnel which are on employment terms. The transactions and balances with related parties are as follows:

	Rupees in '000	
	2010	2009
Transactions		
Associated company		
Premium written	8 141	6 240
Premium paid	7 948	9 310
Claims paid	4 096	6 998
Claims lodged	4 681	6 998
Investment made	9 300	89 960
Bonus shares received	41 495	–
Dividend received	171 168	137 178
Bonus shares issued	6 812	–
Dividend paid	31 336	25 441
Key management personnel		
Premium written	682	528
Claims paid	62	114
Bonus shares issued	17 901	–
Dividend paid	138 201	112 135
Compensation	115 519	126 265

	Rupees in '000	
	2010	2009
Others		
Premium written	157 883	136 718
Premium paid	4 620	6 579
Claim paid	193 030	166 812
Claims lodged	3 963	2 224
Commission paid	159	18 335
Investments made	11 606	438 687
Investments sold	38 181	506 773
Bonus shares issued	32 658	-
Bonus shares received	2 039	3 640
Dividend paid	94 370	76 687
Dividend received	21 821	41 791
Bank deposit	25 000	120 500
Expenses paid	63	140
Brokerage paid	1 062	8 210
Donation paid	880	1 650
Profit on TFC	2 717	-
Employees' funds		
Contribution to provident fund	17 115	17 397
Contribution to gratuity fund	24 379	20 959
Contribution to pension fund	345	404
Bonus shares issued	514	-
Dividend paid	2 366	1 923
Balances		
Associated company		
Balance receivable	3	2
Key management personnel		
Balance receivable	-	51
Others		
Balance receivable	23 329	13 016
Balance payable	(93)	(8 123)
Employees' funds receivable / (payable)		
EFU gratuity fund	(32 088)	(24 379)
EFU pension fund	(8 759)	5 233

30. Number of employees

Number of employees as at 31 December 2010 was 1 294 (2009: 1 338).

31. Date of authorisation for issue

These financial statements were authorised for issue by the Board of Directors in their meeting held on 26 March 2011.

MUNEER R. BHIMJEE
Director

HASANALI ABDULLAH
Director

SAIFUDDIN N. ZOOMKAWALA
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman



GENERAL

Pattern of Shareholding as at 31 December 2010

Number of shareholders	Shareholdings		Shares held
	From	To	
426	1	100	16 473
694	101	500	180 194
369	501	1 000	263 372
641	1 001	5 000	1 435 909
185	5 001	10 000	1 373 626
71	10 001	15 000	882 416
41	15 001	20 000	710 023
29	20 001	25 000	659 989
19	25 001	30 000	541 541
13	30 001	35 000	422 206
12	35 001	40 000	445 616
9	40 001	45 000	382 889
14	45 001	50 000	697 136
3	50 001	55 000	161 447
7	55 001	60 000	403 375
9	60 001	65 000	561 695
5	65 001	70 000	339 387
7	70 001	75 000	520 185
1	75 001	80 000	77 102
2	80 001	85 000	161 562
5	85 001	90 000	432 210
4	90 001	95 000	373 493
4	95 001	100 000	388 374
1	100 001	105 000	102 375
2	105 001	110 000	216 984
3	110 001	115 000	331 680
2	125 001	130 000	253 336
1	140 001	145 000	140 164
1	145 001	150 000	150 000
2	165 001	170 000	332 059
1	175 001	180 000	175 500
1	185 001	190 000	187 500
1	190 001	195 000	193 047
2	215 001	220 000	434 388
1	220 001	225 000	222 667
1	230 001	235 000	232 177
1	235 001	240 000	236 494
1	240 001	245 000	244 836
7	245 001	250 000	1 750 000
1	265 001	270 000	266 747
1	290 001	295 000	293 128
1	335 001	340 000	338 654
1	375 001	380 000	378 121
1	390 001	395 000	392 121
1	415 001	420 000	417 586
2	495 001	500 000	995 114
2	550 001	555 000	1 103 594
1	575 001	580 000	576 625
1	600 001	605 000	600 592
1	615 001	620 000	618 695
1	635 001	640 000	638 506
2	690 001	695 000	1 384 849
1	795 001	800 000	797 311
1	835 001	840 000	839 983
1	995 001	1 000 000	1 000 000
1	1 505 001	1 510 000	1 508 404
1	1 570 001	1 575 000	1 573 014
1	2 695 001	2 700 000	2 697 298
1	2 725 001	2 730 000	2 725 789
1	3 400 001	3 405 000	3 404 831
1	5 455 001	5 460 000	5 457 261
1	7 510 001	7 515 000	7 511 994
1	8 510 001	8 515 000	8 512 035
1	8 515 001	8 520 000	8 515 316
1	9 975 001	9 980 000	9 978 590
1	10 360 001	10 365 000	10 362 460
1	15 175 001	15 180 000	15 178 500
1	20 295 001	20 300 000	20 299 455
2 630		Total	125 000 000



GENERAL

Categories of shareholders	Shareholders	Shares held	Percentage
Associated companies, undertakings and related parties	8	36 208 371	28.96
NIT & ICP	–	–	–
CEO, Directors, their spouses and minor children	12	22 076 695	17.66
Executives	17	322 232	0.26
Public sector companies & corporations	1	2 697 298	2.16
Joint Stock companies	59	1 359 963	1.09
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Co., Modaraba and Mutual Funds	23	1 611 072	1.29
Foreign Investors (repatriable basis)	6	8 065 178	6.45
Charitable Institutions	3	15 330 875	12.26
Administrator of Abandoned Properties	1	5 457 261	4.37
Individuals / Others	2 500	31 871 055	25.50
Total	2 630	125 000 000	100.00

Information as required under the Code of Corporate Governance

Categories of shareholders	Shareholders	Shares held
Associated companies, undertakings and related parties		
EFU Life Assurance Limited	1	8 515 316
Trustees EFU General Insurance Ltd. Staff Provident Fund (Pakistan)	1	378 121
Trustees EFU General Insurance Ltd. Emp. Gratuity Fund	1	140 164
Trustees EFU General Insurance Ltd. Officers Pension Fund	1	126 000
Jahangir Siddiqui & Co. Ltd.	1	20 299 455
JS Value Fund Limited	1	618 695
Jahangir Siddiqui & Sons Limited	1	2 725 789
Jahangir Siddiqui Securities Services Limited	1	3 404 831
NIT & ICP	–	–
CEO, Directors, their spouses and minor children		
Rafique R. Bhimjee	1	10 362 460
Saifuddin N. Zoomkawala	1	222 667
Sultan Ahmad	1	1 250
Abdul Rehman Haji Habib	1	5 256
Jahangir Siddiqui	1	10 956
Wolfram W. Karnowski	1	16 082
Muneer R. Bhimjee	1	9 978 590
Hasanali Abdullah	1	55 358
Taher G. Sachak	1	1 280
Mrs. Naila Bhimjee W/o. Rafique R. Bhimjee	1	839 983
Mrs. Lulua Saifuddin W/o. Saifuddin N. Zoomkawala	1	553 594
Mrs. Onaiza Ahmad W/o. Sultan Ahmad	1	29 219
Shareholders holding 10% or more voting interest		
Managing Committee of Ebrahim Alibhai Foundation	1	15 178 500
Jahangir Siddiqui & Co. Ltd.	1	20 299 455

SOUTHERN ZONE

4th Floor, EFU House
M.A. Jinnah Road, Karachi
32311626 - 32311610
32313471-90. Fax: 32313608

JAFFER DOSSA
Senior Executive Director/Zonal Head

SALIM RAFIK SIDIKI, B.A (Hons) M.A.
Advisor

SYED ABDUL QUDDUS, BSc., M.A.
Senior Vice President

ZIA MAHMOOD, M.B.A.
Senior Vice President

SAGIRUL HASAN
Vice President

ZOHRA ABDULLAH
Assistant Vice President

Central Division

1st Floor, Kashif Centre
Shahrah-e-Faisal, Karachi
35653907-9 - 35670145-7
Fax: 35640512 - 35640530 - 35674879

S. SALMAN RASHID
Senior Executive Director

ABDUL SATTAR BALOCH
Assistant Executive Director

SHAMIM PERVAIZ, M.B.A.
Executive Vice President

FAISAL GULZAR
Senior Vice President

MOHAMMAD NAEEM SHAIKH
Senior Vice President

ABDUL RASHID
Vice President

KALIM IMTIAZ
Vice President

ABDUL RASHID YAQOOB
Asstt. Vice President

AZIZ AHMED
Asstt. Vice President

MUHAMMAD HANIF
Asstt. Vice President

SHAHAB SALEEM
Asstt. Vice President

SIRAJUDDIN
Asstt. Vice President

WASEEM AHMED
Asstt. Vice President

RIZWAN SIDDIQUI
Senior Executive Vice President (Development)

MUHAMMAD JAVED
Executive Vice President (Development)

S. IFTIKHAR HAIDER ZAIDI
Executive Vice President (Development)

MOHAMMED SHAMIM SIDDIQUI
Senior Vice President (Development)

ATIQUE H. PATEL
Vice President (Development)

MRS. SADIA KHANUM
Vice President (Development)

SHAKIL WAHID
Vice President (Development)

SYED RASHID ALI
Vice President (Development)

M. NADEEM SHEIKH
Asstt. Vice President (Development)

NADEEM AHMED SIDDIQUI
Asstt. Vice President (Development)

AYAZ AHMED BHUTTO
Manager (Development)

TAUSEEF HUSSAIN KHAN
Manager (Development)

SHEHLA SALEEM
Manager (Development)

SHAHEEN PERVAIZ
Manager (Development)

S.M. ASIM HASAN
Manager (Development)

Central Division Auto Leasing Unit

1st Floor, Kashif Centre
Shahrah-e-Faisal, Karachi
35640540-2
Fax: 35674886 - 35676560-1 - 35640511

SYED RIZWAN HUSSAIN
Executive Director

NADIR HUSSAIN
Senior Vice President

SHAHAB KHAN
Vice President

KAMRAN BASHIR, M.B.A.
Asstt. Vice President



GENERAL

RAHIM KHOWAJA
Asstt. Vice President

MANSOOR HASSAN KHAN
Asstt. Vice President

SYED JAWEED ENVOR
Assistant Executive Director (Development)

SYED IMRAN ZAIDI
Senior Executive Vice President (Development)

Central Division Unit 'A'
Room # 201, 2nd Floor, Kashif Centre
Shahrah-e-Faisal, Karachi
35640027-9 Fax: 35652320

SYED KAMRAN RASHID
Executive Director

ADEEL AHMED
Executive Vice President (Development)

FAISAL MAHMOOD JAFFERY
Senior Vice President (Development)

WASIF MUBEEN
Senior Vice President (Development)

MUHAMMAD SIDDIQ
Vice President (Development)

SYED MOBIN A. NIAZI
Vice President (Development)

S. SHAKEEL HASSAN BAKHTIAR
Asstt. Vice President (Development)

SYED MOHAMMAD WASEEM
Asstt. Vice President (Development)

M. AQIL
Manager (Development)

NAZIMUDDIN SOMRO
Manager (Development)

SYED MUHAMMAD IFTIKHAR
Manager (Development)

Central Division Unit 'B'
Room No. 302, 3rd Floor
Kashif Center, Shahrah-e-Faisal
Karachi. 35640543-47
Fax: 35640548

JAVED IQBAL BARRY, M.B.A., LL.B., F.C.I.I.
Senior Executive Vice President

KHALID MAHMOOD MIRZA
Senior Executive Vice President

ADAM DUR MOHAMMAD BALOCH
Executive Vice President

A. GHAFAR A. KARIM
Senior Vice President

ANIS MEHMOOD
Senior Executive Vice President (Development)

AZMAT MAQBOOL, M.B.A.
Senior Executive Vice President (Development)

MRS. NARGIS MEHMOOD
Senior Executive Vice President (Development)

S. SHAHID MAHMOOD
Vice President (Development)

H. H. ANSARI
Asstt. Vice President (Development)

M. A. QAYYUM KHAN
Asstt. Vice President (Development)

SYED IRFAN AKHTAR
Dy. Chief Manager (Development)

SYED ALI HAIDER RIZVI
Dy. Chief Manager (Development)

ANJUM SULTANA
Manager (Development)

FAIQ HANIF
Manager (Development)

MUHAMMAD SALIM
Manager (Development)

Central Division Unit 'C'
Room # 305, 3rd Floor, Kashif Centre
Shahrah-e-Faisal, Karachi.
35640403-05 - 35653907-9 - 35640540-42
35640536-38 Fax: 35214420

AAMIR AHMED
Executive Vice President

SALEEM TARIQ AHMED
Executive Director (Development)

AHMED NAWAZ
Chief Manager (Development)

MUHAMMAD ASIF JAVED
Chief Manager (Development)

SOHAIL RAZA
Chief Manager (Development)

ABDUL NASIR
Dy. Chief Manager (Development)

RAJA JAMIL AHMED
Manager (Development)

City Branch
6th Floor, Room No. 614, EFU House
M.A. Jinnah Road, Karachi
32313471-90 - 32201567 - 32201568
Fax: 32201618

ALI KAUSAR
Senior Executive Vice President

ABDUL MATEEN FAROOQUI, M.Sc.
Vice President

M. ABRAR KHAN
Chief Manager (Development)

SYED ZULFIQAR MEHDI
Chief Manager

MANECK B. JAVAT
Manager (Development)

Clifton Division

311 & 312 Clifton Centre
Block 5, Clifton, Karachi
35873151-3 - 35837031-3 - 35873338-9
35875120 - 35830866 - 35810267-9 - 35810270
35830697-8 - 35293242-3 - 35293240
Fax: 35873136 - 35836860 - 32201619

NUDRAT ALI
Senior Executive Director

K. M. ANWAR PASHA
Executive Director

BASHIR SEJA
Assistant Executive Director

IFTIKHAR A. KHAN, M.A.
Senior Executive Vice President

KHOZEMA T. HAIDER MOTA
Senior Executive Vice President

MUSAKHAR-UZ-ZAMAN, B.E.
Senior Executive Vice President

YAWAR AMINUDDIN
Senior Executive Vice President

MOHAMMAD ARIF KHAN
Executive Vice President

SYED SADIQ ALI JAFFRI
Executive Vice President

RIAZ AHMED
Senior Vice President

WASEEM TASSAWAR
Senior Vice President

ABDUL HAMEED
Vice President

ALI RAZA
Vice President

ASIF MAHMOOD
Vice President

MUHAMMAD SIDDIQUE
Vice President

WAQAR H. QURESHI
Vice President

MEHDI ASGHAR
Asstt. Vice President

MOHAMMAD SALEEM GAHO
Asstt. Vice President

MOHAMMED SIRAJUDDIN
Asstt. Vice President

AGHA S. U. KHAN
Dy. Executive Director (Development)

MOHAMMAD UMER, M.A.
Senior Executive Vice President (Development)

SYED SAAD JAFRI
Senior Executive Vice President (Development)

YOUSUF ALVI
Senior Executive Vice President (Development)

TAUQIR HUSSAIN ABDULLAH
Senior Executive Vice President (Development)

SYED ALI ZAHEER
Executive Vice President (Development)

SAAD WAHID
Senior Vice President (Development)

KH. ZULQARNAIN RASHEED
Senior Vice President (Development)

SHAZEB LODHI
Senior Vice President (Development)

MUHAMMAD NIAMATULLAH
Vice President (Development)

SYED HASAN ALI
Vice President (Development)

SYED RIZWAN HAIDER, M.Sc.
Vice President (Development)

PERVAIZ BAIG
Asstt. Vice President (Development)

AKHTAR HAYAT KHAN
Chief Manager (Development)

MUHAMMAD AMIN GHANI
Chief Manager (Development)

SAIFUR REHMAN
Chief Manager (Development)

SYED RAEES AHMAD
Chief Manager (Development)

Dr. KISHORE KUMAR PAGARANI
Manager (Development)

HASAN SAJJAD RIZVI
Manager (Development)

IRFAN KHAN
Manager (Development)

SHAMIM RIZVI
Manager (Development)



GENERAL

Continental Branch

Room No. 507-509, 5th Floor,
EFU House, M.A. Jinnah Road, Karachi
32200612, 32200618, 32313471-90
32200154, 32200637. Fax: 32204469

MUHAMMAD ASIF ARIF, M.B.A, A.C.I.I.
Senior Executive Vice President

IMRAN NASEEM
Asstt. Vice President

MUHAMMAD MUJTABA
Asstt. Vice President

M. SAGHIR UDDIN
Asstt. Vice President

MOHAMMAD YOUNUS
Senior Executive Vice President (Development)

M. ANIS-UR-REHMAN
Vice President (Development)

M. ASHRAF SAMANA
Vice President (Development)

ZUBI ERUM NADEEM
Vice President (Development)

ZAIN THARIA
Asstt. Vice President (Development)

IKRAM-UL-HAQ
Dy. Chief Manager (Development)

S. NAQI ALI
Chief Manager (Development)

MUHAMMAD ASIF KHAN
Manager (Development)

Corporate Division

8th Floor Business Plaza
Mumtaz Hasan Road
Off I.I. Chundrigar Road, Karachi
32425898 - 32428965-9 - 32428198 - 32424510
32428090 - 32425783. Fax: 32428119 - 32428290

ABDUL REHMAN KHANDIA, A.C.I.I.
Senior Executive Director

ABDUL WAHID
Executive Vice President

ABDUL MAJEED
Senior Vice President

NADEEM AHMED KHAN
Senior Vice President

S. M. SHAMIM
Senior Vice President

M.A. QAYUM, M.Com.
Vice President

MOHSIN ALI BAIG
Asstt. Vice President

SHADAB MOHAMMAD KHAN
Asstt. Vice President

SYED NAZISH ALI
Asstt. Vice President

UMAIR ALI KHAN
Asstt. Vice President

MOHAMMAD KHALID SALEEM, M.A.
Executive Director (Development)

IMRAN ALI KHAN
Executive Vice President (Development)

BUSHRA RIZWAN
Senior Vice President (Development)

FAISAL KHALID
Senior Vice President (Development)

JAMEEL MASOOD
Senior Vice President (Development)

MOHAMMAD REHAN IQBAL BOOTI
Vice President (Development)

MRS. SADIA MUNEER
Asstt. Vice President (Development)

MOHAMMAD MUSSARRAT HUSSAIN, M.Sc.
Asstt. Vice President (Development)

QAMAR AZIZ
Asstt. Vice President (Development)

ALI MOHAMMAD MEMON
Manager (Development)

DR. KISHORE KUMAR PAGARANI
Manager (Development)

MRS. ZOHRA USMAN RAJKOTI
Manager (Development)

REHAN QAISER SHAIKH
Manager (Development)

Corporate Division (J. P. Unit)

8th Floor Business Plaza
Mumtaz Hasan Road
Off I.I. Chundrigar Road, Karachi
32428070 - 32401911-3. Fax: 32401914

JAHANGIR ANWAR SHAIKH
Senior Executive Director (Development)

SAAD ANWAR SHAIKH
Executive Vice President (Development)

FAISAL HASAN
Senior Vice President (Development)

HINA ELAHI
Senior Vice President (Development)

Crescent Branch

2nd Floor, EFU House,
M.A. Jinnah Road, Karachi
32202913 - 32313471-90 - 32201526
Fax: 32202912

KAUSER ALI ZUBERI
Senior Executive Vice President

SARFARAZ MOHAMMAD KHAN
Asstt. Vice President

RASHID A. ISLAM
Senior Vice President (Development)

TAHIR ALI ZUBERI
Senior Vice President (Development)

HAMEED-US-SALAM
Vice President (Development)

NOMAN KHAN
Chief Manager (Development)

OMAR MAQSOOD
Dy. Chief Manager (Development)

IQBAL HUSSAIN KHAN
Manager (Development)

SHOAIB AYUB
Manager (Development)

WAQAS TABASUM
Manager (Development)

Denso Hall Branch

2nd Floor Azzaineb Court
Campbell Street, Karachi
32629891 - 32629893 - 32629895 - 32624882-3
Fax: 32629835

MUHAMMAD NAEEM HANIF
Senior Executive Vice President

NOOR ASGHAR KHAN
Asstt. Vice President

MUHAMMAD IMRAN NAEEM
Vice President (Development)

ABDUL AZIZ
Manager (Development)

Export Processing Zone Branch

Extension Landhi Industrial Area, Karachi
35082095

S. SALMAN RASHID
Senior Executive Director

NADEEM AHMED
Asstt. Vice President

Jinnah Division

308-311, 3rd Floor, EFU House,
M.A. Jinnah Road, Karachi
32313471-90 - 32311742-3
32312238 - 32313854-55
32314783-84 - 32200495
Fax: 32311668

MUHAMMAD IQBAL LODHIA
Senior Executive Director

ABDUL RAZZAK SATTAR
Executive Vice President

ABDUL BARI KHAN
Vice President

ZIA-UR-REHMAN
Vice President

ASADULLAH KHAN
Asstt. Vice President

MOHAMMAD SALEEM
Asstt. Vice President

MUHAMMAD AHMED
Asstt. Vice President

MUSARRAT ZAMAN SHAH
Asstt. Vice President

AAMIR ALI KHAN
*Senior Executive Vice President
(Development)*

MOHAMMAD HUSSAIN
*Senior Executive Vice President
(Development)*

MUHAMMAD SHEERAZ
*Senior Executive Vice President
(Development)*

RAMESH MULRAJ BHERWANI
Senior Vice President (Development)

ABDUL GHANI
Asstt. Vice President (Development)

JAVED ASLAM AWAN
Asstt. Vice President (Development)

MRS. TANVEER KHURSHID
Asstt. Vice President (Development)

PHEROO MAL
Astt. Vice President (Development)

FARHAN SATTAR
Chief Manager (Development)

HASEEB KHAN
Chief Manager (Development)

M. USMAN KHAN
Chief Manager (Development)

SYED ATHAR ALI
Chief Manager (Development)

ARIF FAROOQ
Dy. Chief Manager (Development)

M. AAMIR HANIF
Chief Manager (Development)

MUHAMMAD ARFEEN
Chief Manager (Development)

SYED NISAR AHMED
Dy. Chief Manager (Development)

HASHMATULLAH KHAN
Dy. Chief Manager (Development)

JALALUDDIN AHMED
Dy. Chief Manager (Development)

M. JAWED FAROOQUI
Dy. Chief Manager (Development)

MUHAMMAD AZIM HANIF
Manager (Development)

MUHAMMAD IQBAL NINI
Manager (Development)

MUHAMMAD NASEEM QURESHI
Manager (Development)

M. NAVID FAROOQUI
Manager (Development)

MUHAMMAD QADIR
Manager (Development)

PARDEEP KUMAR
Manager (Development)

SHAHID NAQVI
Manager (Development)

SHAH SULTAN
Manager (Development)

Jinnah Division (A.W.P. Unit)
 Room No. 506, EFU House,
 M.A. Jinnah Road, Karachi
 32200599 - 32200623 - 32313471-90
 Fax: 32200571

ABDUL AZIZ
Assistant Vice President

ABDUL WAHAB POLANI
Executive Director (Development)

WALEED POLANI
Assistant Vice President (Development)

Karachi Branch
 4th Floor EFU House, Room No.406-407
 M.A. Jinnah Road, Karachi
 32313471-90, 32313943-4 - 32312320 - 32316152-3
 32200884-5. Fax: 32313945

MIR BABAR ALI
Senior Executive Vice President

IRSHAD ZAMIR HASHMI
Vice President

ANSA AZHAR
Asstt. Vice President

ASHFAQUE AHMED
Asstt. Vice President

MOHAMMAD ADIL KHAN
Asstt. Vice President

HAROON HAJI SATTAR DADA
Deputy Executive Director (Development)

S. ASHAD H. RIZVI
Senior Executive Vice President (Development)

SYED BAQAR HASAN, M.A.
Executive Vice President (Development)

FARID KHAN
Senior Vice President (Development)

RASHID UMER BURNEY
Vice President (Development)

MRS. ZOHRA HAROON DADA
Chief Manager (Development)

SIRAJ AHMED ALVI
Chief Manager (Development)

MUHAMMAD JUNAID
Dy. Chief Manager (Development)

VINA HUSSAIN
Dy. Chief Manager (Development)

KHALID DIWAN
Manager (Development)

Metropolitan Branch
 6th Floor, E F U House
 M.A. Jinnah Road, Karachi
 32313471-90 - 32202897 - 32202903-5
 Fax: 32201450

MUHAMMAD IQBAL DADA, M. A., A.C.I.I.
Deputy Executive Director

SHAHZAD ZAKRIA
Senior Vice President

SHAZIM ALTAF KOTHAWALA
Senior Vice President

FAKHRUDDIN SAIFEE
Vice President

SHAHID A. GODIL
Vice President

ALTAZ KOTHAWALA
Senior Executive Director (Development)

ABDULLAH H. GODIL
Assistant Executive Director (Development)

AKHTAR KOTHAWALA
Assistant Executive Director (Development)

MUHAMMAD UMER MEMON
Senior Executive Vice President (Development)

ABOOTALIB DADA
Executive Vice President (Development)

AMIN YAQOOB, M.A.
Executive Vice President (Development)

MUNEEB FAROOQ KOTHAWALA
Senior Vice President (Development)

Ms. SHAZIA RAHIL RAZZAK
Senior Vice President (Development)

Ms. SHELA FAROOQ KOTHAWALA
Senior Vice President (Development)

Ms. FATIMA MOIZ SHEIKH
Vice President (Development)

Metropolitan (A.K. Unit)
6th Floor, E F U House
M.A. Jinnah Road, Karachi
32313471-90 - 32202897 - 32202903
Fax: 32201450

SYED BASIT HUSSAIN
Asstt. Executive Director

ASGHAR ALI
Vice President

M. AAMIR KHADELI
Senior Executive Vice President (Development)

M. YOUNUS KHADELI
Senior Executive Vice President (Development)

ABUL NASAR
Vice President (Development)

Port View Branch
517 EFU House
M. A. Jinnah Road, Karachi
32201957-60 - 32313471-90. Ext.: 283
Fax : 32201961.

KHALID USMAN
Assistant Executive Director

MOHAMMAD SHOAIB
Asstt. Vice President

ABDUL WAHAB
Senior Executive Vice President (Development)

Rizvia Society Branch
101-103 Rizvia Market Chowrangi
Nazimabad, Karachi
36707250-51 - 36686608 - 36688250-51
Fax: 36686449

MAZHAR H. QURESHI
Executive Vice President

WAQAR AHMED, M.Sc.
Asstt. Vice President

SYED ABDUL GHAFAR
Vice President (Development)

BABAR ZEESHAN
Asstt. Vice President (Development)

TAHIR RAFIQ
Deputy Chief Manager (Development)

SYED KASHIF ALI
Manager (Development)

S.I.T.E. Division
Office No. 318-326, 3rd Floor, S.P. Chamber
Plot No. B-9-B-1, Estate Avenue
Near Metro Chourangi, S.I.T.E., Karachi
32577868-9 - 32574062-3 - 32586723 - 32579879
32578152 - 32030012-3 - 32578244 - 37685928-9
32578153. Fax: 32570927 - 32578529
32586009-10 - 32571925

S. M. HAIDER, M.Sc.
Senior Executive Director

KHALID ASHFAQ AHMED
Executive Vice President

MUHAMMAD NASEEM
Vice President

LIAQUAT IMRAN
Vice President (Auto Leasing Unit)

SHAH ASGHAR ABBAS
Vice President (Auto Leasing Unit)

MOHAMMAD IDREES ABBASI
Assistant Vice President

S. FEROZUDDIN HAIDER
Assistant Vice President

S. KHALILUDDIN
Assistant Vice President

ALI SAFDER
Executive Director (Development)

SYED AMIR AFTAB
Assistant Executive Director (Marketing)

SYED ASIM IQBAL
Assistant Executive Director (Marketing)
 TALIB ABBAS SHIGRI
Assistant Executive Director (Marketing)
 IRFAN RAJA JAGIRANI
*Executive Vice President
 (Protocol & Business Development)*
 M. YOUSUF JAGIRANI
Executive Vice President (Development)
 SYED SOHAIL HYDER ABIDI
Senior Vice President (Development) (Auto Leasing Unit)
 WASIM AHMED
Senior Vice President (Development)
 MOHAMMAD ZIAUL HAQ
Vice President (Development)
 SYED ABID RAZA
Vice President (Development)
 SYED SHAHID RAZA
Vice President (Development)
 HASSAN ABBAS SHIGRI
Asstt. Vice President (Development) (Auto Leasing Unit)
 MARIA N. JAGIRANI
Asstt. Vice President (Development)
 MUHAMMAD OWAIS JAGIRANI
Asstt. Vice President (Development)
 MURTAZA ISPAHANI
Asstt. Vice President (Development) (Auto Leasing Unit)
 M. YASIR H. CHAUDHARY
Asstt. Vice President (Development)
 SHAHIDA ASIM
Asstt. Vice President (Development)
 SYED MOJIZ HASSAN
Asstt. Vice President (Development) (Auto Leasing Unit)
 MUHAMMAD TARIQUE
Deputy Chief Manager (Development) (Auto Leasing Unit)
 SYED QAMAR RAZA
Dy. Chief Manager (Development)
 CHAUDHRY KHALIQUE DAD
Manager (Development)
 RAJA QAMAR HAYAT
Manager (Development)

Tower Branch
 5th Floor, Dock Labour Board Building
 West Wharf, Karachi
 32311796 - 32203555 - 32204021 - 32316186
 - 32311796
 Fax: 32205028

SALIM RAZZAK BRAMCHARI
Dy. Executive Director

MUHAMMAD SHOAIB RAZAK BRAMCHARI
Assistant Executive Director

MUHAMMAD RASHID AKMAL, M.B.A.
Executive Vice President

MEHDI ASGHAR
Assistant Vice President

SIKANDAR KASBATI
Assistant Vice President

HYDERABAD
Hyderabad Branch
 Al-Falah Chambers, Jinnah Road
 2611397 - 2631088. Fax: 2615816

MOHAMMAD AMIN SATTAR, M.Com
Senior Vice President

SUKKUR (Sub-Office)
 9, Glamour Centre, 1st Floor
 Mission Road, Sukkur
 P.O. Box No. 179
 5623936. Fax: 5626512

MOHAMMAD AMEEN MEMON
Asstt. Vice President

MULTAN
Multan Division
 Rajput Commercial Centre
 Tareen Road
 4780372 - 45800901 - 4513723
 4580773 - 4510317. Fax: 4573343 - 4580772

M. SHEHZAD HABIB
Deputy Executive Director

MUHAMMAD AZHAR ALI
Senior Vice President

MANSOOR AHMED
Assistant Vice President

TARIQ MAHMOOD
Assistant Vice President

RASHID HABIB
Executive Vice President (Development)

SHAHID YOUNUS
Executive Vice President (Development)

M. MUSHTAQ NAJAM BUTT
Senior Vice President (Development)

ALI HASNAIN SHAH
Asstt. Vice President (Development)

KHADIM HUSSAIN
Asstt. Vice President (Development)

MUHAMMAD HAMID ALI JANJUA
Asstt. Vice President (Development)

MUHAMMAD SHARIF CHOUDHRY
Asstt. Vice President (Development)

HAMMAD AKHTAR SHEIKH
Chief Manager (Development)

MALIK RASHID AZIZ
Manager (Development)

MUHAMMAD ZUBAIR
Manager (Development)

D. G. Khan (Sub-Office)
House No. 59, Street No.2
Block-Z, Model Town
0642-469360 - 461895

BASHIR AHMAD SANGHI
Senior Vice President (Development)

CHICHAWATNI (Sub-Office)
44 Railway Road
Fax: 040-5486848 - 5481742

JAVED IQBAL CHEEMA
Asstt. Vice President (Development)

VEHARI (Sub-Office)
56-B, Grain Market
06733-62900. Fax: 06733-362900

RAHIM YAR KHAN (Sub-Office)
7-Shaheen Market
Shahi Road
5873794. Fax: 5877194

MIAN ABDUL RAZZAK RAZA
Senior Vice President (Development)

BAHAWALPUR (Sub-Office)
Circular Road
2884624 - 2886371. Fax: 884624

MALIK AKHTAR RAFIQUE
Executive Vice President (Development)

M. ASLAM HAYAT
Vice President (Development)

CHISTIAN (Sub-Office)
105 - E, Chistian
0632-503989

SHAHID IQBAL
Asstt. Vice President (Development)

LAYYAH (Sub-Office)
Opposite Bank of Punjab
Chowbara Road, Layyah

AMJAD ALI
Senior Development Officer

QUETTA (Sub-Office)
42 - Regal Plaza
Circular Road
2822926. Fax: 2837732

MARTIN YAQOOB

NORTHERN ZONE
Co-operative Insurance Building
23 Shahrah-e-Quaid-e-Azam, Lahore
37352028 - 37353566 - 37312166 - 37312196
Fax: 37357966 - 37229604

QAMBER HAMID, LL.B., LL.M.
Deputy Managing Director/Zonal Head

ZAHID HUSSAIN A.C.I.I.
Senior Vice President

PUNJAB REGION
32, C-1, Ghalib Road, Lahore
37321085 - 35750763.
Fax: 37321479 - 35756764

SHAUKAT SAEED AHMAD
Senior Executive Director

LAHORE
Al - Falah Branch
306-7, Al-Falah Building
Shahrah-e-Quaid-e-Azam, Lahore
36285136-7. Fax: 36285138

MOAZ NABI, A.C.I.I.
Vice President

MOHAMMAD IQBAL
Senior Executive Vice President (Development)

SHAHID RAZA KAZMI
Chief Manager (Development)

MRS. GHAZALA AMBREEN
Manager (Development)

Al Hamd Branch

Murtaza Shopping Centre
Moon Market, Allama Iqbal Town, Lahore
35419273 - 35418687. Fax: 35419268

ROSS MASOOD, M.B.E.
Senior Executive Vice President

SALEEMULLAH TAHIR
Executive Vice President (Development)

MUBASHIR SALEEM
Asstt. Vice President (Development)

MUHAMMAD LATIF BHATTI
Chief Manager (Development)

CHAUDHRY MUHAMMAD SALEEM
Manager (Development)

MASOOD ASLAM MALIK
Manager (Development)

Al-Muqheet Branch

1st Floor, Al-Fateh Plaza,
Main PECO Road, Township, Lahore
35204021, 35204022, 35172381. Fax: 35172281

MUHAMMAD RAZZAQ CHAUDHRY
Senior Vice President

S. KAMRAN SHAMSHER ALI
Assistant Vice President

Bank Square Branch

Al - Khush Building, Bank Square, Lahore
37323081 - 37323640. Fax: 37314244

BABAR A. SHEIKH
Executive Vice President

City Branch

2d Floor, Salam Chambers
Patiala Ground, Link Mcleod Road, Lahore
37352934 - 37352938. Fax: 37352941

ZARRAR IBN ZAHOOR BANDEY
Executive Vice President

Egerton Road Branch

Venus Plaza, 7 - E, Egerton Road
Egerton & Davis Road Crossing, Lahore
36365826 - 36306454 - 36302695. Fax: 36302705

MUHAMMAD RIZWAN-UL-HAQ
Executive Vice President

MIAN IKRAM ELLAHI
Manager (Development)

Gulberg Branch

32-C-1, Ghalib Road, Gulberg-III, Lahore
35879242 - 35757428 - 35750763. Fax:
35756764

JAVED AKHTAR SHEIKH, B.B.A.
Senior Executive Vice President

IMRAN YASIN, M.B.A
Vice President

NASEER AHMAD
Asstt. Vice President

MUHAMMAD FAROOQ
Senior Vice President (Development)

QAMER-UL-HASSAN ANSARI
Asstt. Vice President (Development)

Ichhra Branch

204, Latif Center
101 Ferozepur Road, Lahore
37533731-32. Fax: 37585814

JAVAID IQBAL KHAN
Vice President

MIAN SIKANDER SHIRAZ
Deputy Chief Manager (Development)

Lahore Division

Co-operative Insurance Building
23 Shahrah-e-Quaid-e-Azam, Lahore
37312166 - 37243290 - 37244178 - 37350616
37312196 - 37323130 - 37353566. Fax:
37357966

LIAQUAT ALI KHAN, F.C.I.I.
Executive Vice President

RAO ABDUL HAFEEZ
Senior Vice President

USMAN ALI, B.A., L.L.B., M.B.A.
Senior Vice President

NAUSERWAN HAJI
Asstt. Vice President

ASAD AZIZ KHAN
Executive Vice President (Development)

MS. FAUZIA KHAWAJA
Vice President (Development)

MUHAMMAD TAYYAB NAZIR
Asstt. Vice President (Development)

Leeds Centre Branch

Room No. 15, 2nd Floor, Leeds Centre
11-E/2, Main Boulevard, Gulberg III, Lahore
35784055-7. Fax: 35784058 – 35874374

IFTIKHAR UDDIN
Senior Vice President

ZULFIQAR ALI KHAN, A.C.I.I.
Vice President

AZHARUL HASSAN CHISHTI
Executive Vice President (Development)

M. SALEEM BABAR
Vice President (Development)

AKHTAR AZEEM CHAUDHRY
Manager (Development)

Model Branch

EFU House, 6 - D, Jail Road, Lahore
35715616-8. Fax: 35715619

S. TAYYAB HUSSAIN GARDEZI, M.Sc.
Senior Vice President

New Garden Town Branch

Flat No. 2 R.B. 1st Floor
Awami Complex, Usman Block, Lahore
35833759 - 35834721. Fax: 35881671

MOHAMMAD SOHAIL
Executive Vice President

FAISALABAD

Faisalabad Main Branch
Ahmed Plaza, Bilal Road, Faisalabad
2610363 - 2610368 - 2610566 - 2625001
Fax: 32611667

MAHMOOD ALI KHAN, M.A.
Deputy Executive Director

IKRAM UL GHANI, M.A.
Asstt. Vice President

USMAN ALI KHAN
Senior Vice President (Development)

SHAGUFTA ASRAR AHMED
Asstt. Vice President (Development)

CH. A. RAZZAK
Manager (Development)

TARIQ NAWAZ ADIL
Manager (Development)

City Branch

16 Chenab Market, Susan Road
Madina Town, Faisalabad
8732902 - 8734649 - 8714642. Fax: 8733402

DR. GHULAM JAFFAR, Ph.D
Vice President

MUHAMMAD RASHID AWAN, A.C.I.I.
Vice President

GUJRANWALA

Gujranwala Branch
3rd Floor, Din Plaza, G.T. Road, Gujranwala
845883-84. Fax: 840883

MOHAMMAD ARIF BHATTI
Executive Vice President

M. AMIR ARIF BHATTI
Vice President (Development)

G. T. Road Branch

2nd Floor, Zaheer Plaza, G.T. Road, Gujranwala
3859290 - 3253224. Fax: 3859190

QASIM AYUB
Vice President

Sahiwal Branch

15, Sattar Complex, Stadium Road
4220522 - 4221622. Fax: 4220622

INAYATULLAH CHAUDHRY
Vice President

SARGODHA

Sargodha Branch
1st Floor, Improvement Trust Plaza
26, Fatima Jinnah Road
3721381 - 3728253. Fax: 3729023

ABDUL SHAKOOR PARACHA
Vice President

SIALKOT

Sialkot Branch
1st Floor, Riaz Plaza, Paris Road, Sialkot
4267001-3. Fax: 052-4267583

IMRAN-UL-HAQ
Vice President

TARIQ NAEEM BAJWA
Asstt. Vice President

ISLAMABAD REGION

2nd Floor, Ferozsons Building, 32 Saddar Road
Rawalpindi Cantt., Rawalpindi
5514323 - 5563065 - 5562024 - 2271372
5516085. Fax: 5565406

MALIK AKBAR AWAN
Senior Executive Director/Regional Head

**GENERAL****Islamabad Main Branch**

2nd Floor, Dodhy Building, 52-E
Blue Area, Jinnah Avenue, Islamabad
2604772-4 - 2271375 - 2271373 - 2823868
2875018 - 2875084 - 2604772-4
Fax: 2271376 - 2271374

MALIK FIRDAUS ALAM
Senior Vice President

EJAZ AHMED
Senior Vice President (Development)

NASEERUDDIN AHMED
Senior Vice President (Development)

IMDADULLAH AWAN
Vice President (Development)

ZAKA ULLAH KHAN
Asstt. Vice President (Development)

CH. SAJJID MAHMOOD
Manager (Development)

MUHAMMAD IRFAN
Manager (Development)

Ms. SOMIA ABDULLAH
Manager (Development)

QAZI ALTAF HUSSAIN
Manager (Development)

City Branch Rawalpindi
2nd Floor, Ferozsons Building
32 Saddar Road
Rawalpindi Cantt., Rawalpindi
5516085 - 5516882 - 5794684. Fax: 5794685

AGHA ALI KHAN
Vice President

FARAZ JAVED
Manager (Development)

SHEHZAD AKHTAR
Manager (Development)

SYED ZEESHAN ABBAS ABEDI
Chief Manager (Development)

Rawalpindi Division
2nd Floor, Ferozsons Building, 32 Saddar Road
Rawalpindi Cantt., Rawalpindi
5794634 - 5563065 - 5562024 - 5516085
5514323. Fax: 5565406

ZAFAR ALI KHOKHAR, M.A.
Executive Vice President

MOHAMMAD KHALIL KHAN
Asstt. Vice President

MUHAMMAD SIDDIQUE KHAN
Asstt. Vice President

SAIFULLAH
Asstt. Vice President

AKHTAR ALI
Chief Manager (Development)

ABBOTTABAD

106 Iqbal Shopping Complex
Mall Road, 336371

KAMRAN SAMI KHAN
Manager (Development)

GOTH MACHI
Goth Machi Branch
6, Commercial Area (F.F.C.)
Distt. Rahim Yar Khan
5873001-9 - 5786420-9 Ext.: 5154
Fax: 5786401

ALTAF HUSSAIN
Branch Manager

PESHAWAR REGION
11/4, Shahrah-e-Pehlavi
5272185 - 5275487 - 5278476 - 5284384
Fax: 5271709

SYED AFTAB HUSSAIN ZAIDI, M.A., M.B.A.
Asstt. Executive Director & Regional Head

Peshawar Division
11/4, Shahrah-e-Pehlavi, Peshawar
5272185 - 5275487 - 5278476 - 5284384
Fax: 5271709

S. M. AAMIR KAZMI
Vice President

SALEEMULLAH KHAN, M.Com
Asstt. Vice President

MANSOOR AHMED KASHIF PARACHA
Manager (Development)

Jamrud Road Branch
7 -10, Upper Ground Floor
Azam Tower, Jamrud Road, Peshawar
5846120 - 5850190. Fax: 5846121

FARMAN ALI AFRIDI B.E.
Senior Vice President

NAEEM ULLAH JAN
Vice President (Development)

MARDAN
Mardan Branch
Dr. Zawar Hussain Building (Najeeb Clinic)
337-B, The Mall, Mardan
0937-862294. Fax: 866096

INAYATULLAH KHALIL
Vice President

ARSHAD IQBAL
Asstt. Vice President (Development)

KHIZER HAYAT
Manager (Development)

ABBOTTABAD (Sub-Office)
Al-Asif Plaza, Mansehra Road
334186

IJAZ ALI
Manager (Development)



E F U GENERAL INSURANCE LIMITED

Form Of Proxy

I/We _____
of _____
being a member of E F U GENERAL INSURANCE LIMITED hereby appoint
Mr. _____
of _____
or failing him _____
of _____

as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 78th Annual General Meeting of the Company to be held on Wednesday 27 April 2011 at 10:00 a.m. and at any adjournment thereof.

Signed this _____ day of April 2011.

WITNESSES:

1. Signature: _____
Name: _____
Address: _____
CNIC Or
Passport No: _____



Signature of Member(s)

2. Signature: _____
Name: _____
Address: _____
CNIC Or
Passport No: _____

Shareholder's Folio No. _____
and/or CDC
Participant I.D.No. _____
and Sub Account No. _____

Important:

This form of Proxy, duly completed, must be deposited at the Company's Registered Office at 11/4, Shahrah-e-Pehlavi, Peshawar, not later than 48 hours before the time appointed for the meeting.

CDC Shareholders and their Proxies are each requested to attach attested photocopy of their Computerized National Identity Card (CNIC) or Passport with this proxy form before submission to the Company.

CDC Shareholders or their Proxies are requested to bring with them their Original Computerized National Identity Card or Passport alongwith the Participant's ID number and their account number at the time of attending the Annual General Meeting in order to facilitate their identification.