Underwriting Prosperity
Ensuring Progress

80 YEARS 80 YEARS 80 YEARS

80
YEARS
1932-2012

ANNUAL REPORT 2012

GENERAL

E F U GENERAL INSURANCE LTD.

Of prosperity, progress and its keystones

All prosperity flows from progress. Security, stability and sustainability are its three cornerstones.

Founded in 1932, Your Company opened its doors for business with a vision to be the foremost in making financial futures of its customers secure. Eighty years down the road, that vision still remains foremost in all we do.

A financially secure business is stable and sustainable. It has the means and the ability to expand its horizons, enlarge its ambit, and enhance the scope of its operations, even diversify. Simply stated, financial security is the foundation upon which progress stands.

Limiting progress to the economic sphere is like not being able to see the wood because of the abundance of trees in a forest. The most important effects of progress are in the social sphere, in the incremental improvements constantly wrought in the general quality of life of society.

We are now into our ninth decade of underwriting progress.

2012 Highlights

Written Premium **12 360** Rs. Million	Net Premium Revenue **6 009** Rs. Million	Underwriting Result **679** Rs. Million
Shareholders Equity **11 131** Rs. Million	Earnings per Share **12.83** Rupees	Investment & Other Income **1 524** Rs. Million
Total Assets **29 036** Rs. Million	Breakup Value **89.05** Rupees	Financial Strength Rating by JCR-VIS **AA** Stable

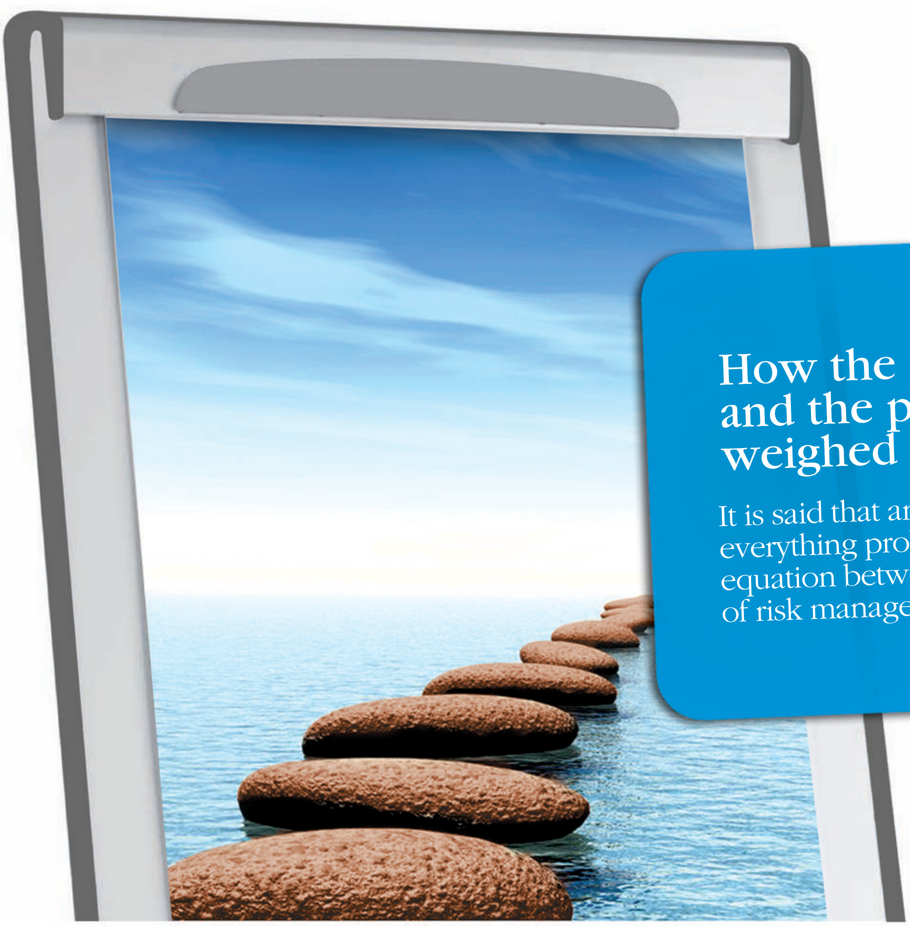
Contents

Of the unknown, the unforeseen, the unpredictable

Some aspects of life will always be dark gray, inscrutable and unfathomable. What we know, what we can foresee, we are able to prepare for. Even when historical data is available from past precedents, some happenings are not predictable with any certainty or accuracy. There always will be risks. It is here that insurance comes in, and it is here that EFU is foremost in Pakistan.

We take on the risks our customers may face. Eight decades of delivering on our promises provide our customers certainty no matter what happens.

This certainty empowers and enables our customers to see to their businesses with a single-minded focus. It also frees them from the compulsion to set aside substantial means as reserves to mitigate losses if something unforeseen comes about. These financial resources, thus freed, become capital for growth and progress.



How the possible and the probable are weighed at EFU?

It is said that anything is possible, but is everything probable? Establishing the proper equation between these two is the essence of risk management. We do it 24/7.

Of progress, planning and optimism

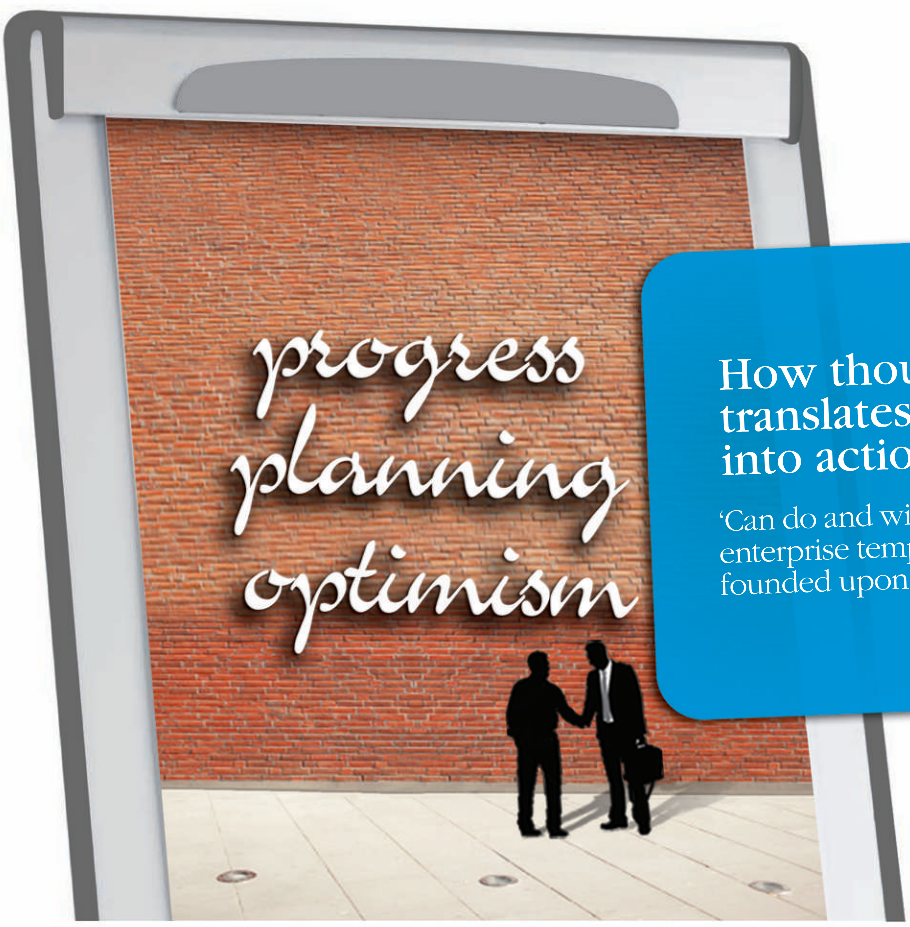
Planning is an exercise in optimism. It is optimism which gives rise to a *can do* attitude and makes progress happen. Without optimism, without hope, progress is not possible.

Progress is always defined by comparison, by benchmarks. These are generally determined by the most advanced on the road of progress.

If an audit were conducted into the corporate entities that create progress for Pakistan, the result would be at most in the hundreds that carry the lion's share. It would also be found that EFU is not only part of this group but also is the insurer to the majority of them.

Our integrity and rock-solid reliability over the past eighty years have earned us this credibility and trust.

When hopes and happenings clash, EFU is always there for customers, to keep optimism alive, to keep progress happening.



How thought translates into action at EFU?

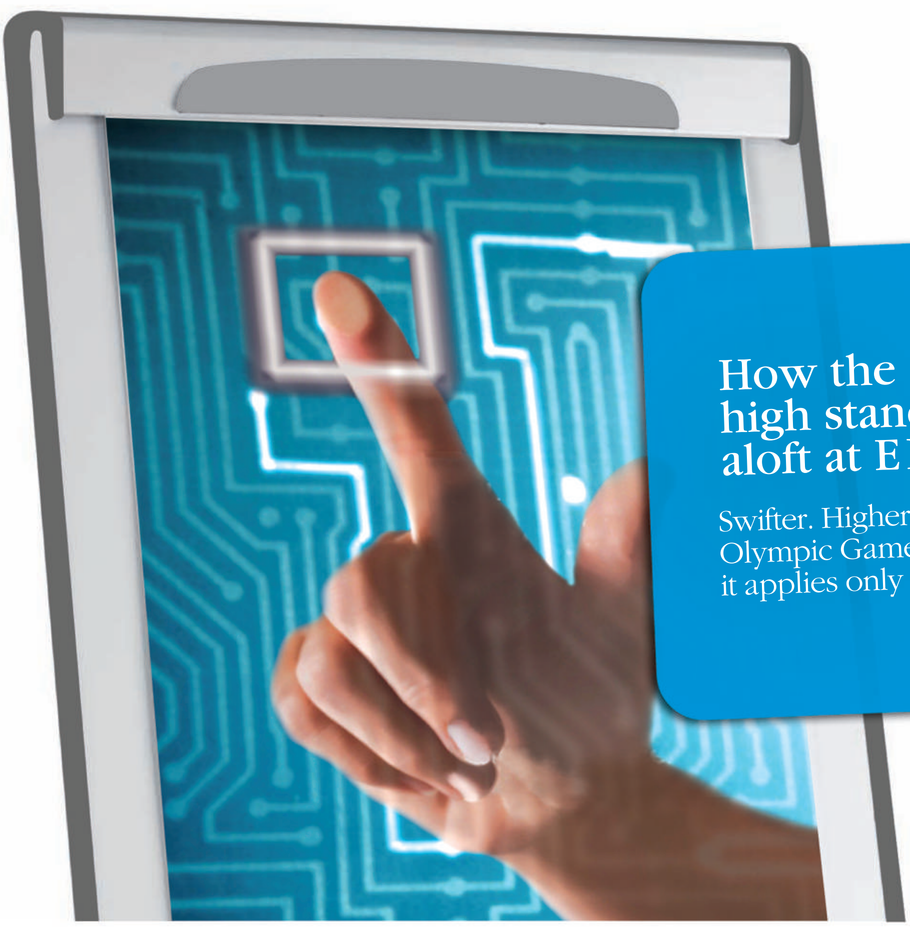
'Can do and will' is an attitude engendered by enterprise tempered with caution, optimism founded upon precedent.

Of sustaining our leading edge

All that applies to business, competition and sustainability in general, also applies to us. Being the market leader requires that we maintain and enhance this position. This requires that we maintain and where possible, enhance the standards of product and service to prove befitting heirs to an outstanding legacy of professionalism. This is no doubt a challenge, but an inspiring and exhilarating one.

EFU is acknowledged as Pakistan's flagship insurance brand. This is due to an unremitting dedication to customer interest, a commitment to be fully deserving of the trust our customers place in us. Many among our customers insure with us in multiple classes of business. They also confidently refer us to others, knowing that we will serve their friends equally well.

Today we can safely say that we have kept the standard flying high.



How the standard of high standards is held aloft at EFU?

Swifter. Higher. Stronger. It is the motto of the Olympic Games. Sadly some people believe it applies only to sport. Not us at EFU.

Of the challenges of change

Organizations that foresee trends of change and prepare for them with appropriate responses remain on top.

One key aspect of mastering change is constant development of and improvement in our human resource. We hire the finest talent, groom and polish them into insurance professionals second to none. Our training regime, refresher programmes, internal workshops, seminars and colloquia maintain and continuously enhance the superior quality of our people. They, in turn, create results we are proud of, year after year.

Another key aspect is the changes that are constantly happening in the way business is conducted. We constantly adapt to socio-economic evolution and invest in advanced technology which makes it continuously easier for customers to do business with us.

Mastering change is progress itself and makes underwriting progress easy for EFU.

How challenges are converted into opportunities at EFU?

The short answer is changing ourselves for the better every day. The long answer is continuously critiquing our performance to identify how we can excel upon what we have already achieved.

Of the product portfolio

EFU General provides a full range of insurance services to fulfill the needs of all of its customers being commercial and individual clients. Our product portfolio includes:

PROPERTY (FIRE & ENGINEERING)

Our portfolio comprises of a broad spread of quality business ranging from simple residential property to very large sophisticated industrial risks. These would include activities involving complex risks relating to Oil & Gas exploration / development, petrochemicals and other major industrials. The fire portfolio in the main comprises of operational risks other than power generating industry.

The engineering part of the portfolio would include in the main construction risks be it simple civil work or major infrastructure projects like dams, highways etc. Other engineering risks would include coverage for breakdown of plant / machinery.

The insurance covers include both material damage as well as loss of revenue due to business interruption following the material damage.

MARINE AVIATION & TRANSPORT

Marine Cargo

Insurance coverage is provided for goods in transit from all over the world to Pakistan and

How innovation serves customer interest at EFU?

We at EFU use dedication to customers' interest as the design template for devising effective protection solutions against emerging risks.

vice versa by all means of conveyance i.e. sea, air and land. Special insurance products are also offered for large project cargoes and this class also includes for such projects, loss of revenue insurance.

Marine Hull & Aviation

Coverage is provided for the insurances of ships, other vessels and aircraft ranging from small single general aviation to airlines. This insurance includes both physical damage as well as liabilities to third parties and passengers.

MOTOR

EFU provides a full range of products for all kinds of vehicles being either private or commercial and the coverage includes physical damage including theft and liabilities as required under law. Ancillary products are also offered for personal accident to drivers, passengers, and the like.

MISCELLANEOUS

All other insurance products of various types to suit individual client requirements are also available like banker's blanket, personal accident, travel, liability, money, stock brokers, credit cards, asset value, event cancellation and other like insurances.

Also, specialised insurance covers are offered to crops covering loss due to natural calamities and viral / bacterial attacks.

VALUE ADDED SERVICES

Further to our successful implementation of services in respect of Motor Insurance on SMS confirmation of Claim, SMS claim guidance and electronic survey reporting, we have now added SMS “HELP” service. This service will help our customers to receive important emergency contact numbers via SMS, in case of any accident.

In addition, our qualified engineers provide recommendations and guidance to our Property Insurance clients on various aspects of industrial safety including protection measures as well as sharing of information on latest techniques as per international standards.

Of anticipating risks and devising protection

Risk is a multi-dimensional phenomenon and a constant feature of everyday life. Fires, accidents, thefts, explosions, natural calamities and terrorism are the more common types of risk the community faces.

The dimensions and effects of such loss events have since long assumed major significance for whole economies. The question of how to predict and prevent such risks is accordingly the subject of intensive discussion both in the political sphere and among the public at large.

The complex realities of modern economic life and the growing awareness of the public at large place increasing demand on companies to pursue appropriate and far-sighted policies about risk. The same applies to insurers in determining their underwriting policies. The rapid development of new technologies and the changing nature of production processes necessitate a constant analysis of risk profiles. Both entrepreneurs and insurers therefore face enormously increased need for analytical and advisory services.

EFU works closely with clients to identify various risk exposures and then provide specific insurance proposals. This helps in loss prevention and reducing the cost of protection.

Our market-driven team of inspired and technically qualified insurance personnel, comprises specialists in civil and mechanical engineering, metallurgy, electronics, and other disciplines. They are on call for necessary professional advice at all times. Our linkages

How hindsight transforms into insight and foresight at EFU?

Our 80 years experience combines with our reading of risk scenarios enabling us to develop superior protection products.

with overseas specialists are of major value to our clients. In addition to insurance protection, it is our practice to provide risk reduction advice to clients and assist them in developing preventive capabilities to avert mishaps and disasters.

BUSINESS RISKS

The company continuously monitors and controls the risks to the business. The following are the major risks faced by the company:

Economic and Political Risk

Volatile economic, political and financial market conditions coupled with power shortage in the country may cause hurdle in overall business scenario of the country. The insurance sector will also face challenges arising from the economic and political scenario. The company has cautious underwriting approach to deal with such risks and increase market share without compromising profitability.

Insurance Risk

The principal risk the Company faces under insurance contracts is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claims. The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The underwriting strategy aims to minimize insurance risks with a balanced mix and spread of business classes and by observing underwriting guidelines and limits.

Credit Risk

The Company monitors exposure to credit risk through regular review of credit exposure, undertaking transactions with a large number of counter parties in several industries and by continually assessing the credit worthiness of counter parties.

Liquidity Risk

The Company manages it's liquidity by ensuring it has 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.

Market Risk

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

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.

Investment Risk

The company manages its market price risk by maintaining a diversified investment portfolio and monitors developments in equity and term finance certificate and money markets.

Reinsurance Risk

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. 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.

IT Risk

To meet the challenges of changing business environment, EFU has taken the initiative to transform its Enterprise Information System with an end to end solution comprising Oracle’s latest technological software and hardware.

VISION & MISSION

VISION

To continue our journey to be better than the best.

MISSION

To provide services beyond expectation with a will to go an extra mile. In the process, continue to upgrade technology, human resource and reinsurance protection.

OUR VALUES

Our philosophy is to be the leading company with service above par, with integrity, excellence and professionalism. Following are our core values:

INTEGRITY & ETHICS

Conduct business with ethics, dignity, fairness and transparency.

EXCELLENCE

We measure our performance by results but more by quality of service.

PROFESSIONALISM

We believe professionalism is perfection. Business resources are utilized in a manner to achieve optimum returns on resources.

OUR PEOPLE

In EFU we work like a family. Everyone is treated with respect and without any discrimination.

CORPORATE SOCIAL RESPONSIBILITY

We donate to various institutions in health and education sectors, for improving the lifestyle of common man.

Company Information

Chairman
Saifuddin N. Zoomkawala

Managing Director & Chief Executive
Hasanali Abdullah

Directors
Rafique R. Bhimjee
Abdul Rehman Haji Habib
Jahangir Siddiqui
Muneer R. Bhimjee
Taher G. Sachak
Ali Raza Siddiqui

Chief Financial Officer & Corporate Secretary
Altaf Qamruddin Gokal, F.C.A.

Legal Advisor
Mohammad Ali Sayeed

Advisors
Akhtar K. Alavi, A.C.I.I.
Nasreen Rashid, A.C.I.I.
Salim Rafik Sidiki, B.A. (Hons), M.A.
S.C. (Hamid) Subjally
Syed Mehdi Imam, M.A.

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

Investment Committee
Saifuddin N. Zoomkawala
Hasanali Abdullah
Rafique R. Bhimjee
Jahangir Siddiqui

Human Resource & Remuneration Committee
Saifuddin N. Zoomkawala
Rafique R. Bhimjee
Hasanali Abdullah

Auditors
Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
601, 6th Floor
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Registrar
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Lahore

Management

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
Abdur Rahman 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. Anwer Pasha
M. Shehzad Habib
Mohammad Iqbal Dada, M.A., A.C.I.I.
Syed Kamran Rashid
Syed Rizwan Hussain

Deputy Executive Directors
Abdul Sattar Baloch
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.
Khalid Usman
Khurram Nasim, B.S. (Ins.)
M. Shoaib Razzak Bramchari
Mahmood Ali Khan, M.A.
Muhammad Bashir Seja
Nadeem Ahmed
S. Aftab Hussain Zaidi, M.A., M.B.A.
Salim Razzak Bramchari, A.C.I.I.
Satwat Mahmood Butt

Assistant Executive Directors
Abdul Hameed Qureshi, M.Sc.
Ahmed Hussain Zuberi
Ali Kausar
Baqar Aneel Jafari, B.S. (Ins.)
Javed Iqbal Barry, M.B.A., L.L.B., F.C.I.I.
Jawahar Ali Kassim
Jehanzeb Karamat
Kauser Ali Zuberi
Khozema T. Haider Mota
Muhammad Sohail Nazir, M.Sc., A.C.I.I.
Musakhar-uz-Zaman, B.E.
Syed Amir Aftab
Syed Asim Iqbal, M.B.A.
Syed Basit Hussain
Yawar Aminuddin

Senior Executive Vice Presidents
Abdul Wahid
Babar A. Sheikh
Badar Amin Sissodia
Javed Akhtar Shaikh, B.B.A.
Khalid Ashfaq Ahmed
Mazhar H. Qureshi
Muhammad Naeem M. Hanif
Muhammad Rashid Akmal, M.B.A.
Pervez Ahmad, M.B.A
Ross Masood M.B.E.
Shaharyar Jalees, M. A.
Shamim Pervez, M.B.A.
Syed Abid Raza Rizvi, M.Com
Syed Sadiq Ali Jafri
Syed Shahid Hussain, L.L.B.
Zafar Ali Khokhar, M.A.
Zarar Ibn Zahoor Bandey

Executive Vice Presidents
A. Ghaffar A. Kareem
Aamir Ahmad
Abdul Majeed
Abdul Qadir Memon, M.Sc.
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Adam Dur Mohammad Baloch
Aslam A. Ghole, F.C.I.S.
Irfan Raja Jagirani
Iftikharuddin, L.L.B.
Liaquat Ali Khan, F.C.I.I., A.M.P.I.M.
Mansoor Abbas Abbasi, B.E.
Masroor Hussain
Mohammad Afzal Khan, E.M.B.A.
Mohammad Arif Bhatti
Mohammad Haji Hashim, L.L.B.
Mohammad Kamil Khan, M.A.
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Mohammad Rizwanul Haq
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Muhammad Arif Khan
Muhammad Arshad Khan
Muhammad Azhar Ali
Muhammad Ilyas Khan, A.C.I.I.
Muhammad Najeeb Anwar
Muhammad Razzaq Chaudhry
Muhammad Sohail
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Munawar Salemwala, F.C.A.
Nadeem Ahmad Khan
Riaz Ahmad, M.B.A.
Shahzad Zakaria
Shazim Altaf Kothawala
Syed Ahmad Hassan, M.B.A.
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Wasim Tasawar, M.B.A.
Zia Mahmood, M.B.A.

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Aamer Ali Khan, M.B.A.
Abdul Hameed
Abdul Mateen Farooqui, M.Sc.
Abdul Rashid
Ali Ghulam Ali, A.C.A.
Ali Raza
Anjum Kamal Khan
Arshad Ali Khan, A.C.M.A.
Asghar Ali
Atif Anwar, F.C.C.A.

Faisal Gulzar
Fakhruddin Saifee
Farhat Iqbal
Farman Ali Afridi
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Muhammad Hussain
Muhammad Khalid Ahmed Khan
Muhammad Salahuddin
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Rao Abdul Hafeez Khan
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Zahid Hussain, A.C.I.I.
Zia Ur Rehman
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Mazhar Ali
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Muhammad Ahmed
Muhammad Ali
Muhammad Ali
Muhammad Asif
Muhammad Maroof Chaudhry
Muhammad Mushtaq
Muhammad Owais Jagirani
Muhammad Sarwar
Muhammad Taufiq
Muhammad Usman
Muhammad Usman

80 YEARS 1932-2012

Muhammad Waqas, M.Sc.
Muhammad Yasir H. Choudhry
Musarrat Zaman Shah
Nadeem Ahmed
Najma Riaz, M.A.
Naseem Ahmed Qureshi
Naseer Ahmad
Nausherwan Haji
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Rao Nafees Murtaza
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S. Khaliluddin
S. M. Farhan Asfi
S. Mahmood Razi
Saeed Ahmed
Sarfaraz Mehmood Khan
Sarfaraz Mohammad Khan
Shadab Mohammad Khan
Shahab Saleem
Shahbaz Khan
Sikandar Kasbati
Sirajuddin
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Syed Mudassar Ali
Syed Zubair Ali,
Waheed Yousuf, M.B.A.
Waseem Ahmed
Zainul Abedin
Zohaib A. Khan, M.B.A., L.L.B.

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
Mir Babar Ali

Assistant Executive Directors

Abdul Wahab
Akhtar Kothawala
Khalid Mehmood Mirza
Shahab Khan
Syed Jaweed Envor
Syed Saad Jafri
Tauqir Hussain Abdullah
Yousuf Alavi

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Adeel Ahmed
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Muhammad Aamir Khadeli
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Muhammad Younus Khadeli
Rizwan Siddiqui
S. Ashad H. Rizvi
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Amin Yaqoob, M.A.
Azharul Hassan Chishty
Ejaz Ahmed
Faisal Khalid
Haji Muhammad Shakeel
Jameel Masood
Malik Akhtar Rafique
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Muhammad Farooq
Muhammad Javed
Muhammad Shoaib
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S. Shahid Mahmood
Saad Anwar Shaikh
Saleem Ullah Tahir
Shahid Younus
Shahzeb Lodhi
Syed Ali Zaheer
Syed Baqar Hasan, M.A.
Syed Iftikhar Haider Zaidi, M.A.
Usman Ali Khan

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Faisal Hassan
Faisal Mahmood Jaffery
Farid Khan
Imdadullah Awan
Kayomarz H. Sethna
Kh. Zulqarnain Rasheed
Mrs. Bushra Rizwan
Mrs. Hina Elahi
Ms. Shela Farooq Kothawala
Mian Abdul Razak Raza, B.Ed.
Muhammad Imran Naeem
Muhammad Mushtaq Najam Butt

Muhammad Shamim Siddiqui
Muneeb Farooq Kothawala
Naeem Ullah Jan
Ramesh Malraj Bherwani
Rashid A. Islam
S. Sohail Haider Abidi
Saad Wahid
Shakil Wahid
Somia Ali
Syed Shahid Raza
Syed Muhammad Ali, M.B.A.
Syed Noushad Zafar
Tahir Ali Zuberi
Wasif Mubeen, L.L.B.
Wasim Ahmed

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Abul Nasar
Ahmed Saeed Khan
Ashiq Hussain Bhatti
Atique H. Patel
Babar Zeeshan
Hamid-Us-Salam
Javed Aslam Awan
M. Amir Arif Bhatti
M. Anis-ur-Rehman
M. Ashraf Samana
M. Nadeem Shaikh
Mrs. Sadia Muneer
Ms. Fauzia Khawja
Ms. Nighat Sartaj
Ms. Sadia Khanum
Muhammad Aslam Hayat
Muhammad Iftikhar Siddiqui
Muhammad Niamatullah
Muhammad Rehan Iqbal Booti
Muhammad Saleem Babar, M.B.A.
Muhammad Siddiq
Muhammad Tayyab Nazir
Muhammad Zia-ul-Haq
Nadeem Haider Shaikh
Nadeem Hyder
Rana Khalid Manzoor
Rashid Umer Burney
Shahid Raza Kazmi
Shaikh Muhammad Jamil
Syed Abdul Ghaffar, M.A.
Syed Abid Raza
Syed Mobin A. Niazi
Syed Rashid Ali
Syed Rizwan Haider, M.Sc.
Tariq Jamil, M.B.E
Waleed Polani
Zakaullah Khan

Assistant Vice Presidents

Abdul Ghani
Adnan Sultan Shergill
Ahmed Nawaz, M.A.
Ali Hasnain Shah
Arshad Iqbal, M.B.A.
Hassan Abbas Shigri
Imran Naseem
Jalaluddin Ahmed
Javed Iqbal Cheema
Kashir Hassan
Khadim Hussain
M.A. Qayyum Khan
Mrs. Shagufta Asrar Ahmed
Mrs. Tanveer Khurshid
Ms. Shahida Aslam
Mubashir Saleem
Muhammad Aamir Hanif
Muhammad Arfeen
Muhammad Asif Jawed, M.A.
Muhammad Awais Memon
Muhammad Murtaza Ispahani
Muhammad Musarat Hussain, M.Sc.
Muhammad Naveed Asghar
Muhammad Umair Ali
Nadeem A. Siddiqui
Parvez Baig
Qamar Aziz
S. Shakeel Hassan Bakhtiar
Sajid Saleem Khan
Shahid Iqbal
Sohail Raza
Syed Mojiz Hasan
Syed Muhammad Iftikhar
Syed Muhammad Waseem
Syed Rais Ahmed
Syed Zulfiqar Mehdi
Tauseef Hussain Khan
Zain Tharia

Notice Of Meeting

Notice is hereby given that the 80th Annual General Meeting of the Shareholders of E F U General Insurance Ltd. will be held at the Registered Office of the Company at Dodhy Building, 2nd Floor, 52-E, Jinnah Avenue, (Blue Area) Islamabad on Thursday April 4, 2013 at 9:30 a.m. to:

1. confirm the minutes of the 79th Annual General Meeting held on April 14, 2012.
2. receive, consider and approve the Audited Financial Statements for the year ended December 31, 2012 together with the Directors' and Auditors' reports thereon.
3. consider and if thought fit to approve the payment of Final Dividend at the rate of Rs. 4 per share as recommended by the Board of Directors and also approve the Interim Dividend at the rate of Re. 1 per share already paid to the Shareholders for the year ended December 31, 2012.
4. appoint Auditors for the year 2013 and fix their remuneration.
5. 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:

Status of previous approval of investments in associated company.

By Order of the Board

ALTAF QAMRUDDIN GOKAL
Chief Financial Officer
& Corporate Secretary

Karachi 14 February 2013

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 March 27, 2013 to April 4, 2013 (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 March 26, 2013 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:

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 4, 2013.

Status of previous approval for investment in associated company.

As required under clause 4(2) of SRO No. 27(1)/2012 dated January 16, 2012 the status of investment in our associated Company EFU Life Assurance Ltd., against approval obtained by the Company in Annual General Meeting held on April 14, 2012 is as under:

a) total investment approved;

Rs. 49.79 million approved by the shareholders at Annual General Meeting of April 14, 2012 to be invested within a period of two years.

b) amount of investment made to date;

Rs. 29.19 million

c) reasons for not having made complete investment so far where resolution required it to be implemented in specified time;

The period in which the investment is to be made as approved by the shareholders is two years i.e. till 13th April 2014.

d) and material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company.

Since the date of passing the resolution by the shareholders of the Company on April 14, 2012 the shareholders equity of the investee company has increased to Rs. 2,094 million from Rs. 1,732 million due to increase in Reserves of Rs. 362 million.

Report of the Directors to Members

The Directors of your Company are pleased to present the Eightieth audited financial statements for the year ended December 31, 2012.

The Company made a profit after tax of Rs. 1 604 million in the year ending 2012 as compared to Rs. 561 million in 2011.

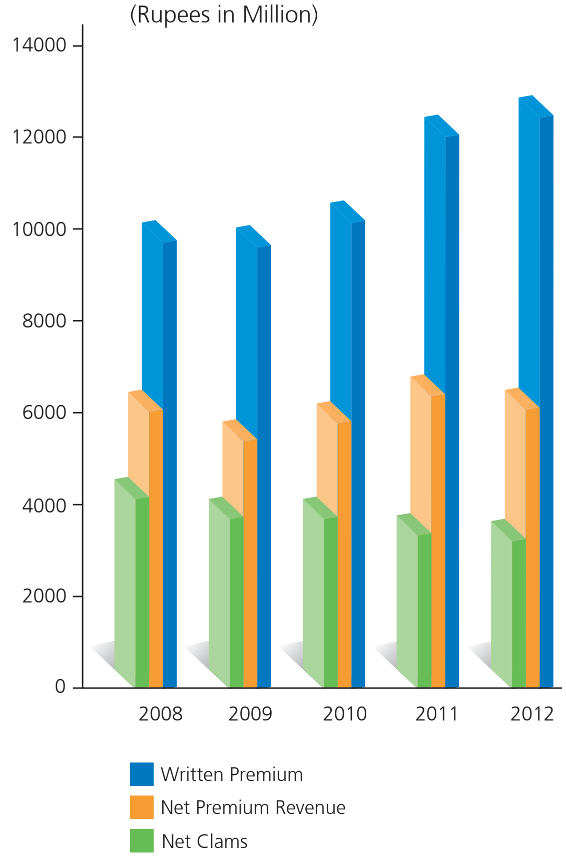
The Company's written premium for the year was Rs. 12.4 billion as compared to Rs. 12.0 billion in 2011. However the net premium revenue was Rs. 6.0 billion as against Rs. 6.2 billion in 2011.

The total Underwriting Profit of the Company for the year under review was Rs. 679 million as against Rs. 693 million in 2011. The overall claims ratio improved to 55 % from 60 % in 2011.

The country's economy showed a modest improvement but performed below its potential due to energy shortages and the poor law and order situation. The conditions in the insurance industry continued to be challenging and characterized by intense competition and pressure with premium rates. Despite the difficult business environment, the company has maintained its leading position in the insurance industry by offering the best professional service to its clients.

WRITTEN PREMIUM,
NET PREMIUM REVENUE
AND NET CLAIMS

(Rupees in Million)



We do not see any improvement (at least in the near term) in level of economic and business activities in the country and our strategy will therefore continue to emphasize on:

- Customer-driven business focus
- Financial and Investment strategy based on further strengthening the balance sheet
- Conservative and sound risk management policies
- Operational agility by maintaining quality leadership

The segment wise performance was as follows:

FIRE AND PROPERTY

The written premium increased by 2 % to Rs. 6,597 million as compared to Rs. 6,445 million in 2011. The Underwriting profit for the year declined to Rs. 206 million compared to Rs. 264 million in 2011.

MARINE, AVIATION AND TRANSPORT

The written premium increased by 2 % to Rs. 2,157 million as compared to Rs. 2,111 million in 2011. Claims as a percentage of net premium revenue improved to 52 % as against 61 % in 2011. Lower claims compared to 2011 resulted in the underwriting profit of Rs. 163 million compared to Rs. 68 million in 2011.

MOTOR

The written premium was Rs. 2,599 million as compared to Rs. 2,539 million in 2011. Claims as a percentage of net premium revenue were 63 % as against 65 % in 2011 and the underwriting profit for the year was Rs. 118 million compared to Rs. 173 million in 2011.

OTHERS

The written premium was Rs. 1,007 million compared to Rs. 947 million in 2011. Claims as percentage of net premium revenue was 46 % as against 37 % in 2011. The underwriting profit for the year was 193 million compared to Rs. 188 million in 2011.

Investment Income

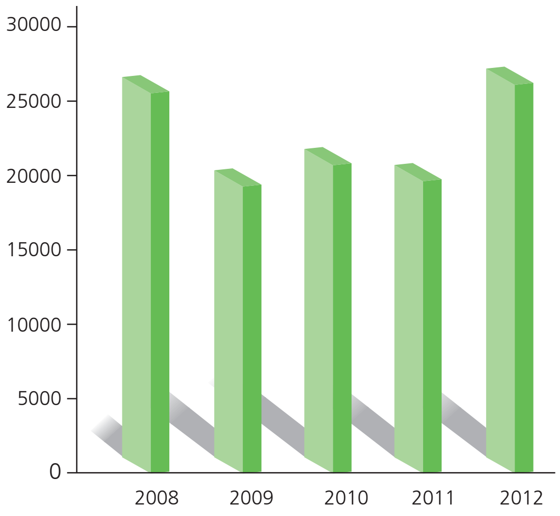
With the 49 percent increase in KSE100 Index from 11,348 points on 31 December 2011 to 16,905 points on 31 December 2012, your company realized capital gains of Rs. 165 million as against Rs. 115 million in 2011. In addition, during the year your company earned dividend income of Rs. 225 million as against Rs. 193 million last year i.e. increase of 17 %.

Market value of Available for Sale equity investment is Rs. 4.1 billion as on 31 December 2012. After reversal of impairment of Rs. 375 million in 2012, the provision for impairment stands at Rs. 2.15 billion (2011: Rs. 2.64 billion) in Available for Sale investments and Rs. 1.98 billion (2011: Rs. 1.98 billion) in Investment in Associate - EFU Life Assurance Limited. Share of profits from EFU Life Assurance Limited during the period was Rs. 390 million compared to Rs. 244 million last year.

Your Company's investments in associated company, EFU Life Assurance Limited, 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.

TOTAL ADJUSTED ASSETS

(Rupees in Million)



No change in impairment has been recognized in the current year as the recoverable amount calculated by the independent actuary is higher than the carrying amount.

Information Technology

As reported in the previous year, your company developed its IT System in house in Oracle environment. The new system will provide more efficient support to the management and clients amongst other things by providing real time information to the users for timely decision making.

Earnings per share

Your Company has reported earnings per share of Rs. 12.83 in 2012 as compared to Rs. 4.49 in 2011.

Appropriation and Dividend

Your Directors have recommended a final dividend of Rs. 4 per share (40 %) to the shareholders whose names appear in the share register of the Company at the close of business on March 26, 2013. This dividend is in addition to interim dividend of Re. 1 per share (10%) declared during the year.

Market Share

Based on the available published financial statements as of 30 September 2012 your company has the highest market share of 27% in the private non-life insurance sector based on the gross premium. The statistics are compiled and published by the Insurance Association of Pakistan for the industry.

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 of AA and outlook to 'Stable'.

Human Resource

We believe that success of our company lies in the professional approach and standards applied in day to day activities by our employees. To promote this, we encourage an attitude of progressive discipline, a process for dealing with job related behavior. The purpose is to assist the employee to become a seasoned underwriter, claims handler or a client relationship manager.

To promote this cause, we encourage and support our employees to pursue and progress to ACII, the world wide acceptable professional insurance qualification from The Chartered Insurance Institute - UK. We have 24 chartered Insurers qualified from Chartered Institute of insurance CII. In addition we have 17 professional engineers and 11 professional accountants.

We also support insurance institutes and encourage their programs and events by nominating officers for various courses and seminars. We also promote these institutes by encouraging our staff members to deliver lectures on technical and related subjects. Our executives are nominated to various international seminars, training programmes and workshops.

During 2012, we conducted various External and Internal Training Programs, which include Refresher Courses, Workshops and Seminars.

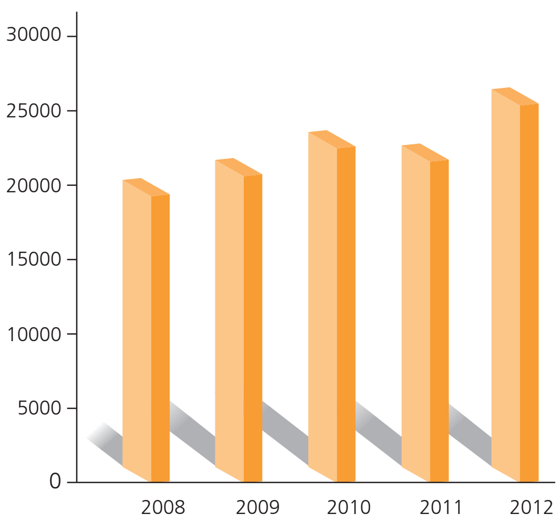
Your company continued to receive the Brands of the Year Award for the 4th consecutive year awarded by Brands Foundation.

Prospects for 2013

The Company has set its financial targets for 2013 in line with the industry expectation. Your company continues to lay emphasis on being the preferred insurer in the local market as well as maintaining its leadership in the industry.

RESERVES & FUNDS

(Rupees in Million)



Reinsurance

Your company continues to enjoy very sound reinsurance arrangements which are placed with leading international securities, with major participations by Scor Reinsurance, Swiss Reinsurance, Asia Capital Reinsurance, Hannover Reinsurance, Korean Reinsurance, Mapfre Asistencia and Lloyds of London all of whom are A rated.

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 of the insurance industry.

Board Committees

Your company maintains following three board 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 Auditor 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. The Board's Audit Committee comprises of the following members:

1. Mr. Muneer R. Bhimjee
2. Mr. Taher G. Sachak
3. Mr. Abdul Rehman Haji Habib

Investment Committee

The company has a Board level investment committee that meets on quarterly basis to review the investment portfolio. The committee is also responsible for developing the investment policy for the company.

The Board's Investment Committee comprises of the following members:

1. Mr. Saifuddin N. Zoomkawala
2. Mr. Hasanali Abdullah
3. Mr. Rafique R. Bhimjee
4. Mr. Jahangir Siddiqui

Human Resource and Remuneration Committee

The committee is responsible for recommending to the board human resource management policies of the company as well as the selection, evaluation and compensation of key officers of the company. The Board's Human Resource and Remuneration Committee comprises of the following members:

1. Mr. Saifuddin N. Zoomkawala
2. Mr. Rafique R. Bhimjee
3. Mr. Hasanali Abdullah

Management Committee

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

Underwriting Committee

The underwriting committee formulates the underwriting policy of your 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 decides 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.

Risks to Business

Business risks and mitigation factors are described in detail on page 9 of this Annual Report.

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.

Sports Activities

To encourage healthy activities, the Company maintains an in-house Sports club which includes Cricket, Table Tennis, Snooker, Chess and other board games for male and female employees.

Environment

Your company is committed for the energy conservation and healthy environment. The company replaced CRT (cathode ray terminals) with LCD (liquid crystal diode) monitors, as well as, installed energy savers to conserve energy. At the same time we minimize the use of lights during lunch break.

Occupational Safety and Health

Fire extinguishers have been installed at various points at working premises of various branches. 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 endeavors within the employees' families, scholarship of Rs. 15,000 per child is awarded to those children of staff who pass matriculation or intermediate examinations with 70 % plus marks.

80 YEARS 1932-2012

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 2012, the company donated Rs. 5.2 million to various charitable organizations including, Aga Khan Hospital & Medical College Foundation, Sindh Institute of Urology and Transplantation, The Kidney Centre, Shaukat Khanum Memorial Trust, Burhani Medical Welfare Association Memon Medical Institute, H.O.P.E, Indus Valley School of Art and Architecture, 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. 2.4 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 July 9, 2011 for a term of three years expiring on July 9, 2014.

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

Sr. no.	Name of Directors	Number of meetings attended
1	Saifuddin N. Zoomkawala *(Non-Executive Director)*	5 out of 5
2	Hasanali Abdullah *(Executive Director)*	5 out of 5
3	Rafique R. Bhimjee *(Non-Executive Director)*	5 out of 5
4	Sultan Ahmad *(Non-Executive Director)* *(ceased from July 19, 2012)*	1 out of 2
5	Abdul Rehman Haji Habib *(Non-Executive Director)*	4 out of 5
6	Jahangir Siddiqui *(Non-Executive Director)*	1 out of 5
7	Muneer R. Bhimjee *(Non-Executive Director)*	3 out of 5
8	Taher G. Sachak *(Non-Executive Director)*	4 out of 5
9	Ali Raza Siddiqui *(Non-Executive Director)* *(elected w.e.f October 9, 2012)*	1 out of 1

Leave of absence was granted to the Directors who could not attend 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 judgments.

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, 2012 were the following:

	Rs. Million
Provident Fund	449
Gratuity Fund	272
Pension Fund	174

The value of investments includes accrued interest.

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

Name of Director / Executive	No. of shares
Mr. Hasanali Abdullah	60,330
Mr. Jaffer Dossa	5,000

k) The statement of pattern of shareholding in the Company as at 31 December 2012 is included with the Report.

Messrs Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants retire and being willing to continue as suggested by Audit Committee are recommended for reappointment as 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.

RAFIQUE R. BHIMJEE	TAHER G. SACHAK	HASANALI ABDULLAH	SAIFUDDIN N. ZOOMKAWALA
Director	Director	Managing Director & Chief Executive	Chairman

Karachi 14 February 2013

80 YEARS 1932-2012

Key Financial Data

(Rupees in Million)

	2012	2011	2010	2009	2008	2007
Written Premium	12 360	12 043	10 232	9 614	9 699	8 961
Net Premium Revenue	6 009	6 224	5 847	5 570	6 137	6 111
Underwriting Result	679	693	112	67	371	(177)
Investment & Other Income	1 524	654	7	1 163	(5 311)	15 012
Profit / (Loss) before tax	1 675	842	(360)	801	(5 443)	14 457
Profit / (Loss) after tax	1 604	561	(413)	732	(5 471)	14 536
Paid-up Capital	1 250	1 250	1 250	1 150	1 150	1 000
Shareholders Equity	11 131	9 996	9 591	10 464	10 106	16 177
Breakup Value per Share (Rs.)	89.05	79.97	76.73	91.00	87.88	161.77
Investments & Properties	13 611	12 552	11 899	12 886	12 091	18 868
Cash & Bank Balances	1 670	1 758	1 707	1 350	1 304	1 163
Total Assets Book Value	29 036	24 378	24 542	21 939	21 230	27 390
Dividend %	50.00	27.50	12.50	40.00	32.50	60.00
Bonus %	–	–	–	8.696	–	15.00

Financial Calender

Results		
First quarter ended 31 March 2012	Announcement Date	April 30, 2012
Half year ended 30 June 2012	Announcement Date	August 27, 2012
Third quarter ended 30 September 2012	Announcement Date	October 25, 2012
Year ended 31 December 2012	Announcement Date	February 14, 2013

Dividends		
Final Cash 2012	Announcement Date	February 14, 2013
	Entitlement Date	March 26, 2013
	Statutory limit upto which payable	May 04, 2013
Interim Cash 2012	Announcement Date	August 27, 2012
	Entitlement Date	September 13, 2012
	Paid on	September 22, 2012
	Statutory limit upto which payable	October 14, 2012
Final Cash 2011	Announcement Date	March 10, 2012
	Entitlement Date	April 06, 2012
	Paid on	April 18, 2012
	Statutory limit upto which payable	May 14, 2012

Date of Issuance of Annual Report 2012	11 March 2013

Date of Annual General Meeting	04 April 2013

Vertical Analysis of Balance Sheet & Income Statement

	2012		2011	
	Rupees	%	Rupees	%
Balance Sheet				
Cash and Bank Deposits	1 669 886	5.75	1 758 119	7.21
Loans to Employees	2 612	0.01	2 448	0.01
Investments	13 404 717	46.17	12 332 678	50.59
Investment Properties	206 657	0.71	219 408	0.90
Deferred Taxation	–	–	–	–
Other Assets	12 881 591	44.36	9 305 740	38.17
Fixed Assets	870 643	3.00	759 645	3.12
Total Assets	**29 036 106**	**100.00**	**24 378 038**	**100.00**
Total Equity	11 131 164	38.33	9 995 869	41.00
Underwriting Provisions	14 598 695	50.28	11 684 182	47.93
Deferred Liabilities	67 000	0.23	58 646	0.24
Creditors and Accruals	2 708 652	9.33	2 205 323	9.05
Other Liabilities	530 595	1.83	434 018	1.78
Total Equity and Liabilities	**29 036 106**	**100.00**	**24 378 038**	**100.00**
Profit and Loss Account				
Net Premium Revenue	**6 008 956**	**100.00**	**6 224 495**	**100.00**
Net Claims	3 297 441	54.88	3 707 552	59.57
Change in premium deficiency reserve	–	–	(57 029)	(0.92)
Manangement Expenses	1 284 717	21.38	1 193 858	19.18
Net Commission	748 005	12.45	686 766	11.03
Investment Income / (Loss)	850 792	14.16	185 101	2.97
Rental Income	98 482	1.64	86 846	1.40
Profit on deposits	115 777	1.93	110 924	1.78
Other Income	63 518	1.06	23 017	0.37
Share of Profit / (Loss) of Associate	390 185	6.49	243 918	3.92
Exchange Gain / (Loss)	5 660	0.09	3 921	0.06
General and Admnistration Expenses	528 390	8.79	505 531	8.12
Profit / (Loss) before tax	1 674 817	27.87	841 544	13.52
Taxation - net	(70 772)	(1.18)	(280 596)	(4.51)
Profit / (Loss) after tax	1 604 045	26.69	560 948	9.01

Rupees '000

2010		2009		2008		2007	
Rupees	%	Rupees	%	Rupees	%	Rupees	%
1 706 571	6.95	1 349 606	6.15	1 303 684	6.15	1 162 876	4.25
3 293	0.01	2 775	0.01	2 880	0.01	3 770	0.01
11 663 731	47.53	12 643 728	57.63	11 831 998	55.73	18 595 362	67.89
235 703	0.96	242 110	1.10	259 084	1.22	272 494	0.99
115 012	0.47	33 657	0.15	74 729	0.35	84 183	0.31
10 108 274	41.19	7 121 599	32.47	7 223 793	34.03	6 846 251	25.00
709 085	2.89	545 475	2.49	533 524	2.51	425 039	1.55
24 541 669	**100.00**	**21 938 950**	**100.00**	**21 229 692**	**100.00**	**27 389 975**	**100.00**
9 591 171	39.07	10 464 492	47.70	10 105 943	47.60	16 177 169	59.06
12 707 217	51.78	9 710 098	44.26	9 541 238	44.94	9 629 743	35.16
40 847	0.17	24 379	0.11	42 111	0.20	–	–
1 830 011	7.46	1 439 213	6.56	1 301 638	6.14	1 429 773	5.22
372 423	1.52	300 768	1.37	238 762	1.12	153 290	0.56
24 541 669	**100.00**	**21 938 950**	**100.00**	**21 229 692**	**100.00**	**27 389 975**	**100.00**
5 846 591	**100.00**	**5 570 211**	**100.00**	**6 136 944**	**100.00**	**6 110 504**	**100.00**
3 941 583	67.41	3 911 444	70.22	4 369 507	71.20	5 092 241	83.34
2 129	0.04	54 900	0.99	(32 308)	(0.53)	32 308	0.53
1 134 685	19.41	1 076 139	19.32	1 001 268	16.32	839 731	13.74
656 319	11.23	461 193	8.28	427 044	6.96	323 156	5.29
(357 955)	(6.12)	673 524	12.09	(5 299 619)	(86.36)	14 812 295	242.41
83 513	1.43	86 079	1.55	82 895	1.35	75 562	1.24
87 232	1.49	93 133	1.67	61 163	1.00	48 656	0.80
38 778	0.66	9 068	0.16	10 518	0.17	76 057	1.24
151 114	2.59	295 196	5.30	(188 525)	(3.07)	–	–
4 342	0.08	5 935	0.11	22 576	0.37	(99)	(0.00)
478 662	8.19	428 027	7.68	503 363	8.20	378 244	6.19
(359 763)	(6.15)	801 443	14.39	(5 442 922)	(88.69)	14 457 295	236.60
(53 558)	(0.92)	(69 144)	(1.24)	(28 304)	(0.46)	79 014	1.29
(413 321)	(7.07)	732 299	13.15	(5 471 226)	(89.15)	14 536 309	237.89

80 YEARS 1932-2012

Horizontal Analysis of Balance Sheet & Income Statement

	2012	2011	2010	2009
Balance Sheet				
Cash and Bank Deposits	1 669 886	1 758 119	1 706 571	1 349 606
Loans to Employees	2 612	2 448	3 293	2 775
Investments	13 404 717	12 332 678	11 663 731	12 643 728
Investment Properties	206 657	219 408	235 703	242 110
Deferred Taxation	–	–	115 012	33 657
Other Assets	12 881 591	9 305 740	10 108 274	7 121 599
Fixed Assets	870 643	759 645	709 085	545 475
Total Assets	**29 036 106**	**24 378 038**	**24 541 669**	**21 938 950**
Total Equity	11 131 164	9 995 869	9 591 171	10 464 492
Underwriting Provisions	14 598 695	11 684 182	12 707 217	9 710 098
Deferred Liabilities	67 000	58 646	40 847	24 379
Creditors and Accruals	2 708 652	2 205 323	1 830 011	1 439 213
Other Liabilities	530 595	434 018	372 423	300 768
Total Equity and Liabilities	**29 036 106**	**24 378 038**	**24 541 669**	**21 938 950**
Profit and Loss Account				
Net Premium Revenue	**6 008 956**	**6 224 495**	**5 846 591**	**5 570 211**
Net Claims	3 297 441	3 707 552	3 941 583	3 911 444
Change in premium deficiency reserve	–	(57 029)	2 129	54 900
Manangement Expenses	1 284 717	1 193 858	1 134 685	1 076 139
Net Commission	748 005	686 766	656 319	461 193
Investment Income / (Loss)	850 792	185 101	(357 955)	673 524
Rental Income	98 482	86 846	83 513	86 079
Profit on Deposits	115 777	110 924	87 232	93 133
Other Income	63 518	23 017	38 778	9 068
Share of Profit / (Loss) of Associate	390 185	243 918	151 114	295 196
Exchange Gain / (Loss)	5 660	3 921	4 342	5 935
General and Admnistration Expenses	528 390	505 531	478 662	428 027
Profit / (Loss) before tax	1 674 817	841 544	(359 763)	801 443
Taxation - net	(70 772)	(280 596)	(53 558)	(69 144)
Profit / (Loss) after tax	1 604 045	560 948	(413 321)	732 299

Rupees '000		% Increase / (decrease) over preceeding year					
2008	2007	2012	2011	2010	2009	2008	2007
1 303 684	1 162 876	(5.02)	3.02	26.45	3.52	12.11	2.37
2 880	3 770	6.70	(25.66)	18.67	(3.65)	(23.61)	(24.18)
11 831 998	18 595 362	8.69	5.74	(7.75)	6.86	(36.37)	405.98
259 084	272 494	(5.81)	(6.91)	(2.65)	(6.55)	(4.92)	(5.85)
74 729	84 183	–	(100.00)	241.72	(54.96)	(11.23)	–
7 223 793	6 846 251	38.43	(7.94)	41.94	(1.41)	5.51	32.20
533 524	425 039	14.61	7.13	29.99	2.24	25.52	23.55
21 229 692	**27 389 975**	**19.11**	**(0.67)**	**11.86**	**3.34**	**(22.49)**	**157.72**
10 105 943	16 177 169	11.36	4.22	(8.35)	3.55	(37.53)	803.32
9 541 238	9 629 743	24.94	(8.05)	30.87	1.77	(0.92)	20.82
42 111	–	14.24	43.57	67.55	(42.11)	–	(100.00)
1 301 638	1 429 773	22.82	20.51	27.15	10.57	(8.96)	107.38
238 762	153 290	22.25	16.54	23.82	25.97	55.76	2.00
21 229 692	**27 389 975**	**19.11**	**(0.67)**	**11.86**	**3.34**	**(22.49)**	**157.72**
6 136 944	**6 110 504**	**(3.46)**	**6.46**	**4.96**	**(9.23)**	**0.43**	**12.78**
4 369 507	5 092 241	(11.06)	(5.94)	0.77	(10.48)	(14.19)	23.25
(32 308)	32 308	100.00	(2 778.68)	(96.12)	269.93	(200.00)	–
1 001 268	839 731	7.61	5.21	5.44	7.48	19.24	27.15
427 044	323 156	8.92	4.64	42.31	8.00	32.15	23.87
(5 299 619)	14 812 295	359.64	151.71	(153.15)	112.71	(135.78)	2 026.78
82 895	75 562	13.40	3.99	(2.98)	3.84	9.70	6.95
61 163	48 656	4.38	27.16	(6.34)	52.27	25.70	30.99
10 518	76 057	175.96	(40.64)	327.64	(13.79)	(86.17)	717.91
(188 525)	–	59.97	61.41	(48.81)	256.58	–	–
22 576	(99)	44.35	(9.70)	(26.84)	(73.71)	22 904.04	(132.25)
503 363	378 244	4.52	5.61	11.83	(14.97)	33.08	17.75
(5 442 922)	14 457 295	99.02	333.92	(144.89)	114.72	(137.65)	1 585.84
(28 304)	79 014	74.78	(423.91)	22.54	(144.29)	(135.82)	182.65
(5 471 226)	14 536 309	185.95	235.72	(156.44)	113.38	(137.64)	1 807.71

Cash Flow Summary

Rupees '000

	2012	2011	2010	2009	2008	2007
Cash Flow Summary						
Operating Activities	292 396	434 352	140 125	204 961	(507 154)	252 082
Investing Activities	76 842	(230 740)	665 075	212 343	1 228 271	(77 962)
Financing Activities	(457 471)	(152 064)	(448 234)	(371 382)	(580 309)	(147 160)
Cash and Cash Equivalents at year end	1 669 886	1 758 119	1 706 572	1 349 606	1 303 684	1 162 876

Financial Ratios

		2012	2011	2010	2009	2008	2007
Profitibility							
Profit / (Loss) after Tax / Net Premium	%	26.69	9.01	(7.07)	13.15	(89.15)	237.89
Profit / (Loss) before Tax / Net Premium	%	27.87	13.52	(6.15)	14.39	(88.69)	236.60
Underwriting Result / Net Premium	%	11.30	11.14	1.91	1.19	6.05	(2.90)
Underwriting Result / Gross Premium	%	5.66	6.06	1.15	0.69	3.87	(1.95)
Profit / (Loss) before Tax / Total Income	%	23.45	12.68	(6.31)	12.45	(536.52)	68.44
Profit / (Loss) after Tax / Total Income	%	22.46	8.46	(7.25)	11.37	(539.31)	68.82
Profit / (Loss) before Tax / Gross Premium	%	13.96	7.36	(3.71)	8.27	(56.71)	159.43
Profit / (Loss) after Tax / Gross Premium	%	13.37	4.91	(4.26)	7.55	(57.01)	160.30
Combined Ratio	%	97.50	97.90	106.24	105.50	102.68	108.56
Management Expeses / Net Premium	%	21.38	19.18	19.41	19.32	16.32	13.74
Net Claims / Net Premium	%	54.88	59.56	67.42	70.22	71.20	83.34
Net Commission / Net Premium	%	12.45	11.03	11.23	8.28	6.96	5.29
General & Administration Expense / Net Premium	%	8.79	8.12	8.19	7.68	8.20	6.19
Return to Share Holders							
Return on Assets	%	5.52	2.30	(1.68)	3.34	(25.77)	53.07
Return on Equity	%	14.41	5.61	(4.31)	7.00	(54.14)	89.86
Earnings per Share	Rs.	12.83	4.49	(3.31)	5.86	(43.77)	116.29
Earnings Growth	%	185.95	235.72	(1 56.44)	113.38	(137.64)	1 807.71
Price to Earnings Ratio	Times	6.66	8.50	(13.32)	16.66	(3.04)	3.52
Dividend Yield	%	5.85	7.21	2.84	4.10	2.44	1.47
Breakup Value per Share	Rs.	89.05	79.97	76.73	91.00	87.88	161.77

		2012	2011	2010	2009	2008	2007
Market Data							
Face Value (per share)	Rs.	10.00	10.00	10.00	10.00	10.00	10.00
Market Price per share at the end of the year	Rs.	85.50	38.15	44.04	97.60	133.01	409.40
Market Price per share - Highest during the year	Rs.	100.56	45.00	102.85	144.75	816.90	445.00
Market Price per share - Lowest during the year	Rs.	36.51	29.01	34.76	60.83	133.01	138.75
Karachi Stock Exchange Index	Points	16 905	11 348	12 022	9 387	5 766	14 772
Market Capitalization	Rs. M	10 688	4 769	5 505	11 224	15 296	40 940
Price to Book Value	Times	0.96	0.48	0.57	1.07	1.51	2.53
Cash Dividend per Share	Rs.	5.00	2.75	1.25	4.00	3.25	6.00
Cash Dividend	%	50.00	27.50	12.50	40.00	32.50	60.00
Stock Dividend	%	Nil	Nil	Nil	8.696	Nil	15.00
Payout Ratio	%	38.96	61.28	(37.80)	68.28	(7.43)	5.16
Dividend Cover	Times	2.57	1.63	(2.65)	1.46	(13.47)	19.38
Performance / Liquidity							
Current Ratio	Times	1.03	0.99	0.96	1.05	1.04	1.39
Cash / Current Liabilities	%	9.36	12.27	11.45	11.79	11.76	10.37
Total Assets Turnover	Times	0.21	0.26	0.24	0.25	0.29	0.22
Fixed Assets Turnover	Times	6.90	8.19	8.25	10.21	11.50	14.38
Total Liabilities / Equity	Times	1.61	1.44	1.56	1.10	1.10	0.69
Paid-up Capital / Total Assets	%	38.34	41.00	39.08	47.70	47.60	59.06
Earning Assets / Total Assets	%	46.89	51.50	48.50	58.75	56.97	68.90
Equity / Total Assets	%	38.34	41.00	39.08	47.70	47.60	59.06
Return on Capital Employed	%	15.05	8.42	(3.75)	7.66	(53.86)	89.37

The company has improved underwriting over the last few years through improvement in underwriting ratios i.e.

– underwriting result to net premium ratio;
– combined ratio;
– net claims to net premium ratio.

The company has consistently paid dividends which has strengthened dividend yield over the last few years. Simultaneously this has resulted in increase in shareholders' wealth through increased market capitalization.

80 YEARS 1932-2012

Statement of Value Added

Rupees '000

	2012	2011
Wealth generated		
Net premium revenue	6 008 956	6 224 495
Investment income	1 240 977	429 019
Rental income	98 482	86 846
Profit on deposit	115 777	110 924
Other income	69 178	26 938
	7 533 370	6 878 222
Less: claims, commission & expenses (excluding employees remuneration, depreciation and donations)	(4 538 955)	(4 810 151)
Net wealth generated	2 994 415	2 068 071
Wealth distribution		
Employees remuneration	1 100 833	1 036 069
Income tax and WWF	104 270	297 427
Contribution to society / donations	5 211	5 161
Distribution		
Dividend	625 000	343 750
Retained in equity		
Depreciation	180 056	168 466
Retained earnings	979 045	217 198
	2 944 415	2 068 071

Analysis of Financial Statements

Gross Premium - 2012

Fire & Property	54%
Marine, Aviation & Transport	17%
Motor	21%
Others	8%

Gross Premium - 2011

Fire & Property	53%
Marine, Aviation & Transport	18%
Motor	21%
Others	8%

Net Premium Revenue - 2012

Fire & Property	29%
Marine, Aviation & Transport	23%
Motor	43%
Others	5%

Net Premium Revenue - 2011

Fire & Property	32%
Marine, Aviation & Transport	21%
Motor	42%
Others	5%

Net Claims - 2012

Fire & Property	25%
Marine, Aviation & Transport	22%
Motor	49%
Others	4%

Net Claims - 2011

Fire & Property	30%
Marine, Aviation & Transport	22%
Motor	45%
Others	3%

Combined Expenses - 2012

Net Claims	62%
Net Commission	14%
Expenses	24%

Combined Expenses - 2011

Net Claims	67%
Net Commission	12%
Expenses	21%

Analysis of Income - 2012

Underwriting Profit	41%
Investment and Other Income	59%

Analysis of Income - 2011

Underwriting Profit	51%
Investment and Other Income	49%

Total Assets - 2012

Cash and Bank Deposits	6%
Investment and Property	47%
Other Assets including Reinsurance Recoveries	44%
Fixed Assets	3%

Total Assets - 2011

Cash and Bank Deposits	7%
Investment and Property	52%
Other Assets including Reinsurance Recoveries	38%
Fixed Assets	3%

Total Equity and Liabilities - 2012

Equity 38%
Liabilities 62%

Total Equity and Liabilities - 2011

Equity 41%
Liabilities 59%

Cash Flows Analysis - 2012

Operating Activities 35%
Investing Activities 9%
Financing Activities 56%

Cash Flows Analysis - 2011

Operating Activities 53%
Investing Activities 28%
Financing Activities 19%

Access to Reports and Enquiries

Annual Report

Annual report can be downloaded from the Company's website: www.efuinsurance.com; or printed copies obtained by writing to:

The Company Secretary
EFU General Insurance Limited
EFU House
M.A. Jinnah Road
Karachi 74000
Pakistan

Quarterly Reports

The Company publishes interim reports at the end of first, second and third quarters of the financial year. The interim reports can be accessed at website: www.efuinsurance.com; or printed copies can be obtained from the Company Secretary.

Shareholders' Enquiries

Shareholders' enquiries about their holding, dividends or share certificates can be directed to Share Registrar at the following address:

Technology Trade (Pvt.) Ltd.
Dagia House 241-C
Block-2, P.E.C.H.S.
Off Shara-e-Quaideen
Karachi
Tel: 34391316-7

Stock Exchange Listing

The shares of the company are listed on Karachi and Lahore Stock Exchanges. The symbol code is EFUG.

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:

Category	Names
Executive Director	Mr. Hasanali Abdullah
Non Executive Directors	Mr. Saifuddin N. Zoomkawala Mr. Rafique R. Bhimjee Mr. Abdul Rehman Haji Habib Mr. Jahangir Siddiqui Mr. Muneer R. Bhimjee Mr. Taher G. Sachak Mr. Ali Raza Siddiqui

2. The Directors have confirmed that none of them is serving as a Director in more than seven listed companies including this Company.
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 NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy occurred on the Board due to death of Mr. Sultan Ahmad on July 19, 2012 was filled up within 82 days on October 9, 2012.
5. The Company has prepared a "Statement of Ethics and Business Practices" as Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures and 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. 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 other executive and non executive director 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 Booklet to the Board of Directors on 27 August 2012 to consider it as an orientation course for its Directors and to apprise them of their duties and responsibilities. The course Booklet also apprised the Directors about changes in Code of Corporate Governance. As per the Code Directors of the Company having 15 years of experience on the Board of listed company and 14 years of education are exempted from directors' training program. Six out of eight Board members of the Company qualify for exemption under the provision of the Code. The Company will however, arrange training program for all directors as provided under the Code.
10. There was no new appointment of CFO & Corporate Secretary or Head of Internal Audit during the year. The Board had however, approved the increase in remuneration of CFO & Corporate Secretary and the Head of Internal Audit Deptt. on the recommendation of Audit Committee.

11. The Directors' report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance 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 of Corporate Governance.
15. The Board has formed an Audit Committee. It comprises of three non-executive Directors including the Chairman of the Committee.
16. The meeting of underwriting, claims settlement, reinsurance and coinsurance and investment committees were held at least 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 of Corporate Governance. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
18. The Board has formed an HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is a non-executive director.
19. 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.
20. 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.
21. 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.
22. 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.
23. The 'closed period', prior to the announcement of interim / final results and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
24. Material / price sensitive information has been disseminated among all market participants at once through stock exchange(s).
25. We confirm that all other material principles contained in the Code have been complied with.

RAFIQUE R. BHIMJEE	TAHER G. SACHAK	HASANALI ABDULLAH	SAIFUDDIN N. ZOOMKAWALA
Director	Director	Managing Director & Chief Executive	Chairman

Karachi 14 February 2013

Review Report to the Members on Statement of Compliance with the Best Practices of the Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices (the Statement) contained in the Code of Corporate Governance (the Code) for the year ended 31 December 2012 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.

The responsibility for compliance with the Code 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 reflects the status of the Company's compliance with the provisions of the Code and report if it does not. A review is limited primarily to inquiries of the Company's 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 are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, the Listing Regulations require 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 does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 31 December 2012.

ERNST & YOUNG FORD RHODES SIDAT HYDER
Chartered Accountants

Karachi 14 February 2013

Auditors' Report to the Members

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 2012 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 International Standards on Auditing 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 except for the changes as stated in note 3, with which we concur;

(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 2012 and of the profit, its comprehensive income, 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 the Ordinance.

The financial statements of the Company for the year ended 31 December 2011 were audited by another firm of Chartered Accountants whose report dated 10 March 2012 expressed an unmodified opinion thereon.

ERNST & YOUNG FORD RHODES SIDAT HYDER
Chartered Accountants

Audit Engagement Partner: Arslan Khalid

Karachi 14 February 2013

Balance Sheet
as at 31 December 2012

	Note	2012	2011
Share capital and reserves			
Authorised share capital			
150 000 000 (2011: 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	1 250 000
Reserves and retained earnings	5	9 881 164	8 745 869
		11 131 164	9 995 869
Underwriting provisions			
Provision for outstanding claims (including IBNR)		8 865 759	6 303 174
Provision for unearned premium		5 506 694	5 147 264
Commission income unearned		226 242	233 744
Total underwriting provisions		14 598 695	11 684 182
Deferred liabilities			
Deferred taxation	6	67 000	58 646
Creditors and accruals			
Premiums received in advance		12 346	5 475
Amounts due to other insurers / reinsurers		1 748 262	1 355 014
Accrued expenses		175 220	163 413
Agent balances		528 065	425 252
Unearned rentals		48 318	49 417
Other creditors and accruals	7	196 441	206 752
		2 708 652	2 205 323
Other liabilities			
Other deposits		462 833	377 536
Unclaimed dividends		67 762	56 482
		530 595	434 018
Total liabilities		17 904 942	14 382 169
Total equity and liabilities		29 036 106	24 378 038
Contingencies	8		

Rupees '000

	Note	2012	2011
Cash and bank deposits			
Cash and other equivalents	9	6 173	3 974
Current and other accounts	10	1 009 728	806 822
Deposits maturing within 12 months	11	653 985	947 323
		1 669 886	1 758 119
Loans - secured considered good			
To employees	12	2 612	2 448
Investments	13	13 404 717	12 332 678
Investment properties	14	206 657	219 408
Current assets - others			
Premiums due but unpaid - net	15	2 755 247	2 098 992
Amounts due from other insurers / reinsurers		69 099	55 716
Salvage recoveries accrued		12 745	11 321
Accrued investment income	16	32 623	36 691
Reinsurance recoveries against outstanding claims		6 560 947	4 043 075
Taxation - payments less provision		88 667	76 027
Deferred commission expense		567 510	489 131
Prepayments	17	2 711 440	2 456 531
Security deposits		8 104	4 164
Other receivables	18	75 209	34 092
		12 881 591	9 305 740
Fixed assets - tangible and intangibles	19		
Land and buildings		281 771	249 180
Furniture, fixtures and office equipments		383 822	355 949
Vehicles		167 719	121 052
Computer softwares		1 743	22 241
Capital work-in-progress	19.3	35 588	11 223
		870 643	759 645
Total assets		29 036 106	24 378 038

The annexed notes 1 to 33 form an integral part of these financial statements.

RAFIQUE R. BHIMJEE	TAHER G. SACHAK	HASANALI ABDULLAH	SAIFUDDIN N. ZOOMKAWALA
Director	Director	Managing Director & Chief Executive	Chairman

Karachi 14 February 2013

Profit and Loss Account
for the year ended 31 December 2012

Rupees '000

	Note	Fire & property damage	Marine, aviation & transport	Motor	Others	Treaty	Aggregate 2012	Aggregate 2011
Revenue account								
Net premium revenue	20	1 767 065	1 372 506	2 550 099	319 228	58	6 008 956	6 224 495
Net claims		(814 377)	(719 949)	(1 615 488)	(146 463)	(1 164)	(3 297 441)	(3 707 552)
Change in premium deficiency reserve		–	–	–	–	–	–	57 029
Management expenses	21	(345 528)	(268 377)	(607 314)	(63 498)	–	(1 284 717)	(1 193 858)
Net commission		(401 478)	(220 960)	(209 045)	83 484	(6)	(748 005)	(686 766)
Underwriting result		205 682	163 220	118 252	192 751	(1 112)	678 793	693 348
Investment income							850 792	185 101
Rental income							98 482	86 846
Profit on deposits							115 777	110 924
Other income	22						63 518	23 017
Share of profit of an associate	13.1.1						390 185	243 918
Exchange gain							5 660	3 921
General and administration expenses	23						(528 390)	(505 531)
							996 024	148 196
Profit before tax							1 674 817	841 544
Provision for taxation	24						(70 772)	(280 596)
Profit after tax							1 604 045	560 948
Profit and loss appropriation account								
Balance at commencement of the year							582 967	(321 731)
Profit after tax for the year							1 604 045	560 948
							2 187 012	239 217
Dividend for the year 2011 at the rate of Rs. 2.75 per share (2010: Rs. 1.25 per share)							(343 750)	(156 250)
Interim Dividend for the year 2012 at the rate of Re. 1.00 per share							(125 000)	–
Transfer (to) / from general reserve							(200 000)	500 000
							(668 750)	343 750
Balance unappropriated profit at end of the year							1 518 262	582 967
Earnings per share - basic and diluted	25				(Rupees)		12.83	4.49

The annexed notes 1 to 33 form an integral part of these financial statements.

RAFIQUE R. BHIMJEE	TAHER G. SACHAK	HASANALI ABDULLAH	SAIFUDDIN N. ZOOMKAWALA
Director	Director	Managing Director & Chief Executive	Chairman

Karachi 14 February 2013

Statement of Comprehensive Income
for the year ended 31 December 2012

Rupees '000

	2012	2011
Profit for the year	1 604 045	560 948
Other comprehensive income	–	–
Total comprehensive income for the year	1 604 045	560 948

The annexed notes 1 to 33 form an integral part of these financial statements.

RAFIQUE R. BHIMJEE	TAHER G. SACHAK	HASANALI ABDULLAH	SAIFUDDIN N. ZOOMKAWALA
Director	Director	Managing Director & Chief Executive	Chairman

Karachi 14 February 2013

80 YEARS 1932-2012

Statement of Changes in Equity
for the year ended 31 December 2012

Rupees '000

	Share capital	General reserve	Reserve for exceptional losses	Unappropriated profit / (loss)	Total
Balance as at 1 January 2011	1 250 000	8 650 000	12 902	(321 731)	9 591 171
Total comprehensive income for the year ended 31 December 2011					
Profit for the year				560 948	560 948
Transactions with owners, recorded directly in equity					
Dividend paid for the year 2010 at the rate of Rs. 1.25 per share				(156 250)	(156 250)
Transfer from general reserve in respect of 2010 and approved in 2011		(500 000)		500 000	–
Balance as at 31 December 2011	1 250 000	8 150 000	12 902	582 967	9 995 869
Balance as at 1 January 2012	1 250 000	8 150 000	12 902	582 967	9 995 869
Total comprehensive income for the year ended 31 December 2012					
Profit for the year				1 604 045	1 604 045
Transactions with owners, recorded directly in equity					
Dividend paid for the year 2011 at the rate of Rs. 2.75 per share				(343 750)	(343 750)
Interim Dividend declared for the year 2012 at the rate of Re. 1.00 per share				(125 000)	(125 000)
Transfer to general reserve in respect of 2011 and approved in 2012		200 000		(200 000)	–
Balance as at 31 December 2012	1 250 000	8 350 000	12 902	1 518 262	11 131 164

The annexed notes 1 to 33 form an integral part of these financial statements.

RAFIQUE R. BHIMJEE	TAHER G. SACHAK	HASANALI ABDULLAH	SAIFUDDIN N. ZOOMKAWALA
Director	Director	Managing Director & Chief Executive	Chairman

Karachi 14 February 2013

Statement of Cash Flows
for the year ended 31 December 2012

Rupees '000

	2012	2011
Operating activities		
a) Underwriting activities		
Premiums received	11 703 644	11 881 334
Reinsurance premiums paid	(5 844 105)	(5 690 157)
Claims paid	(5 662 660)	(6 456 603)
Reinsurance and other recoveries received	2 396 604	2 779 461
Commissions paid	(1 207 452)	(1 126 176)
Commissions received	476 379	491 334
Management expenses paid	(1 196 169)	(1 103 887)
Net cash inflow from underwriting activities	666 241	775 306
b) Other operating activities		
Income tax paid	(75 057)	(77 839)
Other operating payments	(423 292)	(380 383)
Other operating receipts	124 658	117 301
Loans advanced	(1 091)	(711)
Loan repayments received	937	678
Net cash flow used in other operating activities	(373 845)	(340 954)
Total cash inflow from all operating activities	292 396	434 352
Investment activities		
Profit / return received	217 743	173 529
Dividends received	459 407	368 863
Rentals received	37 565	93 351
Payments for investments	(3 069 235)	(2 394 662)
Proceeds from disposal of investments	2 693 073	1 725 615
Fixed capital expenditures	(288 151)	(217 010)
Proceeds from disposal of fixed assets	26 440	19 574
Total cash inflow / (outflow) from investing activities	76 842	(230 740)
Financing activities		
Dividends paid	(457 471)	(152 064)
Net cash (outflow) / inflow from all activities	(88 233)	51 548
Cash at the beginning of the year	1 758 119	1 706 571
Cash at the end of the year	1 669 886	1 758 119
Reconciliation to profit and loss account		
Operating cash flows	292 396	434 352
Depreciation expense	(180 056)	(168 466)
Rental and investment income	889 460	271 947
Profit on deposits	115 777	110 924
Other income	63 518	23 017
Share of profit of an associate	390 185	243 918
Increase / (decrease) in assets other than cash	3 574 143	(992 409)
(Decrease) / increase in liabilities other than running finance	(3 541 378)	637 665
Profit after taxation	1 604 045	560 948
Definition of cash		
Cash for the purposes of the statement of cash flows consists of:		
Cash and other equivalents	6 173	3 974
Current and other accounts	1 009 728	806 822
Deposits maturing within 12 months	653 985	947 323
	1 669 886	1 758 119

The annexed notes 1 to 33 form an integral part of these financial statements.

RAFIQUE R. BHIMJEE	TAHER G. SACHAK	HASANALI ABDULLAH	SAIFUDDIN N. ZOOMKAWALA
Director	Director	Managing Director & Chief Executive	Chairman

Karachi 14 February 2013

80 YEARS 1932-2012

Statement of Premiums
for the year ended 31 December 2012

Rupees '000

Class	Premiums: Written	Premiums: Unearned premium reserve Opening	Premiums: Unearned premium reserve Closing	Premiums: Earned	Reinsurance: Reinsurance ceded	Reinsurance: Prepaid reinsurance premium ceded Opening	Reinsurance: Prepaid reinsurance premium ceded Closing	Reinsurance: Reinsurance expense	Net premium revenue 2012	Net premium revenue 2011
Direct and facultative										
Fire and property damage	6 596 759	3 053 185	3 293 564	6 356 380	4 847 081	1 889 091	2 146 857	4 589 315	1 767 065	2 000 364
Marine, aviation and transport	2 157 245	490 635	573 944	2 073 936	700 981	257 139	256 690	701 430	1 372 506	1 323 523
Motor	2 599 227	1 180 811	1 214 781	2 565 257	15 146	162	150	15 158	2 550 099	2 611 631
Miscellaneous	1 006 669	422 633	424 405	1 004 897	674 144	294 079	282 554	685 669	319 228	288 960
Total	12 359 900	5 147 264	5 506 694	12 000 470	6 237 352	2 440 471	2 686 251	5 991 572	6 008 898	6 224 478
Treaty - proportional	58	–	–	58	–	–	–	–	58	17
Grand total	12 359 958	5 147 264	5 506 694	12 000 528	6 237 352	2 440 471	2 686 251	5 991 572	6 008 956	6 224 495

The annexed notes 1 to 33 form an integral part of these financial statements.

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 14 February 2013

Statement of Claims
for the year ended 31 December 2012

Rupees '000

Class	Claims: Paid	Claims: Outstanding Opening	Claims: Outstanding Closing	Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims: Opening	Reinsurance and other recoveries in respect of outstanding claims: Closing	Reinsurance and other recoveries revenue	Net claims expense 2012	Net claims expense 2011
Direct and facultative										
Fire and property damage	2 701 947	3 614 205	6 321 786	5 409 528	1 889 285	2 776 107	5 481 973	4 595 151	814 377	1 094 910
Marine, aviation and transport	954 998	1 417 303	1 124 428	662 123	263 786	969 573	647 961	(57 826)	719 949	812 577
Motor	1 636 462	914 796	892 832	1 614 498	(145)	4 645	3 800	(990)	1 615 488	1 695 331
Miscellaneous	369 252	354 356	523 146	538 042	257 115	292 750	427 214	391 579	146 463	105 638
Total	5 662 659	6 300 660	8 862 192	8 224 191	2 410 041	4 043 075	6 560 948	4 927 914	3 296 277	3 708 456
Treaty - proportional	111	2 514	3 567	1 164	–	–	–	–	1 164	(904)
Grand total	5 662 770	6 303 174	8 865 759	8 225 355	2 410 041	4 043 075	6 560 948	4 927 914	3 297 441	3 707 552

The annexed notes 1 to 33 form an integral part of these financial statements.

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 14 February 2013

Statement of Expenses
for the year ended 31 December 2012

Rupees '000

Class	Commission Paid or payable	Commission Deferred Opening	Commission Deferred Closing	Commission Net expense	Other management expenses	Underwriting expense	Commission from reinsurers	Net underwriting expenses 2012	Net underwriting expenses 2011
Direct and facultative									
Fire and property damage	753 900	311 329	374 863	690 366	345 528	1 035 894	288 888	747 006	698 532
Marine, aviation and transport	262 617	45 680	55 472	252 825	268 377	521 202	31 865	489 337	443 177
Motor	219 920	91 970	102 772	209 118	607 314	816 432	73	816 359	743 455
Miscellaneous	73 822	40 152	34 403	79 571	63 498	143 069	163 055	(19 986)	(4 542)
Total	1 310 259	489 131	567 510	1 231 880	1 284 717	2 516 597	483 881	2 032 716	1 880 622
Treaty - proportional	6	–	–	6	–	6	–	6	2
Grand total	1 310 265	489 131	567 510	1 231 886	1 284 717	2 516 603	483 881	2 032 722	1 880 624

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

The annexed notes 1 to 33 form an integral part of these financial statements.

RAFIQUE R. BHIMJEE	TAHER G. SACHAK	HASANALI ABDULLAH	SAIFUDDIN N. ZOOMKAWALA
Director	Director	Managing Director & Chief Executive	Chairman

Karachi 14 February 2013

Statement of Investment Income
for the year ended 31 December 2012

Rupees '000

	2012	2011
Income from non - trading investments		
Return on government securities	60 590	18 534
Return on other fixed income securities and deposits	26 242	42 620
Amortisation of premium relative to par	(561)	(3 296)
Dividend income	225 457	193 120
Gain on sale of non-trading investments	164 812	115 401
	476 540	366 379
Reversal / (provision) for impairment - available for sale investments - net	374 852	(180 566)
Investment related expenses	(600)	(712)
Net investment income	850 792	185 101

The annexed notes 1 to 33 form an integral part of these financial statements.

RAFIQUE R. BHIMJEE	TAHER G. SACHAK	HASANALI ABDULLAH	SAIFUDDIN N. ZOOMKAWALA
Director	Director	Managing Director & Chief Executive	Chairman

Karachi 14 February 2013

Notes to the Financial Statements
for the year ended 31 December 2012

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 & property, marine, motor, etc.

The registered office of the Company is situated in Islamabad while the principal place of business is located at EFU House, M.A. Jinnah Road, Karachi. The Company operates through 57 (2011: 54) branches in Pakistan including one each 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 comprises 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 and obligation under certain employee retirement benefits which are measured at present 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:

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

	Note
- Taxation	3.11
- Impairment in value of investments	3.13
- Useful lives of fixed assets	3.16
- Premium due but unpaid	3.21 & 15

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

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard			IASB Effective date (annual periods beginning on or after)
IFRS 7	-	Financial Instruments : Disclosures - (Amendments)	
	-	Amendments enhancing disclosures about offsetting of financial assets and financial liabilities	01 January 2013
IAS 1	-	Presentation of Financial Statements - Presentation of items of other comprehensive income	01 July 2012
IAS 19	-	Employee Benefits - (Revised)	01 January 2013
IAS 32	-	Offsetting Financial Assets and Financial Liabilities - (Amendment)	01 January 2014
IFRIC 20	-	Stripping Costs in the Production Phase of a Surface Mine	01 January 2013

The Company expects that the adoption of the above revision, amendments and interpretation of the standards will not affect the Company's financial statements in the period of initial application other than the amendments to IAS 19 'Employees Benefits' as described below:

Amendments to IAS 19 range from fundamental changes to simple clarification and re-wording. The significant changes include the following:

- For defined benefit plans, the ability to defer recognition of actuarial gains and losses (i.e., the corridor approach) has been removed. As revised, actuarial gains and losses are recognized in other comprehensive income when they occur. Amounts recorded in profit and loss are limited to current and past service costs, gains or losses on settlements, and net interest income (expense). All other changes in the net defined benefit asset (liability) are recognized in other comprehensive income with no subsequent recycling to profit and loss.
- The distinction between short-term and other long-term employee benefits will be based on the expected timing of settlement rather than the employee's entitlement to the benefits.
- Objectives for disclosures of defined benefit plans are explicitly stated in the revised standard, along with new or revised disclosure requirements. These new disclosures include quantitative information of the sensitivity of the defined benefit obligation to a reasonably possible change in each significant actuarial assumption.

While the Company is currently assessing the full impact of the above amendments which are effective from 1 January 2013 on the financial statements, it is expected that the adoption of the said amendments will result in change in the Company's accounting policy related to recognition of actuarial gains and losses (refer to note 6 to the financial statements) to recognize actuarial gains and losses in total in other comprehensive income in the period in which they occur. The potential impact of the said changes on the financial position and performance for the year 2012 is estimated as under:

	Rupees '000
Net increase in other comprehensive income	65 442
Net decrease in profit or loss for the year	(65 442)

Improvements to IFRS

In addition to the above amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2013. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard			IASB Effective date (annual periods beginning on or after)
IFRS 9	-	Financial Instruments: Classification and Measurement	01 January 2015
IFRS 10	-	Consolidated Financial Statements	01 January 2013
IFRS 11	-	Joint Arrangements	01 January 2013
IFRS 12	-	Disclosure of Interests in Other Entities	01 January 2013
IFRS 13	-	Fair Value Measurement	01 January 2013

3. Summary of significant accounting policies

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as describe below:

New and amended standards and interpretations

The Company has adopted the following amendments to IFRSs which became effective for the current year:

IFRS 7 - Financial Instruments: Disclosures - Enhanced De-recognition Disclosure Requirements (Amendment)

IAS 12 - Income Taxes - Recovery of Underlying Assets (Amendment)

The adoption of the above amendments did not have any effect on the financial statements.

3.1 Insurance contracts

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

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 expired.

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 (inward reinsurance) of a facultative nature are included within the individual category of insurance contracts, other than those which fall under Treaty. The insurance risk involved in these contracts is similar to the contracts undertaken by the Company as insurer.

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 instalments, 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 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.

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	53%
- Marine, aviation and transport	57%
- Motor	64%
- Others	47%

3.5 Claims

Claims are charged to income as incurred based on estimated liability for compensation owed under the insurance contracts. It includes related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries and any adjustments to claims outstanding from previous years.

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.

Reinsurance recoveries against outstanding claims are recognized as an asset and measured at the amount expected to be received.

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 (IBNR) at balance sheet date 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 2011 but reported up to 31 December 2012 were aggregated and the ratio of such claims to outstanding claims at 31 December 2011 has been applied to outstanding claims except exceptional losses at 31 December 2012 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.

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 the current taxation also includes adjustments where considered necessary, relating to prior years which arise from assessments framed / finalized during the year or required by any other reason.

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.

Deferred tax is provided on temporary differences arising on investments in associates stated under equity method of accounting.

3.12 Creditors, accruals and provisions

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and / or services received, whether or not billed to the Company.

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. Subsequent to initial recognition these are measured at fair value by reference to quoted market prices with the resulting gain or loss being included in net profit or loss for the period in which it arises.

Dividend income and entitlement of bonus shares are recognized when the Company's right to receive such dividend and bonus shares is established.

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 associate’s 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.

3.13.4 Derivatives

Derivative instruments held by the Company primarily comprise of future contracts in the capital market. These are initially recognized at fair value and are subsequently remeasured at fair value. The fair value of future contracts is calculated as being the net difference between the contract price and the closing price reported on the primary exchange of the future contracts. Derivatives with positive market values (unrealized gains) are included in assets and derivatives with negative market values (unrealized losses) are included in liabilities in the balance sheet. The resultant gains and losses are included in the 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 profit & loss account 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 looses 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 gain or loss 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 approved. Similarly, reserve for issue of bonus shares is recognised in the year in which such issue is approved.

4. Issued, subscribed and paid-up share capital

Number of shares '000			Rupees '000	
2012	2011		2012	2011
250	250	Ordinary shares of Rs. 10 each, fully paid in cash	2 500	2 500
124 750	124 750	Ordinary shares of Rs. 10 each, issued as fully paid bonus shares	1 247 500	1 247 500
125 000	125 000		1 250 000	1 250 000

4.1 As at 31 December 2012, EFU Life Assurance Limited, an associated undertaking, held 8 515 316 (31 December 2011: 8 515 316) ordinary shares of Rs.10 each.

5. Reserves and retained earnings

Rupees '000

	Note	2012	2011
General reserve		8 350 000	8 150 000
Reserve for exceptional losses	5.1	12 902	12 902
Retained earnings		1 518 262	582 967
		9 881 164	8 745 869

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.

Rupees '000

	Note	2012	2011

6. Deferred taxation

	Note	2012	2011
Deferred tax liability arising in respect of:			
– accelerated tax depreciation		54 585	51 800
– unutilised tax losses carried forward		–	(4 173)
– provision for doubtful debts		(9 100)	–
– impairment on TFCs		(5 125)	–
– share of profit from associate		26 640	11 019
		67 000	58 646

7. Other creditors and accruals

	Note	2012	2011
Federal insurance fee payable		8 807	4 837
Federal excise duty payable		132 133	88 550
Workers' welfare fund payable		33 498	16 831
Staff retirement benefits	7.1	7 666	44 805
Sundry creditors		14 337	51 729
		196 441	206 752

7.1. Staff retirement benefits

The latest actuarial valuation, at 31 December 2012, uses a discount rate of 11.50% (2011: 13%) for defined benefit obligation and plan assets. Basic salary and pension increases to average 9.50% and 3.25% (2011:10.75% and 4.50%) respectively per annum in the long term.

Rupees '000

	2012		2011	
	Pension	Gratuity	Pension	Gratuity
Obligation				
Obligation at beginning of the year	166 581	240 330	154 301	220 958
Service cost	1 598	12 841	1 422	11 985
Interest cost	22 427	32 533	21 307	29 473
Benefits paid	(13 207)	(16 447)	(9 888)	(29 240)
Actuarial loss / (gain)	9 109	(25 771)	(561)	7 154
Obligation at end of the year	186 508	243 486	166 581	240 330
Plan assets				
Fair value at beginning of the year	149 514	212 592	145 542	188 870
Expected return	18 331	27 804	19 819	26 159
Company contributions	275	27 738	333	32 088
Employee contributions	1 095	–	1 327	–
Benefits paid	(13 207)	(16 447)	(9 888)	(29 240)
Actuarial gain / (loss)	22 834	25 946	(7 619)	(5 285)
Fair value at end of the year	178 842	277 633	149 514	212 592
Actual return on plan assets	41 165	53 750	12 200	20 874

Rupees '000

	2012		2011	
	Pension	Gratuity	Pension	Gratuity
Reconciliation				
Plan assets	178 842	277 633	149 514	212 592
Obligation	(186 508)	(243 486)	(166 581)	(240 330)
Asset / (liability)	(7 666)	34 147	(17 067)	(27 738)
Expenses				
Service cost	1 598	12 841	1 422	11 985
Interest cost	22 427	32 533	21 307	29 473
Expected return on plan assets	(18 331)	(27 804)	(19 819)	(26 159)
Net (gain) / loss	(13 725)	(51 717)	7 058	12 439
Employee contributions	(1 095)	–	(1 327)	–
Expense	(9 126)	(34 147)	8 641	27 738
(Liability) / asset				
Balance at beginning of the year	(17 067)	(27 738)	(8 759)	(32 088)
Income / (expense)	9 126	34 147	(8 641)	(27 738)
Company contributions	275	27 738	333	32 088
Balance at end of the year	(7 666)	34 147	(17 067)	(27 738)

	Pension				Gratuity			
	2012		2011		2012		2011	
Fund Investments								
Debt	55%	93 823	62%	92 394	76%	204 066	79%	169 351
Equity	45%	76 446	37%	55 796	24%	62 283	20%	41 894
Cash	0%	215	1%	1 324	0%	462	1%	1 347
	100%	170 484	100%	149 514	100%	266 811	100%	212 592

The expected charge to pension and gratuity fund for the year 2013 amounts 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.

	Rupees '000				
Year	Obligation	Plan assets	(Deficit) / surplus	Loss / (gain) on obligation	(Loss) / gain on plan assets
2012	429 994	456 475	26 481	8%	11%
2011	406 911	362 106	(44 805)	2%	(4%)
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%)

8. Contingencies

The income tax assessments of the Company have been finalised upto Tax Year 2012 (Financial year ending 31 December 2011).

The Company has filed appeals for the Tax years 2008 and 2010 with Commissioner of Income Tax (appeals) in respect of disallowances for reimbursement of expenses, provision for IBNR, capital gain, provision of leave encashment and proration of expenses. If the appeals are decided against the Company, a tax liability of Rs. 5 200 million would be payable including capital gain tax liability of Rs. 5 087 million. The department has been over ruled by the Appellate Tribunal Inland Revenue on the identical case of capital gain tax liability.

The Company has filed appeals with Income Tax Appellate Tribunal (ITAT) in respect of assessment years 1999-2000 and 2000-2001 in respect of disallowance of management expenses, provision for gratuity and bonus. If the appeals are decided against the Company, a tax liability of Rs. 13 million would be payable.

The department has filed appeals for the Tax years 2005 to 2007 before Honourable Supreme Court against the decision of the Honourable High Court in respect of proration of management expenses and if the appeals are decided against the Company, a tax liability of Rs. 37 million would be payable.

No provision has been made in these financial statements for the above contingencies 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

	Note	2012	2011
9. Cash and other equivalents			
Cash in hand		–	3
Policy stamps in hand & Bond Paper		6 173	3 971
		6 173	3 974
10. Current and other accounts			
Current accounts		187 505	137 776
Saving accounts	10.1	822 223	669 046
		1 009 728	806 822

10.1 The rate of return on saving accounts by various banks ranges from 5% to 10.5% per annum (2011: 5% to 12% per annum).

Rupees '000

	Note	2012	2011
11. Deposits maturing within 12 months			
Term deposit certificates - local currency	11.1	594 723	918 104
Term deposit certificates - foreign currency		59 262	29 219
		653 985	947 323

11.1 The rate of return on term deposit certificates issued by various banks ranges from 5% to 11.25% per annum (2011: 5% to 12% per annum) due on maturity. These term deposit certificates have maturities upto July 2013.

Rupees '000

	Note	2012	2011
12. Loans to employees			
Secured, considered good	12.1	3 495	3 326
Current portion	18	(883)	(878)
		2 612	2 448

12.1 This represents housing and vehicle loans to employees. These loans are recoverable over a period of two to ten years (2011: two to ten years) and are secured against documents of property / vehicles.

Rupees '000

	Note	2012	2011
13. Investments			
Investment in associate	13.1	8 981 526	8 795 997
Available for sale	13.2	4 423 191	3 536 681
		13 404 717	12 332 678

13.1 Investment in associate

Rupees '000

Number of shares 2012	Number of shares 2011	Face value per share (Rupees)	Name of associate	Note	2012	2011
36 290 835	35 918 640	Rs. 10	EFU Life Assurance Limited incorporated in Pakistan (Chief Executive: Taher G. Sachak)	13.1.1	10 968 526	10 782 997
			Provision for impairment	13.1.3	(1 987 000)	(1 987 000)
					8 981 526	8 795 997

Market value of investment and percentage of holding in associate are Rs. 3 383 million and 42.70% respectively (2011: Rs. 2 687 million and 42.26%)

Rupees '000

13.1.1 Movement of investment in associate	2012	2011
Opening balance	10 782 997	10 680 131
Purchases during the year	29 319	37 802
Share in profit of associate	390 185	243 918
Dividend received	(233 975)	(178 854)
Closing balance	10 968 526	10 782 997

13.1.2 Summarised financial information in respect of associate based on its financial statements as at 31 December 2012 (2011: 31 December 2011) is set out below:

Rupees '000

	2012	2011
Total assets	2 157 800	1 771 113
Total liabilities	(63 542)	(38 473)
Net assets (shareholders' fund)	2 094 258	1 732 640
Company's share of net assets of its associate	894 248	732 214
Total revenue	11 873 842	10 129 599
Profit after tax	914 118	578 365

13.1.3 The carrying amount of the investment in EFU Life Assurance Limited has been tested for impairment as at 31 December 2012 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 using cash flow projections which are based on the budget and forecasts approved by the management of the investee company up to five years. The following significant assumptions were used for the purpose of "value in use" computations:

- Discount rate : 18% (2011: 18.5%)
- Terminal growth rate : 14% (2011: 15.0%)

Rupees '000

13.2 Available for sale	Note	2012	2011
Available for sale	13.2.2		
In related parties			
Equity securities			
Ordinary shares		2 121 922	2 121 922
Mutual funds		83 316	28 315
Fixed income securities			
Term finance certificates	13.2.3	30 439	30 451
		2 235 677	2 180 688
Provision for impairment – net of reversals		(1 773 648)	(2 029 676)
		462 029	151 012
Others			
Equity securities			
Ordinary shares		2 986 439	3 222 219
Mutual funds		529 999	–
Preference shares		20 000	20 000
Fixed income securities			
Government securities	13.2.3	609 380	538 235
Term finance certificates	13.2.3	191 151	217 636
		4 336 969	3 998 090
Provision for impairment – net of reversals		(375 807)	(612 421)
		3 961 162	3 385 669
		4 423 191	3 536 681

13.2.1 The fair value of available for sale - equity securities as at 31 December 2012 is Rs. 4 147 million (2011: Rs. 2 663 million) and fixed income securities as at 31 December 2012 is Rs. 836 million (2011: Rs. 784 million).

13.2.2 The impairment balance includes a reversal of Rs. 375 million made during the year on its available for sale-equity securities which are stated at lower of cost or market value (market value being taken as lower if the reduction is other than temporary).

13.2.3 Fixed income securities

Rupees '000

Name of investment	Maturity year	Effective yield %	Profit payment	Face Value	2012	2011
Government securities						
10 Years Pakistan Investment Bonds	2013 - 2017	5.10 - 13.24	Half yearly	15 000	15 140	156 193
5 Years Pakistan Investment Bonds	2016	12.60	Half yearly	9 000	8 702	–
3 Years Pakistan Investment Bonds	2013 - 2014	12.12 -14.20	Half yearly	63 000	62 316	–
12 Months Treasury Bills	2013	9.70	On maturity	100 000	93 317	–
6 Months Treasury Bills	2013	9.15 -10.29	On maturity	105 500	103 809	382 042
3 Months Treasury Bills	2013	9.20 - 9.28	On maturity	330 000	326 096	–
					609 380	538 235
The amount of Pakistan Investment Bonds includes Rs. 132 million (2011: Rs. 131 million) deposited with the State Bank of Pakistan as required by Section 29 of the Insurance Ordinance, 2000.						
Term Finance Certificates (TFCs) – quoted						
In related parties						
Jahangir Siddiqui & Co. Ltd. – 5th Issue	2013	13.70	Half yearly	30 439	30 439	30 451
Others						
New Allied Electronics Ltd.	2012	17.03	Quarterly	4 480	4 481	4 481
Pakistan Mobile Comm. Ltd. - 3rd Issue	2013	12.36	Half yearly	4 160	4 160	12 480
Askari Bank Ltd. - 2nd Issue	2013	11.00	Half yearly	35 899	35 921	35 957
Financial Receivable Securitization Co. Ltd.	2014	14.03	Half yearly	2 499	2 499	4 165
United Bank Ltd. - 3rd Issue	2014	12.13	Half yearly	26 174	26 174	39 261
Allied Bank Ltd.	2014	11.11	Half yearly	29 929	30 024	30 108
Pakistan Mobile Comm. Ltd. - 6th Issue	2016	18.00	Half yearly	6 000	5 703	5 398
Engro Fertilizers Ltd.	2016	11.87	Half yearly	41 552	41 552	45 149
Agritech Ltd. - 3rd Issue (B)	2017	11.00	Half yearly	5 665	5 665	5 665
Agritech Ltd. - 3rd Issue (A)	2019	13.70	Quarterly	34 972	34 972	34 972
					191 151	217 636
					830 970	786 322

13.2.4 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 2012 would have been higher by Rs. 560 million (2011: lower by Rs. 90 million).

14. Investment properties

Rupees '000

2012

	Cost				Depreciation			Written down value
	As at 01 January	Addition	As at 31 December	Rate %	As at 01 January	For the year	As at 31 December	As at 31 December
Leasehold land	47 468	–	47 468		–	–	–	47 468
Buildings	356 600	–	356 600	5	189 818	17 830	207 648	148 952
Lifts and other installations	9 693	6 171	15 864	10	4 535	1 092	5 627	10 237
	413 761	6 171	419 932		194 353	18 922	213 275	206 657

2011

	Cost				Depreciation			Written down value
	As at 01 January	Addition	As at 31 December	Rate %	As at 01 January	For the year	As at 31 December	As at 31 December
Leasehold land	47 468	–	47 468		–	–	–	47 468
Buildings	356 388	212	356 600	5	171 990	17 828	189 818	166 783
Lifts and other installations	7 835	1 858	9 693	10	3 998	537	4 535	5 157
	411 691	2 070	413 761		175 988	18 365	194 353	219 408

14.1 The market value of land and buildings is estimated at Rs. 1 303 million (2011: Rs. 1 303 million). The valuations have been carried out by independent valuers.

Rupees '000

15. Premiums due but unpaid – net – unsecured

	2012	2011
Considered good	2 755 247	2 098 992
Considered doubtful	26 000	1 093
	2 781 247	2 100 085
Provision for doubtful balances	(26 000)	(1 093)
	2 755 247	2 098 992

Rupees '000

	Note	2012	2011
16. Accrued investment income			
Return accrued on fixed income securities		10 433	13 394
Dividend income		3 640	3 615
Return on bank deposits		18 550	19 682
		32 623	36 691
17. Prepayments			
Prepaid reinsurance premium ceded		2 686 251	2 440 471
Prepaid rent		15 773	11 006
Others		9 416	5 054
		2 711 440	2 456 531
18. Other receivables			
Advances to employees		2 500	1 902
Advances to suppliers and contractors		13 692	9 755
Current portion of loans to employees	12	883	878
Receivable from Gratuity Fund	7.1	34 147	–
Compensation on income tax refunds		23 987	21 557
		75 209	34 092

19. Fixed assets – tangibles and intangibles

Rupees '000

	2012									
	Cost					Depreciation / Amortisation				Written down value
	As at 01 January	Additions	Disposals / Adjustments	As at 31 December	Rate %	As at 01 January	For the year	Disposals / Adjustments	As at 31 December	As at 31 December
Tangibles										
Leasehold land	5 580	–	–	5 580	–	–	–	–	–	5 580
Buildings	334 023	53 345	2 745	384 623	5	90 423	18 386	377	108 432	276 191
Furniture and fixtures	366 579	59 769	5 284	421 064	10	189 692	30 637	4 635	215 694	205 370
Office equipments	193 761	24 387	2 627	215 521	10	39 191	20 350	2 034	57 507	158 014
Computers	110 831	13 056	2 281	121 606	30	86 339	16 527	1 698	101 168	20 438
Vehicles	374 537	106 688	37 422	443 803	20	253 485	54 365	31 766	276 084	167 719
Intangibles										
Computer softwares	74 176	370	–	74 546	33	51 935	20 868	–	72 803	1 743
	1 459 487	257 615	50 359	1 666 743		711 065	161 133	40 510	831 688	835 055

Rupees '000

	2011									
	Cost					Depreciation / Amortisation				Written down value
	As at 01 January	Additions	Disposals / Adjustments	As at 31 December	Rate %	As at 01 January	For the year	Disposals / Adjustments	As at 31 December	As at 31 December
Tangibles										
Leasehold land	5 580	–	–	5 580	–	–	–	–	–	5 580
Buildings	283 925	50 098	–	334 023	5	74 977	15 446	–	90 423	243 600
Furniture and fixtures	320 979	67 548	21 948	366 579	10	173 122	27 165	10 595	189 692	176 887
Office equipments	64 558	129 345	142	193 761	10	25 317	13 971	97	39 191	154 570
Computers	99 857	11 441	467	110 831	30	70 989	15 817	467	86 339	24 492
Vehicles	350 557	48 435	24 455	374 537	20	218 772	56 287	21 574	253 485	121 052
Intangibles										
Computer softwares	73 468	708	–	74 176	33	30 520	21 415	–	51 935	22 241
	1 198 924	307 575	47 012	1 459 487		593 697	150 101	32 733	711 065	748 422

19.1 The market value of land and buildings is estimated at Rs. 1 069 million (2011: Rs. 1 007 million). The valuations have been carried out by independent valuers.

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

	Rupees '000				
Mode of disposal	Original cost	Accumulated depreciation	Book value	Sale proceeds	Sold to
Buildings					
(Negotiation)	2 745	377	2 368	–	Write off due to damage
	2 745	377	2 368	–	
Furniture & fixtures					
(Negotiation)	385	276	109	98	Nisar, Karachi
	252	193	59	77	Mazhar Hasan Qureshi (employee), Karachi
	671	319	352	–	Write off due to damage
Written down value below Rs. 50,000	3 976	3 847	129	801	Various
	5 284	4 635	649	976	
Office equipments					
(Negotiation)	1 663	1 372	291	1 700	R.A. Rental Power, Karachi
	196	145	51	32	General Traders, Multan
	433	192	241	–	Write off due to damage
Written down value below Rs. 50,000	335	325	10	62	Various
	2 627	2 034	593	1 794	
Computers					
(Negotiation	1 355	1 143	212	14	Usman, Karachi
	662	348	314	–	Write off due to damage
Written down value below Rs. 50,000	264	207	57	78	Various
	2 281	1 698	583	92	

Mode of disposal	Original cost	Accumulated depreciation	Book value	Sale proceeds	Sold to
	Rupees '000				
Vehicles					
(Negotiation)	650	130	520	650	Muhammad Sowaleh, Karachi
	151	96	55	550	Naseeruddin Ahmad (employee), Karachi
	902	827	75	475	Pheroo Mal (employee), Karachi
	661	551	110	469	Ansar Ahmed, Lahore
	405	324	81	263	Mudassar Raza, Lahore
	301	141	160	250	Zahid Yaseen, Karachi
	200	120	80	125	Khalid Sarwar, Karachi
	4 852	1 034	3 818	–	Write off due to theft of vehicles (self insured)
Written down value below Rs. 50,000	29 284	28 543	741	20 797	Various
	37 406	31 766	5 640	23 579	

Rupees '000

		Note	2012	2011
19.3	Capital work-in-progress			
	Buildings – improvements		33 803	11 223
	Advances – to suppliers		1 785	–
			35 588	11 223

20. Net premium revenue

	Note	2012	2011
Premium revenue (net of reinsurance)		5 718 977	5 955 013
Administrative surcharge	20.1	289 979	269 482
		6 008 956	6 224 495

20.1 Administrative surcharge

Premium written and net premium revenue include administrative surcharge, class wise detail of which is given below:

Rupees '000

	Note	2012	2011
Fire and property damage		31 639	27 386
Marine, aviation and transport		45 335	34 627
Motor		203 285	199 497
Miscellaneous		9 720	7 972
		289 979	269 482

21. Management expenses

	Note	2012	2011
Salaries, wages and benefits	21.1	844 519	749 920
Bonus to staff		78 112	70 619
Rent, rates and taxes		30 885	31 168
Telephone		12 563	12 732
Postage		5 419	6 747
Gas and electricity		33 665	31 471
Printing and stationery		24 727	24 253
Travelling and entertainment		48 325	53 648
Depreciation		82 357	78 106
Repairs and maintenance		9 538	15 927
Other expenses		114 607	119 267
		1 284 717	1 193 858

21.1 These include Rs.15.14 million (2011: Rs.14.41 million) being contribution for employees' provident fund.

Rupees '000

	Note	2012	2011
22. Other income			
Income from financial assets			
Interest on loan to employees		154	130
Others		2 763	6 784
Income from non-financial assets			
Gain on sale of fixed assets		16 608	15 274
Income from pension and gratuity fund		43 318	–
Others		675	829
		63 518	23 017
23. General and administration expenses			
Salaries, wages and benefits	23.1	161 474	168 238
Bonus to staff		16 728	19 554
Gratuity	7.1	–	27 738
Rent, rates and taxes		1 301	3 437
Telephone		1 858	2 557
Postage		1 214	1 069
Gas and electricity		11 182	9 464
Printing and stationery		5 615	5 000
Travelling and entertainment		17 127	20 093
Depreciation		97 698	90 360
Repairs and maintenance		13 767	18 298
Auditors' remuneration	23.2	1 805	1 766
Legal and professional charges		4 506	6 335
Publicity		29 280	29 488
Property management expenses		59 921	40 241
Donations	23.3	5 211	5 161
Workers' welfare fund		33 498	16 831
Provision for doubtful debts		24 907	–
Other expenses		41 298	39 901
		528 390	505 531

23.1 These include Rs. 3.30 million (2011: Rs. 3.47 million) being contribution for employees' provident fund.

Rupees '000

23.2 Auditors' remuneration	2012	2011
Audit fee		
Ernst & Young Ford Rhodes Sidat Hyder	1 425	–
KPMG Taseer Hadi & Co.	–	950
Hyder Bhimji & Co.	–	475
Interim review		
Ernst & Young Ford Rhodes Sidat Hyder	100	–
KPMG Taseer Hadi & Co.	–	100
Audit of financial statements of provident fund, gratuity fund and pension fund (Hyder Bhimji & Co.)	75	75
Out of pocket expenses	205	166
	1 805	1 766

23.3 Donations

Donations include the following in whom a director is interested:

Rupees '000

Name of director	Interest in donee	Name & address of donee	2012	2011
Saifuddin N. Zoomkawala	Board Member	Shaukat Khanum Memorial Trust 7A Block R-3, M.A. Johar Town, Lahore	250	250
	Board member	Sindh Institute of Urology and Transplantaion Civil Hospital Karachi, Pakistan	250	550
	Member Executive Committee	SAARC Chamber of Commerce & Industries	–	173
	Member	Institute of Business Administration Garden, Kayani Shaheed Road, Karachi	100	100
Hasanali Abdullah	Board Member	Aga Khan Hospital and Medical College Foundation National Stadium Road, Karachi	–	60

24. Provision for taxation

	2012	2011
For the year		
Current	243 916	106 937
Prior year		
Minimum tax adjustment	(185 636)	–
Others	4 137	–
	(181 499)	–
Deferred	8 355	173 659
	70 772	280 596

24.1 Reconciliation of tax charge

Rupees '000

	Effective tax rate %			
	2012	2011	2012	2011
Profit before taxation	–	–	1 674 816	841 544
Tax at the applicable rate of 35% (2011: 35%)	35.00	35.00	586 186	294 540
Tax effects of minimum tax	(11.08)	7.76	(185 636)	65 304
Tax effects of deductions not allowed	0.83	0.30	13 917	2 495
Tax effects of reduced rates	(12.63)	(17.22)	(211 510)	(144 941)
Tax effects of tax exemption	(8.14)	7.51	(136 322)	63 198
Tax effects of prior year tax charge	0.25	–	4 137	–
Average effective tax rate charged on income	4.23	33.35	70 772	280 596

25. Earnings per share

25.1 Basic earnings per share

		2012	2011
Profit for the year	(Rupees '000)	1 604 045	560 948
Weighted average number of ordinary shares	(Numbers '000)	125 000	125 000
Earnings per share	(Rupees)	12.83	4.49

25.2 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.

26. 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:

Rupees '000

	2012				2011			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
Managerial remuneration	11 700	–	135 414	147 114	14 601	4 197	124 972	143 770
Bonus	3 675	–	24 678	28 353	2 476	3 500	22 914	28 890
Retirement benefits	1 559	–	10 516	12 075	1 682	479	9 357	11 518
Utilities	167	–	10 338	10 505	234	305	9 598	10 137
Medical expenses	1 199	–	3 565	4 764	1 897	688	4 058	6 643
Leave passage	–	–	2 348	2 348	–	470	1 499	1 969
Total	18 300	–	186 859	205 159	20 890	9 639	172 398	202 927
Number of persons	1	–	92	93	1	3	90	94

26.1 In addition, the Chairman, Chief Executive 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 Chairman and Chief Executive are not given any rent allowance but are provided with maintained furnished accommodation.

27. Segment reporting

Rupees '000

	Fire and property damage		Marine, aviation and transport		Motor		Others		Treaty		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Corporate segment assets	9 212 345	5 842 469	1 425 107	1 658 914	431 936	368 150	1 582 412	1 269 173	–	–	12 651 800	9 138 706
Corporate unallocated assets											16 384 306	15 239 332
Total assets											29 036 106	24 378 038
Corporate segment liabilities	11 359 443	8 025 752	2 007 951	2 194 365	2 166 967	2 133 920	1 812 272	1 490 908	3 567	2 514	17 350 200	13 847 459
Corporate unallocated liabilities											554 742	534 710
Total liabilities											17 904 942	14 382 169
Capital expenditures	–	–	–	–	–	–	–	–	–	–	288 151	217 010
Segment depreciation	–	–	–	–	–	–	–	–	–	–	–	–
Unallocated depreciation											180 055	168 466
Total depreciation											180 055	168 466

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 expenditures	
	2012	2011	2012	2011	2012	2011	2012	2011
Pakistan	5 990 114	6 209 953	28 946 044	24 262 812	17 859 535	14 303 004	288 151	217 010
EPZ *	18 842	14 542	89 474	85 812	45 407	61 387	–	–
Saudi Arabia **	–	–	588	29 414	–	17 778	–	–
Total	6 008 956	6 224 495	29 036 106	24 378 038	17 904 942	14 382 169	288 151	217 010

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

28. Management of insurance and financial risk

28.1 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.

28.1.1 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:

	2012				2011			
Class	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	71	36	60	41	57	37	59	43
Marine, aviation & transport	13	21	10	11	22	20	10	9
Motor	10	39	22	43	15	40	23	44
Others	6	4	8	5	6	3	8	4
	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:

Rupees '000

Class	2012	2011
Fire and property damage	94 218 000	85 846 000
Marine, aviation and transport	81 270 000	73 960 000
Motor	30 000	35 000
Others	19 340 000	18 000 000

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

28.1.2 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.

28.1.3 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.

28.1.4 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	
	2012	2011	2012	2011
Impact of change in claim liabilities by + 10				
Fire and property damage	(83 981)	(83 810)	(54 588)	(54 477)
Marine, aviation and transport	(47 647)	(44 773)	(30 971)	(29 102)
Motor	(88 903)	(91 015)	(57 787)	(59 160)
Others	(9 593)	(6 161)	(6 235)	(4 005)
	(230 124)	(225 759)	(149 581)	(146 744)
Impact of change in claim liabilities by -10				
Fire and property damage	83 981	83 810	54 588	54 477
Marine, aviation and transport	47 647	44 773	30 971	29 102
Motor	88 903	91 015	57 787	59 160
Others	9 593	6 161	6 235	4 005
	230 124	225 759	149 581	146 744

28.1.5 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 general average adjustments take longer for the final amounts to be determined. In addition, for the accident year 2010 we have also included losses on account of floods exceeding one year. Also, the passenger liability settlements on the Air Blue crash have been included for accident year 2010 as these claims are continuing to be settled but still there are pending cases which have exceeded one year. All amounts are presented in gross numbers before re-insurance. Claims of last five years are given below:

Rupees '000

Accident year	2008	2009	2010	2011	2012
Estimate of ultimate claims costs:					
- At end of accident year	89 740	42 228	284 637	84 819	57 244
- One year later	80 696	59 667	2 737 321	48 767	–
- Two years later	29 982	58 685	3 756 125	–	–
- Three years later	247 594	44 600	–	–	–
- Four years later	247 614	–	–	–	–
Current estimate of cumulative claims	247 614	44 600	3 756 125	48 767	57 244
Cumulative payments to date	33 881	9 096	1 604 436	23 165	530
Liability recognised in the balance sheet	213 733	35 504	2 151 689	25 602	56 714

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28.2 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.

28.2.1 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	2012	2011
Bank balances and deposits	1 663 713	1 754 145
Loan to employees	3 495	3 326
Investments (Term Finance Certificates)	221 590	248 087
Premiums due but unpaid - net - unsecured	2 755 247	2 098 992
Amount due from other insurers / reinsurers	69 099	55 716
Accrued investment income	32 623	36 691
Reinsurance recoveries against outstanding claims	6 560 947	4 043 075
Security deposits	8 104	4 164
Other receivables	74 326	33 214
	11 389 144	8 277 410

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

Rupees '000

Rating	2012	2011
AAA	68 922	40 584
AA	1 380 506	1 430 444
A	214 197	282 724
BBB	88	393
	1 663 713	1 754 145

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

Rupees '000

Rating	Short Term	Rating Agency	2012	2011
Jahangir Siddiqui & Co. Ltd. - 5th Issue	AA	PACRA	30 439	30 451
New Allied Electronics Ltd.	N/A	–	4 481	4 481
Pakistan Mobile Communications Ltd. - 3rd Issue	AA-	PACRA	4 160	12 480
Pakistan Mobile Communications Ltd. - 6th Issue	AA-	PACRA	5 703	5 398
Askari Bank Ltd. - 2nd Issue	AA-	PACRA	35 921	35 957
Financial Receivable Securitization Co. Ltd.	A+	PACRA	2 499	4 165
United Bank Ltd. - 3rd Issue	AA	JCR-VIS	26 174	39 261
Allied Bank Ltd.	AA	JCR-VIS	30 024	30 108
Engro Fertilizers Ltd.	A	PACRA	41 552	45 149
Agritech Ltd. - 3rd Issue (B)	D	PACRA	5 665	5 665
Agritech Ltd. - 3rd Issue (A)	D	PACRA	34 972	34 972
			221 590	248 087

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 2012, the premium due but unpaid (other than impaired balances) includes amount receivable within one year and above one year amounting to Rs. 2 487 million (2011: 1 808 million) and Rs. 268 million (2011: 292 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	2012	2011
A or above (including Pakistan Reinsurance Company Limited)	25 728	6 423 997	6 449 725	3 911 536
BBB	13 859	89 747	103 606	91 502
Others	29 512	47 203	76 715	95 753
	69 099	6 560 947	6 630 046	4 098 791

As at 31 December 2012, the amount due from insurers / reinsurers includes amount receivable within one year and above one year amounting to Rs. 49 million (2011: 36 million) and Rs. 20 million (2011: 20 million) respectively.

28.2.2 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 provision of outstanding claims (including IBNR), which are presented with their expected cash flows.

Rupees '000

	2012		
	Carrying amount	Up to one year	Greater than one year
Financial liabilities			
Provision for outstanding claims (including IBNR)	8 865 759	8 865 759	–
Amounts due to other insurers / reinsurers	1 748 262	1 748 262	–
Accrued expenses	175 220	175 220	–
Agent balances	528 065	528 065	–
Other creditors and accruals	14 337	14 337	–
Other deposits	462 833	462 833	–
Unclaimed dividends	67 762	67 762	–
	11 862 238	11 862 238	–

Rupees '000

	2011		
	Carrying amount	Up to one year	Greater than one year
Financial liabilities			
Provision for outstanding claims (including IBNR)	6 303 174	6 303 174	–
Amounts due to other insurers / reinsurers	1 355 014	1 355 014	–
Accrued expenses	163 413	163 413	–
Agent balances	425 252	425 252	–
Other creditors and accruals	51 729	51 729	–
Other deposits	377 536	377 536	–
Unclaimed dividends	56 482	56 482	–
	8 732 600	8 732 600	–

28.2.3 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.

28.2.3.1 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

	2012						
	Interest / mark-up bearing						
	Effective yield %	Upto one year	Over one year to five years	Over five years	Sub total	Non-interest / mark-up bearing	Total
Financial assets							
Cash and other equivalents	5.0-11.25	1 663 713	–	–	1 663 713	6 173	1 669 886
Loans to employees	4.35	883	1 803	798	3 484	11	3 495
Investments	10.39	626 504	163 597	26 230	816 331	12 588 386	13 404 717
Premiums due but unpaid-net-unsecured		–	–	–	–	2 755 247	2 755 247
Premiums due from other insurers / reinsurers		–	–	–	–	69 099	69 099
Accrued investment income		–	–	–	–	32 623	32 623
Reinsurance recoveries against outstanding claims		–	–	–	–	6 560 947	6 560 947
Security deposits		–	–	–	–	8 104	8 104
Other receivables		–	–	–	–	74 326	74 326
		2 291 100	165 400	27 028	2 483 528	22 094 916	24 578 444
Financial liabilities							
Provision for outstanding claims (including IBNR)		–	–	–	–	8 865 759	8 865 759
Amount due to other insurers / reinsurers		–	–	–	–	1 748 262	1 748 262
Accrued expenses		–	–	–	–	175 220	175 220
Agent balances		–	–	–	–	528 065	528 065
Other creditors and accruals		–	–	–	–	14 337	14 337
Other deposits		–	–	–	–	462 833	462 833
Unclaimed dividends		–	–	–	–	67 762	67 762
		–	–	–	–	11 862 238	11 862 238
On-balance sheet sensitivity gap		2 291 100	165 400	27 028	2 483 528		
Total yield / mark-up rate risk sensitivity gap		2 291 100	165 400	27 028	2 483 528		

Rupees '000

	2011						
	Interest / mark-up bearing						
	Effective yield %	Upto one year	Over one year to five years	Over five years	Sub total	Non-interest / mark-up bearing	Total
Financial assets							
Cash and other equivalents	5.0-12.0	1 754 145	–	–	1 754 145	3 974	1 758 119
Loans to employees	4.20	866	1 933	516	3 315	11	3 326
Investments	12.30	456 800	288 026	41 496	786 322	11 546 356	12 332 678
Premiums due but unpaid-net-unsecured		–	–	–	–	2 098 992	2 098 992
Premiums due from other insurers / reinsurers		–	–	–	–	55 716	55 716
Accrued investment income		–	–	–	–	36 691	36 691
Reinsurance recoveries against outstanding claims		–	–	–	–	4 043 075	4 043 075
Security deposits		–	–	–	–	4 164	4 164
Other receivables		–	–	–	–	33 215	33 215
		2 211 811	289 959	42 012	2 543 782	17 822 194	20 365 976
Financial liabilities							
Provision for outstanding claims (including IBNR)		–	–	–	–	6 303 174	6 303 174
Amount due to other insurers / reinsurers		–	–	–	–	1 355 014	1 355 014
Accrued expenses		–	–	–	–	163 413	163 413
Agent balances		–	–	–	–	425 252	425 252
Other creditors and accruals		–	–	–	–	51 729	51 729
Other deposits		–	–	–	–	377 536	377 536
Unclaimed dividends		–	–	–	–	56 482	56 482
		–	–	–	–	8 732 600	8 732 600
On-balance sheet sensitivity gap		2 211 811	289 959	42 012	2 543 782		
Total yield / mark-up rate risk sensitivity gap		2 211 811	289 959	42 012	2 543 782		

Sensitivity analysis

As on 31 December 2012, 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 2012	100	10 292	6 690
	(100)	(10 292)	(6 690)
31 December 2011	100	9 171	5 961
	(100)	(9 171)	(5 961)

28.2.3.2 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.

28.2.3.3 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. 7 530 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. 8 982 million which is held for long term. The management monitors these strategic investments based on the underlying business and economic characteristic of the investee rather than the short term price fluctuations.

The table below summarises Company's market price risk as of 31 December 2012 and 2011. 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:

Rupees '000

	Fair value	Price change	Estimated fair value	Effect on profit and loss before tax	Effect on shareholders' equity
31 December 2012	4 147 459	10% increase	4 562 205	–	414 746
		10% decrease	3 732 713	–	(414 746)
31 December 2011	2 662 542	10% increase	2 928 796	–	266 254
		10% decrease	2 396 288	–	(266 254)

28.3 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. 13 to these financial statements.

28.4 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern and meet the regulatory, solvency and paid up capital requirements so that it can continue to provide returns for shareholders and benefits for other stakeholders.

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.

29. Non - adjusting event after the balance sheet date

The Board of Directors in its meeting held on 14 February 2013 have announced a final cash dividend in respect of the year ended 31 December 2012 of Rs. 4.00 per share, 40% (2011: Rs. 2.75 per share, 27.5%). In addition, the Board of Directors have also approved the transfer to general reserve from un-appropriated profit, Rs. 650 million (2011: Rs. 200 million transfers to general reserve from un-appropriated profit).

These financial statements for the year ended 31 December 2012 do not include the effect of these appropriations which will be accounted for subsequent to the year end.

30. Related party transactions

Related parties comprise of directors, major shareholders, 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 and compensation to key management personnel is on employment terms. The transactions and balances with related parties other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

Rupees in '000

	2012	2011
Transactions		
Associated company		
Premiums written	11 375	9 143
Premiums paid	7 063	–
Claims received	7 997	1 669
Claims paid	6 105	5 726
Claims lodged	7 997	2 367
Investments made	29 317	37 802
Dividends received	233 975	178 854
Dividends paid	31 936	10 644
Expenses recovered	2 400	1 400
Key management personnel		
Premiums written	910	816
Claims paid	55	55
Dividends paid	115 738	27 197
Compensation	112 285	115 754
Others		
Premiums written	49 933	44 739
Premiums paid	6 849	6 642
Claims paid	24 658	16 864
Claims lodged	3 166	5 313
Commissions paid	18	494
Investments made	100 000	150 000
Investments sold	45 000	205 115
Dividends paid	110 686	44 347
Bank deposits	75 000	145
Brokerage paid	1 376	1 313
Profit on TFCs	4 169	4 691
Employees' funds		
Contributions to provident fund	18 437	17 874
(Income) / contributions to gratuity fund	(34 187)	32 088
(Income) / contributions to pension fund	(9 124)	333
Dividends paid	2 416	805

Rupees in '000

	2012	2011
Balances		
Others		
Balances receivable	595	1 184
Balances payable	(91)	(390)
Deposits maturing within 12 months	145 500	215 500
Bank balances	49 470	5 525
Employees' funds receivable / (payable)		
EFU gratuity fund	34 147	(27 738)
EFU pension fund	(7 666)	(17 067)

31. Corresponding figures

Corresponding figures relating to the following items have been reclassified for the purpose of better classification and presentation:

- Transfer of staff retirement benefits from deferred liabilities to other creditors and accruals amounting to Rs. 44.81 million.
- Transfer of current portion of loans to employees from loans - secured considered good to other receivables amounting to Rs. 0.88 million

32. Number of employees

Number of employees as at 31 December 2012 was 1 252 (2011: 1 236).

33. Date of authorisation for issue of financial statements

These financial statements were authorised for issue by the Board of Directors in their meeting held on 14 February 2013.

RAFIQUE R. BHIMJEE	TAHER G. SACHAK	HASANALI ABDULLAH	SAIFUDDIN N. ZOOMKAWALA
Director	Director	Managing Director & Chief Executive	Chairman

Karachi 14 February 2013

Pattern of Shareholding
as at 31 December 2012

Number of shareholders	Shareholdings From	Shareholdings To	Shares held
352	1	100	12 838
492	101	500	133 536
217	501	1 000	155 045
405	1 001	5 000	957 344
151	5 001	10 000	1 112 898
56	10 001	15 000	690 311
33	15 001	20 000	578 532
28	20 001	25 000	635 769
15	25 001	30 000	424 635
11	30 001	35 000	356 788
6	35 001	40 000	225 736
7	40 001	45 000	304 408
15	45 001	50 000	747 136
2	50 001	55 000	107 232
4	55 001	60 000	234 109
6	60 001	65 000	375 000
4	65 001	70 000	274 241
5	70 001	75 000	373 420
3	80 001	85 000	245 594
3	85 001	90 000	260 396
1	90 001	95 000	94 750
4	95 001	100 000	390 982
1	100 001	105 000	102 375
1	105 001	110 000	108 289
1	110 001	115 000	110 146
1	120 001	125 000	123 044
3	125 001	130 000	381 896
2	140 001	145 000	280 789
1	145 001	150 000	150 000
1	150 001	155 000	155 000
1	165 001	170 000	166 006
1	170 001	175 000	170 600
1	175 001	180 000	175 500
1	190 001	195 000	190 153
2	215 001	220 000	434 388
1	220 001	225 000	222 667
1	230 001	235 000	232 177
1	240 001	245 000	244 836
6	245 001	250 000	1 500 000
1	250 001	255 000	251 486
1	285 001	290 000	288 128
1	325 001	330 000	326 267
1	330 001	335 000	331 680
1	375 001	380 000	378 121
1	410 001	415 000	412 987
1	415 001	420 000	417 586
3	495 001	500 000	1 495 114
1	550 001	555 000	553 594
1	585 001	590 000	586 224
1	600 001	605 000	600 592
1	635 001	640 000	638 506
1	690 001	695 000	691 456
1	795 001	800 000	797 311
1	835 001	840 000	839 983
1	995 001	1 000 000	1 000 000
1	1 570 001	1 575 000	1 573 083
1	2 175 001	2 180 000	2 175 901
1	2 695 001	2 700 000	2 697 298
1	2 725 001	2 730 000	2 725 789
1	5 455 001	5 460 000	5 457 178
1	6 960 001	6 965 000	6 963 800
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	8 516 316
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
1 877			**125 000 000**

Categories of shareholders	Shareholders	Shares held	Percentage
Associated companies, undertakings and related parties	7	39 149 645	31.32
Mutual Funds	3	102 372	0.08
CEO, Directors, their spouses and minor children	10	22 145 886	17.72
Executives	19	283 840	0.23
Public sector companies & corporations	1	2 697 298	2.16
Joint Stock companies	43	1 300 331	1.04
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Co., Modaraba and Pension Funds	11	1 098 155	0.88
Foreign Investors (repatriable basis)	7	8 098 352	6.48
Charitable Institutions	2	15 280 875	12.22
Administrator of Abandoned Properties Organization	1	5 457 178	4.37
Individuals / Others	1 773	29 386 068	23.50
Total	1 877	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	8 516 316
Trustees EFU General Insurance Ltd. Staff Provident Fund	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
Jahangir Siddiqui & Sons Limited	1	2 725 789
Jahangir Siddiqui Securities Services Limited	1	6 963 800
Mutual Funds		
CDC - Trustee AKD Index Tracker Fund	1	14 782
CDC - Trustee NIT-Equity Market Opportunity Fund	1	87 569
Prudential Stock Fund Ltd.	1	21
CEO, Directors, their spouses and minor children		
Rafique R. Bhimjee	1	10 362 460
Saifuddin N. Zoomkawala	1	222 667
Abdul Rehman Haji Habib	1	5 256
Jahangir Siddiqui	1	10 956
Muneer R. Bhimjee	1	9 978 590
Hasanali Abdullah	1	170 600
Taher G. Sachak	1	1 280
Ali Raza Siddiqui	1	500
Mrs. Naila Bhimjee W/o. Rafique R. Bhimjee	1	839 983
Mrs. Lulua Saifuddin W/o. Saifuddin N. Zoomkawala	1	553 594
Shareholders holding 5% or more voting interest		
Jahangir Siddiqui & Co. Ltd.	1	20 299 455
Managing Committee of Ebrahim Alibhai Foundation	1	15 178 500
Rafique R. Bhimjee	1	10 362 460
Muneer R. Bhimjee	1	9 978 590
EFU Life Assurance Ltd.	1	8 516 316
Bano R. Bhimjee	1	8 512 035
Castle Hill Limited	1	7 511 994
Jahangir Siddiqui Securities Services Limited	1	6 963 800

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Faisal Gulzar
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Executive Director

80 YEARS 1932-2012

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Asstt. Executive Director

Musakhar-uz-Zaman, B.E.
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Executive Vice President

Riaz Ahmed
Executive Vice President

Wasim Tassawar
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Abdul Hameed
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Ali Raza
Senior Vice President

Asif Mehmood
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Waqar Hasan Qureshi
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M.A. Qayyum, M.Com.
Senior Vice President

S. M. Shamim
Senior Vice President

M. Khalid Ahmed Khan
Senior Vice President

Ashfaque Ahmed
Vice President

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Vice President

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Ms. Ansa Azhar
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Saad Anwar Shaikh
Executive Vice President (Development)

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Senior Vice President (Development)

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Crescent Branch

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Asstt. Vice President

Mohammad Asif
Asstt. 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)

Abdul Nasir
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Omar Maqsood
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Vice President

Muhammad Usman
Asstt. Vice President

Muhammad Iftikhar Siddiqui
Vice President (Development)

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32313471-90 - 32311742-3
32312238 - 32313854-55
32314783-84 - 32312328
32200495. Fax: 32311668

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Executive Vice President

Zia-ur-Rahman
Senior Vice President

Abdul Bari
Vice President

Asadullah Khan
Vice President

Muhammad Mujtaba
Vice President

Muhammad Saleem
Vice President

Mazhar Ali
Asstt. Vice President

Muhammad Ahmad
Asstt. Vice President

Musarrat Zaman Shah
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Asstt. Vice President (Development)

Mrs. Tanveer Khurshid
Asstt. Vice President (Development)

Muhammad Aamir Hanif
Asstt. Vice President (Development)

Muhammad Arfeen
Asstt. Vice President (Development)

Zain Tharia
Asstt. Vice President (Development)

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Chief Manager (Development)

Syed Athar Ali
Chief Manager (Development)

M. Jawed Farooqui
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Arif Farooq
Dy. Chief Manager (Development)

Hashmatullah Khan
Dy. Chief Manager (Development)

Muhammad Iqbal Nini
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Syed Nisar Ahmed
Dy. Chief Manager (Development)

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Waleed Polani
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Vice President (Development)

Babar Zeeshan
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Kirshan Lal
Manager (Development)

Syed Kashif Ali
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Shazim Altaf Kothawala
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Fakhruddin Saifee
Senior Vice President

Shahid A. Godil
Senior Vice President

Altaf Kothawala
Senior Executive Director
(Development)

Akhtar Kothawala
Assistant Executive Director
(Development)

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Senior Executive Vice President
(Development)

Amin Yaqoob, M.A.
Executive Vice President
(Development)

Muhammad Shoaib
Executive Vice President

Ms. Shazia Rahil Razzak
Executive Vice President
(Development)

Muneeb Farooq Kothawala
Senior Vice President
(Development)

Ms. Shela Farooq Kothawala
Senior Vice President
(Development)

Ikram-ul-Haq
Chief Manager (Development)

Saeedullah Makhdoom
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Asghar Ali
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Habib Ali
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Abul Nasar
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Abdul Wahab
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(Development)

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32313471-90

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

Syed Amir Aftab
Assistant Executive Director
(Auto Leasing Unit)

Syed Asim Iqbal
Assistant Executive Director
(Auto Leasing Unit)

Khalid Ashfaq Ahmed
Senior Executive Vice President

Liaquat Imran
Senior Vice President (Auto Leasing Unit)

Shah Asghar Abbas
Senior Vice President (Auto Leasing Unit)

Mohammad Idrees Abbasi
Vice President

Muhammad Naseem
Vice President

Shaista Batool, B.E.
Vice President

Noman Shahid
Assistant Vice President

S. Ferozuddin Haider
Assistant Vice President

S. Khaliluddin
Assistant Vice President

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Executive Director (Development)

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Senior Vice President (Development)

Syed Sohail Haider Abidi
Senior Vice President (Development) (Auto Leasing Unit)

Wasim Ahmed
Senior Vice President (Development)

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Vice President (Development)

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Vice President (Development)

Syed Abid Raza
Vice President (Development)

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Asstt. Vice President (Development)

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Shahida Aslam
Asstt. Vice President (Development) (Auto Leasing Unit)

Syed Mojiz Hassan
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Muhammad Tariq
Dy. Chief Manager (Development) (Auto Leasing Unit)

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Muhammad Shoaib Razzak Bramchari
Dy. Executive Director

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Anwar Mahmood
Assistant Vice President

Sikandar Kasbati
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Syed Mudassar Ali
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Zain ul Abedin
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Dy. Executive Director

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Syed Muhammad Ali
Senior Vice President (Development)

Syed Muhammad Naushad Zafar
Senior Vice President (Development)

Adnan Sultan Shergill
Assistant Vice President (Development)

Kashir Hassan
Assistant Vice President (Development)

Sajid Saleem Khan
Assistant Vice President (Development)

Ahmed Surani
Manager (Development)

Asad Nazirali Siddiqui
Manager (Development)

Muhammad Amin
Manager (Development)

Saleem Hussain Shah
Manager (Development)

Syed Kazim Raza
Manager (Development)

Touseef Anwar
Manager (Development)

Zain-ul-Abedin
Manager (Development)

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Multan Division

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M. Shehzad Habib
Executive Director

Muhammad Azhar Ali
Executive Vice President

Mansoor Ahmed
Vice President

Tariq Mahmood
Vice President

Muhammad Usman
Assistant Vice President

Muhammad Sarwar
Assistant Vice President

Rashid Habib
Executive Vice President
(Development)

Shahid Younus
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M. Aslam Hayat
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Amjad Ali
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Martin Yaqoob

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Qamber Hamid, LL.B., LL.M.
Deputy Managing Director/
Zonal Head

Zahid Hussain A.C.I.I.
Senior Vice President

PUNJAB REGION

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Senior Executive Director

LAHORE

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Muhammad Latif Bhatti
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Al-Muqeet Branch

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Fazal Hussain
Asstt. Vice President

Nausherwan Haji
Asstt. Vice President

Raja Azhar Rafique
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Regional Head

Muhammad Khalil Khan
Vice President

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Assistant Vice President

Ejaz Ahmed
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Zaka Ullah Khan
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Atif Muzaffar
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Faraz Javed
Chief Manager (Development)

Shehzad Akhtar
Chief Manager (Development)

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Syed Aftab Hussain Zaidi, M.A., M.B.A.
Deputy Executive Director

Zafar Ali Khokhar, M.A.
Senior Executive Vice President

Imran Aslam
Vice President

Saifullah
Vice President

Onaib-ur-Rehman
Assistant Vice President

Akhtar Ali
Chief Manager (Development)

ABBOTTABAD

116 Iqbal Shopping Complex
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Kamran Sami Khan
Manager (Development)

GOTH MACHI

Goth Machi Branch

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Branch Manager

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Salimullah Khan, M.Com
Vice President

Najma Riaz
Assistant Vice President

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Farman Ali Afridi B.E.
Senior Vice President

Naeem Ullah Jan
Senior Vice President (Development)

MARDAN
Mardan Branch

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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 80th Annual General Meeting of the Company to be held on Thursday 4 April 2013 at 9:30 a.m. and at any adjournment thereof.

Signed this ____________ day of ______ 2013.

WITNESSES:

1. Signature: ______________
   Name: ______________
   Address: ______________
   ____
   CNIC Or Passport No: ______________

Revenue Stamp

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 Dodhy Building, 2nd Floor, 52-E, Jinnah Avenue, (Blue Area) Islamabad, 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.